

## 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 the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts, passed by the Legislature. 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 authorised 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 provisions and are, therefore, supplementary to Finance Accounts. In Sikkim, no Budget Manual containing the procedures for preparation of the estimates of budget, subsequent action in respect of the budget communication, distribution of grants, watching the progress of revenue and control over expenditure etc., had yet been laid down.

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

#### 2.2 Summary of Appropriation Accounts

##### 2.2.1 Summarised position of expenditure and provisions

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/ appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	3,492.74	32.83	3,525.57	2,786.28	(-)739.29
	II Capital	1,478.59	49.61	1,528.20	847.35	(-)680.85
	III Loans and Advances	0.40	-	0.40	0.11	(-)0.29
<b>Total Voted</b>		<b>4,971.73</b>	<b>82.44</b>	<b>5,054.17</b>	<b>3,633.74</b>	<b>(-)1420.43</b>
Charged	IV Revenue	2,32.61	-	232.61	229.19	(-)3.42
	V Capital	-	-	-	-	-
	VI Public Debt-Repayment	72.76	-	72.76	71.12	(-)1.64
<b>Total Charged</b>		<b>305.37</b>	<b>-</b>	<b>305.37</b>	<b>300.31</b>	<b>(-)5.06</b>
Appropriation to Contingency Fund (if any)		-	-	-	-	-
<b>Grand Total</b>		<b>5,277.10</b>	<b>82.44</b>	<b>5,359.54</b>	<b>3,934.05</b>	<b>(-)1,425.49</b>

Source: Appropriation Accounts

The overall saving of ₹ 1,425.49 crore was the result of savings of ₹ 1,447.59 crore in 40 grants and one appropriation under Revenue Section, 31 grants under Capital Section and one grant (Public Debt-Repayments) under Loan Section, offset by excess of ₹ 22.10 crore in 18 grants/appropriations under Revenue Section.

The savings/excesses were intimated (July 2013) to the Controlling Officers requesting them to explain the significant variations. Out of 519 sub-heads, replies/explanations in respect of 215 savings and 106 excess cases were received, while replies/explanations for variation in respect of 144 savings and 54 excess were not received (October 2013).

### 2.2.2 Pendency in submission of Detailed Contingent (DC) Bills against Abstract Contingent (AC) Bills

As per Sikkim Financial Rule (SFR), 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 countersignature and transmission to the Principal Accountant General. The total amount of DC bills received during the period 2009-2013 was only ₹ 172.21 crore against the amount of AC bills of ₹ 313.43 crore (₹ 116.76 crore (OB) + ₹ 196.67 crore) leading to an outstanding balance of DC bills of ₹ 141.22 crore as on 31 March 2013. Year-wise details are given in the following table.

Table 2.2: Details of AC Bills

Year	Opening Balance	Addition during the year	Total Amount of AC Bills	Amount of adjustment (DC bills)	DC bills as percentage to AC bills	Outstanding AC bills
2008-09	116.76	35.37	152.13	49.77	32.72	102.36
2009-10	102.36	36.30	138.66	1.88	1.36	136.78
2010-11	136.78	29.85	166.63	55.33	33.70	111.30
2011-12	111.30	45.04	156.34	12.28	7.85	144.06
2012-13	144.06	50.11	194.17	52.95	27.33	141.22
		196.67		172.21		

Source: Voucher Level Computerisation data of Sr. DAG (A & E)

Department-wise pending DC bills for the years up to 2012-13 is detailed in **Appendix 2.1**. As would be seen from the appendix, the defaulting departments were Land Revenue and Disaster Management (₹ 23.74 crore), Food Security and Agriculture (₹ 16.37 crore), Tourism (₹ 16.22 crore), Horticulture and Cash Crop Management (₹ 12.12 crore) and Home (₹ 10.07 crore).

Non-submission of DC bills for long periods after drawing the AC bills is fraught with the risk of misappropriation and therefore needs to be monitored closely. It may also be mentioned that the expenditure, having already been booked as such in the books of accounts, distorts the magnitude of expenditure besides quality of the same remaining unascertained.

