

Chapter 2

Financial Management and Budgetary Control

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of expenditure, voted and charged, of the Government for each financial year as compared with amounts of voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list 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 authorised by the Appropriation Act. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions 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 authorisation given under the Appropriation Act and the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2011-12 against 62 grants/appropriations is given in **Table 2.1**:

Table 2.1: Summarised Position of Actual Expenditure vis-à-vis Original/Supplementary provisions

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	59399.82	5226.56	64626.38	59166.95	(-) 5459.43
	II Capital	7214.64	355.25	7569.89	3086.80	(-) 4483.09
	III Loans and Advances	577.21	79.92	657.13	447.97	(-) 209.16
Total Voted		67191.67	5661.73	72853.40	62701.72	(-) 10151.68
Charged	IV Revenue	16157.94	92.37	16250.31	16003.78	(-) 246.53
	V Capital	-	0.86	0.86	0.73	(-) 0.13
	VI Public Debt- Repayment	16073.88	11033.87	27107.75	29304.61	(+) 2196.86
Total Charged		32231.82	11127.10	43358.92	45309.12	(+) 1950.20
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		99423.49	16788.83	116212.32	108010.84	(-) 8201.48

Source: Appropriation Accounts

Note: The expenditure excludes the recoveries adjusted as reduction of expenditure under revenue expenditure ₹ 1844.36 crore and capital expenditure ₹ 323.78 crore.

The overall saving of ₹ 8201.48 crore was the result of saving of ₹ 13201.93 crore in 55 grants and 21 appropriations under Revenue Section and 51 grants and 13 appropriations under Capital Section, offset by excess of ₹ 5000.45 crore in six grants and five appropriations under Revenue Section and one grant and 12 appropriations under Capital Section.

The savings/excesses (Detailed Appropriation Accounts) were intimated (July 2012) to the Departmental Controlling Officers (DCOs) requesting them to explain the significant variations. Out of 1559 sub-heads, explanations for variations were not received in respect of 1549 sub-heads (Saving: 1163 sub-heads and Excess: 386 sub-heads). Substantial savings occurred in Irrigation and Waterways, Education (School), Panchayat and Rural Development, Municipal Affairs, Urban Development, Housing, Home and Public Health Engineering departments. Substantial excess occurred in Finance, Disaster Management, Public Works, Transport and Agriculture departments. Reasons for savings were furnished by only Housing and Tourism departments.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 121 cases, savings exceeded ₹ 10 crore in each case or by more than 20 per cent of total provision (*Appendix 2.1*). Against the total savings of ₹ 13201.93 crore, savings of ₹ 9887.06 crore (75 per cent) occurred in 25 cases¹ relating to 24 grants as indicated in **Table 2.2**.

Table 2.2: List of Grants with major savings

(Rupees in crore)

Sl. No.	Number and name of the Grant	Original	Supplementary	Total	Actual expenditure	Savings
Revenue-Voted						
1	6-Animal Resources Development	580.23	-	580.23	462.16	118.07
2	7-Backward Classes Welfare	636.49	289.43	925.92	779.19	146.73
3	9-Commerce and Industries	410.70	-	410.70	303.47	107.23
4	12-Development and Planning	447.14	0.48	447.62	260.81	186.81
5	13-Education (Higher)	1967.43	341.93	2309.36	2005.88	303.48
6	14-Education (Mass)	233.37	13.19	246.56	123.04	123.52
7	15-Education (School)	13657.08	1035.29	14692.37	13624.91	1067.46
8	21-Food and Supplies	2537.08	-	2537.08	2264.61	272.47
9	24-Health and Family Welfare	3685.57	59.51	3745.08	3442.96	302.12
10	27-Home	3629.03	323.32	3952.35	3491.52	460.83
11	36-Land and Land Reforms	981.77	-	981.77	781.09	200.68
12	38-Minority Affairs and Madrasah Education	860.80	43.47	904.27	774.68	129.59
13	39-Municipal Affairs	3384.62	29.83	3414.45	2411.78	1002.67
14	40-Panchayat and Rural Development	4125.29	707.55	4832.84	3753.31	1079.53
15	43-Power and Non-Conventional Energy Sources	221.20	287.89	509.09	386.09	123.00
16	45-Public Health Engineering	1036.16	5.76	1041.92	626.51	415.41
17	53-Transport	678.28	-	678.28	494.56	183.72
18	54-Urban Development	1907.24	-	1907.24	1387.14	520.10
19	55-Water Resources Investigation and Development	542.29	-	542.29	385.89	156.40
Total						6899.82
Capital-Voted						
1	5-Agriculture	115.26	-	115.26	10.08	105.18
2	25-Public Works	1136.94	-	1136.94	899.00	237.94
3	28-Housing	593.58	-	593.58	112.19	481.39
4	32-Irrigation and Waterways	2279.25	-	2279.25	358.51	1920.74
5	39-Municipal Affairs	298.17	-	298.17	183.44	114.73
6	51-Technical Education and Training	195.40	-	195.40	68.14	127.26
Total						2987.24
Total						9887.06

