

## 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 Act. These accounts depict distinctly the original budget estimates, supplementary grants, surrenders and re-appropriations and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act. Appropriation Accounts thus facilitate understanding of utilisation 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 authorisation 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 incurred is in conformity with the law, relevant rules, regulations and instructions.

## 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2011-12 against 108 grants/appropriations was as given in **Table 2.1**:

**Table 2.1: Summarised 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	49,854.89	3,925.72	53,780.61	49,308.96	(-) 4,471.65
	II Capital	14,450.67	885.01	15,335.68	13,990.62	(-) 1,345.06
	III Loans and Advances	719.41	30.03	749.44	605.34	(-) 144.10
Total Voted		65,024.97	4,840.76	69,865.73	63,904.92	(-) 5,960.81
Charged	IV Revenue	10,865.04	201.06	11,066.10	11,037.26	(-) 28.84
	V Capital	0.03	7.29	7.32	5.48	(-) 1.84
	VI Public Debt- Repayment	4,804.06	0	4,804.06	5,275.17	(+) 471.11
Total Charged		15,669.13	208.35	15,877.48	16,317.91	(+) 440.43
<b>Grand Total</b>		<b>80,694.10</b>	<b>5,049.11</b>	<b>85,743.21</b>	<b>80,222.83</b>	<b>(-) 5,520.38</b>

Source : Appropriation Accounts and Appropriation Act of the State Government

Overall savings of ₹ 5,520.38 crore was the result of savings of ₹ 6,181 crore in 87 grants and 20 appropriations under the Revenue Section, 51 grants and three appropriations under the Capital Section and one appropriations related to Public Debt-Repayments, offset by excess of ₹ 660.62 crore in five grants and two appropriation under the Revenue Section and one grant and three appropriations under the Capital Section.

The savings/excesses were intimated (July 2012) to the Controlling Officers by Accountant General (Accounts and Entitlement), requesting them to explain the reasons for significant variations. Explanations received till August 2012 were incorporated in the Appropriation accounts.

## **2.3 Financial Accountability and Budget Management**

### **2.3.1 Appropriation vis-à-vis Allocative Priorities**

The appropriation audit revealed that in 99 cases, savings exceeded ₹ 10 crore in each case or by more than 20 *per cent* of the total provision (**Appendix 2.1**). Summarised position of savings is indicated in **Table 2.2**.

**Table 2.2: Summarised position of Savings**

Sr. No.	Range of Saving	Number of Cases	Total Grant (₹ in crore)	Saving (₹ in crore)	Percentage
1.	Upto ₹ 5 crore	44	123.14	48.45	39.34
2.	More than ₹ 5 crore and upto ₹ 10 crore	8	128.87	54.35	42.17
3.	More than ₹ 10 crore and upto ₹ 25 crore	16	16,066.23	248.15	1.54
4.	Above ₹ 25 crore	31	41,466.18	5,746.92	13.86
<b>Total</b>		<b>99</b>	<b>57,784.42</b>	<b>6,097.87</b>	<b>10.55</b>

Main reasons for excessive savings are detailed below:

1. Grant No. 19 (Other Expenditure pertaining to Finance Department)- The savings of ₹ 2,224.81 crore were due to the fact that separate provision of ₹ 1,500 crore for Dearness Allowance (DA) was made initially under the Finance Department, but at the time of revised estimates necessary provision was made under respective departments.

Finance Department (FD) stated (December 2012) that payment of DA is dependent on external factors and as such it was not possible to reflect this uncertain increase in the budget except through lump sum provision based on expectation. The reply is not acceptable as in the instant case the huge saving was made not due incorrect estimation but due the provision made by FD for payment of DA in respect of other departments. As per the paragraph 38 of Gujarat Budget Manual, such provisions are required be made by the respective departments in their budget estimates.

2. Grant No. 84 (Non-Residential Buildings pertaining to Roads and Buildings Department) - The savings of ₹ 501.70 crore were on account of higher provision for new works, time consuming tender procedures, delay in preparation of estimates and non allotment of land.

