Chapter 2

Financial Management and Budgetary Control

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instruction.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2009-10 against 42 grants/appropriations is given in **Table 2.1**:

Table 2.1: Summarized position of actual expenditure vis-à-vis Original/ supplementary provisions

(Rupees in crore)

	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	24799.10	1388.17	26187.27	21901.97	(-)4285.30
	II Capital	3789.73	884.81	4674.54	3706.34	(-)968.20
	III Loans and Advances	285.53	11.30	296.83	112.48	(-)184.35
Total Voted		**28874.36**	**2284.28**	**31158.64**	**25720.79**	**(-)5437.85**

	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Charged	IV Revenue	4635.42	502.38	5137.80	3581.79	(-)1556.01
	V Capital	5.30	9.18	14.48	9.31	(-)5.17
	VI Public Debt-Repayment	1486.37	3.75	1490.12	1488.69	(-)1.43
Total Charged		**6127.09**	**515.31**	**6642.40**	**5079.79**	**(-)1562.61**
Appropriation to Contingency Fund (if any)		**NIL**				
Grand Total		**35001.45**	**2799.59**	**37801.04**	**30800.58**	**(-)7000.46**

Source: Orissa Appropriation Act.2009 and Appropriation and Finance Accounts 2009-10.

The actual expenditure figures are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue heads (₹ 192.18 crore) and Capital heads (₹ 67.77 crore). The overall saving of ₹ 7000.46 crore was the result of saving of ₹ 7000.63 crore in 37 grants and one appropriation under Revenue Section, 20 grants and two appropriations under Capital Section and offset by excess of ₹ 17 lakh in three grants under Revenue Section and one grant under Capital Section..

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 18 cases relating to 16 grants, savings exceeded ₹ 10 crore in each case or by more than 20 *per cent* of total provision (***Appendix 2.1***) aggregating to ₹ 3131.77 crore. However out of the above, substantial savings of ₹ 3004.64 crore (96 *per cent*) occurred in 10 cases relating to nine grants[1] as indicated in **Table 2.2.**

Table 2.2: List of Grants with savings exceeding ₹ 50 crore and above

(Rupees in crore)

Sl. No.	No. and Name of the Grant	Original	Supple-mentary	Total	Actual Expenditure	Savings
	Revenue-Voted					
1	3-Revenue and Disaster Management	1263.62	20.84	1284.46	679.49	604.97
2	5-Finance	4317.48	0	4317.48	3428.17	889.31
3	12-Health and Family Welfare	1595.97	3.45	1599.42	1132.47	466.95
4	33-Fisheries and Animal Resources Development	255.41	29.85	285.26	215.77	69.49
	Capital-Voted					
5	1-Home	102.01	39.62	141.63	81.62	60.01
6	5-Finance	207.50	0	207.50	23.97	183.53
7	10-School and Mass Education	81.25	0	81.25	0	81.25
8	20-Water Resources	1777.05	129.15	1906.20	1522.51	383.69
9	22-Forest and Environment	207.63	0.96	208.59	112.77	95.82
10	28-Rural Development	511.50	218.75	730.25	560.62	169.63
	TOTAL	**10319.42**	**442.62**	**10762.04**	**7757.39**	**3004.64**

Source: Appropriation Accounts for the year 2009-10.

Specific reasons for excessive savings were not intimated by the Departments.

[1] Exceeding ₹ 50 crore in each case.

2.3.2 Persistent Savings

During 2009-10 in 10 grants, savings ranged from ₹ 2.71 crore to ₹ 889.31 crore constituting 47 *per cent* of the total grants. The savings persisted in all the ten grants during 2005-10 as detailed in **Table 2.3** below.

