

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 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 revenue and capital expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts, thus, facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the 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 authorisation given under the Appropriation Acts 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.

2.1.3 As per the Punjab Budget Manual, as adopted by Haryana, the Finance Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called 'Demand for Grants'. In the preparation of the budget, the aim should be to achieve as close an approximation to the actual as possible. This demands the exercise of foresight, both in estimating revenue and anticipating expenditure. An avoidable extra provision in an estimate is as much a budgetary irregularity as an excess in the sanctioned expenditure. The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended in the year and neither larger nor smaller. A saving in an estimate constitutes as much of a financial irregularity as an excess of it. The budget estimates of receipts should be based on the existing rates of taxes, duties, fees, etc.

Deficiencies in the management of budget and expenditure and violation of the Budget Manual noticed in audit have been discussed in the subsequent paragraphs.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2011-12 against 46 grants/appropriations is 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 grants/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	30,474.17	2,159.13	32,633.30	27,891.42	(-) 4,741.88
	II Capital	9,017.58	633.21	9,650.79	8,805.08	(-) 845.71
	III Loans and Advances	956.90	202.88	1,159.78	627.07	(-) 532.71
Total Voted		40,448.65	2,995.22	43,443.87	37,323.57	(-) 6,120.30
Charged	IV Revenue	4,586.12	14.28	4,600.40	4,224.51	(-) 375.89
	V Capital	50.00	30.00	80.00	69.60	(-) 10.40
	VI Public Debt repayments	6,666.12	1,289.55	7,955.67	5,011.41	(-) 2,944.26
Total Charged		11,302.24	1,333.83	12,636.07	9,305.52	(-) 3,330.55
Appropriation to Contingency Fund (if any) -		-	-	-	-	-
Grand Total		51,750.89	4,329.05	56,079.94	46,629.09	(-) 9,450.85

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹ 101.04 crore) and Capital Heads (₹ 3,502.35 crore).

Supplementary provisions of ₹ 4,329.05 crore constituted eight *per cent* of the original provision as against 17 *per cent* in the previous year.

The overall savings of ₹ 9,450.85 crore were the result of savings of ₹ 9,714.30 crore in 44 grants under the Revenue Section, 17 grants under the Capital Section and one appropriation (Public Debt-Repayments) under the Loan Section, offset by excess of ₹ 263.45 crore in one grant under the Revenue Section and two grants under the Capital Section. The excess of ₹ 263.45 crore requires regularisation under Article 205 of the Constitution.

The savings/excesses (Detailed Appropriation Accounts) were intimated (August 2012) to the Controlling Officers, requesting them to explain the reasons for significant variations but their explanations had not been received (September 2012).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis allocations

Appropriation audit revealed that savings in 48 cases exceeded ₹ 10 crore in each case or were more than 20 *per cent* of the total provision (*Appendix 2.1*). Against the total savings of ₹ 9,673.12 crore, savings of above ₹ 50 crore in each case amounting to

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₹ 9,277.86 crore (96 per cent) occurred in 25 cases relating to 20 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)