3. Grant No. 79 (Relief on account of Natural Calamity pertaining to Revenue Department)- The savings of ₹ 351.90 crore, as the funds provided were not required due to non occurrence of drought or any other of natural calamities.
4. Grant No. 95 (Scheduled castes Sub-Plan pertaining to Social Justice and Empowerment Department)- Out of the total savings of ₹ 266.60 crore, savings of provision of ₹ 12.88 crore were due to non-finalisation of tender, non approval of plans and estimates for construction of new buildings, transfer of funds of ₹ 50 crore to revenue head which were incorrectly provided under capital head, ₹ 89.87 crore in water conservation works due to delay in administrative approval and non-availability of beneficiaries.
5. Grant No. 2 (Agriculture pertaining to Agriculture and Co-operation Department)- Out of the total savings of ₹ 164.38 crore, savings of ₹ 135 crore were due to non implementation of scheme for purchase of heavy farm equipment and transfer of funds of ₹ 29.38 crore to revenue head incorrectly provided under capital head.
6. Grant No. 60 (Administration of Justice pertaining to Legal Department)- Out of the total savings of ₹ 160.50 crore, savings of ₹ 53.63 crore were due to non-approval of action plan and posts under ThFC by State Government, ₹ 7.60 crore due to non filling of vacant posts and ₹ 6.48 crore due to non releasing of payments against the claims which were under scrutiny.

### 2.3.2 Persistent Savings

In three cases during the last five 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 2007-08 to 2011-12.**

Sr. No.	No. and name of the grant	Amount of savings (₹ in crore)				
		2007-08	2008-09	2009-10	2010-11	2011-12
<b>Revenue- Voted</b>						
1	19- Other Expenditure pertaining to Finance Department	629.71	1,988.87	1,491.49	951.78	2,224.81
2	49-Industries	75.51	83.89	13.77	117.65	46.64
<b>Capital- Voted</b>						
1	84-Non-Residential Buildings	136.19	252.61	249.33	295.22	501.70

Source : Appropriation Accounts of the State Government

Persistent savings during last five 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 of more than ₹ five crore consistently for the last three years in respect of 43 schemes under 17 different grants (**Appendix 2.2**) indicating that either the provisions were excessive or the executive was not successful in implementing the legislative

aspirations. Some cases of the savings under different schemes/purposes are briefly discussed below:

1. Under the scheme of Intensive Cotton Production Programme, ₹ 53.87 crore were provided but only ₹ 14.83 crore could be spent. Release of lesser amount by Government of India for this centrally sponsored scheme and non-filling up of vacant post were attributed for savings.
2. Under the scheme of 'Supplementation/Compliments States efforts through work plan' for agriculture, ₹ 233.68 crore were provided but only ₹ 137.37 crore could be spent. Lesser release of amount for this centrally sponsored scheme and non approval of project were attributed for savings.
3. Under the scheme of Computer Literacy and Studies in schools, ₹ 292.00 crore was provided for but only ₹ 88.24 crore could be spent. Specific reasons had not been furnished.
4. For the purpose of Special Courts, ₹ 629.95 crore was provided of which savings were ₹ 252.45 crore due to non receipt of administrative approval for filling the vacant posts and establishment of special courts.
5. For the purpose of Office Building in Roads and Buildings Department out of the total provision of ₹ 957.95 crore, the savings were to the tune of ₹ 459.60 crore, as there was delay on account of land acquisition, huge provisions made for new works and slow progress of construction works.
6. In respect of sale of edible oil through fair price shops, though ₹ 98.50 crore were provided for in the budget estimates, less purchases made led to savings of ₹ 53.74 crore.
7. Similarly, in Gujarat Matikam Kalakari and Rural Technology, there was a saving of ₹ 51.72 crore out of ₹ 144.09 crore provided for in the budget estimates for want of administrative approval from State Government and non-receipt of proposals from beneficiaries.
8. Out of the provision of ₹ 134.62 crore towards survey and investigation in Irrigation Department, ₹ 105.54 crore could not be spent due to non commencement of Kalpsar project and Bhadbhoot barrage.
9. In respect of Buildings for welfare of backward classes under Roads and Buildings Department, though ₹ 44.98 crore were provided for in the budget estimates, due to delay in administrative approvals, technical sanction and tendering, award of work for construction of new hostel and school buildings was delayed resulting in savings of ₹ 28.66 crore.
10. As regards Panam High Level Canal, the savings were to the tune of ₹ 33.18 crore out of the total provision of ₹ 109 crore due to delay in administrative approvals, technical sanction and tendering process for new works.

