

## CHAPTER- 2

### FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

#### 2.1 Introduction

**2.1.1** Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provision and are, therefore, complementary to Finance Accounts.

**2.1.2** Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization 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 summarized position of actual expenditure during 2011-12 against 31 grants/appropriations is given in **Table 2.1**:

**Table-2.1**  
**Summarized Position of Original/Supplementary provisions *vis-à-vis* Actual Expenditure during the year 2011-2012**

<i>(₹ in crore)</i>						
	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	1,23,02.30	11,14.20	1,34,16.50	1,11,56.11	(-)22,60.39
	II Capital	30,93.59	2,34.46	33,28.05	35,85.79	(+)2,57.74
	III Loans and Advances	307.91	2,42.11	5,50.02	246.83	(-)3,03.19
<b>Total Voted</b>		<b>1,57,03.80</b>	<b>15,90.77</b>	<b>1,72,94.57</b>	<b>1,49,88.73</b>	<b>(-) 23,05.84</b>
<b>Charged</b>	IV Revenue	20,23.39	41.69	20,65.08	18,28.91	(-)2,36.17
	V Capital	1.00	4.00	5.00	4.88	(-)0.12
	VI Public Debt-Repayment	16,38.73	-	16,38.73	19,24.04	(+)2,85.31
<b>Total Charged</b>		<b>36,63.12</b>	<b>45.69</b>	<b>37,08.81</b>	<b>37,57.84</b>	<b>(+)49.02</b>
<b>Appropriation to Contingency Fund (if any)</b>		-	-	-	-	-
<b>Grand Total</b>		<b>1,93,66.92</b>	<b>16,36.46</b>	<b>2,10,03.38</b>	<b>1,87,46.56</b>	<b>(-) 22,56.82</b>

As shown in **Table-2.1**, there was saving (shortfall in the utilization of funds) of ₹ 2,256.82 crore which was the result of saving of ₹ 3,868.22 crore in grants and appropriations under Revenue Section (37 cases), and Capital Section (23 cases) offset by excess of ₹ 1,611.40 crore in four grants and one appropriation under capital section.

Departments against which significant savings (more than ₹ 100 crore) were noticed during the year were Finance (₹ 870.47 crore), Energy (₹ 538.31 crore), Education, Sports, Youth Welfare and Culture (₹ 449.69 crore), Welfare of Scheduled Castes (₹ 370.13 crore), Water Supply, Housing & Urban Development (₹ 251.53 crore), Welfare (₹ 219.48 crore), Medical, Health & Family Welfare (₹ 192.99 crore), Rural Development (₹ 158.75 crore), Food (₹ 123.52 crore) and Welfare of Scheduled Tribes (₹ 100.06 crore). Similarly, departments against which significant excess expenditure over the allotments noticed during the year 2011-12 were Food (₹ 1,283.25 crore), Finance (₹ 285.32 crore), Agriculture (₹ 18.33 crore), Horticulture Department (₹ 4.51 crore) and Public Works Department (₹ 19.99 crore).

The savings/excess (Detailed Appropriation Accounts) were intimated (July 2012) to the Controlling Officers requesting them to furnish reasons for substantial savings/excess. Their replies were awaited as of August 2012.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Appropriation vis-à-vis expenditure

The outcome of the appropriation audit reveals that in 55 cases, savings exceeded ₹ one crore in each case, and more than 20 per cent of total provision in 34 cases (**Appendix-2.1**). Against the total savings of ₹ 3,868.22 crore, savings of ₹ 3,142.24 crore (81.23 per cent)<sup>1</sup> occurred in 15 cases relating to 10 grants and one appropriation as indicated in **Table 2.2**.

**Table-2.2**  
**List of Grants/appropriation with savings of ₹ 50 crore and above**

(₹ in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
<b>Revenue-Voted</b>						
1	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	2,243.70	55.98	2,299.68	1,719.58	580.10
2	10-Police & Jail	667.28	43.72	711.00	660.48	50.52
3	11-Education, Sports, Youth Welfare & Culture	3,182.44	467.89	3,650.33	3,366.95	283.38
4	12-Medical, Health & Family Welfare	803.83	16.28	820.11	666.12	153.99

<sup>1</sup> Exceeding ₹ 50 crore in each case.