Sr. No.	Number and name of the grant	Original	Supplementary	Total	Actual expenditure	Savings	Surrenders
Revenue-Voted							
1.	4-Revenue	761.18	136.83	898.01	476.27	421.74	381.34
2.	6-Finance	3,292.58	0.30	3,292.88	3,241.51	51.37	56.01
3.	8-Buildings and Roads	1,059.79	6.50	1,066.29	765.54	300.75	219.25
4.	9-Education	6,801.92	2.39	6,804.31	5,921.94	882.37	862.46
5.	10-Technical Education	222.47	175.33	397.80	254.32	143.48	143.50
6.	13-Health	1,368.18	51.82	1,420.00	1,197.95	222.05	199.21
7.	15-Local Government	1,114.55	373.80	1,488.35	900.52	587.83	587.36
8.	19-Welfare of SCs, STs and other BCs	339.78	3.78	343.56	249.45	94.11	93.97
9.	20-Social Security and Welfare	1,850.04	0.20	1,850.24	1,605.95	244.29	244.05
10.	21-Women and Child Development	524.78	53.02	577.80	493.90	83.90	133.89
11.	23-Food and Supplies	212.22	0.27	212.49	89.71	122.78	111.97
12.	24-Irrigation	1,226.63	144.07	1,370.70	960.89	409.81	124.46
13.	27-Agriculture	915.68	29.91	945.59	655.03	290.56	279.72
14.	32-Rural and Community Development	1,158.66	157.25	1,315.91	1,185.28	130.63	72.67
15.	34-Transport	1,272.20	-	1,272.20	1,080.02	192.18	192.10
16.	36-Home	1,621.87	45.10	1,666.97	1,561.72	105.25	108.75
17.	38-Public Health and Water Supply	925.81	521.54	1,447.35	1,342.00	105.35	440.28
Revenue-Charged							
18.	6-Finance	4,532.29	-	4,532.29	4,152.24	380.05	111.72
Capital-Voted							
19.	8-Buildings and Roads	1,573.89	20.99	1,594.88	1,243.51	351.37	352.22
20.	14-Urban Development	500.00	-	500.00	351.48	148.52	152.89
21.	23-Food and Supplies	4,183.31	426.76	4,610.07	4,461.13	148.94	137.55
22.	38-Public Health and Water Supply	991.00	19.22	1,010.22	809.17	201.05	275.75
23.	40-Energy and Power	984.10	-	984.10	801.60	182.50	182.50
24.	45-Loans and Advances by State Government	956.91	202.88	1,159.79	627.07	532.72	608.93
Capital-Charged							
25.	Public Debt	6,666.12	1,289.55	7,955.67	5,011.41	2,944.26	3,253.09
Total		45,055.96	3,661.51	48,717.47	39,439.61	9,277.86	9,325.64

Savings exceeding ₹ 500 crore in grant are discussed below:

i. Grant Number "9-Education" (Revenue-Voted)

Savings under the grant were ₹ 882.37 crore. The savings occurred mainly under the head "2202-General Education, 02-Secondary Education below sub-heads

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109-Government Secondary Schools, 86-Rashtriya Madhyamikh Shiksha Abhiyan, 85-Opening of Model School in Educationally Backward Blocks, 84-Construction of Girls Hostels, etc.” (₹ 443.33 crore) due to less release of grants-in-aid by the Government of India and “101-Government Primary Schools, 88-Establishment of Primary Education Classes I to V” (₹ 111.04 crore) due to posts kept vacant, engagement of less number of labourers, receipt of less number of claims of leave travel concession and medical reimbursement.

ii. Grant Number “15-Local Government” (Revenue-Voted)

There were total savings of ₹ 587.83 crore under the grant. Supplementary provision of ₹ 373.80 crore proved unnecessary as the total expenditure of ₹ 900.52 crore was less than the original budget (₹ 1,114.55 crore). Savings occurred under the head, “2217-Urban Development, 80-General, 800- Other expenditure, 75-Share of surcharge on VAT for Urban Local Bodies” (₹ 183.41 crore) due to economy measures, “80-Jawahar Lal Nehru National Urban Renewal Mission, 99-Normal Plan” (₹ 136.26 crore) and “79-Urban Infrastructure Development Scheme for Small and Medium Town, 99-Normal Plan” (₹ 87.17 crore) due to non-release of funds by Government of India.

iii. Grant Number “45-Loans and Advances by State Government” (Capital Voted)

Supplementary provision of ₹ 202.88 crore proved unnecessary as the total expenditure of ₹ 627.07 crore was less than the original provision (₹ 956.91 crore). Against the total savings of ₹ 532.72 crore, the department injudiciously surrendered ₹ 608.93 crore. The savings were mainly under the head, “6801-Loans for Power Projects, 205-Transmission and Distribution, 98-Loans to Haryana Vidyut Prasaran Nigam Ltd” (₹ 570.50 crore) due to delay in implementation of generation projects and postponement of transmission project.

iv. Public Debt

Against the savings of ₹ 2,944.26 crore under this grant, ₹ 3,253.09 crore were injudiciously surrendered. The savings occurred mainly under the head, “6003-Internal Debt of the State Government, 110-Ways and Means Advances from Reserve Bank of India (RBI)” (₹ 1,025.73 crore) due to less expenditure on availing of Ways and Means advances from RBI and “107-Loans from State Bank of India and other Banks” (₹ 2,189.55 crore) due to less lifting of foodgrains by Food Corporation of India.