Source : Appropriation Accounts

¹Exceeding ₹ 100 crore in each case

2.3.2 Persistent Savings

In 19 cases, during the last five years, there were persistent savings of more than ₹ 5 crore in each case. The savings were also 10 per cent or more of the total grant except in five cases (*Appendix 2.2*). Departments with such major cases were Irrigation and Waterways, Municipal Affairs, Public Works, Water Resources Investigation and Development, Minority Affairs and Madrasah Education and Health and Family Welfare departments.

2.3.3 Excess over provisions during 2011-12 requiring regularisation

Table 2.3 contains the summary of total excess expenditure under six grants and 13 appropriations amounting to ₹ 5000.45 crore from the Consolidated Fund of the State over the amounts authorised by the State Legislature during 2011-12 which requires regularisation under Article 205 of the Constitution.

Table 2.3: Excess over provisions during 2011-12 requiring regularisation

Sl. No	Number and title of grant/appropriation		Total grant/ appropriation	Expenditure	Excess
(Rupees in crore)					
Voted Grants					
1	4-Revenue	Agricultural Marketing	28.27	42.57	14.30
	4-Capital		25.05	43.16	18.11
2	5-Revenue	Agriculture	769.10	785.64	16.54
3	18-Revenue	Finance	9082.60	10664.37	1581.77
4	25-Revenue	Public Works	1298.28	1395.46	97.18
5	47-Revenue	Disaster Management	857.76	1912.60	1054.84
6	60-Revenue	Civil Defence	279.39	291.98	12.59
Total	Voted				2795.33
Charged Appropriations					
1	5-Capital	Agriculture	-	35.57	35.57
2	12-Capital	Development and Planning	-	0.14	0.14
3	18-Capital	Finance	27020.37	29119.47	2099.10
4	20-Revenue	Fisheries	5.20	5.47	0.27
5	23-Revenue	Forest	-	0.19	0.19
	23-Capital		-	1.27	1.27
6	25-Capital	Public Works	0.79	1.36	0.57
7	27-Revenue	Home	1.18	3.17	1.99
	27-Capital		0.04	1.79	1.75
8	32-Capital	Irrigation and Waterways	0.01	2.05	2.04
9	39-Capital	Municipal Affairs	-	5.42	5.42
10	42-Revenue	Personnel and Administrative	0.01	0.03	0.02
	42- Capital	Reforms	0.06	0.17	0.11
11	43-Revenue	Power and Non-Conventional	30.90	30.91	0.01
	43-Capital	Energy Sources	45.50	51.21	5.71
12	46-Capital	Refugee, Relief and Rehabilitation	-	1.34	1.34
13	53-Capital	Transport	4.77	54.39	49.62
Total	Charged				2205.12
Grand total					5000.45

Source : Appropriation Accounts

2.3.4 Excess expenditure of previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. The time limit for regularisation of expenditure has, however, not been prescribed under the Article. Regularisation of excess expenditure is done after the completion

of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure amounting to ₹ 24968.36 crore for the years 2006-2011 was yet to be regularised as of September 2012 as detailed in **Table 2.4**.

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

Year	Number of		Amount of excess over provision (Rupees in crore)
	Grants	Appropriations	
2006-07	12 (Grant Nos. 8, 9, 11, 13, 20, 26, 28, 30, 31, 43, 45, 54)	8 (Grant Nos. 5, 6, 20, 23, 27, 42, 47, 53)	293.31
2007-08	14 (Grant Nos. 3, 4, 5, 9, 18, 20, 21, 26, 32, 43, 44, 46, 50, 56)	8 (Grant Nos. 6, 9, 18, 23, 34, 42, 53, 55)	12145.54
2008-09	13 (Grant Nos. 4, 9, 18, 20, 21, 25, 27, 35, 50, 52, 53, 54, 59)	4 (Grant Nos. 12, 18, 39, 53)	705.89
2009-10	16 (Grant Nos. 4, 5, 19, 20, 21, 23, 24, 25, 27, 28, 33, 35, 40, 43, 53, 56)	6 (Grant Nos. 5, 18, 20, 29, 32, 43)	3492.90
2010-11	13 (Grant Nos. 4, 5, 15, 18, 20, 22, 23, 25, 27, 33, 35, 46, 60)	10 (Grant Nos. 11, 18, 23, 27, 35, 42, 43, 45, 47, 53)	8330.72
Total	68	36	24968.36

