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## **Chapter-2**

# **FINANCIAL MANAGEMENT AND BUDGETARY CONTROL**

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## CHAPTER 2

### Financial Management and Budgetary Control

#### 2.1 Introduction

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 Act. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-a-vis* those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are therefore, complementary to the Finance Accounts.

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 Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

#### 2.2 Summary of Appropriation Accounts

The summarised position of Actual Expenditure during 2012-13 against 80 grants/appropriations is as given in **Table 2.1**.

**Table 2.1: Summarised position of Actual Expenditure *vis-a-vis* Original/ Supplementary Provisions**  
(₹ in crore)

1	2	3	4	5	6	7
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Savings (-)/ Excess (+)
<b>Voted</b>	I Revenue	58,124.77	5,700.34	63,825.11	55,564.55	(-)8,260.56
	II Capital	11,509.28	2,457.65	13,966.93	11,698.09 <sup>1</sup>	(-)2,268.84
	III Loans and Advances	5,678.26	1,794.63	7,472.89	5,387.55	(-)2,085.34
<b>Total Voted</b>		<b>75,312.31</b>	<b>9,952.62</b>	<b>85,264.93</b>	<b>72,650.19<sup>2</sup></b>	<b>(-)12,614.74</b>
<b>Charged</b>	IV Revenue	8,031.83	473.54	8,505.37	7,567.54	(-)937.83
	V Capital	15.87	150.12	165.99	160.52	(-)5.47
	VI Public Debt- Repayment	7,482.73	4.37	7,487.10	3,583.94	(-)3,903.16
<b>Total Charged</b>		<b>15,530.43</b>	<b>628.03</b>	<b>16,158.46</b>	<b>11,312.00</b>	<b>(-)4,846.46</b>
<b>Grand Total</b>		<b>90,842.74</b>	<b>10,580.65</b>	<b>1,01,423.39</b>	<b>83,962.19<sup>3</sup></b>	<b>(-)17,461.20</b>

(Source: Appropriation Accounts)

<sup>1</sup> Includes ₹7.02 crore in respect of Inter-State Settlement.

<sup>2</sup> Gross figure without taking into account the recoveries adjusted as reduction of expenditure under Revenue Expenditure: ₹163.56 crore and Capital Expenditure: ₹294 crore.

<sup>3</sup> The actual expenditure was overstated to the following extent for the reasons mentioned below:  
₹388.98 crore (Revenue Voted section: ₹94.86 crore and Capital Voted section: ₹294.12 crore) being the unspent amount transferred to Major Head 8443-Civil Deposit, 800-Other Deposits through NIL payment vouchers on 31 March 2013.

Out of ₹1.66 crore drawn on Abstract Contingent bills during 2012-13, Detailed Contingent bills for ₹0.46 crore were not submitted by the Deputy Director, National Cadet Corps, Bhopal.

- Supplementary provision of ₹ 10,580.65 crore obtained during the year constituted 11.65 per cent of the original provision.
- Considering the actual savings of ₹ 17,461.20 crore, entire supplementary budget of ₹ 10,580.65 crore proved unnecessary.
- The overall savings of ₹ 17,461.20 crore was the result of savings of ₹ 17,460.96 crore in 72 grants and 42 appropriations under the Revenue Section and 49 grants and eight appropriations under the Capital Section, offset by an excess of ₹ 0.24 crore in one appropriation under the Revenue Section and one appropriation under the Capital Section.

The savings/excesses were intimated (July 2013) to the Controlling Officers asking them to explain the reasons for the significant variations. Reasons for final savings have not been intimated by the concerned Departments (August 2013).

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Appropriation vis-a-vis Allocative Priorities-significant savings

Appropriation Audit conducted by us revealed that in 27 cases there were significant savings aggregating ₹ 9,654.86 crore. In each case, the savings exceeded ₹ 10 crore and were also more than 20 per cent of the respective budget provisions (**Appendix 2.1**). Out of the total savings of ₹ 17,461.20 crore (**Table 2.1**), significant savings exceeding ₹ 100 crore in each case aggregating ₹ 9,026.17 crore (51.69 per cent) occurred in 11 cases<sup>4</sup>, as indicated in **Table 2.2**.

