

## Chapter II

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

**2.1.2** Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Acts and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

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

#### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2012-13 against 46 grants/appropriations is given in **Table 2.1**:

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

| (₹ in crore)   |  |                                  |   |                  |                       |                           |
|----------------|--|----------------------------------|---|------------------|-----------------------|---------------------------|
|                | Nature of expenditure                    | Original grant/<br>Appropriation | Supplementary<br>grants/<br>appropriation | Total            | Actual<br>expenditure | Saving (-)/<br>Excess (+) |
| <b>Voted</b>   | I Revenue                                | 34,637.49                        | 2,876.37                                  | 37,513.86        | 33,149.21             | (-)4,364.65               |
|                | II Capital                               | 10,264.81                        | 1,915.42                                  | 12,180.23        | 10,709.07             | (-)1,471.16               |
|                | III Loans and Advances                   | 874.09                           | 14.09                                     | 888.18           | 521.99                | (-)366.19                 |
|                | <b>Total Voted</b>                       | <b>45,776.39</b>                 | <b>4,805.88</b>                           | <b>50,582.27</b> | <b>44,380.27</b>      | <b>(-)6,202.00</b>        |
| <b>Charged</b> | IV Revenue                               | 5,538.87                         | 45.15                                     | 5,584.02         | 5,056.62              | (-)527.40                 |
|                | V Capital                                | 58.50                            | 36.79                                     | 95.29            | 92.89                 | (-)2.40                   |
|                | VI Public Debt repayments                | 9,221.08                         | 1,327.74                                  | 10,548.82        | 6,298.14              | (-)4,250.68               |
|                | <b>Total Charged</b>                     | <b>14,818.45</b>                 | <b>1,409.68</b>                           | <b>16,228.13</b> | <b>11,447.65</b>      | <b>(-)4,780.48</b>        |
|                | <b>Appropriation to Contingency Fund</b> | --                               | --  | --               | --                    | --                        |
|                | <b>Grand Total</b>                       | <b>60,594.84</b>                 | <b>6,215.56</b>                           | <b>66,810.40</b> | <b>55,827.92</b>      | <b>(-)10,982.48</b>       |

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹ 134.11 crore) and Capital Heads (₹ 5,040.11 crore).

Supplementary provisions of ₹ 6,215.56 crore constituted 10 per cent of the original provision as against eight per cent in the previous year.

The overall savings of ₹ 10,982.48 crore were the result of savings of ₹ 11,410.58 crore in 43 grants under the Revenue Section, 18 grants under the Capital Section and one appropriation (Public Debt-Repayments) under the Loan Section, offset by excess of ₹ 428.10 crore in two grant under the Revenue Section and two grants under the Capital Section. The excess of ₹ 428.10 crore requires regularisation under Article 205 of the Constitution.

The savings/excesses (Detailed Appropriation Accounts) were intimated (August 2013) to the Controlling Officers, requesting them to explain the reasons for significant variations but their explanations had not been received (September 2013).

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Appropriation vis-a-vis allocations

Appropriation audit revealed that savings in 45 cases exceeded ₹ 10 crore in each case or were more than 20 per cent of the total provision (**Appendix 2.1**). Against the total savings of ₹ 11,352.06 crore, savings of above ₹ 50 crore in each case amounting to ₹ 10,904.20 crore (96 per cent) occurred in 23 cases relating to 20 grants and one appropriation as indicated in **Table 2.2**.