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5	13-Water Supply, Housing & Urban Development	646.94	2.07	649.01	413.24	235.77
6	15-Welfare	552.63	94.44	647.07	449.62	197.45
7	19-Rural Development	323.11	64.74	387.85	295.14	92.71
8	25-Food	327.52	0.20	327.72	204.20	123.52
9	30 - Welfare of Scheduled Castes	534.49	37.34	571.83	378.20	193.63
<b>Capital-Voted</b>						
10	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	117.80	32.77	150.57	78.14	72.43
11	11-Education, Sports, Youth Welfare & Culture	271.05	16.22	287.27	120.95	166.32
12	19-Rural Development	213.88	0	213.88	147.83	66.05
13	21-Energy	448.92	227.11	676.03	144.11	531.92
14	30-Welfare of Scheduled Castes	338.69	2.80	341.49	164.99	176.50
<b>Revenue-Charged</b>						
15	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,974.03	38.96	2,012.99	1,795.04	217.95
<b>Total</b>		<b>12,646.31</b>	<b>1,100.52</b>	<b>13,746.83</b>	<b>10,604.59</b>	<b>3,142.24</b>

The reasons for savings were awaited as of August 2012.

### 2.3.2 Persistent Savings

In 19 cases, during the last five years, there were persistent savings of more than ₹ one crore in each case (Table 2.3).

**Table-2.3**  
**List of Grants indicating persistent savings during last five years**

*(₹ in crore)*

Sl. No.	No. and Name of grant	Amount of Saving				
		2007-08	2008-09	2009-10	2010-11	2011-12
<b>Revenue-Voted</b>						
1	04-Judicial Administration	18.69	16.29	28.57	29.91	28.05
2	05-Election	3.82	3.68	3.65	1.03	4.71
3	06-Revenue & General Administration	30.52	67.57	56.74	29.52	43.94
4	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	106.16	394.33	418.97	106.35	580.10
5	12-Medical, Health & Family Welfare	86.33	122.06	91.88	124.39	153.99
6	13-Water Supply, Housing & Urban Development	68.45	88.69	47.75	372.80	235.77
7	15-Welfare	36.41	93.53	80.43	83.72	197.45
8	16-Labour & Employment	38.41	35.29	5.61	12.08	12.39
9	18-Co-operative	1.39	7.72	1.83	4.87	10.30
10	19-Rural Development	49.63	45.13	70.21	75.22	92.71
11	22-Public Works	29.78	51.18	28.64	34.94	35.43
12	23-Industries	14.96	13.08	1.34	5.15	14.47

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13	24-Transport	10.10	11.56	5.62	2.52	1.37
14	26-Tourism	0.71	2.31	2.85	2.92	30.66
15	28-Animal Husbandry	12.18	7.38	8.49	15.53	4.48
<b>Capital-Voted</b>						
1	07- Finance, Tax, Planning, Secretariat & Miscellaneous Services	24.06	45.12	51.24	8.78	72.43
2	11-Education, Sports, Youth Welfare & Culture	16.97	14.57	7.80	60.20	166.31
3	15-Welfare	2.15	6.39	5.09	13.74	22.03
4	23-Industries	40.58	5.41	9.55	11.54	13.35

Despite being mentioned in the Report on State Finances of the Comptroller & Auditor General of India for the year 2010-11 of the State, a substantial number of cases were noticed where savings persisted during the year which is indicative of over assessment of requirement of funds. This needs to be reviewed.

