

CHAPTER 2

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of the grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts depict 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. Appropriation Accounts thus facilitate understanding of utilization of funds and monitoring of budgetary provisions and are therefore, complementary to the Finance Accounts.

2.1.2. Audit of Appropriation Accounts 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 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 2010-11 against 108 grants/appropriations was as 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	44,649.93	6,345.28	50,995.21	48,139.81	(-)2,855.40
	II Capital	10,493.37	543.36	11,036.73	9,818.41	(-)1,218.32
	III Loans and Advances	611.46	147.02	758.48	687.87	(-)70.61
	Total Voted	55,754.76	7,035.66	62,790.42	58,646.09	(-)4,144.33
Charged	IV Revenue	9,972.28	94.46	10,066.74	9,718.14	(-)348.60
	V Capital	0.01	22.58	22.59	22.07	(-)0.52
	VI Public Debt- Repayment	3,837.57	0.00	3,837.57	3,817.53	(-)20.04
	VII Inter State Settlement	0.01	...	0.01	(-)0.01
	Total Charged	13,809.87	117.04	13,926.91	13,557.74	(-)369.17
Grand Total		69,564.63	7,152.70	76,717.33	72,203.83	(-)4,513.50

Source : Appropriation Accounts and Appropriation Act of the State Government

Overall savings of ₹4,513.50 crore was the result of savings of ₹4,633.75 crore in 82 grants and 23 appropriations under the Revenue Section,

44 grants and six appropriations under the Capital Section and 2 appropriations (Public Debt-Repayments) under the Loan Section, offset by excess of ₹120.25 crore in 12 grants and one appropriation under the Revenue Section and one grant and one appropriation under the Capital Section.

The savings/excesses were intimated (July 2011) to the Controlling Officers, requesting them to explain the reasons for significant variations but no explanations were received (September 2011) from them.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

There were deviations from budget allocation both with regard to the receipts as well as expenditure during the financial year 2010-11 raising questions about the credibility of the budgeting process, budget monitoring process and the reliability of management information system.

Our appropriation audit revealed that in 76 cases, savings exceeded ₹10 crore in each case or by more than 20 *per cent* of the total provision (**Appendix 2.1**). Summarized position of savings is indicated in **Table 2.2**.

Table 2.2: Summarized position of Savings

Sr. No.	Range of Saving	Number of Cases	Total Grant (₹ in crore)	Saving (₹ in crore)	Percentage
1.	Upto ₹5 crore	27	73.80	30.58	41.44
2.	More than ₹5 crore and upto ₹10 crore	4	74.49	24.33	32.66
3.	More than ₹10 crore and upto ₹25 crore	15	13,710.05	272.77	1.99
4.	Above ₹25 crore	30	40,644.53	3,857.58	9.49
Total		76	54,502.87	4,185.26	7.68

Main reasons for excessive savings are detailed below:

1. Grant No. 9- Out of the total savings of ₹105.93 crore, savings of ₹72.50 crore were due to non-finalization of Public Private Partnership mode for constructing Polytechnics and Engineering colleges.
2. Grant No. 19- The savings of ₹951.78 crore, were due to making provision for payment of increase in dearness allowance separately by various departments.
3. Grant No. 46- The savings of ₹101.10 crore were due to non-receipt of administrative approval from GOI for financial assistance to Gujarat State Police Housing Corporation Limited.
4. Grant No. 49- Out of the total savings of ₹117.65 crore, savings of ₹25.13 crore were due to non-commencement of training under Gujarat Matikam Kalakari and Rural Technology Institute; ₹30.43 crore due to recession in industries and receipt of less claims under development of textile industry; ₹19.83 crore due to receipt of less claims for research and technology development and ₹12.42 crore due to receipt of less

number of proposals for assistance to institutes for industrial development.

5. Grant No. 60- Out of the total savings of ₹315.77 crore, savings of ₹192.82 crore were due to not establishing special courts and additional courts; ₹59.89 crore under the scheme of improvement of Justice Delivery under 13th Finance Commission due to non-formulation of action plan and litigation policy and another ₹ 12.68 crore due to non-filling up of vacant posts of district and sessions judges.
6. Grant No. 66- Out of the total savings of ₹154.80 crore, savings of ₹90.23 crore were due to delay in approving tenders for the work of Dantiwada-Sipu Project and Narmada main canal to Watrak-Meshwo reservoir project; ₹23.59 crore due to non-finalization of designs for flood control works and another ₹16.71 crore due to less number of beneficiaries under drip irrigation scheme executed by GWRDC.
7. Grant No. 71- Out of the total savings of ₹142.25 crore, savings of ₹52.60 crore were due to vacant posts for implementing mission mangalam scheme; ₹43.82 crore due to less release of matching share by GOI in respect of rural sanitation programme and another ₹ 34.85 crore due to closing of the scheme of state government supplement to Indira Awas Yojana.
8. Grant No. 96- Savings were due to less number of applications from the beneficiaries for minor irrigation (₹13.16 crore), delay in constructing a medical college building (₹90 crore) and ₹110.94 crore were mainly due to delay in land allotment, administrative approval, tendering etc. of constructing various buildings.