Source : Appropriation Accounts

Thus, excess expenditure for the years 2006-07 to 2011-12 worth ₹ 29968.81 crore² needs regularisation. In case of most of the grants, obtaining inadequate supplementary provision led to excess expenditure, which indicates lack of control over financial management by the controlling officers.

2.3.5 Significant excess expenditure

In twenty two cases, expenditure aggregating ₹ 44413.35 crore exceeded the approved provisions by ₹ one crore or more in each case or by more than 20 per cent of the total provisions. Details are given in **Appendix 2.3**.

2.3.6 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 ₹ 5617.30 crore was incurred in 78 cases as detailed in **Appendix 2.4** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect. Reasons for incurring expenditure without any budget provision were not intimated by the departments (July 2012).

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating ₹ 2344.98 crore obtained in 26 cases (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.5**. On the other hand, in six cases, supplementary provision of ₹ 12628.53 crore proved insufficient by more than ₹ one crore in each case leaving an aggregate uncovered excess expenditure of ₹ 3858.51 crore (**Appendix 2.6**).

Under **Revenue-Voted Section of Grant Number 15- School Education**, savings out of original provision stood at ₹ 32.17 crore, further supplementary provision of ₹ 1035.29 crore proved unnecessary.

Under **Revenue-Voted Section of Grant Number 40- Panchayat and Rural Development**, savings out of original provision was ₹ 371.98 crore, further supplementary provision of ₹ 707.55 crore further inflated the savings.

² ₹ 24968.36 crore pertaining to 2006-11 plus ₹ 5000.45 crore pertaining to 2011-12

Under **Revenue-Voted Section of Grant Number 27- Home**, savings out of original provision was ₹ 137.51 crore, further supplementary provision of ₹ 323.32 crore proved to be unnecessary.

Under **Capital-Voted Section of Grant Number 8- Co-operation**, savings out of original provision was ₹ 34.90 crore, further supplementary provision of ₹ 15.00 crore was unrealistic.

All these indicated lack of control on the part of the controlling authorities towards budget formulation.

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. Cases were noticed where injudicious re-appropriation proved excessive or insufficient leading to savings of ₹ 592.12 crore (in 21 sub-heads under eight grants) and excess expenditure of ₹ 80.61 crore (in 21 sub-heads under 10 grants) as detailed in **Appendix 2.7**.

2.3.9 Surrender in excess of actual saving/Unrealistic surrenders

Under Grant number **11-Micro and Small Scale Enterprises and Textiles (Capital Voted)**, out of total grant/appropriation of ₹ 93.06 crore, there were savings of ₹ 13.86 crore. The department, however, surrendered ₹ 20.35 crore indicating excess surrender of ₹ 6.49 crore.

Under Grant number **28-Housing (Revenue Voted)**, out of total grant/ appropriation of ₹ 102.42 crore, there were savings of ₹ 23.98 crore. The department, however, surrendered ₹ 27.36 crore indicating excess surrender of ₹ 3.38 crore.

Under Grant number **43-Power and Non-Conventional Energy Sources (Revenue Voted)**, out of total grant/appropriation of ₹ 509.09 crore, there were savings of ₹ 123.00 crore. The department, however, surrendered ₹ 138.86 crore indicating excess surrender of ₹ 15.86 crore.

Under Grant number **47-Disaster Management (Revenue Voted)**, out of total grant/appropriation of ₹ 857.76 crore, there were excess expenditure of ₹ 1054.84 crore. The department, however, unrealistically surrendered ₹ 10.93 crore.

Under Grant number **18-Finance (Revenue Voted)**, out of total grant/ appropriation of ₹ 9082.60 crore, there were excess expenditure of ₹ 1581.77 crore. The department, however, unrealistically surrendered ₹ 1.28 crore.

Absence of budgetary control led to such excess surrenders.