### **2.3.3 Excess Expenditure**

In five cases, expenditure aggregating ₹ 4,095.65 crore exceeded the approved provision by ₹ 1,611.40 crore which was more than ₹ one crore in each case or by more than 20 *per cent* of the total provision. Details are given in **Appendix-2.2**. Of these, excess expenditure has been observed consistently during the last five years in the following grants/heads (**Table 2.4**):

**Table-2.4**  
**List of Grants indicating persistent excess expenditure during 2007-12**

(₹ in crore)

Sl. No.	No and Name of grant	Amount of excess expenditure				
		2007-08	2008-09	2009-10	2010-11	2011-12
<b>Capital-Voted</b>						
1	17-Agriculture works & Research	14.81	11.72	11.73	30.82	18.33
2	25-Food	367.77	564.40	916.31	1,207.14	1,283.25
<b>Total</b>		<b>382.58</b>	<b>576.12</b>	<b>928.04</b>	<b>1,237.96</b>	<b>1,301.58</b>

Persistent excess under the grants/heads was indicative of un-realistic budgetary estimates. Thus, for a sound financial management, assessment of requirement of funds under the heads should be more realistic to avoid recurrence of such instances of persisting excess expenditure in future. Reasons for persistent excesses were awaited (August 2012).

### **2.3.4 Expenditure without Provision**

As per the Budget Manual, expenditure should not be incurred on a scheme/ service without provision of funds. It was, however, noticed that expenditure of ₹ 4.51 crore was incurred in one case as detailed in **Table 2.5** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

**Table-2.5**  
**Expenditure incurred without provision during 2011-12**

(₹ in crore)

No. and Name of Grants	Amount of Expenditure without provision	Reasons/Remarks
29-Horticulture Development (Capital-voted)	4.51	Reasons were awaited

Although, being mentioned in the earlier Reports of CAG of India for the year ended 31 March 2010 and 2011, the State Government has not taken any action and has further incurred an expenditure of ₹ 4.51 crore under the same head without any budgetary provision during the current year, which was irregular and needs regularization.

### 2.3.5 Excess over provision relating to previous years requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess expenditure over a grant/ appropriation regularized by the State Legislature. Although, no time limit for regularization of expenditure has been prescribed under the Article, the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to ₹ 5,782.51 crore pertaining to previous years 2005-11 was yet to be regularized by the State Legislature. The year-wise amount of excess expenditure pending regularization is summarized in **Table 2.6**.

**Table-2.6**  
**Excess expenditure over the provision relating to previous years requiring regularization**

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularization
	Grant / Appropriation	Details of Grant / Appropriation		
2005-06	7	7,8,17,20,22,25 & 29	663.50	Status not intimated by the State Government
2006-07	6	7,17,20,22,25 & 29	935.92	
2007-08	6	7,17,20, 22,25 & 29	733.79	
2008-09	6	7,17,20,22,25 & 29	1,146.41	
2009-10	7	7,17,18,21,22,25 & 29	1,007.49	
2010-11	9	10,12,15,17,20,21,22,25 & 29	1,295.40	
<b>Total</b>			<b>5,782.51</b>	

The excess expenditure incurred over grants/ three appropriations of the previous years should be got regularized by the State Legislature.

### 2.3.6 Excess over provisions during 2011-12 requiring regularization

**Table 2.7** contains the summary of total excess expenditure registered under four grants and one appropriation amounting to ₹ 1,611.40 crore over authorization from the Consolidated Fund of State (CFS) during the year 2011-12.

**Table-2.7**  
**Excess over provision requiring regularization during 2011-12**

*(₹ in thousand)*

Sl. No.	Number and title of Grant/ Appropriation		Total Grant/ Appropriation	Expenditure	Excess
<b>Capital –Voted</b>					
1	17	Agriculture Works & Research	1,59,202	3,42,489	1,83,287
2	22	Public Works	82,59,241	84,59,122	1,99,881
3	25	Food	36,725	1,28,69,264	1,28,32,539
4	29	Horticulture Development	0	45,138	45,138
<b>Capital –Charged</b>					
1	07	Finance, Tax, Planning, Secretariat & Miscellaneous Services	1,63,87,300	1,92,40,501	28,53,201
<b>Total Voted</b>			<b>2,48,42,468</b>	<b>4,09,56,514</b>	<b>1,61,14,046</b>

Reasons for the excess had not been intimated by the State Government/Department as of August 2012. The excess expenditure over the provision under the grants/appropriation incurred during the year 2011-12, should be got regularized by the State Legislature.