Table 2.3: List of Grants indicating persistent savings during 2005-10

(Rupees in crore)

		Amount of savings				
Sl. No.	**Number and name of the grant**	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Revenue-Voted						
1	3-Revenue	129.37 (13)	570.56 (33)	441.84 (35)	2488.20 (74)	604.97 (47)
2	5-Finance	473.05 (25)	455.92 (23)	323.42 (15)	1661.87 (43)	889.31 (21)
3	22-Forest and Environment	21.18 (17)	27.94 (16)	38.18 (14)	50.49 (14)	54.99 (14)
4	23-Agriculture	101.57 (29)	42.81 (14)	179.18 (32)	57.34 (9)	2.71 (0.34)
5	30-Energy	12.51 (24)	42.76 (56)	64.55 (26)	38.51 (12)	4.18 (4)
6	31-Textiles and Handloom	20.94 (40)	5.63 (10)	36.01 (46)	16.51 (23)	14.90 (21)
7	36-Women and Child Development	266.46 (32)	130.42 (15)	238.13 (18)	151.16 (9)	388.80 (19)
Capital-Voted						
1	01-Home	35.36 (44)	33.32 (39)	24.80 (25)	18.11 (13)	60.01 (42)
2	07-Works	87.20 (27)	296.82 (48)	210.31 (30)	195.82 (17)	91.98 (11)
3	33-Fisheries and Animal Resources Development	4.64 (94)	3.36 (63)	9.29 (95)	3.30 (73)	6.78 (13)

Source : Appropriation Accounts for respective years

The reasons attributed to savings were of general in nature and not specific.

2.3.3 Excess Expenditure

In seven grants, expenditure aggregating ₹ 783.65 crore was more than ₹ 10 crore (14 cases) which exceeded the approved provisions by Rupees two crore and more in each case and by more than 20 *per cent* of the total provisions. Details are given in ***Appendix 2.2***. The reasons of excess expenditure were not furnished by the concerned departments.

2.3.4 Expenditure without Provision

As per the provisions of Orissa Budget Manual (OBM), expenditure should not be incurred on a scheme/service without provision of funds. However, expenditure of ₹ 1.03 crore was incurred in three grants (three cases) even without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect as detailed in **Table 2.4.**

Table2.4: Expenditure incurred without provision during 2009-10

(Rupees in lakh)

Sl. No.	Number and Name of Grants/ Appropriations	Amount of Expenditure without provision	Reasons / Remarks
1	02-General Administration-6216-Loans for Housing-Non Plan-02-Urban Housing-190-Loans to Public Sector and Other Undertakings-2343-Loans and Advances to Public Sector Undertakings for Urban Housing Project under GA Department.	90.00	Reasons for expenditure even without a token provision were not intimated.
2	07-Works-4202-Capital Outlay on Education, Sports, Arts and Culture-State Plan –State Sector-03-Sports and Youth Services Sports Stadia-789-Special Component Plan for Scheduled Caste-2341-Construction of Sports Stadium/Complex	4.00	Reasons for expenditure even without a token provision were not intimated.
3	28-Rural Development-5054-Capital Outlay on Roads and Bridges-State Plan-District Sector-04-District and Other Roads-796-Tribal Area Sub Plan-0909-Minimum needs programme-KBK-Districts from SCA under RLTAP.	8.61	Reasons for expenditure even without a token provision were not intimated.
	TOTAL	**102.61**	

Source: Appropriation Accounts for 2009-10

2.3.5 Drawal of funds to avoid lapse of budget grant

According to the provisions of Orissa Treasury Code Volume I (Rule 242) and Orissa Budget Manual (Rule 141), no money should be drawn from the Treasury unless it is required for immediate disbursement. Besides, it is not permissible to draw money from treasury for keeping in banks or under Civil Deposit to prevent the lapse of budgetary grants. But as per Finance Accounts for the year 2009-10 of the State Government, an amount of ₹ 440.49 crore which were drawn from functional major heads and transfer credited to **8443-Civil Deposits-800-Other Deposits** were lying unspent at the close of 31 March 2010. **The amounts drawn were neither fully spent for the specific purposes nor remitted back to Government Accounts before closure of the financial year 2009-10.**

2.3.6 Excess over provisions relating to previous years requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess expenditure over a grant/appropriation regularized by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularization of excess expenditure amounting to ₹ 9099.91 crore for the years 1997-2009 was yet to be done as detailed in **Table 2.5.**

Table 2.5: Excess over provisions relating to previous years requiring regularization

(Rupees in crore)