2.3.2 Persistent Savings

In three cases during the last four years, there were persistent savings of more than ₹ 10 crore in each case. The details are given in **Table 2.3** below:

Table 2.3: List of grants indicating persistent savings during 2007-11

(₹ in crore)

Sr. No.	No. and Name of the grant	Amount of savings			
		2007-08	2008-09	2009-10	2010-11
Revenue- Voted					
1	19- Other Expenditure pertaining to Finance Department	629.71	1,988.87	1,491.49	951.78
2	49-Industries	75.51	83.89	13.77	117.65
Capital- Voted					
1	84-Non-Residential Buildings	136.19	252.61	249.33	295.22

(Source : Appropriation Accounts of the State Government)

Persistent savings during last four years indicate a need to review the formulation of budget estimates and provisions in these grants. Test check of grant files in audit further revealed that there were savings consistently for the last three years in respect of seven schemes under Grant No: 95-Scheduled Castes Sub-Plan (**Appendix 2.2**) indicating that either the provisions were

excessive or the executive was not successful in implementing the legislative aspirations. They are briefly discussed below:

- 1) Under the scheme of regulated growth of non-government secondary schools, ₹33.58 crore were provided but only ₹6.45 crore could be spent as there were less number of beneficiaries than estimated.
- 2) For the development of polytechnics and engineering colleges, ₹13.73 crore could be spent out of the budget provision of ₹54.81 crore since the government could not finalize a policy to give benefits to the scheduled caste students.
- 3) As regards financial assistance for housing, the savings were to the tune of ₹54.17 crore out of the total provision of ₹150.42 crore, as there were less number of beneficiaries than estimated.
- 4) In respect of establishing live stock development centres, though ₹10.46 crore were provided in the budget estimates, the scheme was not sanctioned resulting in savings of ₹ 10.14 crore.
- 5) Similarly, for the construction of Dr. Babasaheb Ambedkar Bhavan, there was a saving of ₹5.07 crore out of ₹5.97 crore provided in the budget estimates for want of administrative approval.
- 6) Out of the provision of ₹30 crore towards contribution to Gujarat Green Revolution Company which is carrying out the drip irrigation scheme, ₹ 24.49 crore could not be spent for want of sufficient number of beneficiaries.

2.3.3 Excess Expenditure

In four cases, expenditure exceeded the approved provisions by ₹10 crore or more in each case or by more than 20 per cent of the total provisions as given in **Table 2.4**.

Table 2.4: Statement of various Grants and Appropriations where expenditure was more than ₹10 crore each or more than 20 per cent of the total provision

(₹ in crore)						
Sr. No.	Grant No.	Name of the Grant/ Appropriation	Total Grant/ Appropriation	Expenditure	Excess	Percentage of Excess Expenditure
1	13	Energy Projects- Capital Voted	867.51	950.51	83.00	9.57
2	73	Other Expenditure Pertaining to Panchayats, Rural Housing and Rural Development - Revenue Voted	440.15	460.57	20.42	4.64
3	81	Compensation and Assignments - Capital Charged	0.02	0.03	0.01	50.00
4	86	Roads and Bridges-Revenue Voted	2,072.97	2,086.52	13.55	0.65
Total			3,380.65	3,497.63	116.98	3.46

Source: Appropriation Accounts of the State Government

The excess expenditure of ₹83 crore under Grant No.13 was due to more share capital contribution (₹80.75 crore) to Gujarat Urja Vikas Nigam Limited and

payment of interest free loan (₹2.25 crore) to Gujarat State Investment Limited.

2.3.4 Expenditure without Provision

As per Para 125(5) of the Gujarat Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹4.96 crore were incurred during 2010-11 under Grant No.86-Major Head 3054- expenditure transferred on pro rata basis from Major Head 2059 without any provision in the original estimates/supplementary demand. Despite expenditure of ₹3.32 crore and ₹4.98 crore being incurred during 2008-09 and 2009-10 under the same grant/head without provision of funds, the department continued to incur irregular expenditure without provision in 2010-11.