### **2.3.7 Unnecessary/Excessive/Inadequate supplementary provision**

Supplementary provision aggregating ₹ 813.24 crore obtained in 37 cases, amounting to ₹ 10 lakh or more in each case, during the year proved unnecessary as the expenditure registered under the grants was within the original provision as detailed in **Appendix-2.3**.

Supplementary provision of ₹ 37.72 crore sought in respect of two cases proved insufficient by more than ₹ one crore in each case thereby leaving an aggregate uncovered excess expenditure of ₹ 38.32 crore (**Appendix-2.4**).

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

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of ₹ 10 lakh and above in 25 sub-heads as detailed in **Appendix-2.5**. Of these, savings of ₹ 44.67 crore (more than ₹ 20 crore) occurred in Grant Number 20-Irrigation and Flood control on account of new projects for Irrigation Department. Reasons for the savings had not been furnished by the Government as of August 2012.

The substantial saving in the aforesaid cases indicates that the funds could not be spent as estimated and planned under the schemes by the respective departments.

### 2.3.9 Substantial surrenders

Substantial surrenders (the cases where more than 50 *per cent* of total provision was surrendered) were made in respect of 16 sub-heads on account of either non-implementation or slow implementation of schemes/ programmes. Out of the total provision amounting to ₹ 103.67 crore in these 16 schemes, ₹ 89.09 crore (85.93 *per cent*) were surrendered, which included *per cent* surrender in six schemes (₹ 8.94 crore) as detailed in **Appendix-2.6**.

### 2.3.10 Surrender in excess of actual saving

In three cases, the amount surrendered was in excess of actual savings (₹ 50 lakh or more in each case) indicating lack of budgetary controls in these departments. As against savings of ₹ 85.84 crore in these cases, the amount surrendered was ₹ 105.46 crore resulting in injudicious excess surrender of ₹ 19.62 crore. Details are given in **Appendix-2.7 A**.

In two cases (Agriculture Works & Research and Public Works), surrender of ₹ 74.13 crore has been made in spite of final excess of ₹ 38.32 crore. Details are given in **Appendix-2.7 B**.

### 2.3.11 Anticipated savings not surrendered

As per Budget Manual, the spending departments are required to surrender the savings under grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2011-12, there were, however, 09 grants/ appropriations in which savings of ₹ 10 crore and above occurred but no part of it had been surrendered by the concerned departments. The amount involved in these cases was ₹ 1,044.45 crore (27.00 *per cent* of the total savings) (**Appendix-2.8**).

Similarly, out of savings of ₹ 2,628.31 crore (individual cases where savings were more than ₹ one crore occurred), amount aggregating ₹ 925.69 crore was surrendered resulting in non surrender of ₹ 1,702.62 crore (44.02 *per cent* of total savings), details of which are given in **Appendix-2.9**. Besides, in 19 cases, (surrender of funds in excess of ₹ 10 crore), ₹ 949.34 crore was surrendered (**Appendix-2.10**) on the last two working days of March 2012, thereby defeating the intended purpose of surrenders as these funds could not be utilized for other developmental purposes.

### 2.3.12 Rush of expenditure

According to Financial regulation, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, expenditure exceeding ₹ 10 crore or more than 50 *per cent* of the total expenditure for the year was incurred in last quarter or in March 2012, in respect of 70 sub-major heads listed in



**Appendix-2.11. Table 2.8** below also presents the major heads where more than 50 per cent expenditure was incurred either during the last quarter or during the last month of the financial year.