2.3.2 Excess expenditure

In grant number “24-Irrigation” (Table 2.3), excess expenditure of more than 10 crore had been observed consistently for the last five years:

Table 2.3: List of grants indicating persistent excess expenditure during 2007-12

(₹ in crore)

Sr. No.	Number and name of the grant	Percentage of excess to total provision (Amount of excess expenditure)				
		2007-08	2008-09	2009-10	2010-11	2011-12
Capital-Voted						
1.	24-Irrigation	20 (278.72)	12 (171.01)	12 (177.25)	39 (198.58)	45 (254.64)

Excesses occurred mainly under the head, “4701-Capital Outlay on Major and Medium Irrigation, 06-New Minor for Equitable distribution of water, 001-Direction and administration” (₹ 275.74 crore). The reasons for excess expenditure were not intimated (August 2012).

The excess expenditure under “17-Employment” (₹ 0.50 crore) under the head, “4250-Capital Outlay on other Social Services, 203-Empolymnt, 99-Purchase of land for Rozgar Bhawan” was due to purchase of land for Rozgar Bhawan.

2.3.3 Expenditure without provision

As per the Budget Manual, no expenditure is to be incurred on a scheme/service without provision of funds. It was, however, noticed that 19 cases as detailed in *Appendix 2.2*, the expenditure of ₹ 579.75 crore was incurred without any provisions in the original estimates/supplementary demands and without any reappropriation orders to this effect.

2.3.4 Drawal of funds to avoid lapse of budget grant

As per provisions contained in Rule 2.10 (6) (5) of the Punjab Financial Rules, also applicable to Haryana, no money should be drawn from the treasury unless it is required for immediate disbursement. Sixteen Drawing and Disbursement Officers, the audits of whose offices were conducted during 2011-12 had drawn a total amount of ₹ 30.26 crore as detailed in *Appendix 2.3*, which was neither fully spent for the purposes for which these were drawn nor remitted to Government accounts before the closure of the financial year.

It was further noticed that the funds drawn during the last quarter or on the last day of the financial year were kept in the cash chest or in bank accounts only to avoid the lapse of budget grants.

2.3.5 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. However, excess expenditure amounting to ₹ 964.39 crore for the years 2008-09, 2009-10 and 2010-11 was still to be regularised. Year-wise amounts of excess expenditure pending regularisation for grants/appropriations are summarised in **Table 2.4**.

Table 2.4: Excess over provisions relating to previous years requiring regularisation

(₹ in crore)

Year	Number of grants	Amount of excess over provision	Status of regularisation
2008-09	3,8,10,15,20 and 22	302.63	Appropriation Accounts have not been discussed by PAC.
2009-10	3,6,10 and 15	439.29	
2010-11	6, 24 and 42	222.47	
Total		964.39	

2.3.6 Excess over provisions during 2011-12 requiring regularisation

Table 2.5 contains the summary of total excesses in three grants/appropriation amounting to ₹ 263.45 crore over authorisations from the Consolidated Fund of the State during 2011-12 which require 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 grant/ appropriation	Total grant/ appropriation	Expenditure	Excess
Revenue (Charged)				
1.	42-Administration of Justice	42.63	50.94	8.31
	Sub-Total	42.63	50.94	8.31
Capital (Voted)				
1.	17-Employment	0.00	0.50	0.50
2.	24-Irrigation	568.50	823.14	254.64
	Sub Total	568.50	823.64	255.14
	Grand-Total	611.13	874.58	263.45

Reasons for excess expenditure were called for from the Government in August 2012. Reply had not been received (September 2012).

2.3.7 Unnecessary/Inadequate supplementary provision

Supplementary provisions aggregating ₹ 2,414.11 crore obtained in 25 cases, involving ₹ 50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in *Appendix 2.4*. In two cases, the supplementary provision totalling ₹ 132.25 crore proved inadequate leaving an aggregate uncovered excess expenditure of ₹ 262.94 crore (*Appendix 2.5*).