## 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 26 cases, savings exceeded ₹ 1 crore in each case and also by more than 20 per cent of total provision (**Appendix 2.2**).

Against the total savings of ₹ 1,447.59 crore, savings of ₹ 1,107.48 crore (76.50 per cent)<sup>1</sup> occurred in 9 cases relating to 9 grants as indicated in **Table 2.3**.

**Table 2.3: List of Grants with savings of ₹ 50 crore and above**

(₹ in crore)						
Sl. No.	No. and Name of Grant	Original	Supplementary	Total	Actual Expenditure	Savings
<b>REVENUE - VOTED</b>						
1	10 Finance, Revenue and Expenditure	1,018.43	0	1,018.43	769.50	248.93
2	12 Forestry and Environment Management	167.97	0.01	167.98	66.73	101.24
3	19 Irrigation and Flood Control	147.95	2.00	149.95	56.03	93.93
4	22 Land Revenue & Disaster Management	338.53	0.01	338.54	166.51	172.03
<b>CAPITAL - VOTED</b>						
5	22 Land Revenue & Disaster Management	217.11	0	217.11	147.25	69.86
6	31 Energy and Power	103.37	0	103.37	42.67	60.69
7	33 Water Security and Public Health Engineering	114.20	8.10	122.30	41.00	81.30
8	40 Tourism	151.89	4.75	156.64	48.50	108.15
9	41 Urban Development and Housing	218.02	2.74	220.76	49.41	171.35
<b>TOTAL</b>		<b>2,477.47</b>	<b>17.61</b>	<b>2,495.08</b>	<b>1,387.60</b>	<b>1,107.48</b>

Source: Appropriation Accounts

Reasons for savings were mainly due to (i) non-receipt of claims and (ii) less payment of interest.

### 2.3.2 Persistent savings

In six cases, during the last five years, there were persistent savings of more than ₹ 1 crore in each case and also by 10 per cent or more of the total grant (**Table 2.4**).

**Table 2.4: Lists of Grants indicating persistent savings during 2008-09 to 2012-13**

(₹ in crore)						
Sl. No.	No. and Name of Grant	Amount of savings				
		2008-09	2009-10	2010-11	2011-12	2012-13
<b>REVENUE - VOTED</b>						
1	19 - Irrigation & Flood Control	34.70 (56.45)	15.07 (28.93)	28.05 (39.01)	76.84 (65.46)	93.92 (62.64)
2	29 - Development Planning, Economic Reforms and North Eastern Council Affairs	12.54 (61.81)	14.96 (60.96)	86.93 (91.32)	58.81 (84.55)	09.60 (35.57)
3	22 - Land Revenue and Disaster Management	26.01 (38.34)	27.18 (40.78)	35.60 (54.63)	163.20 (36.81)	172.04 (50.81)
<b>CAPITAL - VOTED</b>						
4	31 - Energy and Power	85.93 (62.23)	43.90 (30.31)	65.89 (66.72)	39.28 (51.76)	60.69 (58.71)
5	34 - Roads & Bridges	54.60 (26.62)	63.63 (45.87)	125.54 (58.80)	151.39 (56.80)	48.09 (20.07)
6	40 - Tourism	64.72 (58.82)	23.91 (32.77)	54.87 (52.81)	127.19 (69.05)	108.15 (69.03)

Source: Appropriation Accounts

(Figures in the bracket indicate percentage to total provision)

Reasons for savings were mainly due to (i) non-receipt of funds from the GOI and (ii) non-receipt of claims.

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

### 2.3.3 Expenditure without provision

As per SFR, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 0.16 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 2012-13**

(₹ in crore)				
Grant No.	Name	Head of Account	Amount of expenditure without provision	Reasons/Remarks
43	Panchayati Raj Institution	2515-101	0.16	Reasons not intimated
<b>Total</b>			<b>0.16</b>	

Source: Appropriation Accounts

Expenditure without provision indicated inadequacy in internal control.