**Table-2.8**  
**Cases of Rush of Expenditure towards the end of the financial year 2011-12**

*(₹ in crore)*

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2012	
			Amount (₹ in crore)	Percentage of total expenditure	Amount (₹ in crore)	Percentage of total expenditure
1.	2015	28.51	21.56	75.62	13.75	48.23
2.	2030	27.56	18.47	67.02	13.68	49.65
3.	2045	3.74	2.10	56.25	1.08	28.87
4.	2251	0.03	0.03	83.96	0.03	80.88
5.	2408	199.73	186.05	93.15	182.88	91.56
6.	2701	12.39	7.59	61.25	2.78	22.43
7.	2810	9.74	5.47	56.14	4.97	51.01
8.	3054	156.45	105.61	67.50	95.24	60.87
9.	3451	10.34	8.22	79.49	1.01	9.80
10.	4059	65.70	33.63	51.19	13.12	19.97
11.	4225	11.93	6.41	53.74	5.19	43.46
12.	4235	4.16	3.25	78.14	0.00	0.03
13.	4406	16.36	15.56	95.11	12.84	78.51
14.	4700	234.70	127.40	54.28	75.79	32.29
15.	4702	201.67	110.16	54.63	75.02	37.20
16.	4711	15.44	9.77	63.28	0.86	5.61
17.	5055	41.67	21.67	52.00	21.67	52.00
	<b>Total</b>	<b>1,040.12</b>	<b>682.95</b>	<b>65.66</b>	<b>519.91</b>	<b>49.99</b>

Source: Information provided by Pr. Accountant General (A&E), Uttarakhand.

Scrutiny revealed that 65.66 per cent of the total expenditure of ₹ 1,040.12 crore spent against these major heads during the year 2011-12 was incurred in the last quarter of the financial year. Further, in nine individual cases above, the expenditure exceeding ₹ 10 crore was incurred in the month of March 2012 alone.

Contrary to the spirit of financial regulation, a substantial amount was incurred by the Government at the end of the year which was indicative of poor financial control over the expenditure. A uniform pace of expenditure may have been maintained for a sound financial management.

## **2.4 Non-reconciliation of Departmental figures**

### **2.4.1 Pendency in submission of Detailed Countersigned Contingent (DC) Bills against Abstract Contingent Bills (AC)**

As per Financial Rules, every Drawing Officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling



officers for countersignatures and transmission to the Principal Accountant General (Accounts and Entitlement). The total amount of DC bills received during the year 2011-12 was only ₹ 1.88 crore against the amount of AC bills of ₹ 5.44 crore leading to an outstanding balance of AC bills of ₹ 45.03 crore awaiting adjustment as on June 2012. Year wise details are given in **Table 2.9**.

**Table-2.9**  
**Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills (as on June 2012).**

(₹ in crore)

Year	Amount of AC Bills	Amount of DC Bills	Outstanding AC Bills	
			Number	Amount
2009-10	1.41	0.07	14	1.34
2010-11	72.14	32.01	151	40.13
2011-12	5.44	1.88	150	3.56
<b>Total</b>	<b>78.99</b>	<b>33.96</b>	<b>315</b>	<b>45.03</b>

*Source: Information provided by Pr. Accountant General (A&E), Uttarakhand.*

As can be seen from the table above, the total amount of AC bills outstanding against 315 AC Bills was ₹ 45.03 crore at the end of June 2012. It was further noticed that out of the total outstanding balance of ₹ 45.03 crore, a substantial amount of ₹ 16.29 crore (36 per cent) was drawn (during 2010-11) through 28 AC bills by Secretary, Revenue and General Administration and was still outstanding on account of non-submission of DC bills. Out of total outstanding amount of AC Bills of 2011-12 (₹ 3.56 crore), a substantial amount of ₹ 1.98 crore pertains to Election Department (56 per cent). Department-wise pending DC bills for the years up to 2011-12, showing position of outstanding DC bills as on 30 June 2012 have been detailed in **Appendix-2.12**.

Non-submission of DC bills for long periods after drawal of AC bills is fraught with the risk of mis-appropriation and therefore, needs to be monitored closely.

#### **2.4.2 Un-reconciled Expenditure**

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budgetary allocation and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Principal Accountant General (Accounts & Entitlements). Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2011-12 also. Audit scrutiny revealed cases where the amount exceeding ₹ 10 crore involving ₹ 5,201 crore remained un-reconciled in respect of 13 Controlling Officers during the year 2011-12, which constituted 33 per cent of the total net expenditure of ₹ 15,539 crore as detailed in **Table 2.10**.