### 2.3.3 Excess Expenditure

In three 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 by 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 to total Grant
<b>Revenue Voted</b>						
1	18	Pension and other retirement benefits	4,632.17	4,792.63	160.46	3.46
2	51	Tourism	72.71	84.31	11.60	15.95
3	82	Other expenditure pertaining to Revenue Department	3.16	10.40	7.24	229.11
<b>Capital Charged</b>						
4	20	Repayment of debt pertaining to Finance Department and its servicing	4,804.06	5,275.17	471.11	9.81
<b>Total</b>			<b>9,512.10</b>	<b>10,162.51</b>	<b>650.41</b>	<b>6.84</b>

Source: Appropriation Accounts of the State Government

Of the above mentioned four grants, in Grant No. 20 and Grant No. 18, the excess expenditure incurred was huge. FD stated (December 2012) that excess expenditure of ₹ 160.46 crore in Grant No. 18 was due to payment of arrears to pensioners on account of implementation of Sixth Pay Commission recommendations, medical facilities to pensioners and misclassification under the head contribution to provident fund. In case of Grant No. 20 the excess was due to additional debt repayments that was not expected. The reason for final excess expenditure were not intimated in other cases (December 2012).

### 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 ₹ 42.27 crore were incurred during 2011-12 in two cases under two grants without any provision. In Grant No.95-Major Head 2501<sup>1</sup> and Grant No.96-Major Head 4225<sup>2</sup> expenditure of ₹ 2.11 crore and ₹ 40.16 crore respectively was made without any provision in the original estimates/supplementary demand.

Reasons for incurring expenditure without provision of funds were not intimated (December 2012).

<sup>1</sup> Scheduled Castes Sub-plan, Centrally Sponsored Scheme, Backward Region Grant Fund (plan)

<sup>2</sup> Tribal Area Sub-plan, Capital Outlay on welfare of SC, ST and OBC

**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 regularised by the State Legislature. However excess expenditure amounting to ₹ 11,895.25 crore for the years 1999-2000 to 2010-11 was yet to be regularised, as detailed in **Appendix 2.3**.

**2.3.6 Excess over provisions during 2011-12 requiring regularisation**

**Table 2.5** contains the summary of total excess over provision of funds in respect of eleven grants/appropriations amounting to ₹ 660.62 crore during 2011-12 requiring regularisation under Article 205 of the Constitution.

**Table 2.5: Excess over provisions requiring regularisation during 2011-12**

(₹ in crore)					
Sr. No	Number and Title of Grants		Total grant	Expenditure	Excess
1	10	Other expenditure pertaining to Education Department - Revenue Voted	2.07	2.20	0.13
2	18	Pension and other retirement benefits -Revenue Voted	4,632.17	4,792.63	160.46
3	20	Repayment of Debt pertaining to Finance Department and its services – Capital Charged	4,804.06	5,275.17	471.11
4	26	Forest – Revenue Charged	0.37	0.37	*
5	51	Tourism - Revenue Voted	72.71	84.31	11.60
6	81	Compensation and Assignment – Capital Charged	0.02	0.02	#
7	82	Other expenditure pertaining to Revenue Department - Revenue Voted	3.16	10.40	7.24
8	86	Road and Bridges - Revenue Voted	2,176.06	2,185.71	9.65
9	87	Gujarat Capital Construction Scheme – Capital Voted	107.00	107.04	0.04
10	96	Tribal Area Sub-plan - Revenue Charged	3.59	3.96	0.37
11	96	Tribal Area Sub-plan - Capital Charged	1.12	1.14	0.02
<b>Total</b>			<b>11,802.33</b>	<b>12,462.95</b>	<b>660.62</b>

Source : Appropriation Accounts of the State Government

FD stated (December 2012) that excess expenditure of ₹ 160.46 crore in Grant No. 18 was due to payment of arrears to pensioners on account of implementation of Sixth Pay Commission recommendations, medical facilities to pensioners and misclassification under the head contribution to provident fund. In case of Grant No. 20, the excess was due to additional debt repayments that were not expected. The reasons for excess over provision in other grants were not intimated (December 2012).