2.3.8 Excessive/Unnecessary reappropriation of funds

Reappropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Reappropriation proved injudicious in view of excessive surrenders or insufficient augmentation and resulted in excesses of over ₹ 1,228.72 crore in 49 sub-heads and savings of over ₹ 2,321.69 crore under 70 sub-heads by more than ₹ one crore in each case. Excesses/Savings were more than ₹ 10 crore under 54 sub-heads as detailed in *Appendix 2.6*. In 12¹ cases, reduction of provisions through reappropriation proved injudicious as the excess expenditure was more than the provisions reduced through reappropriation. Similarly, in 9² cases, the reappropriation of funds proved excessive as the savings were more than the funds provided through reappropriation.

2.3.9 Surrender in excess of actual savings

In 12 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 ₹ 4,579.87 crore, the amount surrendered was ₹ 5,441.23 crore resulting in excess surrender of ₹ 861.36 crore. Details are given in *Appendix 2.7*. Further, in one case under grant 24-Irrigation the expenditure incurred was in excess (₹ 254.64) of the total grants/ appropriations but even then, the funds (₹ 64.70 crore) were injudiciously surrendered.

2.3.10 Anticipated savings not surrendered

As per paragraph 13.2 of the Punjab Budget Manual also applicable to Haryana, spending departments are required to surrender the grants/appropriations or portion

¹ Sr. No. 16, 32, 36, 51, 55, 58, 71, 72, 88, 90, 101 and 116 of *Appendix 2.6*.

² Sr. No. 8, 13, 15, 57, 67, 68, 69, 78 and 105 of *Appendix 2.6*.

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thereof to the Finance Department as and when savings are anticipated. At the close of the year 2011-12, out of total savings of ₹ 3,451.81 crore in 18 cases under 16 grants/appropriations (savings of ₹ one crore and above were indicated in each grant/appropriation), amounts totalling ₹ 847.76 crore (25 per cent of the total savings) were not surrendered, details of which are given in **Appendix 2.8**. Besides, in 41 cases (surrender of funds in excess of ₹ 10 crore in each case), ₹ 9,715.55 crore was (**Appendix 2.9**) surrendered on the last two working days of March 2012, indicating inadequate financial control as well as non-utilisation of these funds for other development purposes.

2.3.11 Rush of expenditure

Rule 56 of the General Financial Rules provides that expenditure should be evenly spread throughout the year and rush of expenditure in the closing month is regarded as a breach of financial propriety and should be avoided. Contrary to this, in respect of 21 heads under 13 grants/appropriations listed in **Appendix 2.10**, expenditure exceeding ₹ 10 crore and also more than 50 per cent of the total expenditure for the year was incurred during the last quarter of the year or in March 2012.

Further scrutiny revealed that out of the expenditure of ₹ 5,445.35 crore incurred on 21 major heads under 13 grants during 2011-12, expenditure of ₹ 2,411.41 crore (44 per cent) was spent during the month of March 2012. Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules.

2.4 Outcome of Analysis of Budgetary Assumptions

The Planning Commission approved the Eleventh Five Year Plan (2007-12) for ₹ 35,000 crore, wherein a provision of ₹ 13,200 crore was made for the year 2011-12. The State budget was prepared by adopting the incremental system i.e. the first charge the available resources on all the ongoing schemes and the new schemes are included thereafter. The Finance Department examined the departmental proposals by taking into account the figures of the previous year and of the current fiscal year upto September. Estimates for the year 2011-12 were prepared keeping in view the pre-actual³ figures of 2009-10 and receipts/expenditure of the base year 2010-11 up to September 2010. Details of projected receipts and expenditure and actuals thereagainst are given in **Appendix 2.11**.

³ Pre-actual figures are the figures supplied by the Principal Accountant General (A&E) before finalisation of Finance Accounts.

