

Chapter 5

REVIEW OF SELECTED GRANTS

This chapter contains detailed analysis of the Appropriation Accounts of selected grants covering a period of three years from 2009-10 to 2011-12. The analysis encompasses comments on unspent provision, irregular and injudicious re-appropriations, supplementary provisions made without requirement, including an in-depth study of persistent savings due to non-implementation of schemes, etc. Grants of Capital Outlay on Defence Services, Ministry of Road Transport & Highways and Ministry of Women & Child Development have been selected for detailed scrutiny in audit and the findings have been included in this chapter.

Grant No.27-Capital Outlay on Defence Services

5.1 Introduction

Capital Outlay on Defence Services is an important grant relating to modernization of the Defence Forces. This grant deals with the capital Expenditure of all the services viz. Army, Navy, Air Force, besides fulfilling the capital requirements of Defence Ordnance Factories, Research and Development, Inspection Organisation, and Technology Development. Presently there are eight sub-major heads under this Grant.

The main objective of this grant is to meet the modernization needs of Defence Forces. The grant *inter-alia* includes provisions for expenditure on aircrafts and aero-engines, heavy and medium vehicles, other equipment, construction works, naval fleet and dockyards, special projects, Rashtriya Rifles, National Cadet Corps, Ordnance Factories, Research and Development Organisation, Inspection Organisation and Technology Development.

5.2 Budget and expenditure

The overall position of budget provisions which is entirely of capital nature, actual disbursements and savings during the last three years is detailed below:

Table 5.1: Year-wise budget and expenditure

(₹ in crore)

| Year | Budget Provision | | | | Actual Disbursement | | (-)Savings/ (+)Excess | |
|---------|------------------|---------|---------------|---------|---------------------|---------|-----------------------|----------|
| | Original | | Supplementary | | Voted | Charged | Voted | Charged |
| | Voted | Charged | Voted | Charged | | | | |
| 2009-10 | 54779.62 | 44.38 | - | 65.77 | 51019.42 | 92.95 | (-)3760.20 | (-)17.20 |
| 2010-11 | 59963.20 | 36.80 | 813.01 | 22.88 | 62011.53 | 44.47 | (+)1235.32 | (-)15.21 |
| 2011-12 | 69148.01 | 50.80 | - | 50.71 | 67843.96 | 58.42 | (-)1304.05 | (-)43.09 |

5.3 Distortion of budget provision

Scrutiny revealed that the Ministry had made large re-appropriations of funds by exercising delegated powers of re-appropriation thereby altering the original provision approved by the Parliament substantially as detailed below:

Table 5.2: Distortion of budget provision

(₹ in crore)

| Year | Budget Provision | Number of Re-appropriation orders issued | Amount of Re- appropriation orders transferring Funds from Minor Heads | Amount of Re- appropriation orders transferring fund to Minor Heads |
|---------|------------------|--|--|---|
| 2009-10 | 54889.77 | 1 | 4261.07 (4 items of Minor Heads) | 4261.07 (15 items of Minor Heads) |
| 2010-11 | 60835.89 | 1 | 6242.83 (20 items of Minor Heads) | 6242.83 (16 items of Minor Heads) |
| 2011-12 | 69249.52 | 1 | 5560.11 (6 items of Minor Heads) | 5560.11 (14 items of Minor Heads) |

From the above it is evident that during the years 2009-10 to 2011-12, re-appropriation orders were issued involving ₹16064.01 crore, substantially altering the initial authorisation made by the Parliament. A few minor heads, where the distortions were apparent during financial year 2011-12 are as under:

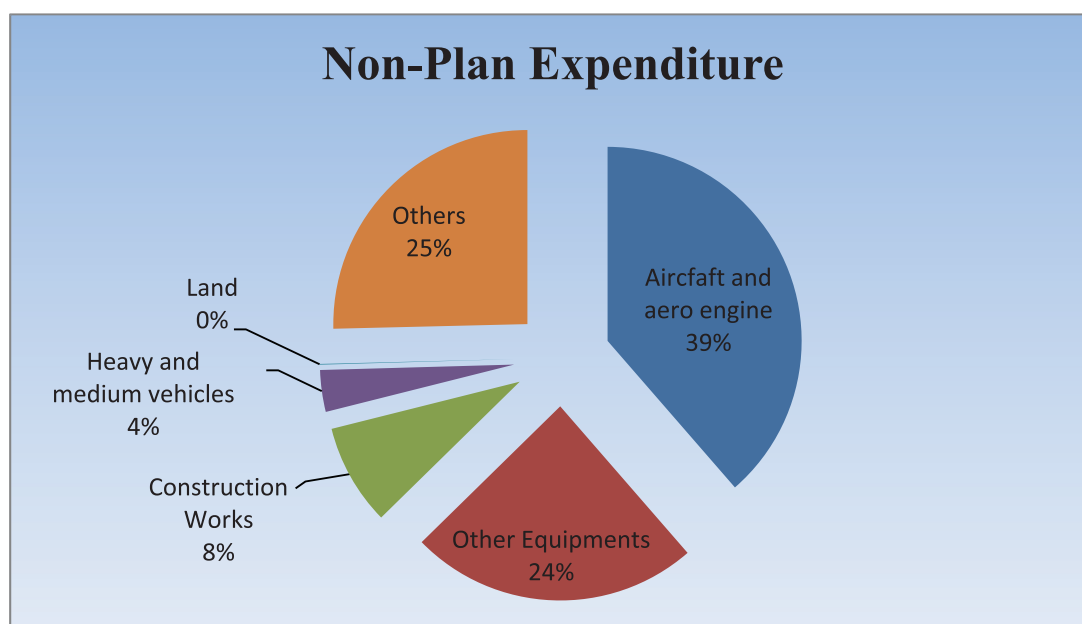
- i) Under the sub-major head 01-Army, 102-Heavy and Medium Vehicles, against the original provision of ₹952.88 crore, an additional amount of ₹1268.31 crore was re-appropriated to this head. The additionality over the original provision was 133 *per cent*. However, the actual expenditure was ₹2273.52 crore, an excess expenditure of ₹52.33 crore than the available provision.
- ii) Under the sub-major head 02-Navy, 101-Aircraft and Aero-engine, against the original provision of ₹2974.96 crore, an additional amount of ₹1245.06 crore was re-appropriated to this head, resulting in an additionality over the original provision by 42 *per cent*. However, the actual expenditure was ₹4335.85 crore, an excess expenditure of ₹115.83 crore than the available provision.
- iii) Under the sub-major head 02-Navy, 103-Other Equipments, against the original provision of ₹2108.69 crore, an additional amount of ₹343.87 crore was re-appropriated to this head, resulting in augmentation over the original provision by 16 *per cent*. However, the actual expenditure was ₹2582.81 crore, an excess expenditure of ₹130.26 crore than the available provision.

- iv) Under the sub-major head 02-Navy, 204-Naval Fleet, against the original provision of ₹7320.02 crore, an additional amount of ₹2035.35 crore was re-appropriated to this head, resulting in an additionality over the original provision by 28 *per cent*. However, the actual expenditure was ₹10320.62 crore, an excess expenditure of ₹965.25 crore than the available provision.
- v) Under the sub-major head 03-Air Force, 103-Other Equipments, against the original provision of ₹6279.82 crore, an additional amount of ₹380.38 crore was re-appropriated to this head, resulting in an additionality over the original provision by 6 *per cent*. However, the actual expenditure was ₹6787.64 crore, an excess expenditure of ₹127.45 crore than the available provision.

5.4 Major components of expenditure pertaining to the grant

As can be seen from the following chart that during 2011-12, Land, Aircraft and Aero-engine, Heavy and Medium vehicles, other equipments, Construction Works constituted 75 *per cent* of the total expenditure relating to the grant under review.

Chart 5.1: Components of Capital grant Expenditure



5.5 Surrender of savings

Scrutiny of head-wise Appropriation Accounts revealed that contrary to the provision of General Financial Rules 56 (2), the Ministry surrendered its savings on the last day of the financial years 2009-10 to 2011-12 as detailed below:

Table 5.3: Surrender of savings

| Year | Savings (-) | | Amount surrendered | | Date of surrender |
|---------|--------------|-----------|--------------------|---------|-------------------|
| | Voted | Charged | Voted | Charged | |
| | (₹ in crore) | | | | |
| 2009-10 | (-)3760.20 | (-) 17.20 | 3851.77 | 9.48 | 31-03-10 |
| 2010-11 | (+)1235.32 | (-) 15.21 | 2.63 | - | 31-03-11 |
| 2011-12 | (-)1304.05 | (-) 43.09 | 3105.71 | - | 30-03-12 |

From the above table, it is evident that the budget management under this grant was not prudent as amount surrendered under voted section in three years were more than the savings effected in the grant. In the year 2010-11, even though there was an excess of ₹1235.32 crore under voted section, an amount of ₹ 2.63 crore was surrendered.

The surrenders during the years under review were made on the last day/fag end of the financial year yet they were inaccurate as surrendered amounts were more than the savings.