**Table 2.2: List of Grants/Appropriations with savings of ₹ 100 crore and above and more than 20 per cent of total provision**

(₹ in crore)							
Sl. No.	Number and Name of the Grant/Appropriation	Original provision	Supplementary provision	Total	Actual expenditure	Savings	Percentage of saving
1	2	3	4	5	6	7	8
<b>Revenue-Voted</b>							
1.	06-Finance	7,288.95	1.10	7,290.05	5,063.40	2,226.65	30.54
2.	29-Law and Legislative Affairs	638.85	46.27	685.12	492.92	192.20	28.05
3.	31-Planning, Economics and Statistics	240.94	39.09	280.03	68.49	211.54	75.54
4.	38-Ayush	341.84	2.30	344.14	208.02	136.12	39.55
5.	61-Expenditure pertaining to Bundelkhand Package	99.00	60.46	159.46	52.46	107.00	67.10
<b>Capital-Voted</b>							
6.	06-Finance	1,433.80	5.06	1,438.86	64.33	1,374.53	95.53
7.	20-Public Health Engineering	479.88	26.32	506.20	400.97	105.23	20.79
8.	55-Women and Child Development	69.75	50.00	119.75	2.26	117.49	98.11

<sup>4</sup> Exceeding ₹ 100 crore and also more than 20 per cent of the total provision in each case.

Chapter 2-Financial Management and Budgetary Control

Sl. No.	Number and Name of the Grant/Appropriation	Original provision	Supplementary provision	Total	Actual expenditure	Savings	Percentage of saving
1	2	3	4	5	6	7	8
9.	61-Expenditure pertaining to Bundelkhand Package	400.00	304.50	704.50	454.79	249.71	35.44
10.	64-Scheduled Castes sub-plan	1,499.76	214.82	1,714.58	1,312.04	402.54	23.48
<b>Capital-Charged</b>							
11.	Public Debt	7,482.73	4.37	7,487.10	3,583.94	3,903.16	52.13
<b>Total</b>		<b>19,975.50</b>	<b>754.29</b>	<b>20,729.79</b>	<b>11,703.62</b>	<b>9,026.17</b>	<b>43.54</b>

(Source: Appropriation Accounts)

Significant savings were noticed in 34 schemes under the grants/appropriations shown above, which ranged between ₹ 13 crore and ₹ 2,000 crore. Details are given in the **Appendix 2.2 (A)**. Out of the savings of ₹ 249.71 crore shown under the Grant 'Bundelkhand Package' (serial number- 9 above) ₹ 294.12 crore was transferred to 8443-Civil Deposits-800-Other Deposits on 31 March 2013 by exhibiting the same as final expenditure in the accounts under the Major Head 4401-Capital Outlay on Crop Husbandry (₹ 243 crore) and 4702-Capital Outlay on Minor Irrigation (₹ 51.12 crore).

### 2.3.2 Persistent savings

In seven cases, during the last five years from 2008-09 to 2012-13, there were persistent savings of more than ₹ one crore in each case and also by 20 per cent or more of the total provision under the relevant grant/appropriation as shown in **Table 2.3**.

**Table 2.3: List of grants/appropriations indicating persistent savings during 2008-13**

(₹ in crore)