### 2.3.4 Rush of expenditure

According to the SFR, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, expenditure exceeding ₹ 1 crore and also more than 50 per cent of the total expenditure for the year was incurred in respect of 16 heads and 33 heads during March 2013 and last quarter of the year 2012-13 respectively as listed in **Appendix 2.3**.

In four and three cases, expenditure during the last quarter and March 2013 respectively was up to 100 per cent of total provision during the year, which was contrary to the aforesaid provision.

### 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 the excess over a grant/appropriation 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 (PAC). However, excess expenditure amounting to ₹ 8.87 crore for the years 2008-2012 was yet to be regularised. The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.6**.

**Table 2.6: Excess over provisions relating to previous years requiring regularisation**

Year	Number of		Amount of excess over provision	Status of Regularization
	Grants	Appropriations		
2008-09	02 (Grant Nos. 33,10)	-	1.98	Under examination by PAC
2009-10	04 (Grant Nos. 24,28,29,33)	-	5.10	-do-
2010-11	04 (Grant Nos.24,33,37,24)	-	1.59	-do-
2011-12	03 (Grant Nos. 16,26,42,24)	-	0.20	-do-
<b>Total</b>			<b>8.87</b>	

Source: Appropriation Accounts

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

**Table 2.7** contains the summary of total excess in 18 grants/appropriations amounting to ₹ 22.10 crore over authorisation from the Consolidated Fund of State during 2012-13 and requires regularisation under Article 205 of the Constitution.

Table 2.7: Excess over provisions requiring regularisation during 2012-13

(₹ in lakh)					
Sl.No.	Number and title of Grant/Appropriation		Total grant/appropriation	Expenditure	Excess
<b>A. VOTED Grants -</b>					
1	3	Buildings	1,603.72	1,740.90	137.18
2	5	Cultural Affairs and Heritage	699.00	719.90	20.90
3	9	Excise	599.53	603.31	3.78
4	16	Commerce and Industries	2,238.21	2,354.32	116.11
5	17	Information and Public Relation	1,147.92	1,159.55	11.63
6	24	Legislature	1,175.81	1,185.37	9.56
7	25	Mines Mineral and Geology	304.69	314.78	10.09
8	26	Motor Vehicles	348.07	373.95	25.88
9	27	Parliamentary Affairs	111.36	111.66	0.30
10	31	Energy and Power	9,729.03	10,721.30	992.27
11	32	Printing	609.01	640.55	31.54
12	33	Water Security and Public Health Engineering	1403.04	1,524.21	121.17
13	34	Roads and Bridges	4690.28	4,879.77	189.49
14	35	Rural Management and Development	5228.09	5,608.70	380.61
15	36	Science, Technology and Climate Change	153.10	153.20	0.10
16	40	Tourism	1453.63	1,585.53	131.90
17	42	Vigilance	443.30	470.12	26.82
18	-	Governor	533.56	533.92	0.36
<b>TOTAL</b>			<b>32,471.35</b>	<b>34,681.04</b>	<b>2209.69</b>

Source: Appropriation Accounts

### 2.3.7 Unnecessary/excessive/inadequate supplementary provision

Supplementary provision aggregating ₹ 67.64 crore obtained in 18 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 2.4**.

### 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 over ₹ 3.31 crore in 05 sub-heads. There was excess of ₹ 0.96 crore in three sub-heads as detailed in **Appendix 2.5** and savings of ₹ 2.35 crore in two sub-heads as detailed in **Appendix 2.6**.

### 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 62 sub-heads on account of either delay in implementation of schemes/programmes or non-receipt of funds from Government of India. Out of the total provision amounting to ₹ 946.23 crore in those 62 sub-heads, ₹ 720.95 crore (76.19 per cent) constituting 13.45 per cent of total budget provision (₹ 5,359.54) were surrendered, which included cent per cent surrender in 11 schemes (₹ 22.99 crore). The details of such cases are given in **Appendix 2.7**.