Reasons for incurring expenditure without provision of funds were called for (July 2011) from the Government, but no reply was received (September 2011).

2.3.5 Excess expenditure over provision relating to previous years not regularised

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. However excess expenditure amounting to ₹14,024.44 crore for the years 1996-97 to 2009-10 was yet to be regularized, as detailed in **Appendix 2.3.**

Non-regularization of the excess over grant/appropriation over the years is breach of legislative control over grants/appropriations.

2.3.6 Excess over provisions during 2010-11 requiring regularization

Table 2.5 contains the summary of total excess over provision of funds in 15 grants/appropriations amounting to ₹120.25 crore during 2010-11 requiring regularization under Article 205 of the Constitution.

Table 2.5: Excess over provisions requiring regularization during 2010-11

(₹ in crore)

Sr. No	Number and Title of Voted Grants		Total grant	Expenditure	Excess
1	10	Other Expenditure pertaining to Education Department –Revenue	1.96	2.25	0.29
2	13	Energy Projects-Capital	867.51	950.51	83.00
3	41	Other Expenditure Pertaining to Health and Family Welfare Department-Revenue	0.36	0.37	0.01
4	51	Tourism -Revenue	183.22	183.22	@
5	62	Legislative and Parliamentary Affairs Department-Revenue	4.49	4.56	0.07
6	66	Irrigation and Soil Conservation – Revenue	811.29	813.26	1.97
7	71	Rural Housing and Rural Development-Revenue Charged	170.70	170.70	*
8	72	Compensation and Assignments – Revenue	137.80	137.99	0.19
9	73	Other Expenditure Pertaining to Panchayats, Rural Housing and Rural Development Department-Revenue	440.15	460.57	20.42
10	81	Compensation and Assignments – Capital Charged	0.02	0.03	0.01
11	82	Other Expenditure pertaining to Revenue Department--Revenue	86.26	86.50	0.24
12	86	Roads and Bridges –Revenue	2,072.97	2,086.52	13.55
13	87	Gujarat Capital Construction Scheme -Revenue	13.32	13.38	0.06
14	88	Other Expenditure pertaining to Roads and Buildings Department -Revenue	14.05	14.49	0.44
15	105	Women and Child Development Department-Revenue	1.79	1.79	#
Total			4,805.89	4,926.14	120.25

@: ₹12,000; *: ₹ 10,000; #: ₹ 9,000 (Source : Appropriation Accounts of the State Government)

The reasons for excess over provision called for (July 2011) from the State Government were awaited (September 2011).

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provisions, ₹50 lakh or more in each case, aggregating ₹452.38 crore were obtained in 25 cases during the year, proved unnecessary as the expenditure did not come up to the levels of the original provision as detailed in **Appendix 2.4**. In 4 cases, supplementary provisions of ₹833.84 crore proved insufficient by more than ₹ one crore in each case, leaving an aggregate uncovered excess expenditure of ₹118.94 crore as given in **Table 2.6**:

Table 2.6: Grants/Appropriations where supplementary provision proved insufficient by more than ₹ one crore each

(₹ in crore)

Sr. No.	Grant No.	Name of the Grant / Appropriation	Original Provision	Supplementary Provision	Total	Expenditure	Excess
1	13	Energy Projects-Capital voted	538.26	329.25	867.51	950.51	83.00
2	66	Irrigation and Soil Conservation-Revenue voted	720.40	90.89	811.29	813.26	1.97
3	73	Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department -Revenue voted	344.90	95.25	440.15	460.57	20.42
4	86	Roads and Bridges-Revenue voted	1,754.52	318.45	2,072.97	2,086.52	13.55
TOTAL			3,358.08	833.84	4,191.92	4,310.86	118.94
Source : Appropriation Accounts							

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. Re-appropriation of funds proved injudicious in view of final excesses and savings over the grants. Instances where re-appropriation of more than ₹50 lakh in each case proved excessive or unnecessary resulting in savings of ₹145.51 crore in 15 sub-heads and excesses of ₹187.07 crore in 21 sub-heads are detailed in **Appendix 2.5**.

2.3.9 Substantial surrenders

Substantial surrenders (more than 50 per cent of the total provision or more than ₹one crore) were made in respect of 86 sub-heads under 23 grants on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹1,543.06 crore in these sub-heads, ₹1,168.88 crore (75.75 per cent) was surrendered, which included cent per cent surrender in 22 cases (₹138.79 crore). The details of selected cases verified by Audit are given in **Appendix 2.6**.