Sl. No.	Number and name of the grant/appropriation	Amount of Savings (Per cent to total grant in brackets)				
		2008-09	2009-10	2010-11	2011-12	2012-13
<b>Revenue-Voted</b>						
1	06-Finance	624.61 (20.04)	1,434.33 (31.32)	1,501.85 (27.82)	1,966.21 (30.20)	2,226.65 (30.54)
Savings occurred mainly in various schemes under the Major Heads 2052-Secretariat-General Services, 2054-Treasury and Accounts Administration and 2071-Pensions and Other Retirement Benefits.						
<b>Revenue-Charged</b>						
2	06-Finance	10.70 (84.05)	9.99 (78.48)	12.41 (97.49)	14.23 (96.28)	12.93 (52.18)
Savings occurred mainly under the Major Head 2071-Pensions and other Retirement Benefits.						
<b>Capital-Voted</b>						
3	06-Finance	314.61 (81.02)	113.33 (68.34)	74.94 (70.18)	1,501.78 (92.80)	1,374.53 (95.53)
Savings occurred mainly in the schemes under the Major Heads 6075-Loans for Miscellaneous General Services and 6801-Loans for Power Projects.						

*Audit Report on State Finance for the year ended 31 March 2013*

4	22-Urban Administration and Development– Urban Bodies	125.22 (45.45)	174.67 (52.34)	95.08 (38.50)	44.23 (28.68)	61.21 (37.99)
Savings occurred mainly in various schemes under the Major Head 4217-Capital Outlay on Urban Development and 6217-Loans for Urban Development.						
5	53-Financial Assistance to ULBs under Scheduled Castes Sub-Plan	24.59 (39.70)	8.61 (21.04)	25.43 (41.56)	11.23 (30.11)	15.39 (41.06)
Savings occurred mainly under the various schemes under Major Heads 4217-Capital Outlay on Urban Development and 6217-Loans for Urban Development.						
6	58-Expenditure on Relief on account of Natural Calamities and Scarcity	2.50 (100)	2.70 (64.29)	2.93 (69.76)	2.50 (85.62)	2.50 (76.69)
Savings occurred mainly under the various schemes under Major Head 6245-Loans for relief on account of Natural Calamities.						
<b>Capital-Charged</b>						
7	Public Debt	1,875.55 (48.89)	3,896.40 (61.94)	3,392.77 (57.29)	3,650.31 (53.68)	3,903.17 (52.13)
Savings occurred mainly under 6003-110-0637-Ways and Means Advances and 0779-Advances to meet Shortfall.						

(Source: Appropriation Accounts of respective years)

The persistent savings indicated that the budget estimates were not prepared in a realistic manner and budgetary controls in the concerned Departments were not effective.

### **2.3.3 Excess expenditure under schemes**

In 43 cases, expenditure aggregating ₹ 2,143.57 crore under various schemes exceeded the approved provision by ₹ 10 crore or more in each case and also by more than 20 per cent of the provisions made for each scheme. The details are given in **Appendix 2.2 (B)**.

### **2.3.4 Unutilised provisions under schemes**

In 57 cases, the entire provision made under various schemes (₹ 10 crore or more in each case) aggregating to ₹ 8,916.30 crore remained unutilised. The details are given in **Appendix 2.2 (C)**.

### **2.3.5 Excess over provision during 2012-13 requiring regularisation**

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. If any money has been spent on a service in excess of the amount granted by the State Legislature for the purpose, the Public Accounts Committee (PAC) shall examine with reference to the facts of the case, the circumstances leading to such an excess and may make recommendation for its regularisation.

**Table 2.4** presents the summary of total excess expenditure in two cases amounting to ₹ 0.24 crore over the authorisation from the Consolidated Fund of the State during 2012-13, which require regularisation under Article 205 of

the Constitution. Reasons for the above excesses have not been intimated (August 2013).

**Table 2.4: Excess over provision requiring regularisation during 2012-13**

(₹ in crore)					
Number and name of the appropriation	Original Provision	Supplementary Provision	Total appropriation	Expenditure	Excess
10-Forest (Revenue charged)	34.59	82.40	116.99	117.22	0.23
24-Public Works Roads and Bridges (Capital charged)	12.50	138.45	150.95	150.96	0.01
<b>Total</b>	<b>47.09</b>	<b>220.85</b>	<b>267.94</b>	<b>268.18</b>	<b>0.24</b>

(Source: Appropriation Accounts)

### 2.3.6 Excess over provisions relating to previous years requiring regularisation

The excess expenditure amounting to ₹ 3,014.94 crore for the years 1997-98 to 2000-01, 2002-03 to 2006-07 and 2008-09 to 2011-12 is yet to be regularised as detailed in **Appendix 2.3**. The year-wise break-up of the amount of excess expenditure pending regularisation is summarised in **Table 2.5**.