2.4.1 Shortcomings in Budgetary Assumptions

An analysis of the budgetary assumptions made for receipts and expenditure for preparation of the BE for the year 2011-12 in the Finance Department and the actuals thereagainst was conducted (June-August 2012) to examine the process and transparency in preparation of the BE and Revised Estimates (RE). The budgetary assumptions in the cases detailed in **Table 2.6** were not based on realistic grounds:

Table 2.6 Unrealistic Budgetary Assumptions

(₹ in crore)

Sr. No.	Particulars	Budget Provision 2011-12	Actual	Remarks
Revenue Receipts				
1	Non-Plan Revenue Receipts	28,914.12	29,049.16	Against the assumed growth of 12.8 per cent the growth of 28.26 per cent was made in BE 2011-12 over BE (₹ 22,543.86 crore) of 2010-11. However, the increase in the actual collection during 2011-12 was only 19.65 per cent over the actual receipts (₹ 24,279.03 crore) of 2010-11.
2	Tax Revenue	20,006.89	20,399.45	The projection (₹ 20,006.89 crore) in BE (2011-12) constituted 21.48 per cent growth over BE 2010-11 (₹ 16,469.29 crore), against the assumed growth of 12.9 per cent. The actual receipts were 21.5 per cent higher than the actual receipts (₹ 16,790.37 crore) of 2010-11.
a)	Sales Tax (VAT)	14,100	13,383.69	Value Added Tax (VAT) was assumed to grow at 14.6 per cent during 2011-12 over the RE of 2010-11 at ₹ 12,300 crore. However, the assumption of RE at ₹ 14,100 crore for the year 2011-12 was not realistic as the actual receipt was ₹ 13,383.69 crore.
b)	Taxes on Vehicles	BE 515 RE 700	RE 740.15	BE ₹ 515 crore and RE ₹ 700 crore were under estimated by ₹ 225.15 crore and ₹ 40.15 crore respectively as compare to actual receipt of ₹ 740.15 crore during 2011-12.
c)	Taxes on goods and passengers	BE 425 RE 410	429.32	Tax revenue was to increase by 12.9 per cent over projections of 2010-11. But during 2011-12, the projection were made equal to those in 2010-11 which were further reduced to ₹ 410 crore in revised estimates. The actual collection was ₹ 429.32 crore which commensurate with the BE. Hence the RE was unrealistically reduced and assumed increase was not achieved.

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Sr. No.	Particulars	Budget Provision 2011-12	Actual	Remarks
Revenue Receipts				
d)	Land Revenue	BE 16.09 RE 14.66	10.95	RE ₹ 14.66 crore under 'Land Revenue' was decreased by ₹ 1.43 crore as compared to BE 2011-12 (₹ 16.09 crore) where as the actual receipt (₹ 10.95 crore) was less than the RE. The past trend of the actual receipt which was ₹ 9.43 crore in 2009-10 and ₹ 10.02 crore in 2010-11 was not kept in view while projecting BE 2011-12.
3	State's own Non-Tax Revenue	4,287.08	4,721.65	The projection (₹ 4,287.08 crore) in BE 2011-12 constituted 20.81 per cent increase over BE 2010-11 (₹ 3,548.52 crore) against the assumed increase of 16 per cent. However, the actual receipts of ₹ 4,721.65 crore in 2011-12 was higher by 38.02 per cent than the receipts collected in 2010-11 (₹ 3,420.93 crore).
a)	Road Transport	1,100 Revised to 900	852.96	The BE, (₹ 1,100 crore) under 'Road Transport' was revised to ₹ 900 crore for the year 2011-12. The actual realization of ₹ 852.96 crore during the year 2011-12 was less than the revised estimates which indicated that assumptions were not realistic.
b)	Major Irrigation	BE 136 RE 634.08	575.72	Non-tax receipts were assumed to increase by 16 per cent over BE of 2010-11. During 2011-12, the BE was kept at ₹ 136 crore which was less than provisions (₹ 182.59 crore) in 2010-11. These estimates were revised to ₹ 634.08 crore, against which the actual collection was (₹ 575.72 crore). Thus, the projections were not realistic.
c)	Non-ferrous mining and metallurgical industries	BE 75 RE 90	75.53	The BE under "Non-ferrous Mining and Metallurgical Industries" was revised from ₹ 75 crore to ₹ 90 crore during the year 2011-12. The actual realisation was ₹ 75.53 crore hence the RE was unrealistically enhanced.
4	Grants-in-aid	4,959.11	2,754.93	Grants-in-aid to State are released by Government of India on the recommendation of ThFC. Therefore, the provisions in BE should be made as per recommendations of ThFC. During 2011-12 the provision made was on the higher side than the recommendation of TFC and was not realistic.

