

CHAPTER- II

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 provision 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 instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2009-2010 against 31 grants/appropriations is given in **Table 2.1**:

Table-2.1: Summarized Position of Actual Expenditure *vis-à-vis* Original/Supplementary provisions
(₹ in crore)

	Nature of expenditure	Original grant appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	9,586.78	903.85	10,490.63	9,256.30	(-)1,234.33
	II Capital	1,956.57	909.60	2,866.17	3,196.10	(+)329.93
	III Loans and Advances	307.77	1.42	309.19	30.06	(-)279.13
Total Voted		11,851.12	1,814.87	13,665.99	12,482.46	(-)1,183.53
Charged	IV Revenue	1,574.32	0.80	1,575.12	1,413.95	(-)161.17
	V Capital	0.35	-	0.35	0.35	
	VI Public Debt-Repayment	1,311.58	-	1,311.58	1,372.68	(+)61.10
Total Charged		2,886.25	0.80	2,887.05	2,786.98	(-)100.07
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		14,737.37	1,815.67	16,553.04	15,269.44	(-)1,283.60

The overall saving of ₹ 1,283.60 crore was the result of saving of ₹ 2,291.09 crore in grants and appropriations under Revenue Section (36 cases), and Capital Section (22 cases), offset by excess of ₹ 1,007.49 crore in six grants/appropriations under Capital section and one grant under revenue section.

Departments against which significant savings were noticed during the year were Finance (₹ 615.26 crore), Energy (₹ 377.88 crore), Welfare of Scheduled Castes (₹ 204.25 crore), Education, Sports, Youth Welfare and Culture (₹ 202.63 crore), Irrigation and flood (₹ 172.48 crore) Medical Health and Family Welfare (₹ 110.78 crore). The savings/excess (Detailed Appropriation Accounts) were intimated (13 May 2010) to the Controlling Officers requesting them to explain the significant variations. Their replies were awaited as of November 2010.

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 44 cases, savings exceeded ₹ one crore in each case, out of which by more than 20 per cent of total provision in 23 cases (**Appendix-2.1**). Against the total savings of ₹ 2,291.09 crore, savings of ₹ 1,863.01 crore (81.32 per cent)¹ occurred in 12 cases relating to 9 grants and one appropriation as indicated in **Table 2.2**.

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

(₹ in crore)						
Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue-Voted						
1	06-Revenue & General Administration	349.26	37.04	386.30	329.56	56.74
2	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,964.98	2.16	1,967.14	1,548.17	418.97
3	11-Education, Sports, Youth Welfare & Culture	2,863.80	235.02	3,098.82	2,903.98	194.84
4	12-Medical, Health & Family Welfare	521.44	39.98	561.42	469.54	91.88
5	15-Welfare	308.62	33.00	341.62	261.19	80.43
6	19-Rural Development	342.05	27.63	369.68	299.47	70.21
7	30-Welfare of Scheduled Castes	381.79	29.67	411.46	330.35	81.11

¹ Exceeding ₹ 50 crore in each case.

Capital-Voted						
1	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	149.35	1.15	150.50	99.27	51.23
2	20-Irrigation & Flood	474.46	46.67	521.13	349.61	171.52
3	21-Energy	484.61	572.00	1,056.61	678.73	377.88
4	30-Welfare of Scheduled Castes	203.53	22.22	225.75	102.61	123.14
Revenue-Charged						
	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,534.91	-	1,534.91	1,389.85	145.06
Total		9,578.80	1,046.54	10,625.34	8,762.33	1,863.01

The reasons for savings were awaited as of November 2010.

2.3.2 Persistent Savings

In 19 cases, during the last five years there were persistent savings of more than ₹ one crore in each case (Table 2.3).