Table 2.2: List of grants with savings of ₹ 50 crore and above

|                        |   |                  |                 |                  |                    |                  | (₹ in crore)     |
|------------------------|---|------------------|-----------------|------------------|--------------------|------------------|------------------|
| Sr. No.                | Number and name of the grant              | Original         | Supplementary   | Total            | Actual expenditure | Savings          | Surrenders       |
| <b>Revenue-Voted</b>   |   |                  |                 |                  |                    |                  |                  |
| 1.                     | 4-Revenue                                 | 822.72           | 100.36          | 923.08           | 564.09             | 358.99           | 382.23           |
| 2.                     | 7-Planning and Statistic                  | 387.50           | 4.98            | 392.48           | 121.88             | 270.60           | 270.33           |
| 3.                     | 8-Buildings and Roads                     | 1,148.48         | -               | 1,148.48         | 1,078.07           | 70.41            | 154.44           |
| 4.                     | 9-Education                               | 8,177.35         | 5.00            | 8,182.35         | 6,590.70           | 1591.65          | 1575.61          |
| 5.                     | 10-Technical Education                    | 307.55           | 49.60           | 357.15           | 288.93             | 68.22            | 68.17            |
| 6.                     | 13-Health                                 | 1,648.80         | 201.17          | 1,849.97         | 1596.70            | 253.27           | 254.71           |
| 7.                     | 15-Local Government                       | 1,251.27         | 504.19          | 1,755.46         | 1375.70            | 379.76           | 351.92           |
| 8.                     | 20-Social Security and Welfare            | 1,727.05         | 20.42           | 1,747.47         | 1,681.37           | 66.10            | 66.14            |
| 9.                     | 23-Food and Supplies                      | 206.98           | -               | 206.98           | 99.15              | 107.83           | 107.83           |
| 10.                    | 24-Irrigation                             | 1,406.77         | -               | 1,406.77         | 1,031.22           | 375.55           | 99.00            |
| 11.                    | 27-Agriculture                            | 894.53           | 9.61            | 904.14           | 719.60             | 184.54           | 190.78           |
| 12.                    | 28-Animal Husbandry and Dairy development | 465.36           | -               | 465.36           | 406.54             | 58.82            | 62.00            |
| 13.                    | 32-Rural and Community development        | 1,461.09         | 78.74           | 1,539.83         | 1,380.01           | 159.82           | 142.79           |
| 14.                    | 34-Transport                              | 1,422.98         | -               | 1,422.98         | 1,315.03           | 107.95           | 105.39           |
| 15.                    | 42-Administration of Justice              | 307.74           | 43.92           | 351.66           | 270.76             | 80.90            | 78.18            |
| <b>Revenue-Charged</b> |   |                  |                 |                  |                    |                  |                  |
| 16.                    | 6-Finance                                 | 5,477.36         | 0.00            | 5,477.36         | 4,960.69           | 516.67           | 176.10           |
| <b>Capital-Voted</b>   |   |                  |                 |                  |                    |                  |                  |
| 17.                    | 8-Buildings and Roads                     | 1,540.14         | 287.14          | 1,827.28         | 1,600.78           | 226.50           | 229.53           |
| 18.                    | 14-Urban Development                      | 420.00           | -               | 420.00           | 329.86             | 90.14            | 71.30            |
| 19.                    | 23-Food and Supplies                      | 5,410.70         | 1,444.71        | 6,855.41         | 6,572.21           | 283.20           | 283.37           |
| 20.                    | 38-Public Health and Water Supply         | 1,156.10         | -               | 1,156.10         | 831.70             | 324.40           | 307.29           |
| 21.                    | 40-Energy and Power                       | 910.63           | -               | 910.63           | 198.62             | 712.01           | 712.01           |
| 22.                    | 45-Loans and Advances by State Government | 874.09           | 14.09           | 888.18           | 521.99             | 366.19           | 363.88           |
| <b>Capital-Charged</b> |   |                  |                 |                  |                    |                  |                  |
| 23.                    | Public Debt                               | 9,221.08         | 1,327.74        | 10,548.82        | 6,298.14           | 4,250.68         | 4,110.29         |
| <b>Total</b>           |   | <b>46,646.27</b> | <b>4,091.67</b> | <b>50,737.94</b> | <b>39,833.74</b>   | <b>10,904.20</b> | <b>10,163.29</b> |

Savings exceeding ₹ 500 crore in grant are discussed below:

**i. Grant Number “9-Education” (Revenue-Voted)**

Savings under the grant were ₹ 1,591.65 crore. The savings occurred mainly under the head “2202-General Education, 02-Secondary Education below sub-heads 109-Government Secondary Schools, 99- Teaching Staff including other Establishments (₹ 639.44 crore), 789-Special Component Plan for Scheduled Castes, 97-Monthly Stipends to all Scheduled Caste Students in Classes I to VIII, 98-Cash Award Scheme for Scheduled Caste Classes I to V, 99-Providing of free Bicycle to SC Boys Students in Class VI (₹ 282.85 crore) due to less receipt of claims from the eligible beneficiaries.

**ii. Grant Number “6-Finance” (Revenue-Charged)**

There were total savings of ₹ 516.67 crore under the grant. Savings occurred under the head 2049-Interest Payments, 01-Interest on Internal Debt, 200-Interest on Other Internal Debts, 92-Interest on Loans from NCRPB (₹ 292.13 crore) due to non-utilisation of the entire provision.

**iii. Grant Number “40-Energy and Powers” (Capital-Voted)**

Against the original budget provision of ₹ 910.63 crore, there was huge savings of ₹ 712.01 crore. Entire savings were mainly under the head 4801-Capital Outlay on Power Projects, 05-Transmission and Distribution, 190-Investments in Public Sector and other undertakings due to non-release of Gas and Coal linking for general projects.

**iv. Public Debt**

Against the savings of ₹ 4,250.68 crore under this grant, ₹ 4,110.29 crore were injudiciously surrendered. The savings occurred mainly under the head, “6003-Internal Debt of the State Government, 107-Loans from the State Bank of India and other Banks (₹ 2,402.74 crore) due to lesser lifting of foodgrains by Food Corporation of India and 110-Ways and Means Advances from Reserve Bank of India (RBI)” (₹ 1,653.23 crore) due to less availing of Ways and Means advances from RBI.