**Table-2.10**

**List of Controlling Officers where amounts exceeding ₹ 10 crore in each case remained fully un-reconciled during 2011-12**

(₹ in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1.	Secretary, Revenue Department.	192.31
2.	Secretary, Natural Calamities Management.	101.41
3.	Principal Secretary, Finance / Principal Secretary, State Estate Department	1,766.85
4.	Director, Treasury & Financial Services (Director Accounts & Entitlements)	1,170.71
5.	Secretary, Employment	31.83
6.	Secretary, Public Service Commission	13.41
7.	Secretary, Education	197.66
8.	Secretary, Sport & Youth Welfare, Dehradun	151.97
9.	Principal Secretary, Medical / Principal Secretary, Health & Family Welfare	746.32
10.	Secretary, Labour	88.68
11.	Secretary, Energy	51.74
12.	Secretary, Information Technology	53.91
13.	Principal Secretary, Social Welfare	634.54
<b>Total</b>		<b>5,201.34</b>

*Source: Information provided by Principal Accountant General (A&E), Uttarakhand.*

The reasons for the huge amount of ₹ 5,201 crore remaining un-reconciled during the year 2011-12 was mainly due to non-initiative taken by the Controlling Officers towards reconciliation.

Thus, Government may ensure reconciliation of accounts by the concerned Controlling Officers to obviate the possibilities of fraud and misuse of funds.

## **2.5 Advances from Contingency Fund**

The Contingency Fund of the State has been established vide Uttarakhand Contingency Fund Act, 2001 (Act No. 2 of 2001) in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the Legislature, would be undesirable. The fund is in the nature of an imprest and its present corpus is ₹ 200 crore (the corpus was reduced from ₹ 600 crore to ₹ 200 crore during the year). Any drawal of advances from the fund needs to be recouped from the Consolidated Fund of the State within the same financial year. However, advances to the tune of ₹ 69.07 crore drawn from the Contingency Fund remained to be recouped from Service Heads to the Contingency Fund after authorization of Legislature as on 31 March 2012 as given in **Table 2.11** below.

**Table-2.11**  
**Expenditure met from Contingency Fund during the year 2011-12 remained un-recouped**  
*(₹ in crore)*

Sl. No	Grant No	Major Head	Budget Estimate	Re-appropriation/ Surrender	Total	Actual Exp	Adv From Contingency Fund	Month of Sanction
1	03	2013-Councils of Ministers	62.76	(-)0.98	61.78	61.46	0.94	08/2011 09/2011 10/2011 11/2011 12/2011 01/2012 & 02/2012
2	06	2070-Other Administrative Services	46.51	(-)0.26	46.25	40.78	0.25	08/2011 10/2011 11/2011 12/2011 01/2012 & 02/2012
3	14	2220-Information & Publicity	38.27	(-)1.94	36.33	36.17	6.80	02/2012 & 03/2012
4	17	6401-Loans for Crop Husbandry	15.40	(-)0.40	15	15.00	15.53	09/2011
5	18	2425-Co-Operation	42.31	(-)11.47	30.84	32.01	5.14	80/2011 12/2011 01/2012 02/2012 & 03/2012
6	19	2515-Other Rural Development Programmes	319.96	(-)40.00	279.96	240.72	0.15	08/2011
7	19	4515-Capital Outlay on Other Rural Development Programmes	213.88	0	213.88	147.84	36.16	11/2011 & 12/2011
8	24	3053-Civil Aviation	6.67	(-)1.18	5.49	5.09	3.41	12/2011 & 02/2012
9	25	3456-Civil Supplies	4.15	0	4.15	2.82	0.09	06/2011
10	26	5452-Capital Outlay on Tourism	47.28	0	47.28	28.08	0.50	12/2011
11	28	2403-Animal Husbandry	90.74	0	90.74	87.96	0.10	01/2012
<b>Total</b>			<b>887.93</b>	<b>(-)56.23</b>	<b>831.70</b>	<b>697.93</b>	<b>69.07</b>	

Source: Information provided by Principal Accountant General (A&E), Uttarakhand

It would be evident from the above that the expenditure to the tune of ₹ 69.07 crore was met through advances from the Contingency Fund during the year and had not been recouped by the State Government during the year as required under Section 5 of Uttarakhand Contingency Fund Act, 2001 (Act No. 2 of 2001).