### 2.3.10 Surrender in excess of actual saving

In three cases, the amount surrendered (₹ 50 lakh or more in each case) was in excess of actual savings indicating lack of or inadequate budgetary control in those departments. As against savings of ₹ 200.45 crore, the amount surrendered was ₹ 248.92 crore resulting in excess surrender of ₹ 48.47 crore as indicated in **Table 2.8**.

**Table 2.8: Surrender in excess of actual savings (₹ 50 lakh or more)**

(₹ in crore)

Sl.No.	No. and Name of Grant/Appropriation	Total grant/ appropriation	Savings	Amount surrendered	Amount surrendered in excess
<b>REVENUE - VOTED</b>					
1	1 Food Security and Agriculture Development	66.85	2.63	3.18	0.55
2	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	39.73	3.13	3.94	0.81
3	7 Human Resources and Development	328.96	28.54	42.08	13.54
4	19 Irrigation and Flood Control	149.95	93.93	94.78	0.85
5	43 Panchayat Raj Institutions	336.41	21.67	31.47	9.80
	<b>Total</b>	<b>921.90</b>	<b>149.9</b>	<b>175.45</b>	<b>25.55</b>
<b>REVENUE - CHARGED</b>					
6	10 Finance, Revenue and Expenditure	215.38	2.46	9.88	7.42
	<b>Total</b>	<b>215.38</b>	<b>2.46</b>	<b>9.88</b>	<b>7.42</b>
<b>CAPITAL - VOTED</b>					
7	34 Roads and Bridges	239.60	48.09	63.58	15.49
	<b>Total</b>	<b>239.6</b>	<b>48.09</b>	<b>63.58</b>	<b>15.49</b>

Source: Appropriation Accounts

### 2.3.11 Anticipated savings not surrendered

As per SFR, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance, Revenue and Expenditure Department (FRED) as and when the savings are anticipated. At the close of the year 2012-13, there were, however, five grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in those cases was ₹ 9.82 crore (0.69 per cent of the total savings) (**Appendix 2.8**).

Similarly, out of total savings of ₹ 1,447.59 crore, savings of ₹ 1 crore and above under 08 grants/appropriations were noticed aggregating ₹ 172.60 crore representing 11.92 per cent of total savings in those grants/appropriation that were not surrendered, details of which are given in **Appendix 2.9**. Besides, in 49 cases, (surrender of funds in excess of ₹ 1 crore or more), ₹ 1,192.90 crore (**Appendix 2.10**) were surrendered (major departments involved were Finance, Revenue and Expenditure, Irrigation and Flood Control, Urban Development and Housing, Tourism and Land Revenue & Disaster Management) on the last two working days of March 2013 indicating inadequate financial controls and also the fact that those funds could not be utilised for other development purposes.

## 2.4 Contingency Fund

The Contingency Fund of the State had been established under the Contingency Fund Act, 1957 in terms of provisions of Articles 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 authorisation by the Legislature would be undesirable. The fund is in the nature of an imprest and its corpus is ₹ 1 crore. Funds drawn out of Contingency Fund are subsequently recouped to the fund through supplementary provisions.

A total amount of ₹ 8.01 lakh, advanced during 2012-13 was subsequently recouped during the end of the year 2012-13.

## 2.5 Outcome of review of selected grants

### 2.5.1 Grant 29 – Development Planning, Economic Reforms and North Eastern Council Affairs Department

A review on budgetary procedure and control over expenditure for the period 2008-09 to 2012-13 was conducted (May-June 2013) in respect of “Grant No. 29 – operated by two Departments namely (i) Development Planning, Economic Reforms and North Eastern Council Affairs (DPERNECA), Government of Sikkim (Major Head 2575, 3451 & 4575) and (ii) Department of Economics Statistics, Monitoring & Evaluation (DESME), Government of Sikkim (Major Head 3454)” respectively. Significant observations noticed during the review are detailed below:

#### 2.5.1.1 Summarised position

The summarised position of actual expenditure against grants during 2008-09 to 2012-13 in respect of Grant No.29 pertaining to the DPERNECA & DESME is given below:

Table 2.9: Details of actual expenditure against grants received

(₹ in crore)								
Year	Section	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Savings	Surrender
2008-09	Voted	Revenue	19.60	0.69	20.29	7.75	12.54 (62)	12.49
		Capital	4.22	6.37	10.59	10.27	0.32 (3)	Nil
2009-10	Voted	Revenue	23.58	0.96	24.54	9.58	14.96 (61)	14.92
		Capital	10.00	Nil	10.00	11.79	Nil*	Nil
2010-11	Voted	Revenue	94.31	0.87	95.18	8.26	86.93 (91)	85.22
		Capital	19.00	3.70	22.70	11.34	11.37 (50)	Nil
2011-12	Voted	Revenue	68.46	1.09	69.55	10.74	58.81 (85)	57.98
		Capital	19.00	1.50	20.50	17.87	2.63 (13)	Nil
2012-13	Voted	Revenue	17.90	1.55	19.45	17.06	2.39 (12)	Nil
		Capital	19.00	8.00	27.00	17.40	9.60 (36)	Nil
		<b>Revenue</b>	<b>223.85</b>	<b>5.16</b>	<b>229.01</b>	<b>53.39</b>	<b>175.63 (77)</b>	<b>172.77</b>
<b>Total</b>		<b>Capital</b>	<b>71.22</b>	<b>19.57</b>	<b>90.79</b>	<b>68.67</b>	<b>23.92 (26)</b>	<b>Nil</b>

Source: Appropriation Accounts.

Figures in brackets indicate percentage of savings to total provisions.

\* ₹ 1.79 crore (excess expenditure)

#### 2.5.1.2 Unnecessary/excessive supplementary provision

Savings in a grant or appropriation indicate that the expenditure could not be incurred as estimated and planned. It points to poor budgeting or shortfall in performance depending upon the circumstances and the purpose for which the original grant or appropriation was provided. However, it was noticed that against the additional requirement of ₹ 6.05 crore for 2008-09 under the Capital Head, the supplementary grant of ₹ 6.37 crore was obtained, resulting in savings of ₹ 0.32 crore. Similarly, supplementary grant of ₹ 0.69 crore, ₹ 0.96 crore, ₹ 0.87 crore, and ₹ 1.09 crore during the years 2008-09, 2009-10, 2010-11 and 2011-12 respectively under Revenue Head and ₹ 3.70 crore, ₹ 1.50 crore and ₹ 8 crore during the years 2010-11, 2011-12 and 2012-13 respectively under Capital Head were unnecessary as the final expenditure of ₹ 7.75 crore, ₹ 9.58 crore, ₹ 8.26 crore and ₹ 10.74 crore under Revenue Head and ₹ 11.34 crore, ₹ 17.87 and ₹ 17.40 crore under Capital Head were within the original provision.

Further, supplementary grant obtained during the period from 2008-09 to 2012-13 revealed that the supplementary grant of ₹ 3.61 crore under Revenue Head for 2008-09 to

2011-12 and ₹ 5.20 crore under Capital Head for 2010-11 and 2011-12 was obtained in anticipation of higher expenditure. However, the final expenditure of ₹ 65.54 crore (Revenue + Capital Heads) was even less than the original grant of ₹ 243.95 crore (Revenue + Capital Heads). The savings of ₹ 187.24 crore under the grant, thus, exceeded the entire supplementary grant of ₹ 8.81 crore (Revenue + Capital Heads) indicating unnecessary allotment of additional funds in those cases as detailed below:

**Table 2.10: Details of actual expenditure against grants received**

(₹ in crore)