2.3.10 Anticipated savings not surrendered

As per Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance department as and when savings are anticipated. At the close of the year 2011-12, under 47 grants and 14 Appropriations, no part of the aggregate savings of ₹ 8312.20 crore was surrendered by the concerned departments, as detailed in **Appendix 2.8**. Such un-surrendered savings accounted for 63 per cent of the total savings of ₹ 13201.93 crore during 2011-12.

Similarly, out of total savings of ₹ 4039.70 crore under 13 grants/ appropriations (saving of ₹ one crore and above in each case), only ₹ 2476.16 crore was surrendered leaving un-surrendered balances aggregating ₹ 1563.54 crore (39 per cent of savings under those grants), details of which are given in **Appendix 2.9**.

Besides, in 14 cases under 11 grants (surrender of funds in excess of ₹ 10 crore), ₹ 2016.13 crore were (**Appendix 2.10**) surrendered on the last working day of March 2012 or thereafter indicating inadequate financial control and the fact that these funds could not be gainfully utilised for other development purposes.

2.3.11 Rush of expenditure

According to Rule 389 A of West Bengal Financial Rules (WBFR), rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of nine major-heads, more than 75 per cent of the total expenditure for the year was incurred in March 2012. **Table 2.5** presents the major heads where more than 50 per cent of the total expenditure was incurred during the last month of the financial year.

Table 2.5 : Cases of rush of expenditure towards the end of the Financial year 2011-12

(Rupees in crore)

	Major Head	Expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2012	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2245-Relief on account of Natural Calamities	1192.00	946.70	79	749.94	63
2	2801-Power	368.95	318.95	86	268.95	73
3	2810-Non-Conventional Sources of Energy	11.90	7.88	66	7.24	61
4	4055-Capital Outlay on Police	25.18	22.54	90	17.69	70
5	4202-Capital Outlay on Education, Sports, Art and Culture	90.16	73.20	81	64.22	71
6	4210-Capital Outlay on Medical and Public Health	393.68	300.48	76	243.49	62
7	4215-Capital Outlay on Water Supply and Sanitation	4.25	4.25	100	4.25	100
8	4216-Capital Outlay on Housing	123.08	86.66	70	65.46	53
9	4217-Capital Outlay on Urban Development	94.54	55.22	58	50.51	53
10	4220-Capital Outlay on Information and Publicity	0.90	0.72	80	0.65	72
11	4225-Capital Outlay on Welfare of SC, ST and OBC	21.44	18.14	85	11.31	53
12	4235-Capital Outlay on Social Security and Welfare	38.09	23.65	62	22.69	60
13	4250-Capital Outlay on Other Social Services	26.44	20.84	79	13.61	51
14	4403-Capital Outlay on Animal Husbandry	13.02	11.52	88	8.09	62
15	4407-Capital Outlay on Plantations	1.08	1.08	100	1.08	100
16	4408-Capital Outlay on Food, Storage and Warehousing	8.34	7.33	88	6.73	81
17	4415-Capital Outlay on Agricultural Research and Education	0.55	0.47	85	0.42	76
18	4435-Capital Outlay on Other Agricultural Programmes	43.32	38.86	90	38.84	90
19	4515-Capital Outlay on Rural Development Programme	0.75	0.75	100	0.64	85
20	4551-Capital Outlay on Hill Areas	1.19	1.19	100	0.80	67
21	4702-Capital Outlay on Minor Irrigation	54.20	40.26	74	34.62	64
22	4705-Capital Outlay on Command Area Development	7.32	7.27	99	7.13	97
23	4711-Capital Outlay on Food Control Projects	236.52	158.77	67	141.89	60
24	4801-Capital Outlay on Power Projects	124.00	124.00	100	124.00	100
25	4851-Capital Outlay on Village and Small Industries	40.15	28.11	70	21.54	54
26	5055-Capital Outlay on Road Transport	20.07	15.60	78	14.94	74
27	5452-Capital Outlay on Tourism	12.58	11.46	91	9.67	77

Source : Expenditure booked by Pr. AG (A&E)

High percentage of expenditure under these major heads as shown in **Table 2.5** was indicative of the fact that uniform flow of expenditure during the year, a primary requirement of budgetary control, was not maintained.

2.3.12 New Service/New Instrument of Service

Article 205 of the Constitution provides that expenditure on a “New Service” not contemplated in the Annual Financial Statement (Budget) can be incurred only after its specific authorisation by the Legislature.

