CHAPTER II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 The 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[1] and appropriations charged[2] 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 and indicate the actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Acts in respect of both charged and voted items of budget. The 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 whether 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 and regulations and instructions.

2.2 Summary of Appropriation Accounts

There are 37 departments in the State at the Secretariat level headed by Principal Secretaries/Secretaries. Each department is operating one or more than one demand and the demand for grant generally reflects the allocation for a department. For the year 2012-13, there were 54 demands for grants and two appropriations (one each for Debt Charges and Public Debt - Repayment). The summarised position of actual expenditure during 2012-13 against 56 grants/appropriations is given in **Table 2.1.**

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1 Amounts voted by the State Legislature in respect of demands for grants for specific purposes

2 Amounts directly charged to the Consolidated Fund of the State, which are not subject to the vote of the State Legislature

Table 2.1: 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	89,134.94	6,174.48	95,309.42	87,771.82	(-) 7,537.60
	II Capital	21,469.06	756.01	22,225.07	15,005.49	(-) 7,219.58
	III Loans and Advances	1,504.10	3,742.69	5,246.79	4,769.15	(-) 477.64
Total Voted		**1,12,108.10**	**10,673.18**	**1,22,781.28**	**1,07,546.46**	**(-) 15,234.82**
Charged	IV Revenue	*11,350.27*	*45.20*	*11,395.47*	*11,189.61*	*(-) 205.86*
	V Capital	*1.00*	*4.62*	*5.62*	*5.11*	*(-) 0.51*
	VI Public Debt-Repayment	*5,045.55*	*1,007.51*	*6,053.06*	*5,014.79*	*(-) 1,038.27*
Total Charged		***16,396.82***	***1,057.33***	***17,454.15***	***16,209.51***	**(-) *1,244.64***
Appropriation to Contingency Fund (if any)						
Grand Total		**1,28,504.92**	**11,730.51**	**1,40,235.43**	**1,23,755.97**	**(-) 16,479.46**

(Source: Appropriation Accounts for 2012-13)

Supplementary provisions of ₹ 11,730.51 crore obtained during the year constituted 9.13 *per cent* of the original provisions. The overall saving of ₹ 16,479.46 crore was the result of savings of ₹ 17,212.75 crore in 51 grants and 2 appropriations offset by excess of ₹ 733.29 crore in three grants.

As against the original provisions of ₹ 1,28,504.92 crore, expenditure of ₹ 1,23,755.97 crore was incurred. In view of the overall savings under Voted- Revenue and Capital Sections and Charged - Revenue and Public Debt-Repayment, the Supplementary provisions of ₹ 7,983.20 crore under the above sections proved wholly unnecessary indicating inaccurate estimation of expenditure and lack of budgetary control. Cases of supplementary provisions that proved unnecessary are discussed in paragraph 2.3.7. The savings/excesses were intimated to the Controlling Officers, requesting them to state the reasons for significant variations. Out of 958 sub-heads, explanations for the variations were not received (October 2013) for 400 sub-heads (saving: 202 sub-heads and excess: 198 sub-heads).

The trend of savings and surrenders during the period from 2008-09 to 2012-13 is indicated in **Table 2.2**.

Table 2.2: Trend of savings and surrenders

(₹ in crore)

Year	Total Provision	Expenditure	Savings	Surrender
2008-09	76,523.94	69,212.49	7,311.45 (9.6)	5,257.10 (6.9)
2009-10	82,777.01	73,898.57	8,878.44 (10.7)	8,650.87 (10.5)
2010-11	1,00,467.34	94,218.57	6,248.77 (6.2)	5,904.86 (5.9)
2011-12	1,23,744.35	1,12,427.48	11,316.87 (9.1)	12,408.15 (10.0)
2012-13	1,40,235.43	1,23,755.97	16,479.46 (11.8)	14,455.80 (10.3)

(Figures indicated in brackets are percentages to total provision)

(Source: Appropriation Accounts for the respective years)