Table-2.3: List of Grants indicating persistent savings during last five years

(₹ in crore)

Sl.No.	No and Name of grant	Amount of Saving				
		2005-06	2006-07	2007-08	2008-09	2009-10
Revenue-Voted						
1	04-Judicial Administration	5.99	15.59	18.69	16.29	28.57
2	05-Election	1.78	1.37	3.82	3.68	3.65
3	06-Revenue & General Administration	69.05	90.37	30.52	67.57	56.74
4	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	307.56	114.41	106.16	394.33	418.97
5	12-Medical Health & Family Welfare	81.31	172.06	86.33	122.06	91.88
6	13-Water Supply, Housing & Urban Development	205.55	423.35	68.45	88.69	47.75
7	15-Welfare	23.91	23.84	36.41	93.53	80.43
8	16-Labour & Employment	6.22	42.48	38.41	35.29	5.61
9	18-Co-operative	14.71	7.96	1.39	7.72	1.83
10	19-Rural Development	52.16	71.45	49.63	45.13	70.21
11	22-Public Works	42.15	68.41	29.78	51.18	28.64
12	23-Industries	14.19	43.21	14.96	13.08	1.34

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13	24-Transport	4.11	21.57	10.10	11.56	5.62
14	26-Tourism	3.95	1.20	0.71	2.31	2.85
15	28-Animal Husbandry	7.53	19.64	12.18	7.38	8.49
Capital-Voted						
1	07- Finance, Tax, Planning, Secretariat & Miscellaneous Services	28.93	126.95	24.06	45.12	51.24
2	11-Education, Sports, Youth Welfare & Culture	7.02	71.17	16.97	14.57	7.80
3	15-Welfare	3.15	16.25	2.15	6.39	5.09
4	23-Industries	78.97	122.69	40.58	5.41	9.55

Despite mention in the Comptroller and Auditor General of India's State Finances Report for the year 2008-2009 a substantial number of cases were noticed where savings persisted during the year which is indicative of over assessment of requirement of funds. However, no efforts were made by the concerned department to overcome this situation. This needs to be reviewed.

2.3.3 Excess Expenditure

In six cases, expenditure aggregating ₹ 3,099.21 crore exceeded the approved provision by ₹ 1,007.23 crore which was more than ₹ one crore in each case or by more than 20 per cent of the total provision. Details are given in **Appendix-2.2**. Of these, in the following grants/heads (**Table 2.4**), excess expenditure has been observed consistently during the last five years:

Table-2.4: List of Grants indicating persistent excess expenditure during 2005-10

(₹ in crore)

Sl.No.	No and Name of grant	Amount of excess expenditure				
		2005-06	2006-07	2007-08	2008-09	2009-10
Capital-Voted						
1	17-Agriculture works & Research(voted)	3.15	4.15	14.81	11.72	11.73
2	25-Food	485.97	404.16	367.77	564.40	916.31
Total		489.12	408.31	382.58	576.12	928.04

Thus, persistent excess under the grants/heads was indicative of un-realistic budgetary assumptions.

Reasons for persistent excesses were awaited (November 2010).

2.3.4 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that

expenditure of ₹ 2.99 crore was incurred in one case as detailed in **Table 2.5** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table-2.5: Expenditure incurred without provision during 2009-10
(₹ in crore)

No. and Name of Grants	Amount of Expenditure without provision	Reasons/Remarks
29-Horticulture Development Capital(voted)	2.99	Reasons were awaited

Thus, expenditure incurred by the Department without any provision of funds was irregular and unauthorized and needs regularization.

2.3.5 Excess over provision relating to previous years requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Article, the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to ₹ 3,479.62 crore for the years 2005-09 was yet to be regularized as detailed in **Appendix-2.3**. The year-wise amount of excess expenditure pending regularization of grants/appropriations is summarized in **Table 2.6**.

Table-2.6: Excess over provision relating to previous years requiring regularization
(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularization
	Grant	Appropriations		
2005-06	7	7,8,17,20,22,25&29	663.50	Status not intimated by the State Government
2006-07	6	7,17,20,22,25& 29	935.92	
2007-08	6	7,17,20, 22,25 & 29	733.79	
2008-09	6	7,17, ,20,22,25&29	1,146.41	
Total			3,479.62	

Action needs to be initiated at the earliest to get the excess expenditure incurred over grants/appropriations regularized by the state legislature.

2.3.6 Excess over provisions during 2009-10 requiring regularization

Table 2.7 contains the summary of total excess in seven grants/appropriations amounting to ₹ 1,007.49 crore over authorization from the Consolidated Fund of State (CFS) during the year 2009-10.