**2.3.2 Persistent savings**

During the last five years, four grants and one appropriation showed persistent savings of more than ₹ 10 crore and which were also by 10 per cent or more of the total grants (Table 2.3).

**Table 2.3: Grants indicating persistent savings**

| Sr. No.                  | Number and name of the grant              | Percentage of savings to total provision (Amount of savings) |                  |                  |                  |                  |
|--------------------------|---|--|------------------|------------------|------------------|------------------|
|                          |   | 2008-09  | 2009-10          | 2010-11          | 2011-12          | 2012-13          |
| <b>Revenue (Voted)</b>   |   |  |                  |                  |                  |                  |
| 1.                       | 04-Revenue                                | 41<br>(157.52)   | 33<br>(179.31)   | 22<br>(273.17)   | 47<br>(421.74)   | 39<br>(358.99)   |
| 2.                       | 08-Buildings and Roads                    | 11<br>(86.18)  | 12<br>(111.52)   | 24<br>(249.50)   | 28<br>(300.75)   | 6<br>(70.41)     |
| 3.                       | 24-Irrigation                             | 10<br>(417.11)   | 09<br>(366.75)   | 27<br>(311.48)   | 30<br>(409.81)   | 27<br>(375.55)   |
| <b>Capital (Voted)</b>   |   |  |                  |                  |                  |                  |
| 4.                       | 45-Loans and Advances by State Government | 29<br>(137.36)   | 44<br>(653.58)   | 55<br>(880.53)   | 46<br>(532.72)   | 41<br>(366.19)   |
| <b>Capital (Charged)</b> |   |  |                  |                  |                  |                  |
| 5.                       | Public Debt                               | 46<br>(1,097.31)   | 43<br>(2,032.39) | 41<br>(3,226.08) | 37<br>(2,944.26) | 40<br>(4,250.68) |

Savings under Grant No. 4 Revenue occurred mainly under head “2245-Relief on account of Natural Calamities, 05-Calamity Relief Fund, 101-Transfer to Reserve funds and Deposits Account Calamity Relief Fund, 99-State Contributions (₹ 161.72 crore) due to receipt of previous year balances from State Disaster Response Fund.

Savings under Grant No. 8-Buildings and Roads occurred mainly under head, 3054-Roads and Bridges, 03-State Highways, 337-Roadworks (₹ 62.42 crore) due to closure of quarries in the State as per orders of Hon'ble Court.

Savings under Grant No. 24-Irrigation, occurred mainly under "2700-Major Irrigation, 02-Western Jamuna Canal Project (Commercial), 001-Direction and Administration (₹ 324.89 crore) due to post kept vacant, economy measures, decrease in court cases, etc.

Savings under grant No. 45-Loans and Advances by State Government occurred under head, 6801-Loans for Power Projects, 205-Transmission and Distribution, 98-Loans to Haryana Vidyut Parsaran Nigam Limited (₹ 362.51 crore) due to economy measures.

### 2.3.3 Excess expenditure

In grant number "24-Irrigation" (Table 2.4), excess expenditure of more than ₹ 10 crore had been observed consistently for the last five years:

**Table 2.4: List of grants indicating persistent excess expenditure during 2008-13**  
(₹ in crore)

| Sr. No.              | Number and name of the grant | Percentage of excess to total provision (Amount of excess expenditure) |             |             |             |             |
|----------------------|------------------------------|--|-------------|-------------|-------------|-------------|
|                      |                              | 2008-09  | 2009-10     | 2010-11     | 2011-12     | 2012-13     |
| <b>Capital-Voted</b> |                              |  |             |             |             |             |
| 1.                   | 24-Irrigation                | 12 (171.01)  | 12 (177.25) | 39 (198.58) | 45 (254.64) | 53 (275.23) |

Excesses occurred mainly under the head, "4701-Capital Outlay on Major and Medium Irrigation, 07-Improvement of old/existing channels under NABARD, 001-Direction and Administration, 91-Executive Engineer, 89-Special Revenue, 92-Superintending Engineer, 93-Chief Engineer, 88-Pensionary Charges" (₹ 227.17 crore). The reasons for excess expenditure were not intimated (August 2013).

### 2.3.4 Expenditure without provision

As per the Budget Manual, no expenditure is to be incurred on a scheme/service without provision of funds. It was, however, noticed that in 18 cases as detailed in *Appendix 2.2*, the expenditure of ₹ 443.64 crore was incurred without any provision in the original estimates/supplementary demands and without any reappropriation orders to this effect.

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

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been

prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. However, excess expenditure amounting to ₹ 263.45 crore for the year 2011-12 had not been discussed by PAC and was still to be regularised.