Year	Number of		Grant/ appropriation numbers	Amount of excess
	Grants	Appro-priations		
1997-98	6	2	3-Revenue, 5- Finance, 7- Works, 13- Housing and Urban Development, 15-Sports and Youth Services, 22-Forest and Environment, 6003-Internal Debt of the State Government and 6004-Loans	989.97
1998-99	9	-	5-Finance, 6-Commerce, 7-Works, 8-Legislative Assembly , 12-Health and Family Welfare, 13-Housing and Urban Development, 24-Steel and Mines, 32-Tourism and Culture, 35-Public Enterprises	126.26
1999-2000	11	1	1-Home, 5-Finance, 6-Commerce, 7-Works, 8-Orissa Legislative Assembly, 10-School and Mass Education, 17-Panchayati Raj, 20-Water Resources, 26-Excise, 28-Rural Development, 29-Parliamentary Affairs and 6003-Internal debt of the State Government	2658.52
2000-01	6	2	6-Commerce, 7-Works, 8-Orissa Legislative Assembly, 10-School and Mass Education, 20-Water Resources, 22-Forest and Environment, 6003- Internal Debt of the State Government, 6004-Loans and Advances from Central Government	2474.48
2001-02	3	1	15-Sports and Youth services, 20-Water resources, 28-Rural Development and 6004-Loans and Advances from Central Government	393.58
2002-03	3	2	8-Orissa Legislative Assembly, 15-Sports and Youth services, 20-Water Resources, 6003-Internal Debt of State Government and 6004-Loans and Advances from Central Government	2068.93
2003-04	2	-	13-Housing and Urban Development , 21-Transport	0.0025
2004-05	3	-	7-Works, 34-Co-operation and 38-Higher Education	9.94
2005-06	2	-	7-Works, 31-Textile and Handloom	0.06
2006-07	1	1	22-Forest and Environment, 6004-Loans and Advances from Government of India	362.05
2007-08	1	-	22-Forest and Environment (voted)	15.04
2008-09	3	-	08-Orissa Legislative Assembly, 28-Rural Development , 34- Co-operation	1.0744
TOTAL	**50**	**9**		**9099.9069 (9099.91)**

Source: Appropriation Accounts of the respective years.

2.3.7 Excess over Consolidated Fund of the State during 2009-10 requiring regularisation

Table 2.6 contains the summary of total excess in four grants amounting to ₹ 16.88 lakh over authorisation from the Consolidated Fund of the State during 2009-10 and requires regularisation under Article 205 of the Constitution.

Table 2.6: Excess over provisions during 2009-10 requiring regularisation

(Rupees in lakh)

Sl. No.	Number and title of grant/appropriation		Total grant/ appropriation	Expenditure	Excess
Revenue (Charged)					
1	05	Finance Department	0.73	0.83	0.10
2	28	Rural Development Department	5.00	5.39	0.39
Revenue (Voted)					
3	35	Public Enterprise Department	1125.49	1125.89	0.40
Capital (Voted)					
4	17	Panchayati Raj Department	0	15.99	15.99
Total			**1131.22**	**1148.10**	**16.88**

Source: Appropriation Accounts for 2009-10

No reasons for excess expenditure over authorisation from the Consolidated Fund of the State were furnished by the concerned Departments.

2.3.8 Unnecessary/Excessive/Inadequate supplementary provision.

Supplementary provision aggregating to ₹ 989.68 crore obtained in 23 cases, during the year 2009-10 proved unnecessary as the expenditure (₹ 12836.02 crore) did not come up to the level of original provision (₹ 14624.86 crore) as detailed in ***Appendix-2.3***.

2.3.9 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Re-appropriations proved excessive or insufficient and resulted in savings/excess of over ₹ 10 lakh in 313 sub-heads, of which excess/saving was more than ₹ five crore in 39 sub-heads (savings of ₹ 529.49 crore in 27 sub-heads under six grants and excess of ₹ 277.94 crore in 12 sub-heads under four grants) as detailed in ***Appendix 2.4***. **The reasons of savings/ excess were not intimated**.