\* ₹ 11,000

# ₹ 17,000

### 2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provisions (₹ 50 lakh or more in each case) aggregating to ₹ 239.83 crore obtained in 15 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 three cases, supplementary provisions of ₹ 824.37 crore proved insufficient by more than ₹ one crore in each case, leaving an aggregate uncovered excess expenditure of ₹ 181.71 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 Provision	Expenditure	Excess
1	18	Pension and other retirement benefit - Revenue Voted	4,176.17	456.00	4,632.17	4,792.63	160.46
2	51	Tourism - Revenue Voted	55.37	17.34	72.71	84.31	11.60
3	86	Road and Bridges - Revenue Voted	1,825.03	351.03	2,176.06	2,185.71	9.65
<b>Total</b>			<b>6,056.57</b>	<b>824.37</b>	<b>6,880.94</b>	<b>7,062.65</b>	<b>181.71</b>

Source : Appropriation Accounts of the State Government

### 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 ₹ 293.07 crore in 59 sub-heads and excesses of ₹ 350.26 crore in 38 sub-heads are detailed in **Appendix 2.5**.

In case of excess expenditure incurred after re-appropriation under Grant 18 – Pension and other retirement benefits, FD stated (December 2012) that the payment of retirement benefit and interest on General Provident Fund was unavoidable and could not be deferred on ground of grant availability. The reply is not acceptable. The re-appropriation of the grant was made only on the last day of March 2012, when the FD was in a position to realistically estimate the actual funds required.

### 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 580 sub-heads under 89 grants mainly on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹ 16,563.26 crore in these sub-heads, ₹ 5,982.12 crore (36.12 per cent) was surrendered, which included cent per cent surrender in 213 cases (₹ 713.10 crore). The details of selected top 17 cases where cent per cent surrenders were done are given in **Appendix 2.6**.

### **2.3.10 Surrender in excess of actual saving**

In 28 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 ₹ 902.82 crore, the amount surrendered was ₹1,285.26 crore, resulting in excess surrender of ₹ 382.44 crore. Details are given in **Appendix 2.7**.

In Grant No.65, ₹ 198.65 crore under capital contribution for Sardar Sarovar Narmada Nigam Limited (SSNNL) were surrendered. SSNNL is the implementing agency of Sardar Sarovar Project (SSP). The beneficiary states of SSP have to give their share of cost towards SSP to the State Government as per Narmada Water Disputes Tribunal Award. The above mentioned funds were surrendered for the reason that the State Government did not receive the share of cost from the beneficiary states. However, the year ended with an excess of ₹ 198.59 crore.

In Grant No.79, ₹ 411.23 crore were surrendered by Revenue Department as there was no natural calamity. However, the year ended with an excess of ₹ 59.33 crore.

In Grant No.96, ₹ 86.65 crore were surrendered from Tribal area Sub-plan as there was delay in administrative approval to different schemes. However, the year ended with an excess of ₹ 54.87 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 15<sup>th</sup> of March are not to be accepted, except in the case of Supplementary grants obtained after 15<sup>th</sup> March. At the close of the year 2011-12, there were, 13 grants/appropriations under which savings exceeding ten *per cent* of the total provision but no part of the same had been surrendered by the concerned departments. The total amount involved in these cases was ₹ 34.40 crore as shown in **Table 2.7**.

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

(₹ in crore)					
Sr. No.	Grant No.	Name of Grant/Appropriation	Total provision	Saving	Percentage
1	2	Agriculture - Revenue Charged	Ω	Ω	100.00
2	39	Medical and public health - Revenue Charged	0.03	0.02	66.67
3	41	Other expenditure pertaining to Health and Family Welfare Department - Revenue Voted	0.39	0.36	92.31
4	57	Labour and Employment -Revenue charged	0.33	0.08	24.24
5	58	Other expenditure pertaining to labour and employment - Revenue Charged	0.24	0.03	12.50
6	66	Irrigation and Soil Conservation - Capital Charged	5.65	1.86	32.92