Table-2.7: Excess over provision requiring regularization during 2009-10

(₹ in crore)

Sl. No.	Number and title of Grant/Appropriation		Total Grant/Appropriation	Expenditure	Excess
Revenue Voted					
1	21	Energy	9.03	13.01	3.98
Capital Voted					
2	17	Agriculture Works & Research	1.37	13.10	11.73
3	18	Co-operative	8.24	8.50	0.26
4	22	Public Works	769.50	780.62	11.12
5	25	Food	0.50	916.81	916.31
6	29	Horticulture Development	—	2.99	2.99
Charged Capital					
7	07.	Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,311.58	1,372.68	61.10
Total			2,100.22	3,107.71	1,007.49

Reasons for the excess had not been intimated by the State Government/Department as of November 2010.

The excess expenditure over the provision under the grants/appropriations incurred during the year 2009-10, thus, would require regularization under Article 205 of the constitution.

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating ₹ 327.79 crore obtained in 22 cases, ₹ 10 lakh or more in each case, during the year proved unnecessary as the expenditure registered under the grants was within the original provision as detailed in **Appendix-2.4**. In two cases, supplementary provision of ₹ 205.50 crore proved insufficient by more than ₹ one crore in each case leaving an aggregate uncovered excess expenditure of ₹ 15.10 crore (**Appendix-2.5**), which is indicative of poor financial management by the concerned departments.

2.3.8 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. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of ₹ 10 lakh and above in 96 sub-heads as detailed in **Appendix-2.6**.

Savings exceeding ₹ 20 crore and above occurred in five cases viz; ₹ 21.41 crore under Revenue and General Administration, Relief on account of Natural Calamity centrally sponsored scheme, ₹ 45.84 crore under Educational Sports Youth and Culture Government Secondary School Central Plan, ₹ 23.82 crore in other social services under Welfare Department, Central Plan grant to Provincial Haj Committee, ₹ 45.75 crore under Rural Development Panchayat Raj Central Plan and ₹ 62.11 crore under Public Works Capital Outlay on Roads and Bridges World Bank sponsored scheme for the same had not been furnished by the Government as of November 2010.

The substantial savings in the five cases above indicates that the funds could not be spent as estimated and planned under the scheme.

2.3.9 Substantial surrenders

Substantial surrenders (the cases where more than 50 *per cent* of total provision was surrendered) were made in respect of 105 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹ 462.72 crore in these 105 schemes, ₹ 386.39 crore (83.50 *per cent*) were surrendered, which included cent per cent surrender in 63 schemes (₹ 112.31 crore) as detailed in **Appendix-2.7**.

2.3.10 Surrender in excess of actual saving

In six cases, the amount surrendered was in excess of actual savings (₹ 50 lakh or more in each case) indicating lack of budgetary controls in these departments. As against savings of ₹ 230.57 crore in these cases, the amount surrendered was ₹ 348.79 crore resulting in excess surrender of ₹ 118.22 crore. Details are given in **Appendix-2.8**.

2.3.11 Anticipated savings not surrendered

As per 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, 12 grants/appropriations in which savings occurred but no part of it had been surrendered by the concerned departments. The amount involved in these cases was ₹ 621.63 crore (27.13 *per cent* of the total savings) (**Appendix-2.9**).

Similarly, out of savings of ₹ 1,976.59 crore (cases where savings of more than ₹ one crore occurred), amount aggregating ₹ 1,732.80 crore (87.67 *per cent* of total savings) was not surrendered, details of which are given in **Appendix-2.10**. Besides, in 9 cases, (surrender of funds in excess of ₹ 10 crore), ₹ 494.15 crore were surrendered (**Appendix-2.11**) on the last two

working days of March 2010 indicating inadequate financial control and also the fact that these funds could not be utilized for other developmental purposes, since the surrenders were made at the fag end of the financial year.

2.3.12 Rush of expenditure

According to Financial regulation, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 44 sub-major heads listed in **Appendix-2.12**, expenditure exceeding ₹ 10 crore or more than 50 *per cent* of the total expenditure for the year was incurred in March 2010. **Table 2.8** also presents the major heads where more than 50 *per cent* expenditure was incurred either during the last quarter or during the last month of the financial year.