**Table 2.5: Excess over provision relating to previous years requiring regularisation**

Year	Number of		Excess expenditure (₹ in crore)	Status of Regularisation (as on 25 <sup>th</sup> October 2013)
	Grants	Appropriations		
1	2	3	4	5
1997-98	10	03	302.79	Explanatory notes submitted by the concerned Department to PAC.
1998-99	01	--	0.10	Explanatory notes submitted by the concerned Department to PAC.
1999-2000	11	06	1,584.94	Explanatory notes submitted by the concerned Department to PAC.
2000-01	03	04	265.07	Explanatory notes submitted by the concerned Department to PAC.
2002-03	03	05	424.79	Explanatory notes submitted by the concerned Department to PAC, except for ₹ 31,000 in respect of Grant No. 53.
2003-04	04	03	2.54	Explanatory notes submitted by the concerned Department to PAC, except for a sum of ₹ 1.24 crore in respect of Grant No. 68.
2004-05	13	02	83.66	Explanatory notes submitted by the concerned Department to PAC, except for a sum of ₹ 4.09 crore in respect of Grant No. 84 & 86.
2005-06	04	02	37.58	Explanatory notes submitted by the concerned Department to PAC, except for a sum of ₹ 2.27 crore in respect of Grant No. 39.
2006-07	02	01	35.99	Explanatory notes submitted by the concerned Department to PAC.
2008-09	02	02	5.80	Explanatory notes submitted by the concerned Department to PAC, except for ₹ 4.18 crore in respect of Grant No. 62 and 24 (both charged).
2009-10	04	Nil	123.96	Explanatory notes submitted by the concerned Department to PAC, except for ₹ 4.65 crore in respect of Grant No. 49.
2010-11	Nil	02	12.62	Explanatory notes not submitted by the concerned Department to PAC.
2011-12	04	02	135.10	Information awaited.
<b>Total</b>	<b>61</b>	<b>32</b>	<b>3,014.94</b>	

Non-regularisation of the excess over provision under the grants/appropriations over the years is a breach of legislative control over grants/appropriations.

### 2.3.7 Unnecessary/Excessive/Inadequate Supplementary provision

In 42 cases of grants/appropriations, Supplementary provision of ₹ one crore or more in each case aggregating ₹ 2,483.20 crore obtained during the year proved entirely unnecessary as the actual expenditure was less than the original provision. Details are shown in **Appendix 2.4**. In 25 cases, against the additional requirement of ₹ 3,850.97 crore, supplementary provision of ₹ 5,684.87 crore proved excessive. The resultant savings exceeding ₹ 20 lakh in each case, aggregating ₹ 1,833.90 crore are shown in **Appendix 2.5**. In two cases, the supplementary provision proved insufficient leaving uncovered excess expenditure of ₹ 0.24 crore as shown in **Table 2.4** above.

### 2.3.8 Excessive/unnecessary re-appropriation/surrender of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriations/surrenders (Re-appropriation amount is irregular by more than 25 per cent irrespective of the final excess/saving) in respect of 19 cases resulted in savings/excess of more than ₹ one crore in each scheme as detailed in **Appendix 2.6**.

### 2.3.9 Injudicious surrenders

In three cases, the amounts surrendered (₹ one crore or more in each case) were in excess of the actual savings indicating lack of budgetary control by the Departments. As against savings of ₹ 66.75 crore, the amount surrendered was ₹ 69.17 crore, resulting in excess surrender of ₹ 2.42 crore as shown in **Table 2.6**.