Year	Section	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Savings
2008-09	Voted	Revenue	19.60	0.69	20.29	7.75	12.54
2009-10	Voted	Revenue	23.58	0.96	24.54	9.58	14.96
2010-11	Voted	Revenue	94.31	0.87	95.18	8.26	86.93
		Capital	19.00	3.70	22.70	11.34	11.37
2011-12	Voted	Revenue	68.46	1.09	69.55	10.74	58.81
		Capital	19.00	1.50	20.50	17.87	2.63
<b>Total</b>		<b>Revenue</b>	<b>205.95</b>	<b>3.61</b>	<b>209.56</b>	<b>36.33</b>	<b>173.24</b>
		<b>Capital</b>	<b>38.00</b>	<b>5.20</b>	<b>43.20</b>	<b>29.21</b>	<b>14.00</b>
<b>Total (Revenue + Capital)</b>			<b>243.95</b>	<b>8.81</b>	<b>252.76</b>	<b>65.54</b>	<b>187.24</b>

Source: Appropriation Accounts

### 2.5.1.3 Persistent savings

Persistent savings in the grants were indicative of inaccurate budget estimation and a tendency of the concerned departments to overestimate the requirement of funds. Persistent and substantial savings ranging from 3 to 91 per cent of the provision were noticed both under Revenue and Capital Heads during the entire review period from 2008-09 to 2012-13 under Grant No. 29 as detailed in **Table 2.9**.

### 2.5.1.4 Substantial savings

Budget is prepared based on the activities to be undertaken for a year and the provision of funds is made to discharge the payment thereto. Further, analysis of budget provision and actual expenditure for the period 2008-09 to 2012-13 covered under review revealed that there were substantial savings both under Revenue and Capital Heads ranging from 50 to 91 per cent indicating inaccurate and unrealistic budget estimates. The cases of substantial savings (five cases) involving more than 50 per cent of the final grant are indicated as detailed below:

**Table 2.11: Details of substantial savings**

(₹ in crore)

Year	Section	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Savings
2008-09	Voted	Revenue	19.60	0.69	20.29	7.75	12.54 (62)
2009-10	Voted	Revenue	23.58	0.96	24.54	9.58	14.96 (61)
2010-11	Voted	Revenue	94.31	0.87	95.18	8.26	86.93 (91)
		Capital	19.00	3.70	22.70	11.34	11.37 (50)
2011-12	Voted	Revenue	68.46	1.09	69.55	10.74	58.81 (85)

Source: Appropriation Accounts

Figures in brackets indicate percentage of savings to total provisions.

### 2.5.1.5 Substantial surrenders

Substantial surrenders were made in respect of 8 heads of accounts during the period of review (2008-13) either due to non-implementation or slow implementation of schemes/programmes. The percentage of surrenders ranged from 26 to 96 per cent as shown below:



Table 2.12: Details of substantial surrenders

(₹ in lakh)

Year	Major Head	Final grant	Amount of surrender	Percentage of surrender
2008-09	2575 –Other Special Areas Programmes (Plan)	150.00	122.53	82
	3451 –Secretariat Economic Services (Plan)	1,496.00	1,126.09	75
2009-10	2575 –Other Special Areas Programmes (Plan)	150.00	105.30	70
	3451 –Secretariat Economic Services (Plan)	1,842.00	1,386.80	75
2010-11	2575 –Other Special Areas Programmes (Plan)	100.00	52.04	52
	3451 –Secretariat Economic Services (Plan)	8,782.00	8,442.24	96
2011-12	3451 –Secretariat Economic Services (Plan)	6,276.76	5,678.68	90
	3454 –Census Survey & Statistics (Non Plan)	149.62	80.00	53
2012-13	3451 –Secretariat Economic Services (Plan)	703.94	180.00	26

Source: Appropriation Accounts

### 2.5.1.6 Anticipated savings not surrendered

In terms of SFR, the spending departments are required to surrender the grants/appropriation or portion thereof to the FRED as and when the savings are anticipated. Audit analysis of Grant 29 revealed that despite the savings, no funds were surrendered by the departments in the following cases:

Table 2.13: Details of anticipated savings not surrendered

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original + Supplementary)	Actual expenditure	Amount of re-appropriation	Savings	Amount surrendered
2008-09	2575 –Other Special Areas Programmes (Plan)	31.89	29.33	Nil	2.56	Nil
	3451 –Secretariat Economic Services (Plan)	369.91	369.64	Nil	0.27	Nil
	3454 –Census Survey & Statistics (Plan)	193.00	192.50	Nil	0.50	Nil
	3451 –Secretariat Economic Services (Non Plan)	21.54	20.22	Nil	1.32	Nil
	3454 –Census Survey & Statistics (Non Plan)	106.25	105.90	Nil	0.35	Nil
	3454 –Census Survey & Statistics (CSS)	57.07	56.96	Nil	0.11	Nil
2009-10	4575 –Capital Outlay on Other Special Areas Programme.	1,059.15	1,026.57	Nil	32.58	Nil
	2575 –Other Special Areas Programmes (Plan)	44.70	44.50	Nil	0.20	Nil
	3451 –Secretariat Economic Services (Plan)	395.20	392.48	Nil	2.72	Nil
	3454 –Census Survey & Statistics (Plan)	256.57	255.99	Nil	0.58	Nil
2010-11	3454 –Census Survey & Statistics (CSS)	82.93	82.64	Nil	0.29	Nil
	2575 –Other Special Areas Programmes (Plan)	47.96	46.48	Nil	1.48	Nil
	3451 –Secretariat Economic Services (Plan)	339.77	331.79	Nil	7.98	Nil
	3454 –Census Survey & Statistics (Plan)	328.19	247.49	Nil	80.70	Nil
	3451 –Secretariat Economic Services (Non Plan)	40.37	40.10	Nil	0.27	Nil
	3454 –Census Survey & Statistics (Non Plan)	160.86	80.80	Nil	80.06	Nil
	3454 –Census Survey & Statistics (CSS)	79.40	79.23	Nil	0.17	Nil
2011-12	4575 –Capital Outlay on Other Special Areas Programme.	2,270.50	1,133.84	Nil	1,136.67	Nil
	2575 –Other Special Areas Programmes (Plan)	100.00	48.36	Nil	51.64	Nil
	3451 –Secretariat Economic Services (Plan)	598.09	582.34	Nil	15.75	Nil
	3454 –Census Survey & Statistics (Plan)	207.06	206.25	Nil	0.81	Nil
	3454 –Census Survey &	140.05	126.22	Nil	13.83	Nil

Year	MH affecting the grant	Total grant (Original + Supplementary)	Actual expenditure	Amount of re-appropriation	Savings	Amount surrendered
	Statistics (CSS)					
	4575 –Capital Outlay on Other Special Areas Programme.	2,050.00	1,786.92	Nil	263.08	Nil
2012-13	3451 –Secretariat Economic Services (Plan)	523.94	522.51	Nil	1.43	Nil
	3454 –Census Survey & Statistics (Plan)	838.46	819.41	Nil	19.05	Nil
	4575 –Capital Outlay on Other Special Areas Programme.	2,809.50	2,591.81	Nil	217.69	Nil

Source: Appropriation Accounts

### 2.5.1.7 Non-utilisation of funds

Budget allotment is provided based on the proposed activities to be undertaken for a year. Audit analysis on the review of the grant revealed that an amount of ₹ 66.11 crore provided for various activities were not utilised as indicated below:

Table 2.14: Details of non-utilisation of funds

(₹ in lakh)			
Year	MH affecting the grant	Amount of grant	Expenditure
2008-09	3451 –Minor Works (Plan)	11.50	Nil
	3451 –Capacity Building/Training (Plan)	7.80	Nil
2009-10	3451 –Minor Works (Plan)	0.14	Nil
	3451 –Lumpsum provision for revision of pay (Plan)	62.84	Nil
	3454 - Lumpsum provision for revision of pay (Plan)	30.00	Nil
	3451 - Lumpsum provision for revision of pay (Plan)	34.40	Nil
2010-11	3451 –Area Specific Development (ACA) (Plan)	800.00	Nil
	3451 –Poverty Free Sikkim (Plan)	4,361.00	Nil
	3454 –Unique Identification Scheme (Plan)	22.00	Nil
	3454 –Improvement in Statistical System (Plan)	80.00	Nil
	3454 –Improvement in Statistical System (Non Plan)	80.00	Nil
	3454 –Conduct of Survey of Non-Profit Institution in India (100% CSS)	6.00	Nil
2011-12	3451 –Area Specific Development (ACA) (Plan)	800.00	Nil
	3451 –Year of Innovation (Plan)	100.00	Nil
	3454 – Incentive for issuing UID (Plan)	22.00	Nil
	3454 –Improvement in Statistical System (Non Plan)	80.00	Nil
	3454 –Conduct of Economic Census (100% CSS)	10.00	Nil
	3454 –Urban Statistics for HR & Assessment Scheme (USHA) (100% CSS)	3.00	Nil
2012-13	3451 –Planning Resource Centres	100.00	Nil
	<b>Total</b>	<b>6,610.68</b>	

Source: Appropriation Accounts

### 2.5.1.8 Rush of expenditure

As per Note 3 under Rule 84 of SFR, rush of expenditure, particularly in the closing month of the financial year, is to be regarded as a breach of financial propriety and should be avoided. Contrary to this, rush of expenditure during the last quarter was noticed in the grant under review. Rush of expenditure during March ranged from 8 to 40 per cent of the total expenditure as shown below:

Table 2.15: Trend of rush of expenditure

(₹ in lakh)					
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Expenditure during April to December	1,258.30	968.48	1,477.84	2,377.72	2,803.48
Expenditure during January to February	284.17	198.53	361.94	128.72	406.71
Expenditure during March (Percentage of expenditure during March to total expenditure in bracket)	252.59 (14)	780.02 (40)	171.54 (8)	539.78 (18)	637.99 (17)
Total	1,795.06	1,947.03	2,011.32	3,046.22	3,848.18

Source: Appropriation Accounts

Figures in brackets indicate percentage of expenditure in March to total expenditure

Further analysis revealed that rush of expenditure during the closing month of the year ranging from 25 to 100 *per cent* of total expenditure were noticed in 25 Heads under Grant No.29 as detailed in **Appendix –2.11**.

## 2.6 Conclusion

Against the total provision of ₹ 5,359.54 crore during 2012-13, an expenditure of ₹ 3,934.05 crore was incurred. This resulted in an unspent provision of ₹ 1,425.49 crore (26.60 *per cent*). Excess expenditure of ₹ 30.97 crore during 2008-09 to 2012-13 required regularisation under Article 205 of the Constitution. Expenditure aggregating ₹ 0.16 crore in one case was incurred without any provision. While supplementary provision of ₹ 47.21 crore in 18 cases was unnecessary, re-appropriation of funds in five cases was made injudiciously resulting in either un-utilised provision or excess over provision. In 49 cases, ₹ 1,192.90 crore was surrendered on the last two working days of the financial year. ₹ 141.22 crore drawn during 2008-13 as advances remained to be settled, distorting the amount of expenditure being shown as such.

## 2.7 Recommendations

Budgetary control should be strengthened to avoid cases of provision remaining unutilised. Injudicious excessive/unnecessary supplementary provision of funds should be avoided. Budget should be prepared keeping in view the actual requirement of funds and it should neither be under/over pitched. The departmental budgets should be more realistic and cases of persistent non-utilisation of funds, excessive provision of funds should be avoided. Rush of expenditure during the last quarter of the financial year particularly in the month of March are required to be avoided. The departments should forecast the budget in close proximity to actual requirements and the FRED should take effective steps to prepare a Budget Manual enumerating detailed procedures for better financial management.