### 2.3.6 Excess over provisions during 2012-13 requiring regularisation

Table 2.5 contains the summary of total excesses in three grants/appropriation amounting to ₹ 428.10 crore over authorisations from the Consolidated Fund of the State during 2012-13 which require regularisation under Article 205 of the Constitution.

**Table 2.5: Excess over provisions requiring regularisation during 2012-13**

(₹ in crore)

| Sr. No.                  | Number and title of grant/ appropriation | Total grant/ appropriation | Expenditure     | Excess        |
|--------------------------|--|----------------------------|-----------------|---------------|
| <b>Revenue (Voted)</b>   |  |                            |                 |               |
| 1.                       | 6-Finance                                | 3,551.82                   | 3,678.35        | 126.53        |
| 2.                       | 38-Public Health and Water Supply        | 1,086.54                   | 1,099.48        | 12.94         |
| <b>Sub-Total</b>         |  | <b>4,638.36</b>            | <b>4,777.83</b> | <b>139.47</b> |
| <b>Capital (Voted)</b>   |  |                            |                 |               |
| 3.                       | 21-Women and Child Development           | 53.82                      | 57.99           | 4.17          |
| 4.                       | 24-Irrigation                            | 522.71                     | 797.94          | 275.23        |
| <b>Sub-Total</b>         |  | <b>576.53</b>              | <b>855.93</b>   | <b>279.40</b> |
| <b>Capital (Charged)</b> |  |                            |                 |               |
| 5.                       | 24-Irrigation                            | 80.29                      | 89.52           | 9.23          |
| <b>Sub-Total</b>         |  | <b>80.29</b>               | <b>89.52</b>    | <b>9.23</b>   |
| <b>Grand-Total</b>       |  | <b>5,295.18</b>            | <b>5,723.28</b> | <b>428.10</b> |

Reasons for excess expenditure were called for from the Government in August 2013. Reply had not been received (September 2013).

### 2.3.7 Unnecessary/Inadequate supplementary provision

Supplementary provisions aggregating ₹ 1,947.34 crore obtained in 21 cases, involving ₹ 50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in *Appendix 2.3*. In five cases, the supplementary provision totalling ₹ 185.55 crore proved inadequate by more than one crore in each case leaving an aggregate uncovered excess expenditure of ₹ 428.10 crore (*Appendix 2.4*).

### 2.3.8 Excessive/unnecessary reappropriation of funds

Reappropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Reappropriation proved injudicious in view of excessive surrenders or insufficient augmentation and resulted in excesses of over ₹ 632.41 crore in 39 sub-heads and savings of over ₹ 1,450.61 crore under 51 sub-heads by more than ₹ one crore in each case as detailed in *Appendix 2.5*. Excesses/Savings were more than ₹ 10

crore under 47 sub-heads. In 12<sup>1</sup> cases, reduction of provisions through reappropriation proved injudicious as the actual expenditure was more than the provisions reduced through reappropriation. Similarly, in 5<sup>2</sup> cases, the reappropriation of funds proved excessive as the savings were more than the funds provided through reappropriation.

### **2.3.9 Surrender in excess of actual savings**

In nine cases, the amounts surrendered (₹ 50 lakh or more in each case) were in excess of the actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of ₹ 1,156.83 crore, the amount surrendered was ₹ 1,289.25 crore resulting in excess surrender of ₹ 132.42 crore. Details are given in *Appendix 2.6*. Further, in four cases the expenditure incurred was in excess (₹ 423.94 crore) of the total grants/ appropriations but even then, the funds (₹ 46.57 crore) were injudiciously surrendered.

### **2.3.10 Anticipated savings not surrendered**

As per paragraph 13.2 of the Punjab Budget Manual also applicable to Haryana, spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2012-13, out of total savings of ₹ 8,365.67 crore in 16 cases under 15 grants/appropriations (savings of ₹ one crore and above were indicated in each grant/appropriation), amounts totalling ₹ 870.99 crore (10 per cent of the total savings) were not surrendered, details of which are given in *Appendix 2.7*. Besides, in 43 cases (surrender of funds in excess of ₹ 10 crore in each case), ₹ 10,635.16 crore was (*Appendix 2.8*) surrendered on the last two working days of March 2013, indicating inadequate financial control as well as non-utilisation of these funds for other development purposes.

### **2.3.11 Rush of expenditure**

Rule 56 of the General Financial Rules provides that expenditure should be evenly spread throughout the year and rush of expenditure in the closing month is regarded as a breach of financial propriety and should be avoided. Contrary to this, in respect of 17 heads under 12 grants/appropriations listed in *Appendix 2.9*, expenditure exceeding ₹ 10 crore and also more than 50 per cent of the total expenditure for the year was incurred during the last quarter of the year or in March 2013.

<sup>1</sup> Sr. No. 2, 14, 33, 34, 50, 52, 53, 54, 62, 77, 81 and 86 of *Appendix 2.5*.