In 20 cases, expenditure totaling ₹ 344.60 crore which should have been treated as “New Service”/“New Instrument of Service” was met without obtaining the requisite approval of the Legislature. Details of these cases are given in *Appendix 2.11*.

2.4 Advances from Contingency Fund

The Contingency Fund of the State has been established under the Act in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are permissible only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature, would be undesirable. Advances from West Bengal Contingency Fund may be given for meeting expenditure in the circumstances where (i) provision could not be made in annual/supplementary budget, (ii) expenditure could not be foreseen and (iii) the expenditure cannot be postponed till vote of Legislature is obtained. The Fund is in the nature of an imprest and has a corpus of ₹ 20 crore.

As on 1 April 2011, the balance in the fund was ₹ 19.97 crore. During the year advances drawn but unrecouped totalled ₹ 0.53 crore. Also ₹ 0.03 crore was recouped out of the advances drawn during previous years. Thus, the closing balance of the fund as on 31 March 2012 was ₹ 19.47 crore.

2.5 Review of budgetary process and financial management

One basic tenet of efficient financial management is realistic preparation of budget. Under Article 202 (1) of the Constitution of India, the overall responsibility of preparation of budget lies with Finance department. The materials based on which budget estimates are to be prepared should be obtained from the local budgeting officers. The responsibility for preparation of annual budget estimate for a department by collecting necessary inputs from the lower level functionaries (DDOs) lies with the Departmental Controlling Officer (DCO) of that department. The detailed procedure for the same and time schedule for submission of the same to the Finance department have been stipulated in the West Bengal Financial Rules as well as the West Bengal Budget Manual.

The systems of preparation of budget as well as expenditure control followed by three departments namely, School Education, Minority Affairs and Madrasah Education and Forest departments during 2009-10 to 2012-13 were reviewed in Audit. Various deficiencies in budget preparation process, control over expenditure as well as lack of prudence in financial management were observed, as discussed in the succeeding paragraphs.

2.5.1 Budget preparation process

Under the provisions of West Bengal Financial Rules (WBFR) and West Bengal Budget Manual, the departmental budget estimates are required to be prepared by the respective department after obtaining budget proposals from the subordinate offices.

A) Delay in submission of budget estimates

In terms of Rule 333 of WBFR it is essential that the time table prescribed for submission of Budget Estimate should be strictly adhered to so that the realistic estimates may be prepared by the administrative department for onward transmission to Finance department and it may be laid before the Legislature on due date. The scheduled dates for submission of the Budget Estimate for the years 2010-11 to 2012-13 along with the actual dates of submission by the departments to Finance are as under:

Table 2.6: Statement showing target date and actual dates of submission of budget proposals by the departments

Sl. No.	Grant No.	Name of the Department	Year	Scheduled date of receipt from department	Actual date of submission	No. of days delayed
1	15	School Education	2010-11	14.10.2009	13.11.2009	30
			2011-12	15.10.2010	19.01.2011	96
			2012-13	14.10.2011	09.02.2012	118
2	38	Minority Affairs and Madrasah Education	2010-11	14.10.2009	09.02.2010	118
			2011-12	15.10.2010	24.01.2011	101
			2012-13	14.10.2011	15.12.2011	62

Source : Departmental Information

From the above, it transpired that there have been persistent delays ranging between 30 and 118 days in submission of the budget estimates by these two departments. Consequently, the budget was prepared on presumptive basis.

Scrutiny of Forest department (July 2012) revealed that during 2007-08 to 2011-12, budget was not prepared on the basis of actual inputs taken from the unit offices viz, circles, divisions, etc., but prepared in the directorate/ department based on the last years' revised estimates, after adding a percentage over it on *ad hoc* basis. The system in practice for preparation of budget estimate was a top-down approach. As per prevailing practice, the budgets were prepared within the amount specified by the Development and Planning department.

B) Watch over progress of expenditure

In terms of Rule 384 read with 385 of WBFR, the DCO or the Disbursing Officer under whose disposal the grant is placed is required to keep a constant watch over the progress of expenditure every month under different units of appropriation in order to take early steps for obtaining supplementary grants or surrendering any probable savings as may be necessary. Further, the DCOs are required to keep up-to-date information of expenditures incurred by various DDOs and reconcile the expenditure with those compiled by the Principal Accountant General (A&E). Neither Minority Affairs and Madrasah Education department nor School Education department regularly reconciled the departmental figures with those compiled by the Principal Accountant General (A&E). In respect of Forests department, no records/register was maintained by the DCO to watch timely receipt and compilation of expenditure statement from the subordinate units.