Some important cases are discussed below:

1) Grant No: 60- Out of ₹ 263.26 crore provided under District and Sessions Judges (₹37.11 crore), Civil Judges (₹166.20 crore), Scheme for improvement of justice delivery under 13th Finance Commission (₹59.95 crore), ₹252.66 crore were surrendered in March 2011 mainly due to non-establishment of 100 additional District and Sessions Courts and 38 special District and Sessions Courts; 12 Special Courts and 645 Additional Courts of Civil Judges as planned; and non-formulation of action plan and State Litigation Policy. In these cases, even after surrendering ₹ 252.66 crore, there was a final saving of ₹2.52 crore.

2) Grant No: 84-Out of ₹171.70 crore provided under construction of non-residential buildings (education), ₹119.80 crore were surrendered in March 2011 due mainly to excessive provision made for new works, delay in administrative approval, technical sanction, tendering, land allotment, etc. However, in four cases out of five, the year ended with a final saving of ₹2.78 crore and in one case, with an excess of ₹0.79 crore.

2.3.10 Surrender in excess of actual saving

The spending departments, as per the provisions of the Budget Manual are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. Surrender of the provision in anticipation of savings and incurring expenditure subsequently by the controlling officers is resulting in surrender in excess of the overall savings in a grant/appropriation.

In 19 cases, the amounts surrendered (₹50 lakh or more in each case) were in excess of the actual savings, indicating inadequate budgetary control in these departments. As against savings of ₹1,444.05 crore, the amount surrendered was ₹2,045.74 crore, resulting in excess surrender of ₹601.69 crore. Details are given in **Appendix 2.7**.

In Grant No.9, ₹2.50 crore were surrendered from Distance mode Education Programme under Elementary Education, as there was delay in identifying the schools and selection of trained teachers. However, the year ended with an excess of ₹2.50 crore.

In Grant No.13, ₹100 crore were surrendered from Loan to Gujarat Urja Vikas Nigam Limited (GUVNL) for Kisan Heet Urja Shakti Yojana as the State Government has decided to grant as Share Capital instead of Loan. However, the year ended with an excess of ₹100 crore.

In Grant No.79, ₹16.93 crore were surrendered from repairs/restoration of other public properties as there was no natural calamity. However, the year ended with an excess of ₹ 0.86 crore.

2.3.11 Savings not surrendered

As per Para 103 of the Gujarat Budget Manual, spending departments are required to surrender grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. Sums surrendered by administrative departments after the 15th of March are not to be accepted, except in the case of Supplementary grants obtained after 15th March. At the close of the year 2010-11, there were, however, 10 grants/appropriations under which savings exceeding ten *per cent* of the total provision had occurred but no part of the same had been surrendered by the concerned departments. The total amount involved in these cases was ₹246.24 crore as shown in **Table 2.7**:

Table 2.7: Grants/Appropriations in which savings occurred but no part of which is surrendered (more than 10 per cent of total provision)

(₹ in crore)

Sr. No.	Grant No.	Name of Grant/Appropriation	Total provision	Saving	Percentage
1	9	Education -Capital voted	332.66	105.93	31.84
2	38	Health and Family Welfare Department- Revenue voted	13.55	5.07	37.42
3	39	Medical and Public Health- Revenue charged	1.13	0.53	46.90
4	39	Medical and Public Health- Capital voted	475.57	77.90	16.38
5	43	Police-Revenue charged	0.50	0.45	90.00
6	49	Industries- Capital voted	55.04	6.51	11.83
7	85	Residential Buildings-Revenue voted	161.00	21.02	13.06
8	86	Roads and Bridges-Revenue charged	1.55	1.51	97.42
9	96	Tribal Area Sub-Plan-Revenue charged	1.83	0.32	17.49
10	102	Urban Development-Capital voted	30.00	27.00	90.00
TOTAL			1,072.83	246.24	22.95

(Source : Appropriation Accounts)

Similarly, out of the total savings of ₹468.34 crore under 14 grants (saving of more than ₹ one crore and more than ten per cent not surrendered), grants aggregating ₹217.20 crore were not surrendered, details of which are given in **Table 2.8 below:**

Table 2.8: Details of Savings of more than ₹ one crore and more than 10 per cent not surrendered

(₹ in crore)