5.6 Persistent Savings

Scrutiny of Appropriation Accounts revealed that during the years 2009-10 to 2011-12, large provisions remained unutilized and were re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Large unspent provisions under the grant reflected deficient budgeting by the Ministry. Minor Heads affected by large persistent savings are detailed in **Annex V-A**.

5.7 Savings of ₹ 100 crore and above

Scrutiny revealed that the Ministry made excessive provisions under various heads, resulting in large provisions remaining unutilised which were either re-appropriated to other heads or surrendered, defeating the very purpose for which the budget provisions initially provided for by the Parliament.

Savings of ₹ 100 crore or more under Minor heads as shown in **Annex V-B** were indicative of poor budgeting or shortfall in performance or both. The Ministry may review its system of budgetary assumptions or/and efficiency of its programme management.

5.8 Unnecessary Supplementary Grant

Audit scrutiny revealed that Ministry had obtained Supplementary grants of ₹563 crore in year 2010-11 under two Minor Heads in anticipation of higher disbursements, but the entire supplementary grant remained unutilised at the end

of the year. The supplementary grants obtained as detailed below proved to be unnecessary, indicating that the instructions of the Ministry of Finance were not followed.

Table 5.4: Unnecessary Supplementary grants

(₹ in crore)

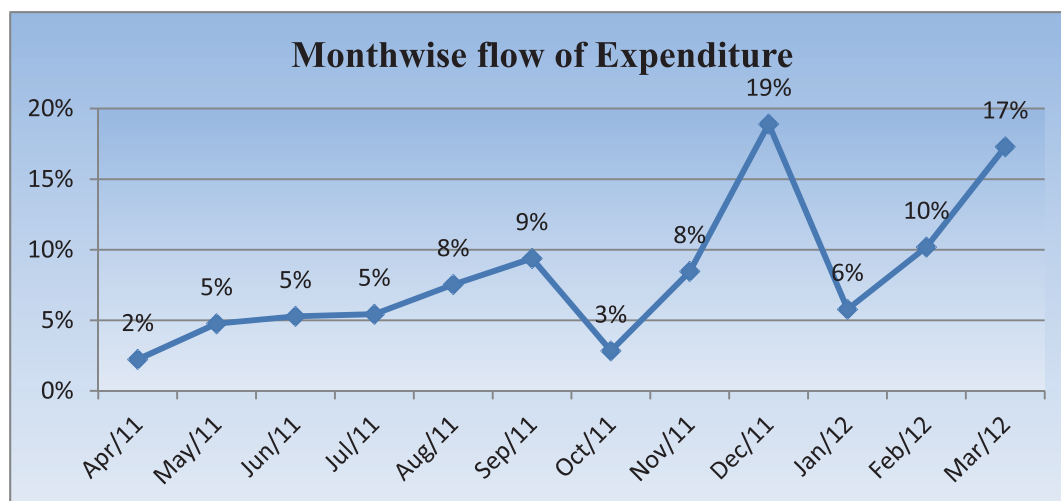
| Year | Minor Head | Original Provision | Supplementary Grant obtained | Actual Disbursement | Savings |
|---------|--|--------------------|------------------------------|---------------------|---------|
| 2010-11 | Sub Major Head 01- Army050-Land(Voted) | 52.54 | 300.00 | 44.72 | 307.82 |
| -do- | 202-Construction Works | 4718.20 | 263.00 | 4074.65 | 906.55 |

It can be seen that in both the cases the entire supplementary demand and part of Original provision remained unspent. The Ministry should thus review its system of budgetary assumptions, adequacy of supplementary vis-à-vis original budget thoroughly.

5.9 Time Analysis of Expenditure

An important aspect of expenditure is avoidance of lumping of expenditure towards the end of the year. The chart below explains how the total expenditure of the Capital Outlay on Defence Services Grant has been disbursed through the financial year 2011-12.

Chart 5.2: Month-wise flow of expenditure



Note: percentage may not add up to 100 due to rounding.

5.10 Rush of expenditure in the last quarter/month of the year

Scrutiny revealed that the Ministry, contrary to the instructions of Ministry of Finance, incurred heavy expenditure during the period 2009-10 to 2011-12 during last quarter/month of the year as detailed below:

Table 5.5: Rush of Expenditure

| Year | Budget Estimates | Expenditure in March | Percentage of expenditure in March | Expenditure incurred during last quarter | Percentage of expenditure during last quarter of financial year |
|---------|------------------|----------------------|------------------------------------|--|---|
| | (₹ in crore) | | | (₹ in crore) | |
| 2009-10 | 54824.00 | 17796.46 | 32 | 24034.37 | 44 |
| 2010-11 | 60000.00 | 19489.41 | 32 | 26680.89 | 44 |
| 2011-12 | 69198.81 | 11971.04 | 17 | 23023.62 | 33 |

Even though the year 2011-12, witnessed an improvement in the flow of expenditure vis-à-vis the years 2009-10 & 2010-11, it was notable that in the last six months of the financial year the expenditure was to the tune of 64 *per cent*, showing clear intra-year skewness in the spending pattern of the grant.

Grant No. 81- Ministry of Road Transport & Highways

5.11 Introduction

The Ministry is entrusted with the task of formulating and administering, in consultation with other Central Ministries/Departments, State Governments/UT Administrations, organisations and individuals, policies for road transport, national highways and transport research with a view to increasing the mobility and efficiency of the road transport system in the country. The Ministry has two wings: Roads wing and Transport wing. Roads wing deals with development and maintenance of national highways in the country. Transport wing deals with matters relating to road transport, legislation and administration of various Acts governing motor vehicles and road transport.

5.12 Budget & expenditure

The overall position of budget provision, actual disbursement and unspent provisions during the years 2009-12 is detailed below:

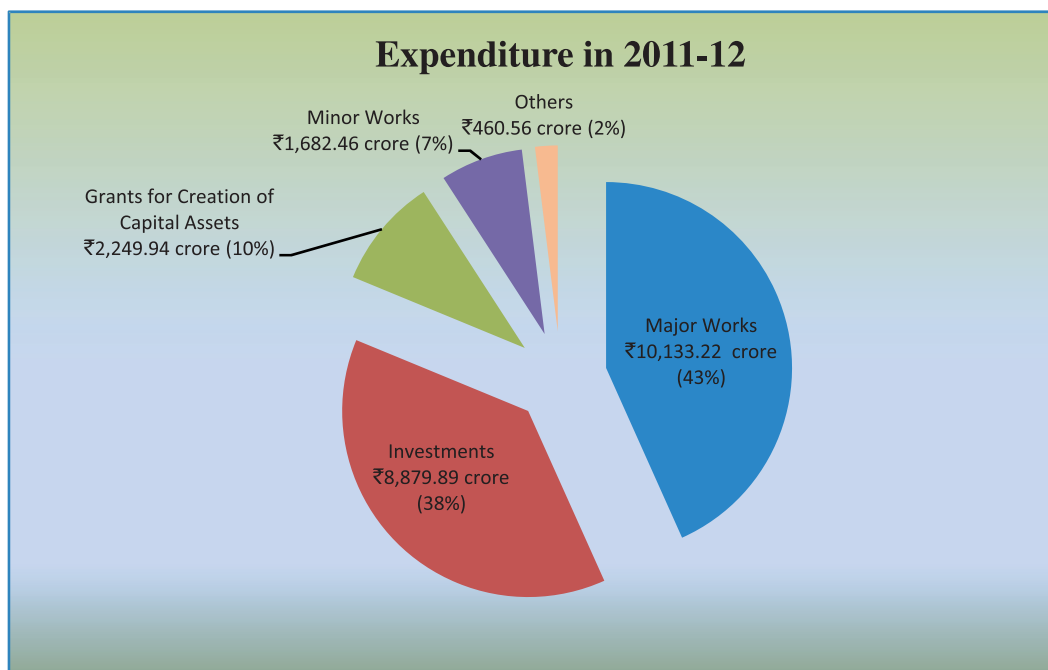
Table 5.6: Budget and Expenditure

| Year | Budget provision | | Disbursement | | Savings | |
|---------|------------------|----------|--------------|----------|---------|---------|
| | Revenue | Capital | Revenue | Capital | Revenue | Capital |
| 2009-10 | 16896.57 | 16162.62 | 13796.82 | 14171.85 | 3099.75 | 1990.77 |
| 2010-11 | 18474.45 | 20426.73 | 17884.65 | 19473.82 | 589.80 | 952.91 |
| 2011-12 | 20026.47 | 22230.58 | 19374.64 | 18940.24 | 651.83 | 3290.34 |

5.13 Object head wise analysis of total expenditure

Object head wise analysis of total expenditure was carried out through e-lekha data base and five largest Object Heads and residuary Object heads merged under 'Others' are shown as below:

Chart 5.3: Object Head-wise Analysis



Note: Data Source: e-lekha; does not include journal entries; Object head 63-Inter Account Transfer and 70-Deduct Recoveries excluded.