**Table 2.6: Surrenders (₹ one crore or more) in excess of actual savings**

(₹ in crore)					
Sl. No.	Number and name of the Grant/ Appropriation	Total Grant/ Appropriation	Saving	Amount surrendered	Amount surrendered in excess
1	2	3	4	5	6
<b>Revenue (Voted)</b>					
1	02-Other Expenditure pertaining to General Administration Department	46.14	0.70	1.75	1.05
<b>Revenue (Charged)</b>					
2	01-General Administration & Lok Seva Prabandhan	24.45	3.73	3.92	0.19
<b>Capital (Voted)</b>					
3	19-Public Health and Family Welfare	122.90	62.32	63.50	1.18
<b>Total</b>		<b>193.49</b>	<b>66.75</b>	<b>69.17</b>	<b>2.42</b>

(Source: Appropriation Accounts)

### 2.3.10 Anticipated savings not surrendered

According to para 26.9 of the Madhya Pradesh Budget Manual (MPBM), statements of anticipated savings in expenditure are required to be submitted by the Budget Controlling Officers to the Finance Department by 15<sup>th</sup> January.

At the close of the year 2012-13, out of total savings of ₹ 17,461.20 crore under all the grants/appropriations only a sum of ₹ 5,670.36 crore were surrendered resulting in non surrender of savings aggregating ₹ 11,790.84

crore (67.52 per cent of total savings) by the concerned Departments. These included 54 cases of significant savings (one crore and above and also more than 20 per cent of saving in each case) aggregating ₹ 10,914.37 crore which were not surrendered, details of which are shown in **Appendix 2.7**.

Besides, in 33 cases, (surrender of funds in excess of ₹ 10 crore in each case), savings aggregating ₹ 2,134.85 crore (**Appendix 2.8**) were surrendered on the last date of the financial year, leaving little scope for utilising the funds for other development purposes.

### **2.3.11 Rush of expenditure**

According to para 26.13 of the Madhya Pradesh Budget Manual (MPBM), rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a financial irregularity.

We noticed that in respect of 70 cases of grants/appropriations listed in **Appendix 2.9**, expenditure exceeding ₹ 10 crore and also more than 50 per cent of the total expenditure in each case, aggregating ₹ 7,523.29 crore was incurred in the month of March 2013. Besides, ₹ 8,151.54 crore (92 per cent) was incurred during last quarter of the financial year. These indicated deficient financial management and non maintenance of uniform flow of expenditure which is a primary requirement of budgetary control.

### **2.3.12 Drawal of funds in advance of requirement**

As per the provisions of the Madhya Pradesh Treasury Code (MPTC) Part I Sub-Rule 284, no money should be drawn from the treasury unless it is required for immediate disbursement.

During 2012-13, a sum of ₹ 388.98 crore was drawn on 30 & 31 March 2013 and transferred to 8443-Civil Deposits-800-Other Deposits by showing the amounts as final expenditure under the relevant scheme in the accounts, as shown in **Appendix 2.10**. This included a sum of ₹ 373.98 crore relating to the Central Schemes. Thus, funds were drawn in advance of requirement and to avoid lapse of Central funds, which was contrary to the codal provision.

### **2.3.13 Expenditure incurred without provision**

We observed that expenditure of ₹ 334.99 crore was incurred in two cases without any provision in the budget estimates. Reasons for expenditure of ₹ 330.32 crore in one case has not been intimated (August 2013). Details are shown in **Table 2.7**.