Table-2.8: Cases of Rush of Expenditure towards the end of the financial year 2009-10
(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2010	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2030-Stamps & Registration	14.85	10.25	69	8.73	59
2	2048-Appropriation for Reduction or Avoidance of debt	50.00	40.00	80	0.00	00
3	2205-Art & Culture	8.55	4.64	54	2.22	26
4	2215-Water supply & Sanitation	334.22	184.38	55	158.21	47
5	2216-Housing	1.60	0.91	57	0.61	38
6	2217- Urban Development	554.77	296.69	53	254.9	46
7	2245- Natural Calamities	148.77	83.82	56	77.40	52
8	2251-Secretariat – Social Services	0.14	0.09	64	0.09	64
9	2402-Soil & Water Conservation	1.68	1.68	100	1.68	100
10	2404-Dairy Development	14.76	8.83	60	2.45	17
11	2705-Command Area Development	4.19	3.69	88	3.69	88
12	2810-Non Conventional Source of energy	12.35	6.32	51	0.94	8
13	3452-Tourism	16.85	12.61	75	9.95	59
14	4058-Capital Outlay on Stationary & Printing	0.23	0.23	100	0.07	30
15	4202-Capital Outlay on Sports, Art & Culture	53.04	37.05	70	34.86	66

16	4210-Capital Outlay on Medical & Public Health	38.03	21.62	57	19.03	50
17	4211-Capital Outlay on Family Welfare	3.83	2.19	57	2.04	53
18	4225-Capital Outlay on Welfare of SC ,ST,& OBC	6.17	6.01	97	3.49	57
19	4235-Capital Outlay on Social Security & Welfare	2.51	1.88	75	1.42	57
20	4405-Capital Outlay on Fisheries	1.45	1.41	97	0.17	12
21	4406-Capital Outlay on Forestry & Wildlife	13.39	8.33	62	7.75	58
22	4700-Capital Outlay on Major Irrigation	203.43	132.02	65	81.56	40
23	4702-Capital Outlay on Minor Irrigation	56.59	36.33	64	22.38	40
24	5053-Capital Outlay on Civil Aviation	2.63	1.73	66	1.59	60
25	5452-Capital Outlay on Tourism	29.11	23.14	79	20.43	70
26	6425-Loan For Co-operation	4.30	3.32	77	3.14	73
Total		1,577.44	929.17	58.90	718.80	45.57

Source: Accountant General (Accounts and Entitlement) Office

Scrutiny revealed that 58.90 per cent of the total expenditure of ₹ 1,577.44 crore spent against these major heads during the year 2009-10 was incurred in the last quarter of the financial year. Further, in 14 cases above, the expenditure exceeding 50 per cent of the total expenditure was incurred in the month of March 2010 alone.

For a sound financial management, uniform pace of expenditure should be maintained. Contrary to the spirit of financial regulation a substantial amount was incurred by the Government at the fag end of the year which was indicative of poor financial control.

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent (DCC) Bills against Abstract Contingent Bills (AC)

As per financial rules, every Drawing Officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignatures and transmission to the Accountant General. (Accounts and Entitlement) The total amount of DCC bills received

during the year 2009-10 was only ₹ 1.48 crore against the amount of AC bills of ₹ 7.76 crore leading to an outstanding balance of A.C. bills of ₹ 6.28 crore awaiting adjustment as on 31 March 2010. Year wise details are given in **Table 2.9**.

Table-2.9: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

(₹ in crore)

Year	Amount of AC Bills	Amount of DCC Bills	Outstanding AC Bills
2007-08	0.63	0.10	0.53
2008-09	3.25	0.01	3.24
2009-10	3.88	1.37	2.51
Total	7.76	1.48	6.28

As can be seen from the table above, the total amount of outstanding AC bills was ₹ 6.28 crore at the end of March 2010. However, an attempt was made to verify the AC bills outstanding as of September 2010 and it was noticed that DCC bills for an amount of ₹ 5.65 crore were outstanding against 69 AC bills drawn during the period from 2007-08 to 2009-10. It was further noticed that out of the total outstanding balance of ₹ 5.65 crore, a substantial amount of ₹ 4.83 crore was drawn through 11 AC bills by Secretary, Revenue and General Administration and was outstanding on account of non-submission of DCC bills. Department-wise pending DCC bills for the years up to 2009-10 have been detailed in **Appendix-2.13**.