Ω ₹ 10,000



Sr. No.	Grant No.	Name of Grant/Appropriation	Total provision	Saving	Percentage
7	66	Irrigation and soil conservation - Revenue Charged	0.71	0.23	32.39
8	83	Road and buildings Department - Revenue Voted	13.48	2.26	16.77
9	84	Non residential buildings - Revenue Charged	0.68	0.31	45.59
10	85	Residential buildings - Revenue Voted	165.27	28.46	17.22
11	86	Road and bridges - Revenue Charged	0.98	0.38	38.78
12	88	Other expenditure pertaining to Road and Buildings Department - Revenue Charged	3.34	0.40	11.98
13	98	Youth services and Culture activities - Revenue Charged	0.01	0.01	100.00
<b>TOTAL</b>			<b>191.11</b>	<b>34.40</b>	<b>18.00</b>

Source: Appropriation Accounts of the State Government

Similarly, out of the total savings of ₹ 1,099.60 crore under 26 grants (saving of more than ₹ one crore and more than ten *per cent* not surrendered), grants aggregating ₹ 396.78 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	2	Agriculture - Revenue Voted	6.49	5.44	83.82	1.05
2	6	Fisheries - Revenue Voted	3.44	2.74	79.65	0.70
3	9	Education - Revenue Voted	328.94	217.43	66.10	111.51
4	9	Education - Capital Voted	13.41	8.91	66.44	4.50
5	20	Repayment of debt pertaining to finance department and its servicing - Revenue Charged	12.45	8.89	71.41	3.56
6	31	Election - Revenue Voted	1.55	1.02	65.81	0.53
7	36	State Legislature - Revenue Voted	1.54	0.99	64.29	0.55
8	39	Medical and Public Health - Capital Voted	17.31	1.00	5.78	16.31
9	39	Medical and Public Health - Revenue Voted	81.34	32.51	39.97	48.83
10	43	Police - Revenue Voted	72.72	58.55	80.51	14.17
11	59	Legal Department Revenue Voted	2.45	1.66	67.76	0.79
12	64	Narmada, Water Resources, Water Supply and Kalpsar department - Revenue Voted	8.08	0.04	0.50	8.04
13	69	Panchayat, Rural housing and Rural development Department - Revenue Voted	1.91	1.69	88.48	0.22

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Sr. No.		Number and Name of the Grant/Appropriation	Saving	Surrender	Percentage of surrender	Saving which remained to be surrendered
14	73	Other expenditure pertaining to Panchayat , Rural housing and rural development Department - Revenue Voted	22.20	0.71	3.20	21.49
15	73	Other expenditure pertaining to Panchayat , Rural housing and Rural development Department - Capital Voted	4.09	1.12	27.38	2.97
16	76	Revenue Department - Revenue Voted	6.96	5.93	85.20	1.03
17	77	Tax collection charges (Revenue Department) - Revenue Voted	155.62	86.46	55.56	69.16
18	80	Dangs district - Revenue Voted	8.67	4.26	49.13	4.41
19	84	Non residential Building - Revenue Voted	1.55	0.23	14.84	1.32
20	88	Other expenditure pertaining to Road and Buildings Department - Capital Voted	3.58	2.98	83.24	0.60
21	93	Welfare of scheduled tribes - Revenue Voted	1.67	0.25	14.97	1.42
22	95	Scheduled castes sub plan - Capital Voted	266.60	204.03	76.53	62.57
23	96	Tribal area Sub Plan - Revenue Voted	60.14	42.33	70.39	17.81
24	97	Sports, youth and culture activities department - Revenue Voted	1.38	1.21	87.68	0.17
25	98	Youth services and culture activities - Revenue Voted	14.50	12.42	85.66	2.08
26	106	Other expenditure pertaining to Women and child development department - Revenue Voted	1.01	0.02	1.98	0.99
<b>Total</b>			<b>1,099.60</b>	<b>702.82</b>	<b>63.92</b>	<b>396.78</b>

Source: Appropriation Accounts of the State Government

In case of Grant No. 20 FD replied (December 2012) that as the amount payable towards interest on GPF was less, the resulting savings could not be surrendered as the final payment is accounted for subsequent to the end of financial year. The reply in other cases was not furnished (December 2012).