**Table 2.7: Expenditure incurred without provision during 2012-13**

(₹ in crore)

Sl. No.	Grant No.	Head of Account	Expenditure	Reasons
1	2	3	4	5
1	IP-Interest Payment and Servicing of Debt	2049-04-109-5691-Integrated Interest on State Plan Loans as per recommendations of 12 <sup>th</sup> Finance Commission	330.32	Reasons have not been intimated (August 2013)
2	PD-Public Debt	6003-109-7061-Payment of Loan to Rural Electrification Corporation under Rajiv Gandhi Rural Electricity Scheme	4.67	Due to making erroneous provision under Grant no. 6 instead of Charged Appropriation – Public Debt in the Appropriation Act of 2012-13 (Second Supplementary)
<b>Total</b>			<b>334.99</b>	

(Source: Appropriation Accounts)

### 2.3.14 Non-utilisation of provision for New items of expenditure in the Budget

Scrutiny of the schedule of new expenditure in the Budget during 2012-13 revealed that ₹ 186 crore in 24 schemes relating to nine grants were provided as new items of expenditure (provision ₹ one crore and above in each case). Entire provision remained unutilised during the year 2012-13, reasons for which have not been intimated (August 2013). The details are given in **Appendix 2.11**.

### 2.3.15 Excess payment of family pension

Rule 47 of MP Pension Rule provides that Family Pension at enhanced rate is payable for a period of seven years or till the date on which the Government servant would have attained the age of 67 years, had he survived, whichever is earlier.

During inspection of treasuries (February 2012 to March 2013) by the office of the Principal Accountant General (A&E), it was noticed that family pension at enhanced rate was continued to be paid even after lapse of the prescribed period for which enhanced rate of family pension was payable. This resulted in excess payment of family pension amounting to ₹ 26 lakh in eight treasuries as indicated in **Table 2.8**.

**Table 2.8: Excess payment of family pension**

Sl. No.	Name of Treasuries	Period of Inspection	No. of family pensioners	Period of excess payment	Excess payment as on date of inspection (₹)
1	2	3	4	5	6
1	Seoni	02/12 to 01/13	1	02/10 to 10/12	97,788
2	Morena	04/12 to 03/13	7	08/10 to 02/13	1,54,332
3	Khandwa	02/12 to 01/13	6	01/09 to 01/13	7,62,869
4	Bhopal	02/12 to 01/13	1	12/08 to 12/12	38,845
5	Harda	04/12 to 03/13	2	11/11 to 03/12	59,059
6	Bhind	04/12 to 03/13	7	12/11 to 03/13	2,49,895
7	Satna	03/12 to 01/13	11	12/08 to 12/12	11,71,332
8	Sehore	04/12 to 03/13	3	--	73,200
<b>Total</b>			<b>38</b>		<b>26,07,320</b>

(Source: Office of the Principal Accountant General (A&E))

Matter was referred to Government (June 2013), Government had issued instructions to all the Treasury Officers to recover the excess payment of Family Pension. Action against erring Banking officials is also requested to the State Government.

## 2.4 Review of Grant No. 19- Public Health & Family Welfare Department

After voting on Demands for grants has been completed in the Legislative Assembly, an Appropriation Bill is introduced for appropriation out of the Consolidated Fund of the State for moneys required to meet (a) the grants made by the Assembly and (b) the expenditure charged on the Consolidated Fund. After the Governor's assent to the Bill, amounts shown in the Appropriation Act and schedules thereof become the sanctioned grants for expenditure under various Demands.

Review of budgetary procedure in Public Health and Family Welfare Department including Tribal Area Sub Plan and Scheduled Castes Sub Plan (Grant No. 19,41 and 64) for the year 2012-13 was conducted on the basis of data in Appropriation Accounts and test check of records (June 2013) in the Office of Budget Controlling Officer (Director, Health and Family Welfare Department). The following observations are made:

### 2.4.1. Summarised position

The details of amount budgeted for, expenditure incurred and savings under the Grant-19 are summarised in **Table 2.9**.