Sr. No.	Particulars	Budget Provision 2011-1	Actual	Remarks
Expenditure				
5	Non-Plan Expenditure	24,939.45	25,503.86	The provision of ₹ 24,939.45 crore comprises of ₹ 24,861.43 crore on revenue account and ₹ 78.02 crore on capital account. The expenditure of ₹ 1,018.17 crore on capital account and ₹ 262.86 crore on loans and advances exceeded the budget provisions. Thus, the provisions in BE were not realistic.

2.4.2 Shortcomings in Plan Estimates

The Plan expenditure during 2011-12 was assessed at ₹ 13,400 crore. The actual expenditure of ₹ 12,510.36 crore (93 per cent) was less than the projections. Variations were due to the following facts:

- i Seventy four plan schemes were approved for ₹ 1,874.03 crore in the Eleventh Five Year Plan (2007-12) but the budget for execution of these schemes was not provided till March 2012 (*Appendix 2.12*). Of these, three schemes were approved under Externally Aided Projects with a total outlay of ₹ 688.19 crore (*Appendix 2.13*). Reasons for non-implementation of approved schemes were awaited (September 2012).
- ii One hundred thirty six schemes/projects approved for ₹ 1,921.45 crore in the Eleventh Five Year Plan (2007-12) were dropped by the Government after incurring an expenditure of ₹ 415.56 crore 2007-08 (₹ 256.98 crore), 2008-09 (₹ 98.36 crore), 2009-10 (₹ 58.32 crore) and 2010-11 (₹ 1.40 crore) *Appendix 2.14*.
- iii A total of 48 schemes with an approved outlay of ₹ 292.88 crore included in approved plan for 2011-12 were not implemented (*Appendix 2.15*). Of these, 20 schemes with an outlay of ₹ 21.44 crore were included in the approved annual plan of 2010-11 and 5 schemes with an outlay of ₹ 7.41 crore were also included in approved annual plan of 2009-10.
- iv Provision of ₹ 93.04 crore made for 21 schemes in approved outlay for 2011-12 was reduced to ₹ 53.53 crore in the RE, but the schemes were not implemented (*Appendix 2.16*) for which the reasons were not given (August 2012)
- v Provision of ₹ 21.29 crore made for the five schemes in approved outlay was increased to ₹ 36.07 crore in RE, but expenditure was not incurred during the year 2011-12 (*Appendix 2.17*).

vi Provision of ₹ 98.79 crore were made for 63 schemes in approved outlay as well as in revised outlay, but no expenditure was incurred during the year 2011-12 (*Appendix 2.18*). Reasons for non-implementations of scheme were not intimated (September 2012).

vii The provision of ₹ 2,581.48 crore made for 48 schemes was increased to ₹ 2,885.06 crore against which expenditure of ₹ 1,641.47 crore was incurred during the year 2011-12. Further augmentation of funds through supplementary grants proved unnecessary as the total expenditure was less than even the original estimates (*Appendix 2.19*).

viii Twenty-seven new plan schemes with a provision of ₹ 367.39 crore were included in the RE during the year 2011-12 against which expenditure of ₹ 284.79 crore (78 per cent) was incurred (*Appendix 2.20*). Out of these, 11 schemes with a total provision of ₹ 58.44 crore were not implemented.

ix An expenditure of ₹ 9.43 crore was incurred against two schemes without any provision in BE/RE during the year 2011-12 (*Appendix 2.21*). Reasons for incurring expenditure without provision were not given (September 2012).