2.3.10 Unexplained re-appropriations / Defective re-appropriations

According to Rule 139 of Orissa Budget Manual, reasons for the additional expenditure and the savings should be explained in the re-appropriation statement and vague expressions should be avoided. Scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 671 (64 *per cent*) items out of 1046, reasons given for additional provision/withdrawal of provision in re-appropriation orders were vague like "actual requirement", "based on latest assessment" and "restriction of expenditure" and no specific reasons were recorded.

During 2009-10, 1046 re-appropriation orders amounting to ₹ 1754.43 crore were issued out of which 16 re-appropriation orders aggregating ₹ 370.97 crore were issued on 31 March 2010, the last day of the financial year. This included six re-appropriation orders amounting to ₹ 106.66 crore not considered for incorporation in view of re-appropriation from revenue to capital heads (Re-appropriation between different plans, absence of detail heads and for want of budgetary provision).

2.3.11 Substantial surrenders

Substantial surrenders (involving more than 50 *per cent* of total provision) were made in respect of 187 sub-heads representing scheme/ programmes/ projects/ activities due to non-implementation or slow implementation thereof and provision of ₹ 2235.15 crore (79 *per cent*) out of ₹ 2839.44 crore was surrendered, including cent *per cent* surrenders in 105 schemes (₹ 808.70 crore). In 22 test-checked cases given in ***Appendix 2.5*****,** cent *per cent* surrender (₹ 691.56 crore) was attributed to non release of Central share (nine cases), less requirement (four cases), non-finalisation of project proposals and non-implementation of the scheme (two cases) and abolition of operation on stock suspense (one case). No reasons were assigned in remaining (six) cases.

2.3.12 Surrender in excess of saving

As against savings of ₹ 902.33 crore, the amount surrendered was ₹ 995.56 crore during 2009-10 resulting in excess surrender of ₹ 93.23 crore, in six grants (₹ 50 lakh or more) detailed in ***Appendix 2.6***.

The surrenders indicate lack of budgetary control on activities for which provision(s) were made.

2.3.13 Anticipated savings not surrendered

As per Rule 146 of Orissa Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2009-10, there were, however, 22 grants (49 cases) in which savings were noticed but no part of such saving was surrendered by the concerned departments. The amount involved in these cases was ₹ 592.49 crore (14 *per cent* of the total savings) **(*Appendix 2.7*).**

Similarly, of the total savings of ₹ 4033.39 crore, savings of rupees one crore and above in each grant / appropriation aggregated to ₹ 1180.22 crore (29 *per cent* of total savings) in 15 grants (21cases) which were not surrendered; details are in ***Appendix 2.8.*** Besides, as per information furnished by the office of the Principal Accountant General (A&E), there were surrender of funds under different major heads of accounts in excess of ₹ 10 crore on the last two working days of March 2010 in 42 cases aggregating to ₹ 3732.24 crore (***Appendix 2.9*****).** These indicate inadequate financial control and non allocation of funds for intended development purposes, which contributed to huge revenue surplus.

2.3.14 Rush of expenditure

According to Rule 147 of Orissa Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 39 sub-heads listed in ***Appendix 2.10***, revenue / capital expenditure exceeding ₹ 10 crore and also more than 50 *per cent* (in each case) of the total expenditure for the year was incurred in March 2010. **Table 2.7** represents the major heads (10 cases) where 100 *per cent of* expenditure was incurred during the last month of the financial year.

Table 2.7: Cases of rush of expenditure towards the end of the financial year 2009-10

(Rupees in crore)