It may be observed from the above that the savings varied between 6.2 *per cent* and 11.8 *per cent*, while surrender of total provision varied between 5.9 *per cent* and 10.5 *per cent* during 2008-13. Further, except in 2011-12, in all the years the anticipated savings were not fully surrendered and in 2011-12, the surrender was in excess of the savings indicating lack of budgetary control.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriations *vis-à-vis* allocative priorities

The outcome of appropriation audit revealed that during 2012-13, savings in 30 cases exceeded ₹ 10 crore in each case and also by more than 20 *per cent* of the total provision (**Appendix 2.1**). Against the total savings of ₹ 16,479.46 crore, savings of ₹ 16,264.08 crore (98.69 *per cent*) occurred in 29 grants and two appropriations, ₹ 50 crore and above in each case as indicated in **Appendix 2.2.**

The departments that had major savings were Energy, Municipal Administration and Water Supply, Rural Development and Panchayat Raj, Finance and Department of Special Programme Implementation. Reasons furnished by the departments for the major savings, as reported in Appropriation Accounts, are given below:

Energy Department

- Savings of ₹ 2,000 crore under major head '2801 Power – Assistance to Tamil Nadu Electricity Board' was due to non-release of assistance during the year as the Government's proposal to take over loans of TANGEDCO was deferred to 2013-14.

Finance Department

- Savings of ₹ 1,000 crore under major head '4070 Capital Outlay on Other Administrative Services - Transfer to New Urban Infrastructure Development Fund' was due to non-receipt of proposals till March 2013 since the regulations of Tamil Nadu Infrastructure Development Board were issued by Government at the end of the year.
- Savings of ₹ 1,000 crore under major head '6003 Internal debt of the State Government - Securitisation of Tamil Nadu Electricity Board dues' was due to non-completion of procedural formalities as per the guidelines of GOI for taking over the liabilities of TANGEDCO during 2012-13.

Municipal Administration and Water Supply Department

- Savings of ₹ 500 crore under major head '4217 Capital Outlay on Urban Development – Integrated Urban Development Mission' was due to curtailment of release of funds depending on actual requirement based on the progress of work.

Rural Development and Panchayat Raj Department

- Savings of ₹ 666.67 crore under major head '4216 Capital Outlay on Housing – Special Housing Programme for THANE affected region' was due to restriction of expenditure to the actual fund requirement for implementing the scheme.

Special Programme Implementation Department

- Savings of ₹ 688.69 crore under major head '2235 Social Security and Welfare – Free Distribution of Electric Fans, Mixies and Grinders' was due to lesser requirement of funds based on the latest assessments.
- Savings of ₹ 1,500 crore under major head '4202 Capital Outlay on Education, Sports, Art and Culture – Free Distribution of Laptop Computers to Students' was due to reclassification of expenditure from Capital to Revenue Section.

2.3.2 Persistent Savings

In 20 grants, there were persistent savings of more than five *per cent* of the total grant during the last five years as indicated in **Appendix 2.3.**

Savings in each financial year during 2008-13 ranged between 19 and 96 *per cent* of total provisions under Grant 27 – Industries - (Voted – Revenue) and 14 and 71 *per cent* under Grant - 07 Fisheries (Voted- Capital), 34 and 70 *per cent* under Grant - 09 Backward Classes, Most Backward Classes and Minorities Welfare (Voted- Capital), 24 and 85 *per cent* under Grant - 19 - Health and Family Welfare (Voted- Capital) and 11 and 51 *per cent* under Grant - 40 - Irrigation (Voted- Capital). The persistent huge savings under the grants indicated unrealistic estimation of the anticipated revenue and capital expenditure during the period and poor control over expenditure.