A large chunk of expenditure (43 per cent) is incurred on major works mainly towards development of national highways, strategic and border roads. Around 38 per cent of the total expenditure is incurred towards investment (in the form of equity) in National Highways Authority of India which is a body/ authority. Most of the grants-in-aid booked in the account represent grants given to State Governments, Union Territories, and Border Road Transport Department mainly for creation of capital assets i.e., for formation, up gradation of the roads.

5.14 Surrender of unspent provisions on 31st March

Scrutiny revealed that contrary to the General Financial Rules, the Ministry surrendered savings on the last day of financial year during the last three years as detailed below:

Table 5.7: Surrender of Savings

| Year | Savings | | Amount surrendered | | Date of surrender |
|---------|--------------|---------|--------------------|---------|-------------------|
| | Revenue | Capital | Revenue | Capital | |
| | (₹ in crore) | | | | |
| 2009-10 | 3099.75 | 1990.77 | 2539.92 | 1780.54 | 31.03.10 |
| 2010-11 | 589.80 | 952.91 | 127.71 | 223.43 | 31.03.11 |
| 2011-12 | 651.83 | 3290.34 | 40.74 | 2512.27 | 31.03.12 |

5.15 Savings not surrendered and allowed to lapse

Audit observed that during the years 2009-12, large amount of savings of ₹3350.79 crore was not surrendered and allowed to lapse as detailed below:

Table 5.8: Savings not surrendered

(₹ in crore)

| Year | Savings not surrendered under Revenue section | Savings not surrendered under Capital section | Total savings not surrendered |
|---------|---|---|-------------------------------|
| 2009-10 | 559.83 | 210.23 | 770.06 |
| 2010-11 | 462.09 | 729.48 | 1191.57 |
| 2011-12 | 611.09 | 778.07 | 1389.16 |
| | Total | | 3350.79 |

Had the above savings been surrendered as soon as these were foreseen, the savings could have been fruitfully utilized in other schemes/projects of the grant.

5.16 Persistent Savings

Scrutiny of Appropriation Accounts for the years from 2009-12 revealed that there were persistent savings under the sub-heads, detailed in **Annex V-C**, during the last three years which indicated deficient financial management.

5.17 Non-utilisation of entire provision

Test check revealed that under a number of Sub-heads/Schemes, as detailed in **Annex V-D**, provisions remained unutilized during the period 2009-12 and were re-appropriated to other heads, defeating the purpose for which the original budget provisions were passed by the Parliament.

Due to non-utilization of the provisions, the schemes most affected were 'Roads in Pondicherry' and 'Roads of interstate or Economic importance'.

5.18 Savings of ₹ 100 crore or more

The Public Accounts Committee in its 60th report (10th Lok Sabha) had observed that savings of ₹100 crore or above in any section of a Grant or appropriation are indicative of deficient budgeting as well as shortfall in performance. It was therefore decided by the committee that each year a detailed explanatory note in respect of savings of ₹100 crore or above shall be furnished by the respective Ministry/Department to them.

Audit observed that there were savings of ₹100 crore or above in the voted portion of both revenue and capital section of grant during the years 2009-12 as detailed below:

Table 5.9: Savings of ₹100 crore or more

(₹ in crore)

| Year | Savings under Revenue section (Voted) | Savings under Capital section (Voted) |
|---------|--|--|
| 2009-10 | 3098.99 | 1987.90 |
| 2010-11 | 589.81 | 945.36 |
| 2011-12 | 651.83 | 3282.64 |

5.19 Savings of ₹100 crore or more under a sub-head

Scrutiny of Appropriation Accounts for the years 2009-12 revealed that under the sub-heads detailed in **Annex V-E**, there was large saving of more than ₹100 crore which was indicative of poor budgeting.

5.20 Unnecessary Supplementary Grants in Capital (Voted) Section

During the years 2009-12, though Supplementary Grants were obtained in Capital (voted) Section of the grant in anticipation of higher expenditure, but the total expenditure was less than even the original grants. This indicates lack of monitoring and expenditure control.

Table 5.10: Unnecessary Supplementary Grants in Capital (Voted) section

| Year | Original Provision | Supplementary provision | Total provision | Actual disbursements | Savings | Percentage of savings to Supplementary provision |
|---------|--------------------|-------------------------|-----------------|----------------------|---------|--|
| | (₹ in crore) | | | | | |
| 2009-10 | 15842.00 | 311.00 | 16153.00 | 14165.10 | 1987.90 | 639 |
| 2010-11 | 19826.56 | 591.97 | 20418.53 | 19473.17 | 945.36 | 160 |
| 2011-12 | 21490.00 | 731.38 | 22221.38 | 18938.74 | 3282.64 | 449 |

5.21 Unnecessary Supplementary Grants in Sub-heads

During the years 2009-12, in following cases, though Supplementary Grants were obtained in anticipation of higher expenditure, entire Supplementary Grant obtained under a sub-head remained unspent which shows lack of monitoring:

Table 5.11: Unnecessary Supplementary Grants

(₹ in crore)

| Year | Sub Head | Original provision | Supplementary Grant | Expenditure | Savings |
|---------|---|--------------------|---------------------|-------------|---------|
| 2009-10 | 5054.02.337.03-Works under BRDB (Voted) | 1460.00 | 156.00 | 1304.26 | 311.74 |
| 2011-12 | 3054.02.337.05-Maintenance by Border Roads wing | 176.34 | 3.33 | 173.74 | 5.93 |
| | 5054.01.190.01-National Highways Authority of India | 10342.89 | 731.37 | 8879.89 | 2194.37 |

5.22 Large Supplementary grant due to un-realistic budgeting

Scrutiny of Appropriation Accounts for the years 2009-12 revealed that large Supplementary Grants were obtained in following sub-heads which indicates that the Ministry did not prepare original estimates of expenditure on a realistic basis.

Table 5.12 Large supplementary grants

| Year | Head of Account | Original provision | Supplementary grant | Percentage of supplementary grants to original provision |
|---------|--|--------------------|---------------------|--|
| | | (₹ in crore) | | |
| 2009-10 | 4552.00.127.01-Road Development works under Roads wing and BRDB | 311.00 | 52.00 | 17 |
| | 5054.02.337.03-Works under BRDB (Voted) | 1460.00 | 156.00 | 11 |
| 2010-11 | 3054.01.337.01-Maintenance by Roads Wing | 1032.86 | 1000.00 | 97 |
| | 3601.02.105.01-Grants for State Road | 1819.17 | 816.35 | 45 |
| 2011-12 | 3054.01.337.01-Maintenance by Roads wing | 983.25 | 300.00 | 31 |
| | 3054.80.797.01-Transfer to National Highways Permanent Bridges Fees Fund | 2190.50 | 305.00 | 14 |

5.23 Injudicious re-appropriation of funds to Sub-heads

Scrutiny revealed that re-appropriation of funds to the following sub-heads was injudicious as the original provision under the sub-heads was more than adequate. Consequently, final savings under the sub-heads were more than the amount re-appropriated to sub-heads as detailed below:

Table 5.13: injudicious re-appropriation of funds

(₹ in crore)

| Year | Sub Head | Original provision | Re-appropriation (+) | Expenditure | Savings with relation to original |
|---------|---|--------------------|----------------------|-------------|-----------------------------------|
| 2009-10 | 3451.00.090.11-Ministry of Road Transport & Highways | 98.21 | 4.96 | 87.02 | 11.19 |
| 2010-11 | 3451.00.090.11-Ministry of Road Transport & Highways | 331.97 | 7.51 | 306.88 | 25.09 |
| | 3054.01.052.01-Maintenance of Machinery & Equipments | 0.50 | 1.30 | 0.19 | 0.31 |
| | 3054.02.800.01-Bhutan Compensatory Allowance | 7.90 | 0.58 | 5.67 | 2.23 |
| 2011-12 | 3054.02.337.05-Maintenance by Border Roads wing | 176.34 | 8.64 | 173.74 | 2.60 |
| | 3054.02.337.06 – Roads maintenance other than National Highways | 443.32 | 5.21 | 380.92 | 62.40 |

5.24 Misclassification of Capital expenditure as Revenue expenditure

As per Rule 8 of Delegation of Financial Power Rules, 1978, Object head 'Machinery and Equipments' fall under Object Class-6 (Acquisition of Capital assets & other Capital expenditure). However, it was observed that during the years 2009-10 to 2011-12 an expenditure of ₹ 0.56 crore had incorrectly been classified as revenue expenditure as detailed below:

Table 5.14: Misclassification of expenditure

(₹ in crore)

| Major Head | Object Head | Year | Budget provision | Expenditure |
|------------------------|---------------------------|---------|------------------|-------------|
| 3054-Roads and Bridges | 52-Machinery & Equipments | 2009-10 | 2.00 | 0.37 |
| | | 2010-11 | 0.50 | 0.19 |
| | | 2011-12 | 2.00 | Nil |
| | Total | | | 0.56 |

The Ministry stated (October 2012) that the budget provision under the Major Head-3054 in respect of Machinery and Equipments have been kept for the purpose of maintenance of machineries & equipments relating to National Highways Works. The reply of the Ministry is not tenable. Instead of Object Head 52-Machinery and Equipments, the provisions could have been obtained and expenditure booked under the Object head 27-Minor works (which includes expenditure on repairs and maintenance of works, Machinery and Equipments).