Sl. No.	Major Head	Total expenditure during the year	*Expenditure during March 2010*	
			Amount	*Percentage of total expenditure*
1	7-5054-03-337-1994-Orissa State Roads Project-Road Improvement Component(EAP)-State Plan-State Sector-Voted	12.10	12.10	100
2	16-3451-796-2430-Biju Kandhamal O Gajapati Yojana-State Plan-State sector-Voted	11.90	11.90	100
3	20-2702-03-102-2425-Revival and Renovation of defunct lift Irrigation projects through OLIC-State Plan-State sector-Voted	20.00	20.00	100
4	28-5054-04-800-1077-Pradhan Mantri Gram sadak Yojana-State Plan-State Sector-Voted	14.33	14.33	100
5	30-2801-06-789-2153-Rajiv Gandhi Gramin Vidyuti Karan Yojana-State Plan-State Sector-Voted	16.00	16.00	100
6	30-2801-06-796-2153-Rajiv Gandhi Gramin Vidyuti Karan Yojana-State Plan-State Sector-Voted	20.00	20.00	100
7	30-2801-06-800-2153-Rajiv Gandhi Gramin Vidyuti Karan Yojana-State Plan-State Sector-Voted	44.00	44.00	100
8	31-6851-195-0825-Loans & Advances-Non Plan-voted	10.00	10.00	100
9	32-5452-01-103-2006-One time ACA-State Plan-State Sector-Voted	10.00	10.00	100
10	34-2425-107-2383-Interest Subvention to the Co-operative Banks/PACS for providing crop loans to farmers-State Plan-State Sector-Voted	22.80	22.80	100
TOTAL		**181.13**	**181.13**	**100**

Source: Monthly Appropriation Reports for the month of March 2010 of AG (A&E)

Release of funds at the end of financial year does not provide required time for proper execution of the planned activities during the year.

2.4 Advances from Contingency Fund

The Contingency Fund of the State has been established under the Orissa Contingency Fund Act, 1967 in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the Legislature, would be undesirable. The fund is in the nature of an imprest and required to be recouped by obtaining supplementary grants during the first session of Assembly immediately after the advance is sanctioned. Its corpus was enhanced (October 2008) from ₹ 150 crore to ₹ 400 crore. During 2009-10, advances of ₹ 198.97 crore were sanctioned and withdrawn from the fund and ₹ 11.07 crore only was recouped out of ₹ 223.12 crore leaving a sum of ₹ 212.05 crore un-recouped as of March, 2010 as detailed in **Table 2.8.**

Table 2.10: Un-recouped amount of the Contingent Fund of the State

(Rupees in crore)

Period	Amount	Remarks
1998-1999	0.75	More than 10 years
1999-2000	12.33	More than 5 years and less than 10 years
2009-2010	198.97	Below one year
TOTAL	**212.05**	

Source: Information furnished by O/o Pr AG (A&E) and Finance Accounts

2.5 Outcome of review of selected grants

Review of the budget proposals, actual expenditure and fund management in respect of Agriculture Department (Grant No-23) and Health and Family Welfare Department (Grant No-12) out of 38 grants was conducted. The outcome of the review revealed the following irregularities.

2.5.1 Surrender in excess of savings/lower than the savings /belated surrenders

Orissa Budget Manual (OBM) provides (Rule 144 and 146) that all anticipated savings should be surrendered immediately after these are foreseen and latest by 10 March of the financial year without waiting till the end of the year.

During 2009-10, the Agriculture Department (Grant 23) as against total savings of ₹ 2.71 crore, surrendered ₹ 78.26 crore resulting in excess surrender. Although there was savings of ₹ 466.95 crore under Health and Family Welfare department (Grant 12), only ₹ 423.74 crore was surrendered resulting in less surrenders by the department. Besides, in violation of above provisions of OBM, these amounts were surrendered on 31 March 2010. ***Thus, the amounts surrendered were not in conformity with the actual savings indicate that budgetary controls as provided in the OBM were not exercised by the controlling officers of both the departments. Besides, surrenders of***

this scale indicate activities of Government for which provision(s) were made had suffered to the extent of the savings.

2.5.2 Surrender of entire provision

Both the departments made programme for ₹ 51.27 crore (Agriculture ₹ 27.24 crore and Health and Family Welfare ₹ 24.03 crore) under different heads/schemes during 2009-10. But the total provision was surrendered on the last day of the financial year 2009-10, which indicate deficient budgetary control of the departments. ***As a result, the schemes could not be operated and beneficiaries were deprived of the benefits and services which could have been derived out of the schemes.*** The details are given in the **Table 2.9** below.

Table 2.9: Statement showing surrender of entire provisions in different schemes of Agriculture, Health and Family Welfare Department during 2009-10.