2.3.3 Expenditure without provision of funds

Article 266 (3) of the Constitution of India prohibits withdrawal of money from the Consolidated Fund of the State unless relevant Appropriation Acts under Articles 204 and 205 of the Constitution of India are passed by the Legislature. As per Para 14 (ii) of the Tamil Nadu Budget Manual, expenditure should not be incurred on a scheme or service without provision of funds. It was, however, noticed that in 41 cases, ₹ 84.84 crore was incurred without appropriations by the Legislature either in the original or supplementary estimates as detailed in **Appendix 2.4**. Out of 41 cases, in one case the expenditure was ₹ 54.58 crore, in three cases the expenditure exceeded ₹ five crore and in three cases the expenditure exceeded ₹ one crore.

2.3.4 Sanction of additional funds by executive orders

According to the provisions of the Tamil Nadu Budget Manual, expenditure on a scheme/service not contemplated in the budget estimate or in excess of the provision thereof in the budget estimate, constitutes New Service or New Instrument of Service (NS or NIS), when the expenditure exceeds the limits prescribed in the rules. In such cases, expenditure can be incurred only after obtaining either an advance from the Contingency Fund pending authorisation of funds by the Legislature or provision of funds through the supplementary estimates. The powers of controlling officers to re-appropriate savings available under some sub-heads in a grant for meeting additional requirements under other sub-heads within the grant are, thus, subject to the limits prescribed for NS or NIS on the recommendations of the PAC.

It was noticed in audit that after passing of the Appropriation Act, the Government departments, through executive orders, accorded sanctions for additional funds throughout the financial year permitting the grant controlling officers to incur expenditure on items involving NS or NIS as well as items not involving NS or NIS. During 2012-13, 3,734 additional sanctions for a total amount of ₹ 7,903.56 crore were issued by the Government departments with the concurrence of the Finance Department. Fifty five out of the total 3,734 sanctions for additional funds of ₹ 5,242.88 crore (**Appendix 2.5**) issued by 16 Government departments were selected and the budgetary procedure followed by the departments was reviewed in audit.

Out of 55 additional sanctions, 30 sanctions for ₹ 2,355.57 crore were given by departments under NS or NIS (**Appendix 2.6**) and the remaining 25 sanctions for ₹ 2,887.31 crore pertained to items not involving NS or NIS (**Appendix 2.7**). The audit findings are given below:

New Service or New Instrument of Service

(i) As per Article 267 of the Constitution of India, the purpose of the Contingency Fund is to enable the Executive to incur, in emergencies, expenditure not covered by the vote of the Legislature. Advances are given from this fund to meet urgent or unforeseen expenditure pending approval of the Legislature.

In 28 out of 30 sanctions for additional funds (₹ 2,180.98 crore) under NS or NIS, 11 departments stated in the sanction orders that the expenditure would be met by obtaining advances from the Contingency Fund. It was noticed in audit that the departments did not apply for the advances to the Finance Department, the fund manager of the Contingency Fund. Provisions for additional funds were provided in the supplementary estimates and expenditure incurred in 22 cases. In the remaining six sanctions[3], only token provision of ₹ 1,000 was made in the supplementary grants and no expenditure was incurred by the grant controlling officers during 2012-13. This indicated that the additional funds were not required by the departments to meet any urgent or unforeseen expenditure.

(ii) In five sanctions[4], expenditure of ₹ 255.65 crore was incurred by four departments in excess of the supplementary provisions before provision of funds in the second supplementary demands for grants (March 2013) or re-appropriation of funds.

(iii) In three sanctions[5] (₹ 722.07 crore) given by the Highways and Minor Ports Department and School Education Department, the amount sanctioned in each case exceeded the corpus of the Contingency Fund of the State (₹ 150 crore). It was noticed that the Finance Department also concurred with the additional sanctions sought for by the departments. The corpus of the Contingency Fund of the State was raised from ₹ 75 crore to ₹ 150 crore in August 1992 when the total expenditure and plan expenditure of the State during 1992-93 were ₹ 11,031 crore and ₹ 1,762 crore respectively. Government did not raise the corpus thereafter, even though the total expenditure and plan expenditure of the State increased to ₹ 1,23,756 crore and ₹ 37,736 crore (2012-13) respectively over a period of 20 years.