**Table 2.9: Summarised Appropriation**

							(₹ in crore)
Particular of Grants	Section	Original Budget	Supplement-ary Budget	Total Grant	Actual Expenditure	Savings	Percentage of saving to Total Grant
1	2	3	4	5	6	7	8
Grant No. 19	Revenue (Voted)	2,145.15	136.04	2,281.19	2,041.38	239.81	10.51
	Capital (Voted)	122.90	Token	122.90	60.58	62.32	50.71
Grant No. 41(17)-Public Health and Family Welfare Department (Tribal Area Sub Plan)	Revenue (Voted)	165.31	94.90	260.21	206.08	54.13	20.80
	Capital (Voted)	84.80	Nil	84.80	31.93	52.87	62.35
Grant No. 64(17)-Public Health and Family Welfare Department (Scheduled Castes Sub Plan)	Revenue (Voted)	117.95	40.77	158.72	120.73	37.99	23.94
	Capital (Voted)	86.40	Nil	86.40	37.71	48.69	56.35
<b>Total</b>		<b>2,722.51</b>	<b>271.71</b>	<b>2,994.22</b>	<b>2,498.41</b>	<b>495.81</b>	<b>16.56</b>

(Source: Appropriation Accounts)

An analysis of the above table revealed that there were over all savings of ₹ 495.81 crore (16.56 per cent of total grant) as against the total budget provision of ₹ 2,994.22 crore. Out of savings of ₹ 495.81 crore, savings of

₹ 331.93 crore (67 per cent) and ₹ 163.88 crore (33 per cent) occurred in Revenue Section and Capital Section respectively. Further Supplementary provision of ₹ 271.71 crore provided under Revenue and Capital sections were not required as the expenditure was even less than original provision.

#### 2.4.2 Substantial saving

In Revenue Section, substantial savings of more than ₹ 10 crore in each aggregating to ₹ 78.95 crore (23.79 per cent of total savings: ₹ 331.93 crore) occurred mainly under three schemes. In Capital Section, substantial savings (₹ 10 crore and above) of ₹ 92.84 crore (56.65 per cent of total savings) occurred under four schemes. Details are in **Table 2.10**.

**Table 2.10: Substantial savings under various Schemes during 2012-13**

(₹ in crore)		
Sl. No.	Name of schemes	Savings
<b>Revenue Section</b>		
1	2210-01-110-0701-Centrally Sponsored Schemes (Normal)-5613-National Health Insurance Scheme	15.00
2	(Grant No.41/17-Public Health and Family Welfare Department) 2210-06-796-800-0102-Tribal Area Sub Plan-7193- Special State Incentive Scheme for Family Welfare	14.20
3	(Grant No.41/17-Public Health and Family Welfare Department) 2210-06-796-800-0102-Tribal Area Sub Plan-7201-Special Assistance to Pregnant Women of Scheduled Castes/Scheduled Tribe	49.75
<b>Total (Revenue section)</b>		<b>78.95</b>
<b>Capital Section</b>		
4	4210-01-110-0101- State Plan Schemes (Normal) -7648-Construction of Buildings for Hospitals and Dispensaries	37.56
5	(Grant No.41/17-Public Health and Family Welfare Department) 4210-02-796-104-0102-Tribal Area Sub Plan-7204-Construction of Pre-fabricated Sub-Health Centres	13.06
6	(Grant No.41/17-Public Health and Family Welfare Department) 4210-04-796-112-0102-Tribal Area Sub- Plan -7202-Establishment of Nursing College	14.90
7	(Grant No.64/17-Public Health and Family Welfare Department) 4210-01-789-110-1303-Central Finance Commission (S.C.S.P.)-6453-Strengthening of Health Infrastructure	27.32
<b>Total (Capital section)</b>		<b>92.84</b>

(Source: Appropriation Accounts)

Reasons for savings under all the above schemes except at serial no. 5 had not been intimated (August 2013). Saving under serial no. 5 above was partly due to delay in fixing of agency for execution of works (₹ 6.42 crore). Fact remains that such substantial savings were indicative of unrealistic assessment of budget estimates and laxity in budgetary controls. The savings could have been utilised in other schemes where funds were required, had these been timely surrendered. Further, supplementary provision could have been avoided to the extent of savings.