5.25 Misclassification of Revenue expenditure as Capital expenditure

As per General Financial Rule 79, significant expenditure incurred for acquiring tangible assets of permanent nature shall be classified as capital expenditure. Subsequent charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in running order and also other expenses incurred for the day to day running of the organization including establishment and administrative expenses are to be classified as revenue expenditure. However it was observed that during the period 2009-10 to 2011-12 revenue expenditure of ₹5.22 crore had incorrectly been classified as capital as detailed below:

Table 5.15: Misclassification of expenditure

| | | | | (₹ in crore) |
|---|---------|------------------------------------|---------|--------------|
| Major Head | Sl. No. | Object Head | Year | Expenditure |
| 5054-Capital outlays on Roads and Bridges | 1. | 11-Domestic travel expenses | 2009-10 | 1.20 |
| | | | 2010-11 | 1.34 |
| | | | 2011-12 | 1.71 |
| | | Total | | |
| | 2. | 20 - Other Administrative expenses | 2009-10 | 0.04 |
| | | | 2010-11 | 0.68 |
| | | | 2011-12 | 0.25 |
| | | Total | | |
| | | Grand total | | |

In respect of Object Head-11-Domestic travel expenses, the Ministry replied (October 2012) that the expenditure under Major Head 5054-Supervision of National Highways was booked by all the regional Pay and Accounts Offices (National Highways) for inspection of National Highways inspected by the Regional officer (Civil) situated all over India.

For expenditure of revenue nature, Ministry ought to obtain provision under revenue major heads and book the expenditure accordingly.

5.26 Booking of expenditure with ‘00-Object head’

Rule 8 of the Delegation of Financial Powers Rules 1978, prescribes standard primary units of appropriation with the descriptions/definitions for the purpose of classification of expenditure up to the sixth tier i.e., object head and all the DDOs were to comply with these instructions scrupulously. During the test check of the e-Lekha data provided by the CGA, it was observed that an expenditure of ₹68.78 lakh was booked under the capital section of the grant against the object head-‘00’ which does not exist and not covered by the extant rules.

5.27 Expenditure incurred prior to date of re-appropriation

Test check of Appropriation Accounts revealed that during the year 2011-12, there was a nil budget provision under the Head 3055.00.004.24.01.35-Grants for creation of Capital assets. Token Supplementary was obtained by the Ministry in the second batch of Supplementary Grants (November 2011) for setting up of Inspection & Maintenance Centres (₹84 crore). It was observed that though the funds of ₹84 crore were re-appropriated to the above Head on 5 March 2012, yet an amount of ₹ 1.50 crore had already been incurred up to 22 February 2012 (as observed from e-lekha) i.e. prior to date of re-appropriation.

Hence expenditure of ₹1.50 crore was incurred without availability of provision on the date of expenditure

5.28 Parking of Funds outside the Government Accounts

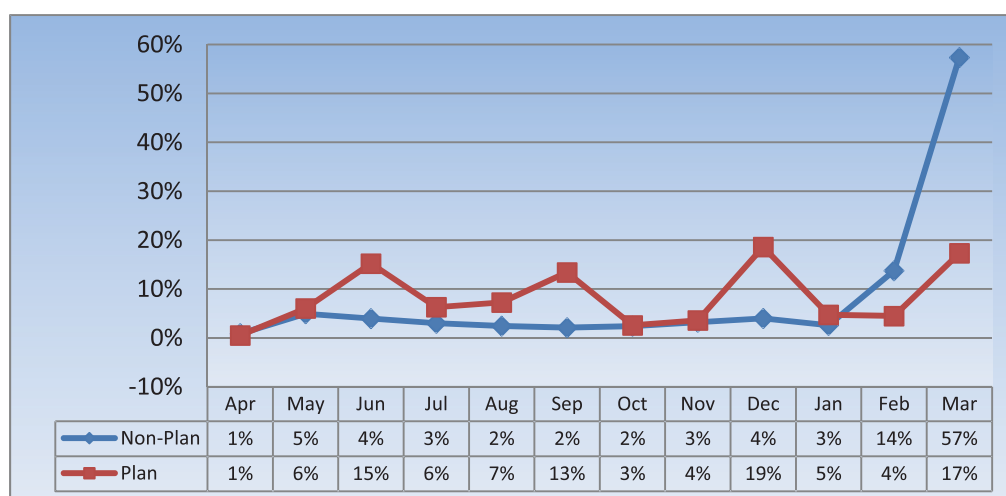
The Ministry of Finance issued instructions in July 2011 that the pace of expenditure during the month of March should be restricted to 15 *per cent* of the budget estimates. The instructions also indicate that payments in the last month should be only for goods and services actually procured and for reimbursement of expenditure already incurred but not for advance payments albeit some exceptions are allowed. The Ministry of Road Transport & Highways (MORTH) as part of providing budgetary support to National Highways Authority of India (NHAI) for incurring expenditure on development of National Highways (annuity expenditure), operation and maintenance of National Highways, and for repayment of loans etc. released an amount of ₹2692.89 crore in 2011-12 to

NHAI. Out of this amount of ₹2692.89 crore, ₹1105.78 crore, which is 41.06 *per cent* of the total amount, was released by the Ministry to NHAI in the month of March, (₹451.57 crore on 29 March 2012 and ₹654.21 crore on 27 March 2012) despite the fact that the NHAI balance sheet showed that it had already parked the funds in fixed deposits over years. The NHAI parked these funds released in March 2012 amounting to ₹1000 crore in fixed deposits. Release of funds to NHAI in the month of March not only indicates that there is deficiency in monthly expenditure plan of the Ministry but also resulted in parking of funds outside the Government account.

5.29 Trend of expenditure

Rules envisage that the expenditure should be spread throughout the year and it shall the responsibility of the Controlling Officers to monitor the progress of expenditure and assess the likely hood of any savings or excesses every month. However, as could be seen from the chart the expenditure was not evenly spread throughout the year.

Chart 5.4: Trend of Expenditure during the Year 2011-12



Source: e-lekha does not include journal entries. Object head '63-Inter-account Transfer' and '70-Deduct Recoveries' excluded.

The chart points to the fact that non-plan expenditure which ranged between one to five *per cent* during the first ten months of the year, suddenly jumped to 14 *per cent* in February 2012 and 57 *per cent* in March 2012. In the last quarter, non-plan expenditure works out to as much as 74 *per cent* of the total non-plan expenditure. The main reason for spurt in month of March was booking of ₹1670 crore for major works under Border Roads Development Board. The plan expenditure during 2011-12 did not witness a rush in the last quarter. There were, however, quarterly spurts observed in plan expenditure in the month of June, September, December and March.

5.30 Rush of expenditure

The Ministry of Finance have issued instructions in September 2007 to restrict expenditure during the month of March and last quarter of the financial year to 15% and 33% respectively of the budgeted estimates. Contrary to this, huge expenditure was made in the month of March and last quarter of financial years 2010-11 and 2011-12 as detailed below:

Table 5.16: Rush of expenditure

| Year | Budget estimates (original allocation for the whole grant) (₹ in crore) | Expenditure in March (₹ in crore) | Percentage of expenditure in March (in comparison with budget estimates) | Expenditure incurred during last quarter (₹ in crore) | Percentage of expenditure (in comparison with budget estimate during last quarter of financial year) |
|---------|---|-----------------------------------|--|---|---|
| 2010-11 | 35925.30 | 8632.85 | 24 | 13790.38 | 38 |
| 2011-12 | 40740.51 | 8705.75 | 21 | # | # |

Expenditure was within the prescribed limits.

5.31 Large expenditure on last day of financial year

Analysis of e-lekha database revealed that under the following object heads, large expenditure was booked on the last day of the financial year, i.e. 31 March 2012.

Table 5.17 Large expenditure on 31st March

| Sl. No. | Object Head | Expenditure during 2011-12 | Expenditure on 31st March 2012 | Percentage of expenditure incurred on 31st March to total expenditure |
|---------|--|----------------------------|--------------------------------|---|
| | | (₹ in crore) | | |
| 1. | 35-Grants for creation of Capital assets | 2249.94 | 697.40 | 30 |
| 2. | 63-Inter Account transfers | 14874.69 | 4299.81 | 29 |
| 3. | 53-Major works | 10133.22 | 2713.12 | 20 |
| 4. | 54-Investments | 8879.89 | 654.21 | 7 |

It was also seen that expenditure of ₹8,632 crore was incurred on 31 March 2012 which constituted 23 *per cent* of total expenditure under this grant during 2011-12.