<sup>2</sup> Sr. No. 3, 7, 55, 58 and 84 of *Appendix 2.5*.

Further scrutiny revealed that out of the expenditure of ₹ 8,215.84 crore incurred on 17 major heads under 12 grants during 2012-13, expenditure of ₹ 3,537.30 crore (43 *per cent*) was spent during the month of March 2013. Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules.

## **2.4 Deficiencies noticed in working of treasuries**

Deficiencies noticed in the working of treasuries during compilation and inspection for 2012-13 by the Principal Accountant General (Accounts and Entitlement) (PAG(A&E)) Haryana are given below:

### **2.4.1 Opening of new sub detailed and objective heads**

Under the Constitution of India, the Comptroller and Auditor General of India has been authorised to compile the account of Union and States. He is required to decide the forms in which the accounts are to be kept. Therefore, the heads of accounts under which the accounts are to be prepared are required to be decided by the CAG. The State Governments are not authorised to open a new head/sub head of account on their own. The CAG had advised (June 2000) the State Government to seek the mandatory advice from the PAG (A&E) for opening of sub-heads and below.

Scrutiny of Budget documents of the State Government for 2012-13 years revealed that the State Government had opened accounting heads and sub-heads without seeking the prior concurrence from the PAG (A&E). Detail of sub heads opened without consent of PAG (A&E) are given in *Appendix 2.10*.

### **2.4.2 Non-submission of vouchers in support of Payments**

Rule 3.17 of Punjab Financial rules Volume-I envisages that Treasury Officers should ensure that all vouchers required to be sent to the Accounts office are attached with the relevant Monthly Civil Accounts. 939 vouchers of ₹ 23.70 crore were found missing as per *Appendix 2.11*. Despite best efforts made by PAG (A&E) office through regular correspondence with Director Treasuries & Accounts Haryana, Chandigarh and frequent visits to concerned quarters, vouchers were still awaited from various Treasury Officers.

### **2.4.3 Outstanding claims remaining in suspense**

Payment orders on account of Death-cum-Retirement Gratuity/Gratuity were lying outstanding for more than one year in the Treasury Offices as given in



**Appendix 2.12.** No efforts were being made by the Treasury Officers for their revalidation or ascertaining the reasons for their non-payment.

#### **2.4.4 Delay in submission of Monthly Accounts by treasuries**

During the year, in 99 cases the account from various treasuries (first list of payment in 33 cases and second list of payment in 66 cases) were received late by four to fifteen days. Particularly, Accounts of Ambala Treasury were received late by four to fifteen days every month. Hence only 81 *per cent* Accounts were received in time from various treasuries. Matter was brought to the notice of the Government every month but the delay continued to occur. The delay in the submission of initial accounts caused consequent delay and disruptions in compiling Monthly Civil Accounts by the Principal Accountant General (A&E). A list showing the delay in submission of first and second list of accounts by more than three days is given in **Appendix 2.13 and 2.14**. Treasury officers need to be directed to ensure timely submission of initial account to this office.

#### **2.4.5 Non-submission of Plus and Minus Memorandum**

As per rule 13.5 of Punjab Financial Rules Volume-I, a plus and minus memorandum should be prepared and submitted to the Principal Accountant General (A&E) as prescribed in Articles 110 and 111 of Account Code Volume-II. But the Plus and Minus memorandum are not regularly and timely submitted by the Treasury Officers along with monthly accounts as shown in **Appendix 2.15** thus, resulting in outstanding balances in the Broad Sheets. Treasury Officers need to be instructed strictly in this regard.

#### **2.4.6 Non-operational Personal Ledger Accounts**

While checking the Deposit Accounts, it has been observed that many accounts have not been operated for the last three years. It had also been observed that neither the balances shown therein were written off to Government Account nor any action was initiated to pursue with the department concerned for squaring up the Personal Ledger Accounts (PLAs). Few such examples are given in **Appendix 2.16**.

As per rule 12.7 of Punjab Finance Rules volume-I, PLAs credited by debit to the consolidated Fund should be closed at the end of financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund. Fresh PLAs, be opened next year again, if necessary, in the usual manner. Strict instructions need to be issued to all the Treasury Officers in this regard. At the close of the year 2012-13, there were 245 PLAs with a balance of ₹ 233.95 crore.

In most of the cases, Treasury Officers do not mention the correct Minor Head of Account in the receipt schedules and payment vouchers. The amount was shown as “Personal Ledger Account” only, resulting in booking of amount in wrong minor head which led to monthly difference.

## 2.5 Outcome of Analysis of Budgetary Assumptions

Budget estimates for the year 2012-13 were prepared keeping in view the pre-actual figures of 2010-11 and receipts/expenditure of the base year 2011-12 up to September 2011. Details of projected receipts and expenditure and actual thereagainst are given in *Appendix 2.17*.