2.5.2 Budget Management in selected Grants

A review of budgetary and expenditure control during 2007-08 to 2011-12 in respect of grant numbers 15, 23 and 38 revealed substantial savings as discussed under:

Table 2.7: Persistent savings under the grants

(Rupees in crore)

Grant No	Section	2007-08	2008-09	2009-10	2010-11	2011-12
		Quantum of savings (percentage to total allocation)				
15 School Education	Revenue	62.84 (1)	412.39 (6)	292.06 (3)	-	1067.46 (7)
	Capital	14.35 (72)	7.68 (56)	7.89 (55)	49.45 (66)	42.68 (71)
38 Minority Affairs and Madrasah Education	Revenue	128.64 (54)	154.79 (38)	91.39 (17)	189.48 (19)	129.59 (14)
	Capital	1.00 (10)	6.36 (9)	24.85 (54)	99.14 (94)	63.86 (65)
23 Forests	Capital	12.37 (49)	1.20 (5)	3.64 (13)	8.88 (19)	14.17 (47)

Source : Appropriation Accounts

Major head-wise analysis showed that in case of the following major heads, expenditures mostly fell short of budget allotments by substantial amounts.

Table 2.8: Cases of excess/savings under grants 15, 23 and 38

(Rupees in lakh)

	2007-08	2008-09	2009-10	2010-11	2011-12
Grant number: 15 – School Education					
2202-General Education (Voted)	(-) 6217.90 (1)	(-) 41143.62 (6)	(-) 29134.80 (3)	(+) 43717.71 (4)	(-) 106451.71 (7)
2204- Sports and Youth Services (Voted)	(-) 10.75 (4)	(-) 70.04 (19)	(-) 48.66 (12)	(-) 104.79 (22)	(-) 209.03 (31)
2251-Secretariat Social Services	(-) 5.80 (3)	(-) 5.08 (2)	(-) 2.20 (1)	(-) 8.06 (2)	(-) 65.47 (14)
2551-Hill Areas (Voted)	(-) 50.00 (100)	(-) 20.00 (100)	(-) 20.00 (100)	(-) 20.00 (100)	(-) 20.00 (100)
4202-Capital Outlay on Education, Sports, Art and Culture (Voted)	(-) 1435.16 (72)	(-) 767.80 (56)	(-) 788.82 (55)	(-) 4945.31 (66)	(-) 4268.25 (71)
Grant number: 23 – Forests					
2401-Crop Husbandry (Voted)	-	(-) 235.71 (49)	(-) 53.74 (12)	(+) 326.34 (70)	(-) 1134.11 (70)
2402-Soil and Water Conservation (Voted)	(-) 68.36 (12)	(-) 31.53 (5)	(+) 26.53 (4)	(+) 14.45 (2)	(-) 30.02 (3)
2406-Forestry and Wild Life (Voted)	(-) 1614.30 (9)	(-) 644.46 (3)	(+) 948.72 (4)	(+) 220.98 (1)	(-) 5178.48 (14)
2415-Agricultural Research and Education (Voted)	(-) 9.81 (23)	(-) 8.83 (20)	(-) 4.92 (8)	(-) 9.71 (12)	(-) 7.68 (9)
2551-Hill Areas (Voted)	(-) 30.15 (62)	(-) 30.01 (62)	(-) 40.07 (63)	(-) 20.13 (22)	(-) 34.02 (38)
3451-Secretariat Economic Services (Voted)	(+) 13.04 (13)	(+) 0.54	(+) 11.94 (7)	(+) 6.33 (3)	(-) 18.06 (8)
4406-Capital Outlay on Forestry and Wild Life (Voted)	(-) 1237.27 (49)	(-) 119.81 (5)	(-) 6.00 (0.24)	(-) 287.93 (7)	(-) 1417.24 (47)
Grant number: 38 – Minority Affairs and Madrasah Education					
2052-Secretariat General Services (Voted)	(+) 0.77 (2)	(-) 13.98 (35)	(-) 32.38 (53)	(-) 34.95 (52)	(-) 40.73 (54)
2202-General Education (Voted)	(-) 10982.15 (54)	(-) 13341.58 (43)	(-) 8896.97 (23)	(-) 8622.00 (18)	(-) 904.18 (2)
2204-Sports and Youth Services (Voted)	(-) 11.72 (59)	(-) 0.12 (0.46)	(-) 14.00 (17)	(-) 154.00 (100)	(-) 81.05 (48)
2235-Social Security and Welfare (Voted)	(-) 1213.38 (49)	(-) 1293.81 (15)	(-) 493.62 (4)	(-) 9082.87 (18)	(-) 11032.67 (32)
2250-Other Social Services (Voted)	(-) 627.35 (60)	(-) 721.50 (59)	(-) 103.80 (17)	(-) 956.38 (78)	(-) 278.67 (29)
2251-Secretariat Social Services (Voted)	(-) 30.63 (33)	(-) 2.07 (2)	(+) 21.25 (13)	(-) 75.02 (39)	(+) 70.11 (32)
2515-Other Rural Development Programmes (Voted)	-	(-) 106.00 (44)	(+) 380.37 (190)	(-) 22.54 (3)	(-) 691.77 (15)
4202-Capital Outlay on Education, Sports, Art and Culture (Voted)	(-) 100.00 (100)	-	(-) 1015.96 (48)	(-) 3230.19 (96)	(-) 2149.46 (86)
4235-Capital Outlay on Social Security and Welfare (Voted)	-	(-) 636.28 (13)	(-) 1266.33 (58)	(-) 6521.58 (97)	(-) 5375.01 (76)
4250-Capital Outlay on Other Social Services (Voted)	-	-	(-) 202.74 (67)	(-) 162.35 (32)	(+) 1138.28 (569)