5.32 Deficient Internal Audit

The Internal Audit Wing of Ministry of Road Transport & Highways functions under the administrative control of the Principal Chief Controller of Accounts, Ministry of Shipping, Road Transport and Highways. Details of Internal Audit conducted during the last three years against the target fixed in respect of the Ministry are as under:

Table 5.18 Deficient Internal Audit

| Year | Total no. of units under Audit jurisdiction | No. of units planned to be audited | Actual no. of units audited | Percentage of shortfall |
|---------|---|------------------------------------|-----------------------------|-------------------------|
| 2009-10 | 339 | 155 | 121 | 22 |
| 2010-11 | 309 | 148 | 107 | 28 |
| 2011-12 | 339 | 152 | 99 | 35 |

The above details indicate that there was shortfall ranging from 22 to 35 *per cent* against the targeted units during the years 2009-12.

Grant No. 105-Ministry of Women and Child Development

5.33 Introduction

The Ministry of Women and Child Development is the nodal Ministry for the advancement of women and children. The Ministry formulates plans, policies and programmes; enacts/ amends legislation, guides and coordinates the efforts of both governmental and non-governmental organisations working in the field of Women and Child Development. Besides, the Ministry implements certain innovative programmes for women and children, which covers welfare and support services, training for employment and income generation, awareness generation and gender sensitization. These programmes play a supplementary and complementary role to the other general developmental programmes in the sectors of health, education, rural development etc. All these efforts are directed to ensure that women are empowered both economically and socially and thus become partners in national development along with men.

5.34 Budget and expenditure

The overall position of budget provisions, actual disbursements and savings during the period 2009-10 to 2011-12 is detailed below:

Table 5.19: Year-wise budget and expenditure

(₹ in crore)

| Year | Budget provision | | Actual disbursement | | Savings | |
|---------|------------------|---------|---------------------|---------|---------|---------|
| | Revenue | Capital | Revenue | Capital | Revenue | Capital |
| 2009-10 | 8628.02 | Nil | 8558.10 | Nil | 69.92 | Nil |
| 2010-11 | 11070.55 | Nil | 10699.99 | Nil | 370.56 | Nil |
| 2011-12 | 16183.04 | Nil | 15676.06 | Nil | 506.98 | Nil |

5.35 Non-reconciliation of expenditure

As per Rule 52 (5) of the General Financial Rules, 2005, the Head of Department and the Accounts Officer shall be jointly responsible for the monthly reconciliation of the figures given in the accounts maintained by the Head of the Department with those appearing in the Accounts Officer's book.

Scrutiny of records revealed that there was difference between figures of actual savings and reported to Ministry of Finance in Revenue Section as detailed below which resulted into less surrender of savings by the Ministry.

Table 5.20: Non-reconciliation of expenditure

(₹ in crore)

| Year | Actual savings | Savings Reported to MoF | Difference |
|---------|----------------|-------------------------|------------|
| 2009-10 | 69.92 | 66.61 | 3.31 |
| 2010-11 | 370.56 | 364.63 | 5.93 |
| 2011-12 | 506.98 | 499.66 | 7.32 |

As shown above, the two sets of figures for savings points out that there exists no system of monthly reconciliation of the figures given in the accounts maintained by the Head of the Department with those appearing in the books of Pay and Accounts Office.

Ministry stated that difference in amount of surrender and actual savings was due to variation in expenditure at different stages of appropriation account.

Reply is not tenable as difference in two sets of accounts was due to non-reconciliation of figures with PAO. Had the savings been surrendered as soon as these were foreseen, the amount could have been fruitfully utilized in other/projects of the Government.

5.36 Major components of expenditure

Table below shows expenditure on grants-in-aid (including grants-in-aid general, capital creation and salary), which as a proportion of the total expenditure during the period 2009-12 ranged between 99 and 100 per cent.

Table 5.21: Major components of expenditure

(₹ in crore)

| Year | Expenditure | | | Grant-in-aid | | |
|---------|-------------|----------|----------|--------------------|------------------------|---------------------|
| | Plan | Non-Plan | Total | Plan (per cent) | Non-Plan (per cent) | Total (per cent) |
| 2009-10 | 8484.43 | 73.67 | 8558.10 | 8448.89 (100) | 39.90 (54) | 8488.79 (99) |
| 2010-11 | 10634.70 | 71.23 | 10705.93 | 10572.32 (99) | 37.13 (52) | 10609.45 (99) |
| 2011-12 | 15597.15 | 78.91 | 15676.06 | 15565.03 (100) | 41.50 (53) | 15606.53 (100) |

Note: For years 2009-10 and 2010-11 figures have been taken from DDG 2011-12 and 2012-13 respectively. Figures of expenditure for 2011-12 have been taken from e-lekha

5.37 Surrender of savings

Scrutiny of records for the year 2009-12 revealed that the Ministry surrendered its savings on the last day of the year in all the three years under review, in contravention of extant rule as detailed below:

Table 5.22: Surrender of Savings

| Year | Budget Provision | Actual Disbursement | Unspent Provision | Amount Surrendered | Date of Surrender |
|--------------|------------------|---------------------|-------------------|--------------------|-------------------|
| (₹ in crore) | | | | | |
| 2009-10 | 8628.02 | 8558.10 | 69.92 | 66.61 | 31.03.2010 |
| 2010-11 | 11070.55 | 10699.99 | 370.56 | 364.63 | 31.03.2011 |
| 2011-12 | 16183.04 | 15676.06 | 506.98 | 499.66 | 31.03.2012 |

Since, the savings was surrendered on the last day of the financial years, it displays inefficient system of monitoring of expenditure in as much as the savings were not foreseen by the Ministry well in time. Moreover, the Ministry had not surrendered ₹3.31 crore, ₹5.93 crore and ₹7.32 crore and these were allowed to lapse during the years 2009-10, 2010-11 and 2011-12 respectively.

The Ministry stated (January 2013) that proposals from the implementing agencies were received throughout the year and it is not possible to estimate the surplus funds till almost near the closure of financial years. Funds are surrendered when it becomes clear that there is no possibility of utilization.

The reply is not tenable in view of the enabling provision in the GFR which states that savings as well as provisions that cannot be utilised should be surrendered immediately as these are foreseen without waiting till the end of the year.

5.38 Persistent savings

Scrutiny of the appropriation accounts revealed that there were persistent savings under the revenue section of the grant during the years 2009-12 as per **Annex V-F** and were re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Large unspent provisions under the grant reflected deficient budgeting by the Ministry. A few schemes affected by large persistent savings¹ are discussed below:

a) Integrated Child Protection Scheme (ICPS)

The Integrated Child Protection Scheme (ICPS) is expected to significantly contribute to the realization of Government/State responsibility of creating a system that will efficiently and effectively protect children by putting in place and strengthening necessary structures and mechanisms for effective implementation of the scheme at national, regional, state and district level.

Scrutiny of records revealed that the pace of implementation of the scheme during 2009-12 was slow and savings ranged from 29 to 62 *per cent* of the total provisions as detailed below:

¹ The figures in AnnexV-F may not tally with the figures of savings in individual schemes as savings in heads pertaining to North Eastern Region have not been included in the Annex.

Table 5.23: Persistent Savings in Integrated Child Protection Scheme (ICPS)

| Year | Total provision | Actual disbursement | Savings | Percentage of savings to total provision |
|---------|-----------------|---------------------|---------|--|
| | (₹ in crore) | | | |
| 2009-10 | 60.00 | 42.63 | 17.37 | 29 |
| 2010-11 | 300.00 | 115.11 | 184.89 | 62 |
| 2011-12 | 270.00 | 177.30 | 92.70 | 34 |

b) Priyadarshni

The scheme aims to empowering women and adolescent girls by helping them establish sustainable grass-roots institutions and by ensuring that they have access to microfinance and business development services. It is intended to promote diversification of women's opportunities for livelihood, both on-farm and off-farm, and it supports development of a sustainable livelihood base for women that will be integrated into the wider economy.

Scrutiny of records revealed that implementation of the scheme was not up to the expectations because savings under the scheme ranged from 80 to 100 *per cent* of the total provisions during 2009-12 as detailed in table below:

Table 5.24: Persistent savings in Priyadarshni scheme

| Year | Total provision | Actual disbursement | Savings | Percentage of savings to total provision |
|---------|-----------------|---------------------|---------|--|
| | (₹ in crore) | | | |
| 2009-10 | 27.00 | 0.04 | 26.96 | 100 |
| 2010-11 | 29.79 | 5.90 | 23.89 | 80 |
| 2011-12 | 26.10 | 0.15 | 25.95 | 99 |

c) National Mission of Empowerment of Women

The National Mission for Empowerment of Women (NMEW) was launched on International Women's Day in the year 2010 with the aim to strengthen overall processes that promote all-round development of women. It has the mandate to strengthen the inter-sector convergence, facilitate the process of coordinating all the women's welfare and socio-economic development programmes across ministries and departments. The Mission aims to provide a single window service for all programmes run by the Government for Women under aegis of various Central Ministries.