### 2.5.1. Shortcomings in Budgetary Assumptions

An analysis of the budgetary assumptions made for receipts and expenditure for preparation of the Budget Estimates (BE) for the year 2012-13 in the Finance Department and the actual thereagainst was conducted (July-August 2012) to examine the process and transparency in preparation of the BE and Revised Estimates (RE). The budgetary assumptions in the cases detailed in **Table 2.6** were not based on realistic grounds.

**Table 2.6: Unrealistic Budgetary Assumptions**

(₹ in crore)

| Sr. No.                 | Particulars                | Budget Provision/ B.E 2012-13 | Actual    | Remarks   |
|-------------------------|----------------------------|-------------------------------|-----------|---|
| <b>Revenue Receipts</b> |                            |                               |           |   |
| 1                       | Non- Plan Revenue Receipts | 33,879.80                     | 32,145.90 | Against the assumed growth of 12.80 per cent for the year 2012-13, the BE was prepared by increasing 17.17 per cent over BE of 2011-12 (₹ 28,914.12 crore). There was only 10.66 per cent increase above the actual receipts of 2011-12 (₹ 29,049.16 crore).          |
| 2                       | State Tax Revenue          | 23,873.28                     | 23,559.00 | The projection of ₹ 23,873.28 crore in BE 2012-13 constituted 19.33 per cent growth over BE 2011-12 (₹ 20,006.89 crore) against the assumed growth of 14.10 per cent. Actual receipts were 15.48 per cent higher than actual receipts (₹ 20,399.45 crore) of 2011-12. |
| a                       | Taxes on Vehicles          | BE 750<br>RE 770              | 887.30    | The BE ₹ 750 crore and RE ₹ 770 crore were under estimated as compared to actual receipts of ₹ 887.30 crore during the year.  |
| b                       | Land Revenue               | BE 15.28<br>RE 16.81          | 12.98     | The actual receipt ₹ 12.98 crore was less than the BE. The past trend of the actual receipts was ₹ 10.02 crore in 2010-11, and ₹ 10.95 crore in 2011-12 which was not kept in view while projecting BE 2012-13.   |

| Sr. No. | Particulars                         | Budget Provision/<br>B.E<br>2012-13 | Actual    | Remarks   |
|---------|-------------------------------------|-------------------------------------|-----------|---|
| c       | Taxes on Duties on Electricity      | BE 160<br>RE 183                    | 191.97    | The BE was increased to ₹ 183 crore in the revised estimate 2012-13 by ignoring the past trend which was ₹ 130.27 crore in 2010-11 and ₹ 166.43 crore in 2011-12. The actual receipt of ₹ 191.97 crore was higher by ₹ 31.97 crore than BE and ₹ 8.97 crore from RE of 2012-13.   |
| 3       | State's own Non-Tax Revenue         | 4,804.54                            | 4,673.15  | Against the assumed increase of 14.03 <i>per cent</i> , the projection of ₹ 4,804.54 crore in BE 2012-13 constituted only 12.07 <i>per cent</i> increase over BE 2011-12 (₹ 4,287.08 crore). However, the actual receipts of ₹ 4,673.15 crore in 2012-13 was less than actual collection of 2011-12 (₹ 4,721.65 crore).                             |
| a       | Major Irrigation                    | BE 187.80<br>RE 187.80              | 130.92    | The BE was over estimated by ₹ 56.88 crore as compared to actual receipts of ₹ 130.92 crore during the year 2012-13 which indicated unrealistic estimate.   |
| b       | Roads and Bridges                   | BE 20<br>RE 15                      | 133.41    | The projection of ₹ 20.00 crore in the BE was reduced to ₹ 15 crore. But the actual receipts of ₹ 133.41 crore was much higher than the projected BE which indicated that assumptions were not realistic.   |
| c       | Other General and Economic Services | BE 11.50<br>RE 11.50                | 34.79     | The BE was under estimated by ₹ 23.29 crore as compared to actual receipts of ₹ 34.79 crore which indicated that assumptions were not realistic.  |
| d       | Medical and Public Health           | BE 109.63<br>RE 116.96              | 78.01     | The BE of ₹ 109.63 crore was revised to ₹ 116.96 crore but actual receipts of ₹ 78.01 crore falls short by 33 <i>per cent</i> . Thus the projection was not realistic.  |
| 4       | Grants-in-aid                       | 5,470.25                            | 2,339.25  | Grants-in-aid to States are released by Government of India on the recommendation of the Finance Commission. Therefore, the provisions in BE should be made as per recommendation of the Finance Commission. During 2012-13 the provisions made on the higher side than the recommendations of Thirteen Finance Commission (TFC) was not realistic. |
| 5       | Non-Plan Expenditure                | 28,769.45                           | 30,186.27 | The provision of ₹ 28,769.45 crore comprises ₹ 28,613.65 crore on revenue account and ₹ 155.80 crore on capital account. The expenditure of ₹ 1,570.54 crore incurred on capital account exceeded the budget provisions. Thus, the provisions in BE were not realistic.   |