Non-submission of DCC bills for long periods after drawal of AC bills is fraught with the risk of mis-appropriation and therefore, needs to be monitored closely.

2.4.2 Un-reconciled Expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (Accounts and Entitlement). Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2009-10 also. Audit scrutiny revealed cases where the amount exceeding ₹ 10 crore involving ₹ 6320 crore remained unreconciled in respect of 13 controlling officers during the year 2009-10, which constituted 51 *per cent* of the total expenditure of ₹ 12,334 crore as detailed in **Table 2.10**:

Table-2.10: List of controlling officers where amounts exceeding ₹ 10 crore in each case remained un-reconciled during 2009-2010

		(₹ in crore)
Sl. No.	Controlling Officers	Amount not reconciled
1	Chief Engineer, Public Work Department Dehradun	1,265
2	Principal Secretary, Finance Secretariat , Uttarakhand Dehradun	1,982
3	Secretary , Estate Department Secretariat, Uttarakhand Dehradun	556
4	Secretary, Woman & Child Welfare Uttarakhand Dehradun	454
5	Secretary, Energy Secretariat, Uttarakhand Dehradun	678
6	Secretary, General Administration Department, Uttarakhand Dehradun	48
7	Secretary, Housing & Urban Development Secretariat Uttarakhand Dehradun	554
8	Secretary, Information Technology /Industries Secretariat Uttarakhand Dehradun	51
9	Secretary, Labour Department Secretariat, Uttarakhand Dehradun	417
10	Secretary, Revenue Department/ Natural Calamities Management , Secretariat Uttarakhand Dehradun	149
11	Secretary, Sports, Youth Welfare Secretariat Uttarakhand Dehradun	79
12	Secretary, Tourism Department Secretariat Uttarakhand Dehradun	46
13	Secretary, Transport & Civil Aviation Secretariat Uttarakhand Dehradun	41
Total		6,320

The reasons for the huge amount of ₹ 6,320 crore remaining unreconciled during the year 2009-10 was not furnished to audit.

Efforts to get the accounts reconciled need be undertaken expeditiously to obviate the possibilities of fraud and misuse of funds.

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established 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 its corpus is ₹ 85 crore. However, advances to the tune of ₹ 71.42 crore drawn from the contingency fund remains to be recouped as on 31 March 2010 as detailed below.

Table-2.11: Expenditure met from contingency fund

(₹ in crore)

S. No	Grant No	Major Head	Budget Estimate	Re. App	Total	Actual Exp	Adv From Contingency fund	Sanction date	Purpose of Advance
1	06	2029-Land Revenue	112.15	-	112.15	92.47	0.05	22-6-09, 30-6-09.	Census of Agriculture
2	09	2051-Public Service. Commission	5.64	-0.41	5.23	5.08	0.28	5-1-10, 9-1-10.	For establishment expenditure reg. Public Service commission
3	11	2202-General Education	3,011.55	-76.55	2,935.00	2,821.05	0.25	21-12-09,	Secondary Education Central Plan
4	12	2210-Medecal & Public Health	502.96	-5.26	497.70	423.42	2.78	8-7-09, 22-6-09, 8-4-09, 25-8-09, 29-8-09, 26-6-09.	For Rural Health Service
5	14	2220-Information & Publicity	22.13	-1.68	20.45	20.90	8.11	-	For establishment expenditure
6	15	2235-Social Security & Welfare	156.61	-0.38	156.23	105.34	0.02	-	For soldier's Welfare
7	16	2216-Capital Outlay on Housing	2.65	-	2.65	2.19	0.78	-	For Training Purpose (Central Plan)
8	17	2401-Crop Husbandry	205.60	-0.91	204.68	199.28	17.24	-	Crop Husbandry, other expenditure (Central Plan)
9	20	2702-Minor Irrigation	62.31	-1.84	60.47	60.23	11.23	-	Other expenditure Central plan
10	26	5452-Capital Outlay on Tourism	63.20	-35.46	27.74	7.74	21.00	-	Promotion & Publicity
11	28	2403-Animal Husbandry	72.47	-7.42	65.05	65.29	1.63	-	For livestock development
12	28	2404-Dairy Development	1.71	-0.03	1.68	1.40	3.18	-	For Dairy Development Scheme
13	28	2405-Fisheris	3.84	-0.34	3.50	3.52	0.43	-	For Establishment Expenditure
14	29	2401-Crop Husbandry	88.11	-2.45	85.66	85.38	4.44	-	For Horticulture & Vegetable Crops(Central Plan)
Total			4,310.93	-132.73	4,178.20	3,913.29	71.42		