Sr. No.	Number and Name of the Grant/Appropriation	Saving	Surrender	Percentage of surrender	Saving which remained to be surrendered
1	4 Animal Husbandry and Dairy development –Revenue voted	40.05	35.43	88.5	4.62
2	18 Pensions and Other Retirement Benefits-Revenue voted	21.01	0.68	3.2	20.33
3	23 Food- Revenue voted	8.08	0.50	6.2	7.58
4	31 Elections-Revenue voted	2.68	1.12	41.8	1.56
5	39 Medical and Public Health- Revenue voted	50.49	3.42	6.8	47.07
6	43 Police – Revenue voted	76.47	68.27	89.3	8.20
7	49 Industries- Revenue voted	117.65	59.96	51.0	57.69
8	70 Community Development– Revenue voted	8.70	0.28	3.2	8.42
9	73 Other Expenditure Pertaining to Panchayats, Rural Housing and Rural Development Department– Capital voted	7.05	0.44	6.2	6.61
10	74 Transport-Revenue voted	69.18	36.03	52.1	33.15
11	78 District administration- Revenue voted	28.15	16.43	58.4	11.72
12	92 Social Security and Welfare Revenue voted	34.43	27.94	81.2	6.49
13	93 Welfare of Scheduled Tribes- Revenue voted	2.06	0.09	4.4	1.97
14	93 Welfare of Scheduled Tribes- Capital voted	2.34	0.55	23.5	1.79
TOTAL		468.34	251.14	53.62	217.20

(Source : Appropriation Accounts)

2.3.12 Rush of expenditure

According to para 109 of the Gujarat Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, more than 50 per cent of the total expenditure for the year was incurred in March 2011 or during the last quarter, in respect of Major Heads listed in **Appendix 2.8. Table 2.9** represents 24 Major Heads where expenditure exceeded ₹10 crore and where more than 50 per cent expenditure was incurred either during the last quarter or during the last month of the financial year.

Table 2.9: Cases of Rush of Expenditure towards the end of the financial year 2010-11

(₹ in crore)

Sr. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of 2011		Expenditure during March 2011	
			Amount	Percentage of Total Expenditure	Amount	Percentage of Total Expenditure
1	2029	93.49	47.52	50.83	35.08	37.52
2	2041	76.18	41.54	54.53	28.25	37.09
3	2048	500.00	500.00	100.00	0.00	0.00
4	2052	178.40	113.61	63.68	65.83	36.90
5	2245	593.94	310.17	52.22	286.16	48.18
6	2404	34.38	30.30	88.13	12.72	36.99
7	2705	11.37	5.71	50.23	3.57	31.40
8	2711	48.92	27.20	55.60	21.85	44.66
9	2852	438.97	234.53	53.43	190.47	43.39
10	2853	83.51	58.98	70.63	55.76	66.77
11	3054	2,365.72	1,191.77	50.38	574.77	24.30
12	3604	185.02	100.82	54.49	84.58	45.72
13	4055	32.37	20.97	64.78	16.87	52.12
14	4059	207.52	109.29	52.67	60.93	29.36
15	4210	508.54	389.28	76.55	356.50	70.10
16	4216	169.83	92.98	54.75	82.21	48.40
17	4225	50.09	30.59	61.08	21.35	42.63
18	4406	337.51	184.57	54.68	101.86	30.18
19	4701	481.20	250.94	52.15	191.48	39.79
20	4801	735.26	464.06	63.12	369.50	50.25
21	4856	500.00	500.00	100.00	500.00	100.00
22	5051	101.40	100.94	99.55	0.74	0.73
23	6801	259.25	204.25	78.78	151.75	58.53
24	6858	43.50	43.50	100.00	43.50	100.00
Total		8,036.37	5,053.52	62.88	3,255.73	40.51

(Source: Statement furnished by Accountant General (A&E), Gujarat, Rajkot)

Appropriate action needs to be taken to regulate and systematize the procedure to avoid heavy expenditure during the last quarter of the financial year.

2.4 Review of Budget Control Mechanism

The Gujarat Budget Manual provides that authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned grant or appropriation. The duties and responsibilities of the authorities to keep the estimates as close and accurate as possible and also to ensure that the grant placed at their disposal is spent only on the objects for which it has been provided and to surrender savings if no longer required.

The Gujarat Budget Manual was first published in July 1983; but is yet to be revised taking into account the changes in the accounting principles and the financial rules.