2.5 Outcome of Review of Selected Grants

A review of budgetary procedure and control over expenditure of two grants (“13-Health”⁴ and “36-Home”⁵) was conducted (June-August 2012) on the basis of savings and excesses during the last three years and magnitude of the grants and supplementary demands made during the year 2011-12. Important points noticed during review of these grants for 2011-12 are detailed below:

2.5.1 Grant No. 13 Health

i Against the budget provision of ₹ 1,420.20 crore (Original: ₹ 1,368.39 crore and Supplementary: ₹ 51.81 crore) under the grant an expenditure of ₹ 1,198.08 crore was incurred, resulting in the savings of ₹ 222.12 crore (15.64 per cent of total provisions).

ii Savings under revenue (Voted) section occurred mainly under head “2210-Medical and Public Health, 05- Medical Education, Training and Research, 105-Allopathy” (₹ 58.96 crore), due to posts being kept vacant and non-payment of bills for construction of college building, “04- Rural Health services other system of medicine,

⁴ Dealing with major heads, “2210-Medical and Public Health” and “2211-Family Welfare”.

⁵ Dealing with major heads, “2055-Police”, 2070-Other Administrative Services” in revenue section and “4055-Capital Outlay on Police in Capital Section”.

101-ayurveda” (₹ 28.64 crore) due to post being kept vacant and receipts of less number of medical claims and non-receipts of funds from the GOI, “03- Rural health services- Allopathy, 103 Primary health centre ” (₹ 29.84 crore) due posts being kept vacant, pending repair/AMC bills, sub-head “01-Urban health services-Allopathy, 102- Employees state insurance scheme” (₹ 38.05 crore) due posts being kept vacant, non-finalisation of supply orders of medicines, non-execution of camps, non-supply of equipment, low rate of premium, non-engagement of contractual staff, etc. Savings also occurred under head, “2211-Family welfare, 101-Rural family welfare services” (₹ 15.80 crore) due posts being kept vacant, less payment of medical reimbursement and non-availing of leave travel concession by employees.

iii Against the total savings of ₹ 222.12 crore under the grant, an amount of ₹ 199.29 crore was surrendered on 31 March 2012. Thus, savings of ₹ 22.83 crore were not surrendered, indicating inadequate financial control and the fact that these funds could not be utilized on other development schemes/programmes of the Government.

iv The supplementary provisions of ₹ 51.81 crore under revenue (voted) were injudicious and proved unnecessary as the actual expenditure (₹ 1,198.08 crore) did not come up even to the original provisions (₹ 1,368.39 crore).

v Paragraph 5.3 of Punjab Budget Manual as applicable in Haryana State provided that the budget estimates should be as close as accurate as possible and the provision to be included in respect of each item should be based on what is expected to be to be paid or spent during the year. It was noticed that the entire budget provision of ₹ 12.57 crore made for 30 schemes remained unutilized and were surrendered due to non implementation of the schemes (*Appendix 2.22*).

vi Financial rules provide that the expenditure should be evenly spread throughout the year and the rush of expenditure in the closing month of the financial year should be avoided. During 2011-12 an expenditure of ₹ 22.04 crore was incurred on 12 schemes, (*Appendix 2.23*) of which, the expenditure of ₹ 11.84 crore (54 per cent) was incurred during the last quarter and ₹ 7.89 crore (36 per cent) during March 2012. Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to the financial rules.

2.5.2 Grant No. 36 Home

i Against the budget provision of ₹ 1,778.36 crore (Original: ₹ 1,717.76 crore and Supplementary: ₹ 60.60 crore) under the grant, an expenditure of ₹ 1,672.83 crore was incurred, resulting in the savings of ₹ 105.53 crore (6 per cent of total provisions).

ii Savings under revenue (Voted) section occurred mainly under head “2055-Police, 115-Modernisation of Police Force” (₹ 35.51 crore) due to non-receipt of sanction of purchase of machinery and equipment for modernisation of Police Force, “800-Other Expenditure” (₹ 7.30 crore) due to non-receipt of sanction for repayment of interest of loan under the scheme, “003-Education and Training” (₹ 9.36 crore) due to posts kept vacant, “113-Welfare of Police Personnel” (₹ 5 crore) due to non-receipt of sanction from the Government and “2070-Other Administration Services, 106-Civil Defence” (₹ 3.04 crore) due to non-completion of codal formalities for purchase of equipments and buildings, vacant posts, etc.