It would be evident from the above that the expenditure to the tune of ₹ 71.42 crore was met from the advances from Contingency fund during the year and had not been recouped to the fund at the end of the year defeating the purpose

of the creation of fund. This expenditure pertains to Census of Agriculture, Establishment, Secondary Education Training, Promotion Publicity, Dairy Development, Crop Husbandry and Horticulture and therefore could not be termed of emergent nature requiring drawal from Contingency Fund.

The Government should sanction advances from Contingency Fund only for meeting of expenditure of an unforeseen and emergent character. Moreover, Government resorted to advances from the Contingency Fund despite savings of over ₹ 265 crore under nine Major Heads and therefore drawal of funds from the contingency fund was not warranted. The process of drawal and recoument of funds from the contingency fund needs to be streamlined.

2.6 Errors in Budgeting Process

Lapses or errors observed in the process of budgeting by the State Government for the financial year 2009-10 were as under:

- Minor Head 900-Recoveries has been shown below Sector-A Tax-Revenue, while the list of Major & Minor Head of Accounts (volume-I) provides that the Minor Head-900 recoveries shall be shown below every Major Head coming under the Sector-A Tax-Revenue.
- As a result of audit observations on estimates regarding receipts & disbursement shown in Public Account under Budget Manual Vol.2, it is found that no provision is made related to receipts & disbursement in Major Head 8235-General and Other Reserve Funds.
- Bifurcation of central share and state share under centrally sponsored schemes has not been shown under various Major Heads i-e, 2014-800-01 and 4711-01-103-01.
- In the Major Head 2015, expenditure on photo identification card has been shown in 101-01 (01) under Minor Head-101 while as per list of Major Head & Minor Head, it should be shown under Minor Head-108.
- Minor Head 800-others has not been shown below the Sub Major Head 05-calamity relief under the Major Head 2245-Relief on account of National Calamities as it is provided in the list of Major and Minor Head.
- In the Major Head-7610 advance on purchase of Computer has been shown in Sub Head-03 under Minor Head-800 while as per list of Major-Minor Head it should be shown under Minor Head-204.
- In Major Head-4059 'Sub Head-60 other' has been shown while as per list of Major-Minor Head 'sub-head-60 building' should be shown.
- In Grant No. 30 under Sub Head-01 & 05 in Major Head-4801, 'Minor Head-097 externally aided' has been shown while as per list of Major-Minor Head, there is no provision of Minor Head-097.

2.7 Outcome of Review of selected Grant

Grant number 07- Finance, Tax, Planning, Secretariat and Miscellaneous Services was selected for review which revealed the following.

Rush of Expenditure

General Financial rules provide that the expenditure shall uniformly be incurred during the year taking month wise/quarter wise flow into consideration. In the case of Grant Number 07, the quarter wise flow of expenditure was not maintained during 2009-10 as per prescribed norms. The details are shown below:

Table-2.12: Rush of expenditure

(₹ in crore)

Sl.No.	Major Head	Expenditure in last Quarter	Expenditure in March	Total Expenditure	Percentage of expenditure in last quarter	Percentage of expenditure in March
1	2030	10.25	8.73	14.85	69	59
2	2048	40.00	0.00	50.00	80	0
3	2054	8.00	3.27	34.15	23	10
4	3451	0.86	0.48	1.96	44	24
5	3604	122.40	30.60	324.73	38	9
6	4059	35.85	24.59	97.67	37	25
7	4216	1.53	1.41	5.01	31	28
8	4515	24.34	21.86	70.61	34	31
Total		243.23	90.94	598.98	41	16

The rush of expenditure in eight major heads under the grant in the last quarter of 2009-10 was 41 *per cent* of the total expenditure of these respective major heads. This indicates lack of planning in regulating the expenditure.