We also observed that in 26 schemes entire budget provisions aggregating to ₹ 113.93 crore remained unutilised. Details are given in **Appendix-2.12**. The BCO stated (June 2013) that funds could not be utilised due to non-providing of administrative sanction by the financial committees and discontinuance of the scheme by the Department as per the consent of State Planning

Commission. Fact remains that the funds should have been surrendered timely to utilise the resources for other works. Matter was reported to Government (August 2013) reply had not been received (September 2013).

#### **2.4.3 Unutilised Supplementary provision**

Under the scheme 2210-03-197-5998-Community Health Centres, Supplementary provision was made for ₹ 2.65 crore. However, there was saving of ₹ 3.19 crore. Thus, entire supplementary provision remained unutilised. Reasons for saving have not been intimated (August 2013).

#### **2.4.4 Preparation of Budget Estimate**

As per para B-7 & 8 of MP Government Budget Manual Vol-I (Part-B), all BCOs are responsible for collating estimates of expenditure and receipts prepared by the DDOs under them as well as for preparing estimates of Off Budget funds likely to be received for departmental schemes during the ensuing financial year and for finalisation of estimates of expenditure and receipts. BCO should collate all estimates prepared by DDOs and review the same.

There were no records to show that the estimates of expenditure and receipts were obtained by the BCO from the DDOs for finalisation of the budget estimates.

The BCO stated (June 2013) that before preparation of Budget, instructions are issued to DDOs to submit Budget proposals in the prescribed format of *Mudra* software. On this basis, Budget proposals for next year are prepared in *Mudra* software and are sent to Finance Department. The BCO has, however, not stated whether the procedure was observed by the DDOs and the BCO while preparing the budget estimates for 2012-13.

#### **2.4.5 Misclassification of Budget provision under the object head 63-Machines in Revenue section instead of Capital section**

We observed that under 26 schemes, Budget provision of ₹ 37.22 crore under the object head 63-Machines was incorrectly classified under Revenue section, while the nature of object head 63-Machines is related to Capital section. Object head wise and Scheme wise details are given in **Appendix 2.13**.

On being pointed out by Audit (June 2013) Director, Health Services stated (June 2013) that provisions under object head 63- Machines have been made under Revenue section by the Finance Department, therefore it was booked under Revenue section. Fact remains that object head 63-Machines is related to Capital Nature and misclassified in Revenue section in the Budget.

### **2.5 Conclusion**

Against the total budget provision of ₹ 1,01,423 crore during 2012-13, a total expenditure of ₹ 83,962 crore was incurred. Supplementary provision of ₹ 10,581 crore during 2012-13 proved unnecessary as there was an overall saving of ₹ 17,461 crore. In 11 cases (eight departments) savings were more than ₹ 100 crore in each case aggregating to ₹ 9,026 crore (52 per cent of total savings). We observed that ₹ 5,670.36 crore (32 per cent of the total savings) was surrendered during the year. In 33 cases, significant savings (more than

₹ 10 crore in each) aggregating ₹ 2,135 crore was surrendered on the last day of the financial year, leaving no scope for utilizing the funds for other works. A sum of ₹ 389 crore was transferred to Civil Deposit in Public Account at the end of the year inflating the expenditure of the year under the Consolidated Fund of the State. Expenditure of ₹ 335 crore was incurred without any provision in the State Budget. Also, Re-appropriation/surrender of funds in 19 cases was made injudiciously which resulted in savings/excess in each scheme. Excess expenditure of ₹ 0.24 crore incurred during 2012-13 which require regularisation under Article 205 of the Constitution. Besides, ₹ 3,015 crore relating to the period 1997-98 to 2011-2012 also remained unregularised.

## **2.6 Recommendations**

- Budgetary control mechanism should be strengthened in the Government Departments by proper monitoring of expenditure and timely surrender of funds.
- Excessive/unnecessary supplementary provision and re-appropriation of funds should be avoided.
- The funds transferred to Civil Deposit head at the fag end of the financial year but not utilized results in overstatement of State expenditure and should be avoided.
- Regularisation of excess expenditure pending since 1997-98 may be done on priority basis.