Government resorted to advances from the Contingency Fund during the year for meeting the Capital Expenditure (₹ 37 crore) and disbursed loans for Crop Husbandry (₹ 16 crore), which were foreseeable and thus, were in contravention of financial management.

## **2.6 Deficiencies in Budgeting Process**

The following deficiencies were noticed in the budgeting process of the State Government for the financial year 2011-12:

- Minor Head 900-Recoveries has been shown below Sector-A Tax-Revenue, while the list of Major & Minor Heads of Account (Volume-I) provides that the Minor Head-900 recoveries shall be shown below every Major, Sub-major and Minor Head coming under the Sector-A Tax-Revenue.
- Under Major Head 3454, Minor Head 001- Direction and Administration has been shown below Sub-Major Head 02-Survey instead of 01-Census as is provided in the list of Major and Minor Heads of Account.
- Under Grant Number 14, below Major Head 4059, Sub-Major Head 60 has been shown as 'Others'. This should have been shown as 'Other Buildings' as is provided in the List of Major and Minor Heads of Account.
- In the Major Head 2059, under Grant Number 22, Minor head 102 under Sub-Major Head 80 has been shown as 'Repair and Maintenance', whereas it should have been shown as Minor Head 053 under Sub-Major Head 80, as per the List of Major and Minor Heads of Accounts.
- Under the Major Head 2245-only one Sub-Major Head 05-has been shown, whereas the list of Major and Minor Heads of Account provides for the provision of two more Sub-Major Heads 01- Drought and 02-Flood and Cyclone.
- Sub-Major Head 04-has been shown as 'Integrated Development of Towns' under the Major Head 2217 while it should have been depicted as 'Development of Slums' as provided in the List of Major and Minor Heads of Accounts.
- In the Major Head 4235, 'Welfare of Handicapped' has been shown against Minor Head 104 whereas it should have been 'Welfare of Aged, Infirm and Destitute'. As per the List of Major and Minor Heads of Accounts 'Welfare of Handicapped' should have been shown against Minor Head 101.
- In Major Head 2402 under Grant Number 17, Minor Heads 101 and 102 have been shown as 'Soil Conservation & Testing' and 'Water Conservation' respectively, whereas these should have been shown as 'Soil Survey & Testing' and 'Soil Conservation' as per the List of Major and Minor Heads of Accounts.
- The State Government has not taken cognizance, despite being pointed out in earlier reports also.

## 2.7 Outcome of Review of Selected Grant

Grant Number 11-Education, Sports, Youth Welfare & Culture was selected for review which revealed the following:

### *Rush of Expenditure*

General Financial Rules provide that the expenditure shall uniformly be incurred during the year taking month wise/ quarter wise flow into consideration. In the case of Grant Number 11 (Education, Sports, Youth Welfare & Culture), it revealed that the uniform flow of expenditure was not maintained during 2011-12 as per prescribed norms, which led to rush of expenditure. The details are shown below:

**Table-2.12**  
Rush of expenditure during the last quarter/in the month of March, 2012

(₹ in crore)

Sl. No.	Major Head (Voted)	Expenditure in last Quarter	Expenditure in March	Total Expenditure during 2011-12	Percentage of expenditure in last quarter	Percentage of expenditure in March
1.	2203	35.17	22.37	78.00	45.09	28.68
2.	2204	12.15	6.48	35.06	34.65	18.48
3.	2205	4.37	2.53	11.67	37.45	21.68
<b>Total</b>		<b>51.69</b>	<b>31.38</b>	<b>124.73</b>	<b>41.44</b>	<b>25.16</b>

Source: Information provided by Pr. Accountant General (A&E) Uttarakhand.

The expenditure in three Major Heads under the grant in the last quarter of 2011-12 was 41.44 *per cent* of the total expenditure with the fact that 25.16 *per cent* of the total expenditure under these Heads was incurred in the month of March, 2012 alone leading to the rush of expenditure. This indicates lack of planning and control in regulating the expenditure by the Finance Department of the Government.