Source: Appropriation Accounts

(Percentage of variations with respect to net budget allotments have been shown in brackets)

A) Non-utilisation of budget provisions and non-surrender

Scrutiny of records of Minority Affairs and Madrasah Education department, School Education department and Forest department for the years from 2007-08 to 2011-12 revealed that the savings made in respect of certain grants were not surrendered

Table 2.9: Non-surrender of savings under Grant number 15, 23 and 38

(Rupees in crore)

Grant 15: School Education			Grant 23: Forest			Grant 38: Minority Affairs and Madrasah Education		
2007-08	(Revenue voted)	62.84	2007-08	(Revenue voted)	17.10	2007-08	(Revenue voted)	128.64
	(Capital voted)	14.35		(Capital voted)	12.37		(Capital voted)	1.00
2008-09	(Revenue voted)	412.39	2008-09	(Revenue voted)	9.50	2008-09	(Revenue voted)	154.79
	(Capital voted)	7.68		(Capital voted)	1.20		(Capital voted)	6.36
2009-10	(Revenue voted)	292.06	2009-10	(Capital voted)	3.64	2009-10	(Revenue voted)	91.39
	(Capital voted)	7.89		(Revenue Charged)	0.05		(Capital voted)	24.85
				(Capital Charged)	0.06			
2010-11	(Capital voted)	49.45	2010-11	(Capital voted)	8.88	2010-11	(Revenue voted)	189.48
							(Capital voted)	99.14
2011-12	(Revenue voted)	1067.46	2011-12	(Revenue voted)	64.02	2011-12	(Revenue voted)	129.59
	(Capital voted)	42.68		(Capital voted)	14.17		(Capital voted)	63.86
Total		1956.80	Total		130.99	Total		889.10

Source : Appropriation Accounts

B) Unnecessary/insufficient/injudicious re-appropriation

Under Grant Number 15- School Education, instances were noticed where reappropriation orders were either insufficient or injudicious.

Table 2.10: Cases of unnecessary / insufficient / injudicious re-appropriations under grant number 15

(Rupees in lakh)

Year	Head of Account	Re-appropriation	Final Excess (+)/ Saving (-)	
1	2009-10	2202-General Education-01-Elementary Education-104-Inspection-Non-Plan-001-Primary School (ES)	(+) 17.00	(+) 432.37
		02-Secondary Education-101-Inspection-Non-Plan-001-Men's Branch (ES)	(+) 18.00	(+) 168.42
		2202-General Education-01-Elementary Education-110-Examinations-Non-Plan-001-Examination Expenses (ES)	(-) 73.04	(+) 738.59
2	2010-11	2202-General Education-01-Elementary Education-107-Teacher's Training-Non-Plan-001-Primary Teacher's Training Institute (Government, Government Sponsored and Non-Government aided)(ES)	(+) 16.15	(+) 316.91
3	2011-12	2202-General Education-01-Elementary Education-112-National Programme of Mid Day Meal in Schools-Plan-State Plan (Annual Plan and Eleventh Plan)-SP002-Construction of Kitchen Shed with Store Room for Mid Day Meal Schemes (ES)	(+) 30.22	(+) 10.73

Source : Appropriation Accounts

C) Release of funds in March and rush of expenditure

Rule 373 of WBFR stipulates that the grants need to be released in due time throughout the year. Scrutiny of records of Minority Affairs and Madrasah Education department revealed that Plan funds aggregating ₹ 198.49 crore was released in the month of March 2012 out of total fund of ₹ 553.54 crore released during the year 2011-12. Thus, 36 per cent of total fund of the year 2011-12 was released in the month of March resulting in huge savings.