iii Against the total savings of ₹ 105.53 crore under the grant an amount of ₹ 109.10 crore was injudiciously surrendered on 31 March 2012. The reason for excess surrender of funds was not intimated (August 2012).

iv The supplementary provisions of ₹ 60.60 crore (₹ 45.60 crore under revenue and ₹ 15 crore under capital head) were injudicious and proved unnecessary as the actual expenditure (₹ 1,672.83 crore) did not come up even to the original provisions (₹ 1,717.76 crore).

v Paragraph 5.3 of Punjab Budget Manual as applicable in Haryana State provided that the budget estimates should be as close as accurate as possible and the provision to be included in respect of each item should be based on what is expected to be to be paid or spent during the year. It was noticed that the entire budget provision of ₹ 35.00 lakh made for 16 schemes remained unutilized and were surrendered due to non implementation of the schemes (*Appendix 2.24*).

vi Financial rules provide that the expenditure should be evenly spread throughout the year and the rush of expenditure in the closing month of the financial year should be avoided. During 2011-12 an expenditure of ₹ 82.36 crore was incurred on 66 schemes, (*Appendix 2.25*) of which, the expenditure of ₹ 42.33 crore (51 per cent) was incurred during the last quarter and ₹ 35.27 crore (43 per cent) during March 2012. Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to the financial rules.

2.5.3 Delay in submission of budget estimates

Budget estimates for 2011-12 were required to be submitted to the Finance Department by the Administrative Department and Heads of various offices before 6 November 2010. Contrary to this, three Heads of Department (Grant No. 13 and Grant No. 36) submitted their budget estimates to the Finance Department after delays ranging between 30 and 107 days (*Appendix 2.26*).

▶ **2.6 Opening of new sub detailed and objects heads**

Under the Constitution of India, the Comptroller and Auditor General of India has been authorised to compile the account of Union and States. He is required to decide the forms in which the accounts are to be kept. Therefore, the heads of accounts under which the accounts are to be prepared are required to be decided by the CAG. The State Government are not authorised to open a new head/sub head of account on their own.

Scrutiny of Budget documents of the State Government for 2011-12 and 2012-13 years revealed that the State Government had opened accounting heads and sub-heads without seeking the prior concurrence from the Accountant General (Accounts and Entitlement) [A.G. (A&E)]. The details of sub heads opened without consent of A.G. (A&E) are given in *Appendix 2.27*.

▶ **2.7 Conclusion**

During 2011-12, expenditure of ₹ 46,629.09 crore was incurred against total grants and appropriations of ₹ 56079.94 crore. Overall saving of ₹ 9450.85 crore occurred after the total saving of ₹ 9714.30, was offset by excess expenditure of ₹ 263.45 crore. The excess expenditure required regularisation under Article 205 of the Constitution of India. Apart from this, excess expenditure of ₹ 964.39 crore in 13 grants relating to the years 2008-09 and 2009-10 also required regularisation. In 12 cases, ₹ 5,441.23 crore was surrendered (more than ₹ 50 lakh or more in each case) including an excess surrender of ₹ 861.36 crore, than actual savings indicating inadequate budgetary control in these departments. Out of savings of ₹ 3,451.81 crore in 18 cases (savings of ₹ one crore and above), savings of ₹ 847.76 crore were not surrendered. In 41 cases (surrender of funds in excess of ₹ 10 crore), ₹ 9,715.55 crore were surrendered on the last two working days of the financial year. There were also cases of injudicious reappropriations.

▶ **2.8 Recommendations**

- Budgetary control should be strengthened in all the Government Departments where savings/excesses have been observed for the last five years regularly.
- Efforts should be made by all the departments to submit realistic budget estimates keeping in view the trends of receipts and expenditure in order to avoid large scale savings/excesses, reappropriations and surrenders at the end of the year.
- Release of funds at the end of the year should be avoided. Reappropriations should be judicious to avoid excessive and insufficient funds.

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- Anticipated savings should be surrendered as and when these are expected so that the amounts can be utilised on other schemes.
- Prior concurrence of the Principal Accountant General (Accounts and Entitlement) should be obtained by the State Government at the time of opening accounting Heads and sub-heads.