Rush of expenditure at the close of the year could lead to infructuous, nugatory or ill planned expenditure. The departments should ensure maintaining uniform pace of expenditure throughout the year as far as practicable to avoid rush of expenditure at the end of the financial year.

### *Unnecessary Supplementary Grants*

Supplementary Grants are obtained to cover the excesses that may be anticipated after mid-term review of the requirement of additional funds under the Grants/ Appropriations during a financial year. However, it was noticed that supplementary Grants were obtained under two Major Heads of Grant Number 11, without any proper planning as tabulated in the **Table-2.13**:

**Table-2.13**  
**Details of supplementary provision obtained under the Grant**

(₹ in crore)

Major Head	Total Budget Provision				Actual Expenditure	Saving
	Original	Supplementary	Re-appropriation	Total		
2203	101.14	12.77	00	113.91	77.52	(-)36.39
4202	271.04	16.22	(-)68.58	218.68	120.95	(-)97.73
<b>Total</b>	<b>372.18</b>	<b>28.99</b>	<b>(-)68.58</b>	<b>332.59</b>	<b>198.47</b>	<b>(-)134.12</b>

Supplementary grants amounting to ₹ 28.99 crore obtained under two Major Heads of Grant Number 11, proved unnecessary since the Savings/overall Savings under two Major Heads itself was more than the supplementary grant obtained by the Department. A major portion of original grant ₹ 97.73 crore (36.06 per cent) obtained under the Major Head 4202 remained unspent by the department despite re-appropriation of ₹ 68.58 crore.

The Government may put a proper mechanism in place to ensure proper utilization of funds.

### ***Unutilised Provision***

Annual Financial Statement of the Government provides for provisions for different schemes and programmes in order to carry out various development programmes/schemes. In Grant Number 11, it was noticed that the entire budgetary provision of ₹ 1.50 crore under Sub-Head 4202-01-202-19 remained unutilized at the end of financial year 2011-12. This indicates that expenditure could not be incurred as estimated and planned. This needs to be looked into to ensure optimum utilization of funds.

## **2.8 Conclusion**

The overall saving of ₹ 2,256.82 crore was the result of saving of ₹ 3,868.22 crore in various grants and appropriations offset by excess of ₹ 1,611.40 crore in four grants and one appropriation.

Excess expenditure of ₹ 1,611.40 crore over the approved provision registered in five cases under four grants and one appropriation during the year would require regularization under Article 205 of the Constitution of India.

Judicial Administration, Revenue and General Administration, Finance Tax, Planning, Energy, Medical Health and Family Welfare, Water Supply, Housing, Urban Development, Welfare, Rural Development and Public Works Grants posted large savings persistently during the last five years. There were also instances of inadequate provision and unnecessary/excessive re-appropriations of funds besides rush of expenditure in the last quarter/at the end of the financial year indicates inadequate budgetary control in the departments. In many cases, the anticipated savings were either not surrendered or surrendered at the end of the year in the

month of March leaving no scope for utilizing these funds for other development purposes. Advances sanctioned from the Contingency Fund (though in certain cases were not of emergent nature requiring drawal from Contingency Fund) were not recouped at the end of the year.

Budgetary controls may be observed strictly to avoid such deficiencies in financial management. Last minute fund releases and issuance of re-appropriation/surrender orders should be avoided. The Government may sanction advances from the contingency fund only for meeting expenditure of an unforeseen and emergent nature only. The mechanism to recoup the fund timely should be streamlined. A close and rigorous monitoring mechanism should be put in place by the Controlling Officers to ensure adjustment of Abstract Contingent bills during the stipulated time frame.

## **2.9 Recommendations**

The Government may ensure that:

- all the departments should submit realistic budget estimates, keeping in view the trends of expenditure and the actual requirement of funds in order to avoid large savings/ excesses.
- all the departments should closely monitor the expenditure against the allocations and incurring of excess expenditure over the grants should be strictly avoided.
- all the departments to work out savings before hand and ensure their surrender by stipulated date for their effective utilization by other departments requiring funds.
- a monitoring mechanism is in place in the departments to adjust the advances drawn on Abstract Contingent Bills within the stipulated period, as required under the extant rules.