### 2.5.2 Shortcomings in Plan Estimates

The plan expenditure during 2012-13 was assessed at ₹ 14,500 crore. The actual expenditure of ₹ 13,931.48 crore (96 *per cent*) was less than the projections. Variations were due to the following facts:

- i A total of 88 scheme with an approved outlay of ₹ 730.17 crore included in approved plan for 2012-13 were not implemented (**Appendix 2.18**).

ii Provision of ₹ 70.74 crore made under 12 schemes in approved outlay for 2012-13 was reduced to ₹ 18.99 crore in the RE, but the schemes were not implemented (*Appendix 2.19*) for which the reasons were not given.

iii Provision of ₹ 10.06 crore made under the four schemes in approved outlay was increased to ₹ 14.94 crore in RE, but expenditure was not incurred during the year 2012-13 (*Appendix 2.20*).

iv Provisions of ₹ 106.61 crore were made under 33 schemes in approved outlay as well as in revised outlay, but no expenditure was incurred during the year 2012-13 (*Appendix 2.21*).

v The provision of ₹ 1,702.11 crore made under 46 schemes was increased to ₹ 2,001.79 crore against which expenditure of ₹ 1,457.26 crore was incurred during the year 2012-13. Further augmentation of funds through supplementary grants proved unnecessary as the total expenditure was less than even the original estimates (*Appendix 2.22*).

vi Eight new plan schemes with a provision of ₹ 76.91 crore were included in the revised estimates during the year 2012-13 but the schemes were not implemented. (*Appendix 2.23*).

vii An expenditure of ₹ 8.29 crore was incurred against three schemes without any provision in BE/RE during the year 2012-13 (*Appendix 2.24*). Reasons for incurring expenditure without provision were not given.

viii Fourteen plan schemes including one scheme of externally aided project for which the Outlay of ₹ 1,296.65 crore approved for execution during 2012-13 was reduced to ₹ 700.67 crore in the revised estimates. The expenditure of ₹ 404.41 crore only was incurred on these schemes which was much less than the approved /revised outlay as detailed in *Appendix 2.25*.

ix Provision of ₹ 785.67 crore made under twenty two schemes was reduced to ₹ 478.99 crore, still expenditure of ₹ 553.60 crore was incurred under these schemes which exceeded the approved revised limit as detailed in *Appendix 2.26*.

## **2.6 Outcome of Review of Selected Grants**

A review of budgetary procedure and control over expenditure of two grants (Grant No. “20-Social Security and Welfare” and Grant No. “38-Public Health and Water Supply”) was conducted (July-August 2013) on the basis of the variations during the last three years and magnitude of the grants and

supplementary demands made during the year 2012-13. Important points noticed during review of these grants for 2012-13 are detailed below:

### **2.6.1 Grant No. 20-Social Security and Welfare**

i Against the budget provision of ₹ 1,747.47 crore (Original: ₹ 1,727.05 crore and supplementary: ₹ 20.42 crore) under revenue head an expenditure of ₹ 1,681.37 crore was incurred during the year 2012-13 resulting in saving of ₹ 66.10 crore.

ii Savings occurred mainly under head “2235-Social Security and Welfare, 104-Welfare of Aged, Infirm and Destitute and 101-Welfare of Handicapped” (₹ 4.55 crore) due to non-receipt of application/ proposal from the Non-Government Originations (NGO’s), “02-Social Welfare, 800-Other Expenditure, 73-Scheme for development of minority concentration districts of Mewat and Sirsa” (₹ 18.54 crore) due to non-finalization of the project under the scheme and 03-National Social Assistance Programme, 102- National Family Benefit Scheme, 99-Family benefit scheme” (₹ 1.52 crore) due to enrolment of less number of beneficiaries. Against the saving of ₹ 66.10 crore under the revenue head, the amount of ₹ 66.14 crore was surrendered on the last day of the financial year.

iii In view of saving of ₹ 66.10 crore, the supplementary grant of ₹ 20.42 crore obtained in March 2013 proved unrealistic as the actual expenditure did not even come up to the original provision.

iv The provision of ₹ 2.83 crore under head, “4235- Capital Outlay on Social Security and Welfare” proved unnecessary as no expenditure was incurred due to non clearance of scheme from the Haryana Backward Classes Kalyan Nigam.

v It was noticed in audit that out of the total expenditure of ₹ 28.31 crore incurred on eighteen schemes (*Appendix 2.27*) under this grant, the expenditure of ₹ 26.05 crore (92 *per cent*) was incurred during the last quarter of the year, of which, ₹ 24.29 crore (86 *per cent*) was incurred during the last month (March 2013). Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules.