Scrutiny of records revealed that the pace of implementation of the scheme was slow and savings ranged from 81 to 100 *per cent* during the period 2009-12 as detailed below:

Table 5.25: Persistent savings in National Mission for Empowerment of Women (NMEW)

| Year | Total provision | Actual disbursement | Savings | Percentage of savings to total provision |
|---------|-----------------|---------------------|---------|--|
| | (₹ in crore) | | | |
| 2009-10 | 1.00 | Nil | 1.00 | 100 |
| 2010-11 | 40.00 | Nil | 40.00 | 100 |
| 2011-12 | 40.00 | 7.63 | 32.37 | 81 |

d) Rajiv Gandhi Scheme for Empowerment of Adolescent Girls

Rajiv Gandhi Scheme for Empowerment of Adolescent Girls called SABLA aims at empowering adolescent girls (AGs) of 11-18 years with focus on out-of-school girls by improvement in their nutritional and health status and upgrading various skills like home skills, life skills and vocational skills. The scheme also aims at equipping the girls on family welfare, health hygiene etc. and information and guidance on existing public services along with aiming to mainstream out of school girls into formal or non-formal education. For the nutrition provision, 11-14 years out of school AGs and all girls of 15-18 years would be covered since Mid-day meals do not cover 15-18 years girls.

Scrutiny of records revealed that the Ministry made budget proposal without making any assessment of actual requirement of funds during 2009-12 which resulted in funds ranging from 19 to 100 *per cent* remained unspent as detailed below:

Table 5.26: Persistent Savings in Rajiv Gandhi Scheme for empowerment of adolescent girls (SABLA)

| | | | | (₹ in crore) |
|---------|-----------------|---------------------|---------|--|
| Year | Total provision | Actual disbursement | Savings | Percentage of savings to total provision |
| | (₹ in crore) | | | |
| 2009-10 | 110.00 | Nil | 110.00 | 100 |
| 2010-11 | 1000.00 | 329.51 | 670.49 | 67 |
| 2011-12 | 727.80 | 589.81 | 137.99 | 19 |

e) Indira Gandhi Matritva Sahyog Yojana (CMB² Scheme)

The Indira Gandhi Matritva Sahyog Yojana Scheme is a special intervention designed to target pregnant and lactating mothers on a pilot basis. The main objectives of the scheme are to improve the health and nutrition status of pregnant and lactating women and infants by promoting appropriate practices, care and service utilisation during pregnancy, safe delivery and lactation.

² Conditional Maternity Benefit

Scrutiny of records revealed that implementation of the scheme was not up to the expectations because savings noticed under the scheme ranged from 43 to 100 *per cent* during the period of 2009-12 as detailed below:

Table 5.27: Persistent Savings in Indira Gandhi Matritva Sahyog Yojana

| Year | Total provision | Actual disbursement | Savings | Percentage of savings to total provision |
|---------|-----------------|---------------------|---------|--|
| | (₹ in crore) | | | |
| 2009-10 | 4.00 | Nil | 4.00 | 100 |
| 2010-11 | 390.00 | 116.24 | 273.76 | 70 |
| 2011-12 | 511.00 | 289.82 | 221.18 | 43 |

The Ministry attributed the reasons of persistent unspent provisions to non-receipt of complete formal proposals from the concerned organisations/states.

The Ministry also stated (January 2013) that the budget allocations were not lowered in the subsequent years inspite of savings in the previous years under the schemes mentioned above, as more expenditure was anticipated due to the fact that the schemes were new and were picking up slowly. However, care would be taken in future to be more realistic.

The reply of the Ministry is not tenable as there were persistent savings under various schemes which indicates that in spite of unspent provisions in the previous years under these schemes, the Ministry did not make the budget estimates more realistic to avoid large savings in the subsequent years.

5.39 Non-utilization of entire provision

Scrutiny of appropriation accounts for the years 2009-12 revealed that the entire provisions of ₹10 crore or more remained unutilized under the sub-heads explained in **Annex V-G**. Savings of entire provision is indicative of the fact that the estimates were not prepared after adequate pre-budget scrutiny of the projects and schemes. The Ministry attributed these savings to non-approval of the schemes. A few such schemes are discussed below:

(A) RELIEF TO AND REHABILITATION OF RAPE VICTIMS

On the directions of the Supreme Court of India to constitute Board to compensate the financial losses suffered by the rape victims, Committee of Secretaries (COS) decided in March 2006 to implement the Supreme Court's judgement and approached the Planning Commission in March 2006 for in-principle approval to implement the scheme 'Relief to and rehabilitation of Rape victims'. The Ministry circulated draft note for the Expenditure Finance Committee for comments in July 2010 only. Entire provision of ₹239.02 crore allocated during the period 2009-10 to 2011-12 remained unutilized as the Planning Commission withheld its formal approval to the new scheme.

(B) SWAYAMSIDHA

Swayamsidha is an integrated scheme for women's empowerment. It is based on formation of women into Self Help Groups (SHGs) and aims at their empowerment through awareness generation, economic empowerment and convergence of various schemes. First phase of the scheme was ended on 31 March 2008. The Ministry obtained in-principle approval from the Planning commission in April 2007 to launch Phase –II of the scheme. The Ministry circulated draft note in April 2009 for the Expenditure Finance Committee for continuation of the scheme as Swayamsidha Phase –II. Furthermore, entire provisions of ₹28 crore allocated during the period 2009-10 to 2011-12 remained unutilized as the Planning Commission did not support the proposal.

(C) NATIONAL CREDIT FUND FOR WOMEN (RMK)

Rashtriya Mahila Kosh (RMK) was set up as a society in 1993. To study and recommend strategies for speedy socio-economic development and historic empowerment of women, the Hon'ble President of India constituted a Committee of Governors in September 2008 which recommended that RMK be upgraded as Development Bank for women with an enhanced corpus of ₹3000 crore. Subsequently, a Group of Ministries recommended that RMK may be restructured with appropriate enhancement of its authorized and paid up capital so that it can function as a single window facilitator for women SHGs. Following this Governing Body headed by Minister of WCD decided in February 2010 to convert it to government owned 'Non-Deposit taking-Systemically Important Government Company'. The Ministry circulated Memorandum for the Expenditure Finance Committee in August 2011. The entire provision of ₹15 crore and ₹100 crore remained unutilized during 2010-11 and 2011-12 respectively as the Ministry failed to obtain approval from the competent authority to restructure of funds.

(D) WORLD BANK ICDS IV PROJECT

The project is premised to bring about basic reforms in ICDS design and implementation and to build essential managerial and technical capacities at centre and state levels to support the implementation of the reforms. In-principle approval of the Planning Commission was received in September 2009 but the Ministry circulated draft memorandum for Expenditure Finance Committee (EFC) in April 2011 and revised EFC in March 2012 only. Under this project entire provision of ₹126 crore and ₹330 crore remained unutilized during 2010-11 and 2011-12 respectively as the Ministry failed to obtain the final approval of the Planning Commission.

(E) NATIONAL NUTRITION MISSION

The National Nutrition Mission (NNM) under the chairmanship of Prime Minister was set up in July, 2003. No meeting of the NNM could take place despite requests from WCD to PMO. However, three meetings of the Executive Committee of NNM were held during the period 2004-2008. Later PMO notified Prime Minister's National Council on India's Nutrition challenges in October 2008 and advised WCD Ministry to rescind the notification of July 2003 constituting the NNM which did not take place. In compliance of the decision taken by the Prime Minister's National Council on India's Nutrition challenges, the approval of Expenditure Finance Committee (EFC) was obtained in March 2012 for the nationwide Information, Education and Communication (IEC) campaign against malnutrition. But the 'in principle' approval of the Planning Commission is still awaited. Thus the entire provision of ₹100 crore allocated during 2011-12 remained unutilized.

The Ministry while confirming (January 2013) the audit observation stated that the entire provision remained unutilised under the above schemes mentioned in the letter due to non-receipt of the final approval from the competent authority. The budget allocation was kept under the scheme as the approval was anticipated during the year.

Thus, the Ministry did not prepare its estimates taking into account whether the scheme is approved by the competent authority resulting in persistent saving of whole provision under the schemes. This trend also reflects that scrutiny of budget estimates submitted by Ministry to Ministry of Finance was also not fool proof it allowed budgeting for such schemes which have not been approved in principle by the competent authority. Savings of entire provision has also provided an unintended cushion to the Ministry to divert the unutilised fund to some schemes by utilising its power of re-appropriation of savings in the same section of the grant.

5.40 Saving of ₹100 crore or more under a sub-head

Scrutiny of Appropriation Accounts revealed that savings of ₹100 crore or more under a sub-head was noticed which was indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Ministry. **Annex V-H** gives the details of four such cases where savings of Rs.100 crore or more occurred under sub-heads. Necessary steps need to be taken to make its budgetary exercise more realistic not only to minimise large scale variations between estimates and actual but also to gainfully utilise the scare resources. The Ministry should also review its system of budgetary assumptions or/and efficiency of its programme management.