### **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 during the last quarter or in March 2012, in respect of Major Heads listed in **Appendix 2.8. Table 2.9** represents 30 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 2011-12

(₹ in crore)

Sr. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of 2012		Expenditure during March 2012	
			Amount	Percentage of Total Expenditure	Amount	Percentage of Total Expenditure
1	2015	55.18	30.94	56.07	23.89	43.29
2	2075	72.56	66.00	90.96	61.39	84.61
3	2245	180.55	142.02	78.66	132.80	73.55
4	2403	347.92	189.19	54.38	153.92	44.24
5	2404	83.62	43.69	52.25	6.00	7.18
6	2505	202.67	151.54	74.77	71.46	35.26
7	2711	37.81	19.06	50.41	17.24	45.60
8	2810	19.00	9.75	51.32	4.59	24.16
9	2852	401.98	273.99	68.16	192.19	47.81
10	2853	52.35	29.18	55.74	20.97	40.06
11	3051	46.90	23.45	50.00	0.00	0.00
12	3054	2,457.14	1285.30	52.31	826.67	33.64
13	3425	70.10	42.10	60.06	20.93	29.86
14	3452	84.31	46.04	54.61	44.72	53.04
15	3456	227.90	142.04	62.33	58.52	25.68
16	3604	199.58	136.06	68.17	112.09	56.16
17	4210	621.96	404.18	64.98	311.63	50.10
18	4211	43.07	39.12	90.83	38.46	89.30
19	4408	11.34	6.77	59.70	6.44	56.79
20	4435	16.06	8.06	50.19	0.30	1.87
21	4515	922.11	719.26	78.00	620.87	67.33
22	4701	646.68	336.09	51.97	233.95	36.18
23	4702	634.62	355.79	56.06	232.61	36.65
24	4852	111.47	76.62	68.74	76.62	68.74
25	4856	600.00	600.00	100.00	600.00	100.00
26	5452	202.35	111.38	55.04	95.38	47.14
27	5465	53.00	53.00	100.00	53.00	100.00
28	6225	20.55	12.20	59.37	8.04	39.12
29	6801	85.00	85.00	100.00	85.00	100.00
30	7615	53.90	36.46	67.64	31.82	59.04
<b>Total</b>		<b>8,561.68</b>	<b>5,474.28</b>	<b>63.94</b>	<b>4,141.50</b>	<b>48.37</b>

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

In case of Major head 3054 the expenditure of ₹ 826.67 crore incurred during March 2012, was mainly booked under object head on Grant in aids of ₹ 450.24 crore, Minor works of ₹ 242.56 crore and Kisan Path of ₹ 100.58 crore.

A test check of expenditure under major heads 4701 and 4702 incurred by three divisions<sup>3</sup> revealed that out of total expenditure of ₹ 28.05 crore an expenditure of ₹ 15.98 crore was booked during March 2012. This included ₹ 8.87 crore booked under Major head 4701 which was transferred by these three divisions to Executive Engineer, Irrigation Mechanical Division 6,

<sup>3</sup> Executive Engineer, Salinity Control Division, Jamnagar, Executive Engineer, Amreli Irrigation Division, Amreli, Executive Engineer, Salinity Control Division, Rajkot.

Rajkot on account of deposit works<sup>4</sup> during March 2012. On calling for the details from the Irrigation Mechanical division in this regard, it was replied that deposits of ₹ 5.02 crore were returned back in May 2012 to concerned division as the works were not allotted to it. The expenditure carried out from this amount credited to deposit head of account during 2012-13 would be without Legislative approval.

## **2.4 Review of Budget Control Mechanism**

The Gujarat Budget Manual (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 include preparing the estimates timely and accurately 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.

With a view to ascertaining how far the authorities were adhering to these instructions, records of the administrative department/ controlling officers relating to Grant No. 49 (Industries) and Grant No. 66 (Irrigation and Soil conservation) were test-checked in audit and the results thereof are given below.

### **2.4.1 Submission of Budget estimates**

As per the manual<sup>5</sup> no expenditure can be incurred by the Government from the Consolidated Fund unless the State Legislature approves the amount to be spent under different demands for grants during the year beginning from 1<sup>st</sup> April to 31<sup>st</sup> March. This approval takes the form of grant.

As per the schedule fixed by the Finance Department (FD) of the State Government, the controlling officer (COs) should submit the budget estimates to their Administrative Department by 30 September and the Administrative Department should submit their budget estimate to Finance Department by 15 October every year.

The delays in submission of the budget estimates for the year 2011-12 are shown in **Table 2.10** below.

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<sup>4</sup> Receipt of the amount is credited in 8443-108 Public Works Deposits. Work done is adjusted at schedule of rates and balance if any is refunded to concerned divisions.