Rush of expenditure at the close of the year could lead to infructuous, nugatory or ill planned expenditure. The departments should ensure maintaining uniform pace of expenditure throughout the year as far as practicable to avoid rush of expenditure at the end of the financial year.

Unnecessary Supplementary Grants

Supplementary Grants are obtained to cover the excesses that may be anticipated after mid-term review of the Grants/Appropriations during a financial year. However, it was noticed that supplementary Grants were obtained under Grant Number 07, without any proper planning as tabulated below:

Table-2.13: Details of supplementary provision obtained under the Grant

(₹ in crore)

Sl. No.	Major Head	Total Budget Provision				Actual Expenditure	Saving
		Original	Supplementary	Re-appropriation	Total		
1	2040	61.60	0.02	(-)17.74	43.88	32.33	11.55
2	2045	2.53	0.09	-	2.62	1.79	0.83
3	2052	84.03	1.45	(-)9.79	75.69	57.63	18.06
4	2054	39.81	0.0003	-	39.81	34.16	5.65
5	3451	4.78	0.21	(-)2.55	2.44	1.96	0.48
6	3454	10.07	0.39	(-)2.07	8.39	8.39	0.07
7	4059	127.82	0.74	(-)7.56	120.99	77.15	43.84
8	4216	1.00	0.41	1.41	2.82	2.82	-
		331.64	3.31	(-) 38.20	296.64	216.23	80.48

Supplementary grants amounting to ₹ 3.31 crore obtained under eight major heads in respect of Grant Number 07, proved unnecessary since the Savings/overall Savings under six major heads/ grants itself was more than supplementary grant obtained by the Department.

The Government should therefore, put a proper mechanism in place to ensure better management for utilization of funds.

Unutilised provision

It was noticed that entire budgetary provision under various major heads in Grant Number 07 remained unutilised at the end of financial year 2009-10 as detailed below:

Table-2.14: Details of Heads of accounts where the allocation were not used at all

(₹ in crore)

Sl No.	Major Head	Budget Provision	Saving
1	2040	12.73	12.73
2	2048	2.00	2.00
3	2049	59.60	59.60
4	2052	14.97	14.97
5	2071	40.00	40.00
6	3451	0.50	0.50
7	3454	0.07	0.07
8	3604	7.53	7.53
9	4059	8.57	8.57
10	6003	1.10	1.10
11	6004	5.72	5.72
12	7610	0.05	0.05
13	7615	0.10	0.10
Total		152.94	152.94

Entire Budget allocation of ₹ 153 crore under various major heads of Grant Number 07 remained unutilised during 2009-10. This indicates the expenditure could not be incurred as estimated and planned. This needs to be looked into to ensure optimum utilization of funds.

2.8 Conclusion and Recommendation

There was an overall saving of ₹ 1,283.60 crore offset by excess of ₹ 1,007.49 crore, which requires regularization under Article 205 of the constitution of India. Revenue and General Administration, Finance Tax Planning, Medical Health and Family Welfare, Water Supply Housing and Urban Development, Welfare and Rural Development Sectors posted large savings persistently during the last five years. There were also instances of inadequate provision of funds and unnecessary/ excessive re-appropriations. Rush of expenditure at the end of the year was another chronic feature noticed in the overall financial management. In many cases, the anticipated savings were either not surrendered or surrendered at the fag end of the year in the month of March leaving no scope for utilizing these funds for other development purposes. Advances were sanctioned from the Contingency Fund though they were not of emergent nature requiring drawal from Contingency Fund and the same were also not recouped at the end of the year defeating the purpose of creation of the Fund.

Budgetary controls should be strictly observed to avoid such deficiencies in financial management. Last minute fund releases and issuance of re-appropriation/surrender orders should be avoided. The Government should sanction advances from the contingency fund only for meeting expenditure of an unforeseen and emergent nature and the mechanism to recoup the fund timely should be streamlined to maintain the purpose of its creation.