The Ministry attributed (January 2013) the reasons of savings under various heads to delay in approval of the scheme by Planning commission, non-receipt of proposal from states, non-implementation of the schemes by the States etc. which is not satisfactory as the Ministry should have prepared the budget conservatively keeping in view the final approval pending with other bodies and slow implementation of the new schemes by the States.

5.41 Large supplementary grants due to unrealistic budgetary provisions

Under Article 114 of the Constitution of India, the Parliament authorises the Government to appropriate specified sums from the consolidated fund of India. In term of article 115 of the Constitution, additional grants are obtained through supplementary demands for grants, which are authorized by the Parliament. While preparing the estimates of expenditure, Ministries/Departments are required to keep in view the trends of disbursements during the previous years and take due

care so that all inescapable and foreseeable expenditure are made in the estimates before they are submitted to the Ministry of Finance.

Scrutiny of the Head-wise Appropriation accounts revealed that in four cases, the Ministry obtained large supplementary grants ranging from 18 *per cent* to 143 *per cent* of the original provisions as detailed below:

Table 5.28: Large supplementary grants due to unrealistic budgetary provisions

| Sl. No. | Sub-head | Original provision | Supplementary grant | Percentage of supplementary grant |
|---------|--|--------------------|---------------------|-----------------------------------|
| | | (₹ in crore) | | |
| 2009-10 | | | | |
| 1. | 2552.00.124.04-Integrated Child Development Services | 678.70 | 120.00 | 18 |
| 2. | 3601.04.358.05-Integrated Child Development Services | 5911.21 | 1080.00 | 18 |
| 2011-12 | | | | |
| 3. | 2552.00.124.04-Integrated Child Development Services | 240.51 | 345.00 | 143 |
| 4. | 3601.04.358.05-Integrated Child Development Services | 6331.45 | 3093.25 | 49 |

This indicates that the Ministry did not prepare its initial estimates of expenditure on a realistic basis. The Ministry stated (January 2013) that the supplementary grant was required to meet the committed liabilities i.e. payment of salary/honorarium to ICDS functionaries.

Reply of the Ministry is not tenable as the fact remains that the initial budgeting was not realistic and hence, huge amount of supplementary grants was required.

5.42 Misclassification of expenditure of capital nature as revenue expenditure

Rule 8 of the Delegation of Financial Powers Rules, 1978, categorizes the object head '51-Motor Vehicle' under the Object Class-6 (acquisition of Capital Assets and other Capital expenditure).

However, scrutiny of classified abstract for the years 2009-12 revealed that an amount of ₹26.03 lakh under Major-Head 2236 had been incorrectly booked under 'Motor Vehicle' under the Revenue head which should have been classified under the Capital head as detailed below:

Table 5.29: Misclassification of capital expenditure as revenue expenditure*(₹ in lakh)*

| Year | Major head | Object head | Budget provision | Amount of Expenditure |
|--------------|------------|-------------|------------------|-----------------------|
| 2009-10 | 2236 | 51 | 15.00 | 9.13 |
| 2010-11 | 2236 | 51 | 15.00 | 7.60 |
| 2011-12 | 2236 | 51 | 10.00 | 9.30 |
| Total | | | | 26.03 |

5.43 Non-disclosure of break-up of lump sum provision

Rule 8 of Delegation of Financial Power Rules, 1978 stipulates that lump sum provision (object head 42) will include expenditure in respect of scheme/sub-scheme/organization where the provision does not exceed ₹10 lakh. In all other cases break-up of expenditure must be given. Scrutiny revealed that the Ministry made provision exceeding ₹10 lakh during all the three years and booked expenditure under object head 42-lumpsum provision as detailed below but did not provide break-up of expenditure.

Table 5.30: Lump provision in Grant No. 105*(₹ in lakh)*

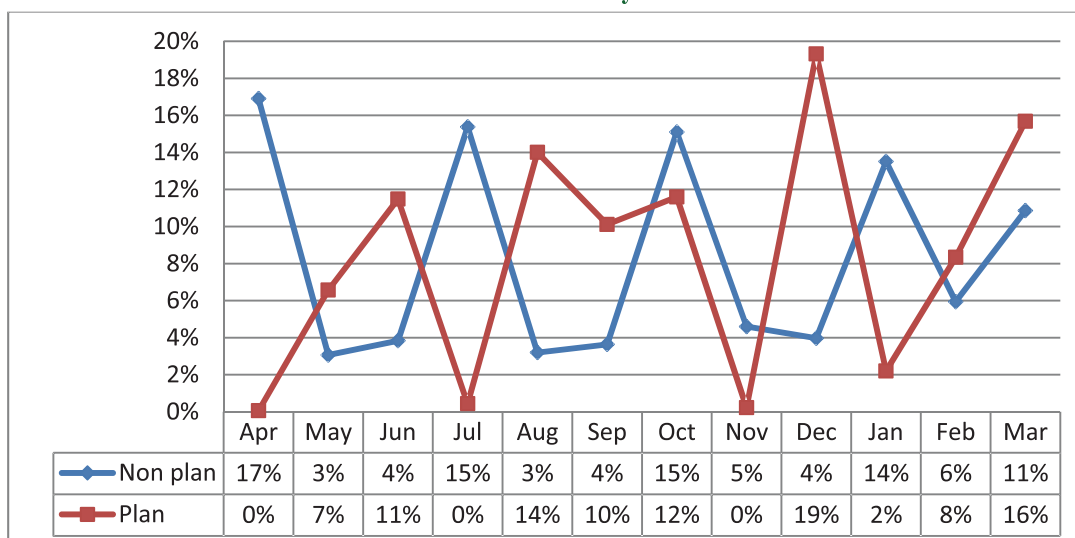
| Year | Object-head | Provision | Expenditure |
|---------|----------------------|-----------|-------------|
| 2009-10 | 2235.02.103.17.00.42 | 20.00 | 8.74 |
| 2010-11 | 2235.02.103.17.00.42 | 20.00 | 16.00 |
| 2011-12 | 2235.02.103.17.00.42 | 720.00 | 45.04 |

The Ministry stated (January 2013) that break-up of expenditure under this object head cannot be given. It was however, added that expenditure of meetings/conferences and other miscellaneous items was being booked under this object head for many years. The Ministry also regretted its lapse and stated that this kind of expenditure will be booked under the object head 'Other Administrative Expenses' from next year onwards.

5.44 Rush of expenditure

An important aspect of expenditure management is avoidance of lumping of expenditure towards the end of the year. The following chart brings out how the total expenditure and within it plan and non-plan expenditure have been disbursed through the financial year.

Chart 5.5: Trend Analysis



Note: percentage may not add up to 100 due to rounding.

This chart shows that 82 *per cent* of total expenditure incurred on the grant was incurred in the six months, i.e., June, August, September, October, December 2011 and March, 2012 and balance was incurred in the remaining six months. Plan and Non-Plan-wise analysis shows that under the Non-Plan 72 *per cent* of the expenditure was incurred in five months, i.e., April, July, October 2011, January and March 2012. The department should examine the reasons for lumping of expenditure.

Details of budget estimates and expenditure incurred in the month of March and during last quarter of the financial years 2010-11 and 2011-12 are as under:

Table 5.31: Rush of expenditure

| Object-head | Budget Estimates | Total Expenditure | Percentage of expenditure in March (including supplementary account) | Percentage of expenditure in the last quarter (including supplementary account) |
|---------------------------------|------------------|-------------------|--|---|
| | (₹ in crore) | | | |
| 2010-11 | | | | |
| 6- Medical Treatment | 0.44 | 0.33 | 18 | - |
| 12- Foreign Travel Expenses | 0.73 | 0.75 | 22 | 40 |
| 13- Office Expenses | 3.60 | 3.69 | 17 | 35 |
| 14 – Rent, Rates and taxes | 0.50 | 1.30 | 188 | 188 |
| 26- Advertisement and Publicity | 0.01 | 0.01 | 100 | 100 |
| 32 –Contributions | 13.90 | 11.32 | 28 | 81 |
| 50- Other Charges | 65.93 | 39.29 | 44 | 53 |
| 2011-12 | | | | |
| 2- Wages | 0.20 | 0.62 | 45 | 95 |
| 6- Medical Treatment | 0.65 | 0.38 | 15 | - |
| 14 – Rent, Rates and taxes | 0.50 | 3.67 | 132 | 598 |
| 16- Publications | 0.12 | 0.13 | 25 | - |
| 31-Grants-in-aid- General | 12371.29 | 15544.49 | 19 | - |
| 32 –Contributions | 13.90 | 10.54 | 28 | - |

Source: e-lekha for 2010-11 and 2011-12

Note: The percentages in above table has been calculated w.r.t Budget estimates

Besides above, the Ministry also released ₹89.82 crore, ₹602.95 crore and ₹607.35 crore on the last day of financial year 2009-10, 2010-11 and 2011-12 respectively.

The Ministry while regretting (January 2013) the rush of expenditure stated that the care would be taken in future.