(Rupees in Crore)

Sl. No.	Head of Account	Provision	Surrender	Date of Surrender
Agriculture Department(Grant No-23)				
1	2401-108-0419-Establishment of Regional Coconut Nursery	0.20	0.20	31.03.2010
2	2401-789-1971-Support to State extension Plan for extent ion	2.25	2.25	31.03.2010
3	2401-796-1971- Support to State extension Plan for extension	2.25	2.25	31.03.2010
4	2401-789-2271-National Project on Management of Soil Health and Fertility	1.80	1.80	31.03.2010
5	2401-796-2271-National Project on Management of Soil Health and Fertility	1.80	1.80	31.03.2010
6	2401-796-1960-Micro Irrigation (Agriculture)	0.21	0.21	31.03.2010
7	2401-800-2271- National Project on Management of Soil Health and Fertility	14.40	14.40	31.03.2010.
8	2401-119-1862-Macro Irrigation	4.33	4.33	31.03.2010
	Sub Total	**27.24**	**27.24**	
Health and Family Welfare Department (Grant No-12)				
9	2210-06-104-0622-Headquarters Drug Control Organisation	1.70	1.70	31.03.2010
10	2210-06-789-0622- Headquarters Drug Control Organisation	0.50	0.50	31.03.2010
11	2210-06-796-0622- Headquarters Drug Control Organisation	1.00	1.00	31.03.2010
12	2210-01-200-1447-T.B. Control Programme	2.00	2.00	31.03.2010
13	2210-05-101-0348-Education	0.63	0.63	31.03.2010
14	2210-06-101-0953-National Filaria Eradication Programme	0.20	0.20	31.03.2010
15	2211-200-1131-Purchase of Contraceptive, MCH Extension supplies, Education Kits	18.00	18.00	31.03.2010
	Sub Total	**24.03**	**24.03**	
	Grand Total	**51.27**	**51.27**	

2.5.3 Provision of Vacant Post

Rule 61(b) of Orissa Budget Manual **provides** that provisions should be made in the budget for men on duty (excluding vacant posts). But a provision of ₹ 69.67 crore was made by the Health and Family Welfare Department for vacant posts and ***the entire amount remained unutilised and surrendered.***

2.5.4 Blockage of scheme funds of ₹ 3.33 crore

Scrutiny of records of Director of Horticulture, Orissa, Bhubaneswar (Agriculture Department) it was seen that ₹ 3.33 crore drawn towards implementation of different programmes for development of horticulture for the benefit of the farmers during 2007-08 (₹ 8.89 lakh), 2008-09 (₹ 18.62 lakh) and 2009-10 (₹ 305.89 lakh) was rolling in closing cash balance of the Director till March 2010. The amounts related to development of potatoes, vegetables and spices, ISO POM (Oil Palm), programmes in non Horticulture Mission districts and inter cropping in fruit orchards etc. Such scheme funds were drawn in various bills and kept in DDO's current account maintained in Public Sector Banks**.** ***Parking of such funds in current account of the banks not only extended undue benefit to the banks but also deprived the targeted beneficiaries of the State from the intended benefit of the schemes, apart from reflecting adversely on financial management.***

2.6 Conclusion and Recommendations

Grant-in aid and central funds to be paid to executing agencies may be released within the shortest time gap in order to avoid parking of funds in PL account. ***(Paragraph 2.3.5)***

The Chief Controlling Officers should ensure early regularization of excess/savings pertaining to previous period in order to close the accounts finally.

Anticipated savings are not surrendered to the Finance Department though provisions provided in Budget manual. ***(Paragraph 2.3.13)***

Provisions of Orissa Budget Manual should be strictly observed to ensure budgetary and expenditure controls.

More than 50 *per cent* of capital expenditure was incurred in March 2010 instead of spreading over throughout the year**.** ***(Paragraph 2.3.14)***

Capital expenditure may be spread over evenly throughout the year so as to absorb the provisions and early formation of capital assets and also to avoid rush of expenditure at the end of financial year.

Provisions made for utilisation of Scheme/Programme funds under agriculture and health departments were entirely surrendered indicating faulty planning. ***(Paragraph 2.5.2)***

The scheme funds should be utilised within the prescribed period to avoid surrender or blockage of funds in the interest of beneficiaries.