Further, Rule 389A of WBFR stipulates that rush of expenditure particularly in the closing months of the financial year shall ordinarily be regarded as a breach of financial regularity. Scrutiny of records relating to different major heads under Grant

Number 23-Forest, revealed that there was rush of expenditure in March during the years 2009-10 to 2011-12 ranging from 29 per cent to 52 per cent of the total expenditure incurred as mentioned in the following Table.

Table.2.11: Rush of Expenditure under different Major Heads during 2009-10 to 2011-12

(Rupees in crore)				
Year	Major Heads / Sector	Expenditure during the Year	Expenditure during last quarter of the year	Expenditure during March
2009-10	State Plan (2401, 2402, 2406, 2415, 2551, 4216, 4406)	71.49	43.74 (61)	36.32 (51)
	CSS and CN (Major heads 2401,2402,2406)	17.47	12.61 (72)	6.80 (39)
2010-11	State Plan	105.42	68.20 (65)	43.25 (41)
	CSS and CN	18.90	15.13 (80)	7.98 (42)
2011-12	State Plan	74.90	51.47 (69)	38.81 (52)
	CSS	23.25	12.22 (53)	6.75 (29)

(CSS: Centrally Sponsored Scheme; CN: Central Sector)

Source: Office of the AG (E&RSA)

Rush in utilisation of funds at the end of the financial year was indicative of poor financial management in violation of the provisions of WBFR.

D) New Service/New Instrument of Service

Article 205 of the Constitution provides that expenditure on a 'New Service' not contemplated in the budget can be incurred only after its specific authorisation by the Legislature.

In the following cases, under Grant number 23-Forest, expenditure totalling ₹ 1.95 crore was incurred on 'New Service/New Instrument of Service' without obtaining the requisite approval of the Legislature as shown in Table 2.12.

Table 2.12: Expenditure on New Service during 2007-08 to 2010-11

Sl No.	Name of New Service / New Instrument of Service	Head of Account	2007-08	2008-09	2010-11	Total
			Expenditure incurred for the year (₹ in crore)			
1	Additional Central Assistance for Accelerated Programme of Restoration and Regeneration of Forest Cover.	2406-01-101-SP-007-87	-	-	1.22	1.22
2	Rajganj Bird Sanctuary [FR]	2406-02-110-CS-000-50	0.17	0.20	-	0.37
3	Chapramari Wildlife Sanctuary	2406-02-110-CS-000-50	0.33	0.03	-	0.36
Total			0.50	0.23	1.22	1.95

Source: Office of the AG (E&RSA)

2.6 Conclusion and Recommendations

Deficient budgetary control in Government departments was apparent from the instances of injudicious supplementary provisions, unnecessary / excessive re-appropriations, inadequate provision of funds, etc. The procedure of preparation of budget as prescribed in the budget manual was also not properly followed. Excess expenditure for the years 2006-07 to 2011-12 worth ₹ 29968.81 crore needs regularisation. During 2011-12, expenditure of ₹ 5617.30 crore was incurred in 78 cases without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect. Besides, the anticipated savings

were either not surrendered or surrendered on the last day of the year leaving no scope for utilising these funds for other development purposes. The Controlling Officers of three test checked departments did not monitor the progress of expenditure.

The following suggestions are made:

- *Efforts should be made by the departments to submit realistic budget estimates keeping in view the trends of expenditure and actual requirement of funds, in order to avoid large scale savings or excess.*
- *The Controlling Officers should keep constant watch over progress of expenditure as required under Rules 384 and 385 of West Bengal Financial Rules, so that possibility of savings/excess is anticipated well in advance.*
- *Non-surrendering of anticipated savings by various departments needs to be viewed seriously for fruitful utilisation of surplus fund.*
- *Expenditure against allocations should be spaced out and rush of expenditure in the closing months of the year should be avoided.*