5.45 Deficient cash management: non-compliance to MEP Instructions

Ministry of Finance issued instructions in December 2006 regarding cash management in Central Government, which *inter alia* provide that:

- In respect of each Demand for Grant, Monthly Expenditure Plan (separately for Plan and Non-Plan Expenditure) (MEP) would be worked out and included as an annex to the Detailed Demand for Grant in respect of the said Demand for Grant.
- MEP would form the basis of Quarterly Expenditure Allocation (QEA). The Department/Ministries concerned may not issue cheques beyond the Quarterly Expenditure Allocation (which would be equal to the sum of provisions under Monthly Expenditure Plan) without prior consent of Ministry of Finance (Cash Management Cell, Budget Division).
- Savings, if any, incurred under the Quarterly Expenditure Allocations (QEA) would not be available for automatic carry forward to the next quarter. The Department/Ministry may, however, approach Ministry of finance for revalidation of such savings through modification in the Monthly Expenditure Plan (MEP) and thereby the Quarterly Expenditure Allocations.

QEA plan prepared on the basis on MEP and the actual expenditure incurred under each quarter for the period 2009-12 are given below:

Table 5.32: Deficient Cash Management

| Year | Quarter | Allocation (Plan) | Expenditure | (₹ in crore) |
|---------|---------------------------|----------------------|-------------|----------------------------|
| | | | | Savings (-)/ Excess (+) |
| 2009-10 | First (ending June) | 2210 | 1879.73 | (-) 330.27 |
| | Second (ending September) | 1530 | 1859.97 | (+) 329.97 |
| | Third (ending December) | 1860 | 1665.55 | (-) 194.45 |
| | Fourth (ending March) | 1750+1200♣ =2950 | 3079.18 | (+) 129.18 |
| 2010-11 | First (ending June) | 3000 | 2812.51 | (-) 187.49 |
| | Second (ending September) | 2500 | 2669.21 | (+) 169.21 |
| | Third (ending December) | 2750 | 1886.09 | (-) 863.91 |
| | Fourth (ending March) | 2750 | 3266.89 | (+) 516.89 |

| Year | Quarter | Allocation (Plan) | Expenditure | Savings (-)/ Excess (+) |
|---------|---------------------------|----------------------|-------------|----------------------------|
| 2011-12 | First (ending June) | 3500 | 2826.27 | (-) 673.73 |
| | Second (ending September) | 2825 | 3819.19 | (+) 994.19 |
| | Third (ending December) | 3160+3450* =6610 | 4862.22 | (-)1747.78 |
| | Fourth (ending March) | 3165 | 4089.47 | (+) 924.47 |

The above table reveals that expenditure was not consistent with the QEA Plan in all the quarters. In the second quarter of 2011-12, the Ministry incurred excess expenditure beyond the modified Quarterly Expenditure Allocation without prior consent of the Ministry of Finance which reflects their deficient financial control and management.

The Ministry stated (January 2013) that efforts will be made to adhere to MEP and QEP as far as possible.

5.46 Deficient Internal Audit

The internal audit of the Ministry of Women and Child Development is under the control of the Chief Controller of Accounts (CCA), Ministry of Human Resource Development, who is also in charge of Accounts and Pay and accounts functions. Thus, the internal audit function is not independent. The internal audit was conducted by only four officials of the CCA, who also audit six other Ministries.

Scrutiny of records of the internal audit wing revealed that the internal audit system is deficient as discussed below:

- Ministry had 30 auditable units viz, 15 divisions in the Ministry, six autonomous bodies, one attached office (Food and Nutrition Board, Delhi), four Pay & Accounts offices, one DDO (cash) and three Deputy Technical Advisors. However, the CCA had identified only nine units against the existing 30 units for audit.
- The Internal audit Wing conducted audit of only eight units (four units each in 2010-11 and 2011-12) during the period 2009-12.
- The internal audit wing did not prepare the annual audit plan with reference to all auditable units, their expenditure, materiality and risk analysis.
- Internal audit manual and auditing standards laying down internal auditing guidelines had not been prepared.
- There were 175 paras outstanding as of August 2012 but the Ministry had not taken effective remedial measures to settle these outstanding paras.

* Supplementary grant

Internal Audit Wing of the Ministry of Human Resource Development stated that only 15 units are auditable i.e. nine units and six autonomous bodies. The reply is factually incorrect as the internal audit wing has 30 auditable units however, it has mapped nine units. Moreover, internal audit wing had been preparing audit plan taking into account only nine units instead of 15 units as identified by them.

5.47 Outstanding utilization certificates

Ministry of Finance notified (May 2011) the Indian Government Accounting Standards (IGAS) 2-“Accounting and Classification of Grant-in-aid”. The objective of the IGAS 2 is to prescribe the appropriate principles for accounting and classification of GIA in the Financial Statements of Government both as a grantor as well as grantee. Further, as per these standards, Ministries are required to make appropriate disclosures in the Financial Statements with view to remove any difficulties experienced in adherence to the appropriate principles of accounting and classification of Grant-in-aid.

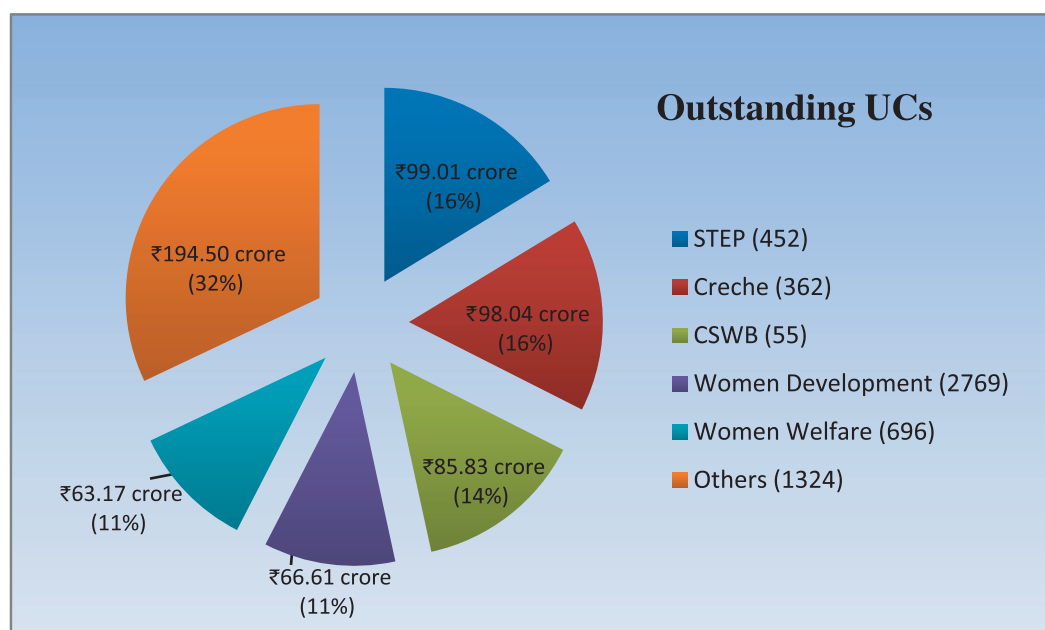
As per Rule 212 (1) of the General Financial Rules 2005, the certificates of actual utilization of the grants received for the purpose for which they were sanctioned are required to be submitted within 12 months of the closure of the financial year by the institution or organization concerned. The purpose of furnishing the utilization certificates is to ensure that the grants had been utilized properly for the purpose for which these were sanctioned and where the grants were released with certain conditions; the prescribed conditions had been fulfilled. Where the certificate is not received within the prescribed period, the Ministry/State Government will be at liberty to blacklist such institution or organization from any such grant, subsidy or other financial support.

Scrutiny of records for outstanding utilization certificates maintained by the Pay and Account Office of the Ministry of Women and Child Development disclosed the following:

- Though most (99 *per cent*) of the expenditure as discussed in para 5.36 is on Grants-in-aid it was noticed that the Ministry was not maintaining the records of the grantees category as per IGAS-2 requirement and no disclosures as prescribed were found on records.
- There were 5658 UCs involving an amount of ₹607.16 crore were outstanding in respect of grant-in-aid released by the Ministry up to 2011-12 as per **Annex V-I**. The earliest period of the grants sanctioned for which utilization certificate is outstanding pertains as back as to the year 1986-87.
- Further the Ministry neither initiated any action to blacklist the defaulter institutions/organisations nor made any efforts to reduce the pendency of the outstanding utilization certificates.

The division wise details of outstanding utilization certificates disclosed that five divisions namely STEP³, Women Development, Women Welfare, Crèche and CSWB⁴ accounted for around 77 *per cent* of the total outstanding utilisation certificates and 68 *per cent* of the amount of outstanding UCs as shown in pie-chart below.

Chart 5.6: Outstanding Utilisation Certificates



The Ministry stated (August 2012 and January 2013) that no correspondence for reconciliation of pending utilization certificates was made directly with the divisions, however, the concerned Bureau heads were requested to reconcile the outstanding UCs.

³ Support to Training and Employment Programme

⁴ Central Social Welfare Board