<sup>5</sup> Chapter XI, Paragraph 93

Table 2.10: Delay in submission of budget estimates

SI No.	Name of Controlling Officer	Date on which budget estimate were sent to Administrative Department by Controlling officers		Date on which budget estimate were sent to Finance Department by Administrative Department		No of days delay in submission by				
		Plan expenditure	Non plan expenditure	Plan expenditure	Non plan expenditure	Controlling Officer		Administrative Department		
						Plan expenditure	Non plan expenditure	Plan expenditure	Non plan expenditure	
<b>Industries &amp; Mines Department</b>										
1	Industries Commissioner	11/11/10 15/11/10 23/11/10	07/10/10	30/11/10	31/10/10	42 46 54	38	45 45	16	
2	Commissioner of Cottage & Rural industries	15/10/10 29/10/10 18/11/10	15/10/10 29/10/10	30/11/10	31/10/10	15 29 39	15 29	45	16	
<b>Water Resource Department</b>										
3	All 30 nos. of COs-Superintending Engineers, Irrigation	Not furnished		15/11/10	10/12/10	Not furnished		31	56	

It was observed that the time schedule was not adhered to either by COs or by the Administrative Departments. Reason for delay in submission of budget estimates were not submitted by the department. Thus, the administrative departments had no system to monitor delays in submission by COs, which resulted in subsequent delays in forwarding the estimates to FD.

#### 2.4.2 Review of Grant-49 Industries (Industries and Mines Department)

##### (i) Non finalisation of terms and conditions of the agreement

There was a budget provision for giving loan of ₹ 110 crore to engineering industries (6858-Loans for engineering Industries-Loan to Mega Project to implement – State Support Agreement) which could not be disbursed due to non finalisation of terms and conditions of the agreement with the industries, the entire amount was surrendered in March 2012. During 2010-11 the entire provision of ₹ 50 crore in the above Major head was also surrendered.

##### (ii) Improper Planning

Provision was made for ₹ 4.65 crore during 2011-12 as assistance to Indext-C<sup>6</sup> (2851-Village and Small Industries-IND 23 Assistance to Indext-C). The Indext-C organises cottage fairs (mela) which provides direct marketing to articles of handloom –handicraft and cottage industries. There was surrender of provision of ₹ 1.75 crore on the last day of the financial year. The Department (August 2012) attributed the surrender due to delay in tender process as a result only 49 melas were organised against a target of 100 melas.

<sup>6</sup> Industrial Extension- Cottage, a Government of Gujarat undertaking

**2.4.3 Review of Grant-66 Irrigation and Soil conservation (Water Resources Department)**

**(i) Substantial surrenders**

The departmental estimates on Capital outlay on medium irrigation in case of the following sub-heads saw substantial surrenders.

Sl No.	Major Head/Minor Head/Sub Head	Sanctioned grant Appropriation	Final grant after surrender of saving	
			Amount of surrender	(₹ in crore)
01	4701-67-800-80 Ranakhirasara WRP	2.00	1.97	0.03
02	4701-71-800-80 Flood Water for irrigation of ground water recharge in Saurashtra	16.00	12.37	3.63
03	4701-74-800-80 Other works (NABARD)	11.72	6.56	5.16

Regarding the reasons for substantial surrender of grant amount under sub-head referred above from sl. No. 1 to 3, the Department stated (September 2012) that:

- Regarding Sl. No. 1 Budget provision ₹ 2.00 crore was made for pre-construction activity viz., soil investigation, alignment surveys and land acquisition for the work of construction of earthen dam and spillway. These activities were not commenced as it required more time in evaluating various alternatives prior to finalisation design for the work and hence the amount could not be utilised.
- Regarding Sl. No. 2 Based on a preliminary investigation, it was originally planned to construct 30 check-dams in Surendranagar district, but after conducting a detailed investigation, it was found that construction of 12 check dams were technically not feasible. Out of the remaining 18 check dams, tenders were finalised only in respect of five check dams (December 2011) and final expenditure of ₹ 3.45 crore was incurred out of the provision of ₹ 12.00 crore made for this purpose. Further, for another work related to filling of reservoirs in Saurashtra region through link canals, a proposal submitted by the consultant was pending finalisation with the Department. Hence, the provision of ₹ 4.00 crore for consultancy services could not be utilised in making the payment to the consultant.
- Regarding Sl. No. 3 Out of six *bandharas*<sup>7</sup> planned for construction in Kutch, tender rate quoted for one *bandhara* was abnormally below the estimated cost and hence the tender was re-invited, resulting in saving of ₹ 5.34 crore. Further, for another work related to utilising the Narmada water allocated to Kutch, a proposal submitted by the consultant was pending finalisation with the Department. Hence, the payment to the consultant could not be made.