### **2.6.2 Grant No. 38-Public Health and Water Supply**

#### **(a) Revenue Head**

i Against the budget provision of ₹ 1,086.54 crore (original ₹ 1,074.54 crore and supplementary ₹ 12.00 crore), the expenditure of ₹ 1,099.48 crore was incurred under revenue head resulting in excess expenditure of ₹ 12.94 crore which required regularization under article 205 of constitution.

ii In view of excess expenditure, the supplementary provision of ₹ 12.00 crore proved inadequate. The excess expenditure was under “2215 Water Supply and Sanitation of Water Supply, 01-Water Supply, 102-Rural Water Supply Programmes, 97-Rural Water Supply Programme” (₹ 12.19 crore) due to installation of tube wells, water works boosters and pending energy charges paid to Haryana Vidhyut Parasaran Nigam.

**(b) Capital Head**

iii Against the original budget provision of ₹ 1,156.10 crore, the expenditure of ₹ 831.70 crore was incurred which resulted in savings of ₹ 324.40 crore over the BE.

iv Savings were mainly under head “4215-Capital outlay on Water Supply and sanitation”-94-Augmentation of Water Supply (₹ 11.48 crore), 99-Augmentation of water supply (₹ 18.03 crore), 94-National Capital Region (₹ 154.06 crore), 99- Institutional Strengthening of Public Health Engineering Department (₹ 0.46 crore), NEWDP- Coverage Central (₹ 13.61 crore) due to non-availability of material such as Sand/ Gravel, pipes, etc., 98- Free Private Water Connection to SC Families in Rural (₹ 7.17 crore), 99-Free Private Water Connection to SC Families in Urban (₹ 3.94 crore), 96-Desert Development Programme (₹ 43.48 crore) due to providing of additional budget at the fag end of the year and 91-Mewat TFC (₹ 15.00 crore), 95- TFC - Shivalik and Southern Haryana (₹ 32.55 crore), 98-Mewat TFC (₹ 9.11 crore), 97- TFC Shivalik and Southern Haryana (₹ 4.28 crore), 92-Sewerage Treatment (₹ 2.34 crore) and 97-NEWDP- Sustainability (Central) (₹ 22.16 crore) due to project sanctioned at the end of the year.

v Against the total saving of ₹ 324.40 crore under capital heads of the grant, ₹ 307.29 crore were surrendered on the last working day of the year, remaining ₹ 17.11 crore remained un-surrendered. Under revenue head also although there was an excess expenditure of ₹ 12.94 crore, the department surrendered ₹ 1.47 crore on last working day of the year. This indicated inadequate financial control and also that these funds could not be utilized on other development schemes/ programmes of the Government.

vi It was noticed that out of total expenditure of ₹ 104.24 crore incurred on 39 schemes under this grant, expenditure of ₹ 56.44 crore (54 per cent) was incurred during the last quarter of the year, of which ₹ 44.04 crore (42 per cent) was spent during the last month (March 2013). Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules (*Appendix 2.28*).

## 2.7 Delay in submission of Budget Estimates

Budget estimates for the year 2012-13 were required to be submitted to the Finance Department by the Administrative Departments and Heads of various offices before 4<sup>th</sup> November. Contrary to this, two Heads of Department (Grant No. 20 and Grant No. 38) submitted their budget estimates to Finance Department after delays ranging between 34 and 87 days (*Appendix 2.29*).

## 2.8 Conclusions

During 2012-13, expenditure of ₹ 55,827.92 crore was incurred against total grants and appropriations of ₹ 66,810.40 crore.

Overall saving of ₹ 10,982.48 crore was the result of saving of ₹ 11,410.58 crore in various grants and appropriation offset by excess expenditure of ₹ 428.10 crore in four grants which required regularisation under Article 205 of the Constitution of India in addition to excess expenditure of ₹ 263.45 crore in one grant relating to 2011-12.

In nine cases, ₹ 1,289.25 crore was surrendered (more than ₹ 50 lakh or more in each case) including an excess surrender of ₹ 132.42 crore than actual savings indicating inadequate budgetary control in these departments. Out of savings of ₹ 8,365.67 crore in 16 cases (savings of ₹ one crore and above), savings of ₹ 870.99 crore were not surrendered. In 41 cases (surrender of funds in excess of ₹ 10 crore), ₹ 10,635.16 crore were surrendered on the last two working days of the financial year. There were also cases of injudicious reappropriations.

## 2.9 Recommendations

The Government may consider:

- preparing realistic budget estimates to avoid large savings/excesses.
- surrendering of savings by stipulated date for their effective utilisation by needy departments.
- regularisation of excess expenditure incurred.
- seeking prior concurrence of the Principal Accountant General (Accounts and Entitlement) before opening new accounting Heads and sub-heads.
- spreading the expenditure throughout the year.