With a view to ascertaining how far the authorities were adhering to these instructions, records of the administrative department/ controlling officers relating to two grants were test-checked in audit and the results thereof are given below:

1. Grant No. 9 Education Department

- i) During 2010-11, ₹72.50 crore were provided for starting nine Polytechnics for diploma courses (₹22.50 crore) and ten degree colleges (₹50 crore) under the Public Private Partnership mode. Under the scheme, land at a token rate was to be provided to selected private partners. However, entire provision was surrendered as the department could not acquire land for the purpose.
- ii) Budget estimates provided ₹75.34 crore under Saraswati Yatra, a scheme to be implemented in districts not covered under the Centrally Sponsored Scheme of Sakshar Bharat. The scheme was to be implemented by committees at Gram/Block/District levels. However committees were not formed at all levels. As a result, ₹48.97 crore were surrendered. For similar reasons out of the State share of ₹24.11 crore provided under the scheme Sakshar Bharat, ₹12.81 crore were surrendered (March 2011).
- iii) For publicity of the national adult education programme, ₹50 lakh was provided in the Budget estimates. The scheme could not be taken up for want of sufficient man-power with the Department. As a result the grant could not be utilized and whole amount of ₹50 lakh was surrendered (March 2011).
- iv) In respect of Development of Government Polytechnics and Girls Polytechnics, out of provision of ₹55.10 crore, ₹10.10 crore were surrendered (March 2011) mainly due to non-filling up of vacant posts.
- v) Similarly, in respect of Development of Government Engineering Colleges, ₹5.09 crore were surrendered (March 2011) due to non-filling up of vacant posts.

2. Grant No. 60- Administration of Justice

- i) In respect of Civil and Session Courts, out of provision of ₹37.11 crore made in the Budget, ₹33.99 crore were surrendered (March 2011) as only one additional district court (Rajula, District Amreli) could be established out of 38 special courts and 100 additional courts planned.

Similarly, ₹166.20 crore were provided in the Budget estimates for establishing , 12 Special Courts, 225 Additional Courts of Senior Civil Judges, and 420 Additional Courts of Civil Judges. However, only seven courts could be established with the result that ₹158.83 crore were surrendered in March 2011. Detailed reasons, though called for (August 2011), were not furnished (September 2011).

ii) In respect of High Courts, out of a provision of ₹47.66 crore, ₹4.63 crore were surrendered for want of administrative approval to fill up the vacant posts.

Similarly, in respect of Civil, Sessions and Other Courts, though a provision of ₹383.40 crore was made, an amount of ₹54.92 crore was surrendered on the ground that the administrative approval to fill up the vacant posts was not granted by Government.

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been constituted under the Gujarat Contingency Fund Act, 1960 in terms of the provisions of Articles 267(2) and 283(2) of the Constitution of India. The fund is in the nature of an imprest and its corpus is ₹200 crore. During the year, ₹0.66 crore were spent (March 2011) out of the Contingency Fund which was not recouped during the year.

2.6 Conclusion and Recommendations

Conclusion

During 2010-11, expenditure of ₹72,203.83 crore was incurred against total grants and appropriations of ₹76,717.33 crore resulting in savings of ₹4,513.50 crore. The overall savings of ₹4,513.50 crore was the result of savings of ₹ 4,633.75 crore, offset by excess of ₹120.25 crore. This excess requires regularization under Article 205 of the Constitution of India.

In 19 cases, the amounts surrendered (₹50 lakh or more in each case) were in excess of the actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of ₹1,444.05 crore, the amount surrendered was ₹2,045.74 crore, resulting in excess surrender of ₹601.69 crore.

There were 14 grants/appropriations under which savings of more than ₹ one crore had occurred but the same had not been surrendered completely by the concerned departments. The total amount involved in these cases was ₹217.20 crore. Similarly, in 10 grants/appropriations under which savings exceeding ten *per cent* of the total provision had occurred but no part of the same had been surrendered by the concerned departments. The total amount involved in these cases was ₹246.24 crore.

Out of the total provision of ₹1,543.06 crore in respect of 86 sub-heads (primary unit of appropriation), ₹1,168.88 crore (75.75 *per cent* of the provision) was surrendered on account of either non-implementation or slow implementation of schemes/programmes.

Recommendations

Budgetary controls should be strengthened in all the Government departments, especially in those departments where savings/excesses have been observed for the last four years regularly. Last minute fund releases and issuance of re-appropriation/surrender orders at the fag end, particularly on the last day of the year, should be avoided.

The State Financial Rules and the Budget Manual should be revised /updated urgently to bring them relevant to the present times.