<sup>7</sup> Big check dam

**(ii) Excessive/ unnecessary re-appropriations/surrenders**

Audit observed that excessive/ unnecessary re-appropriations/surrenders orders during March 2012 were passed by the department in the following cases.

(₹ in crore )					
Sr. No.	Head of Account	Budget Estimates	Total	Expenditure (Expenditure during March)	Excess expenditure
1	4702-00-800-2 Drip contribution of Pressurise Irrigation Network System for Tube wells of GWRDC (plan)	O <sup>8</sup> : 2.50 R <sup>9</sup> : (-)2.49	0.01	1.51 (1.46)	(+)1.50
2	4702-00-101-2 Minor irrigation (CSS)	O+ S <sup>10</sup> : 324.13 Surr <sup>11</sup> :(-)91.26	232.87	267.44 (77.89)	34.57
3	2711-03-103-11 Drainage works	O : 8.00 Surr :(-) 2.17	5.83	7.14 (4.02)	1.31
4	2700-80-005-11 IRG-47 Survey and investigation	O : 46.82 R :(-)45.20	1.62	4.44 (0.99)	2.82

The reasons for the same were called for from the Department. No reply has been received. (December 2012).

**(iii) Non fulfilment of budget targets**

The Budget speech for the year 2011-12 made a commitment to provide funds of ₹ 132.17 crore for the purpose of Prevention of Salinity Ingress and Coastal erosion in Saurashtra, Kutch, Ghed area and South Gujarat *etc.*, (4701 Capital outlay on Medium Irrigation). Accordingly, original budget provision was made for ₹ 119.75 crore. During the year an amount of ₹ 59.66 crore was surrendered in March 2012 and final expenditure of ₹ 59.53 crore (49.71 *per cent* of the provision) was booked.

The Department stated (September 2012) that major savings of ₹ 47.85 crore under anti sea erosion works in South Gujarat and ₹ 9.29 crore under salinity ingress prevention works in Saurashtra region were due to more time consumption in preliminary process before commencement of work like technical sanction, feasibility report etc. Hence it was not possible to fulfill the commitments during the year.

Lack of planning led to surrenders and excessive/unnecessary reappropriations.

## 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

<sup>8</sup> O = Original  
<sup>9</sup>R = Re-appropriation  
<sup>10</sup> S = Supplementary  
<sup>11</sup> Surr = Surrender

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, ₹ 80.50 crore were spent (February and March 2012) out of the Contingency Fund which was not recouped during the year.

FD stated (December 2012) that recoument of expenditure incurred from Contingency Fund in February and March 2012 will be possible in 2012-13 after enactment of Supplementary Appropriation Act.

## **2.6 Conclusion and Recommendations**

### **Conclusion**

During 2011-12, expenditure of ₹ 80,222.83 crore was incurred against total grants and appropriations of ₹ 85,743.21 crore resulting in savings of ₹ 5,520.38 crore. The overall savings of ₹ 5,520.38 crore was the result of savings of ₹ 6,181 crore, offset by excess of ₹ 660.62 crore. This excess requires regularisation under Article 205 of the Constitution of India.

In 28 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 ₹ 902.82 crore, the amount surrendered was ₹ 1,285.26 crore, resulting in excess surrender of ₹ 382.44 crore.

There were 26 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 ₹ 1,099.60 crore out of which ₹ 396.78 crore were not surrendered. Similarly, in 13 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 ₹ 34.40 crore.

Out of the total provision of ₹ 16,563.26 crore in respect of 580 sub-heads, ₹ 5,982.12 crore (36.12 *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 persistently observed. Fund releases and issuance of re-appropriation/surrender orders at the end, particularly on the last day of the financial year, should be avoided.