[3] Sanction Nos. 114, 185, 364, 2264, 2525 and 2526
[4] Sanction Nos. 313, 507, 689, 1358 and 2123
[5] Sanction Nos. 364, 689 and 1405

Items not involving New Service

The State PAC has laid down the rules classifying the items on which separate vote of the Legislature should be obtained as NS or NIS. As per the rules laid down, when the expenditure exceeds the budget provision for a scheme by ₹ 50 lakh or 10 *per cent* of the budget provision for the scheme, whichever is higher, it constitutes a NS or NIS.

(i) It was noticed that in respect of 25 sanctions (₹ 2,887.31 crore) even though the additional funds sought for by the Chief Controlling Officers exceeded the monetary limit fixed by PAC and attracted the NS or NIS clause, 12 departments sanctioned the additional funds and authorised the controlling officers to incur expenditure stating that the required funds would be provided in the Revised Estimate/Final Modified Appropriation (FMA) stage out of the savings within the grants, violating the rules.

(ii) In five[6] out of 25 sanctions, expenditure of ₹ 243.86 crore was incurred by four departments in excess of the original provisions before provision of funds in the first supplementary demands for grants (November 2012). Similarly, in four sanctions[7], expenditure of ₹ 324.77 crore was incurred by four departments in excess of the original and supplementary provisions before provision of funds in the second supplementary estimates (March 2013). In these cases, the expenditure was incurred in excess without the authority of the Legislature or re-appropriation of funds before incurring expenditure.

(iii) As per Rule 153 (g) of the Tamil Nadu Budget Manual, when an additional appropriation is required urgently in a case not involving a NS or NIS and no savings are foreseen, the authority concerned should apply to the administrative department of the Government for permission to incur the expenditure. In two sanctions[8], additional funds of ₹ 516.22 crore sanctioned by two departments proved unnecessary and were not for urgent requirements as there was savings in the original provisions under the sub-heads rendering issue of additional sanctions totally unwarranted.

When the non-adherence to the provisions of the Tamil Nadu Budget Manual in the above mentioned cases of additional sanctions was brought to the notice of the Finance Department, the Principal Secretary, Finance Department stated (October 2013) that after passing the appropriation bill, additional sanctions were being given right from the beginning of the year as and when need arose and that re-appropriation was anticipated in the overall demand and additional sanction orders were issued subject to re-appropriation only. Further, at the time of giving additional sanctions, it was not known under which sub-heads, there would be savings and that savings could be realistically assessed only at the stage of FMA. If the re-appropriation was done at the time of sanction itself, it would lead to a situation where funds might prove inadequate for the year under that sub-head.

The reply is not acceptable as the rules relating to classification of expenditure under NS or NIS were not followed; the advances from the

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6 Sanction Nos. 537, 558, 584, 664 and 1574

7 Sanction Nos. 809, 1194, 1574 and 1885

8 Sanction Nos. 889 and 1463

Contingency Fund were not drawn in the cases of NS or NIS; the additional sanctions for items not involving NS or NIS were not urgent in nature and the additional funds were partially spent or not spent during the year and excess expenditure was incurred by the controlling officers before provision of funds in the supplementary estimates or re-appropriations. It was also not explained as to how savings for huge amount were anticipated right from the beginning of the year for additional sanctions after passing of the Appropriation Acts which contained provisions for various sub-heads based on detailed scrutiny of detailed budget proposals.

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. Excess expenditure amounting to ₹ 6,603.08 crore for the years 1998-2012 was yet to be regularised as detailed in **Appendix 2.8**.

2.3.6 Excess over provisions during 2012-13 requiring regularisation

Table 2.3 contains a summary of the excess expenditure under four grants amounting to ₹ 733.29 crore from the Consolidated Fund of the State over the amounts authorised by the State Legislature during 2012-13, which requires regularisation under Article 205 of the Constitution.

Table 2.3: Excess over provisions during 2012-13 requiring regularisation

(₹ in crore)

Sl. No.	Grant Number and Description		Total grant	Expenditure	Excess
Voted Grants					
1.	11	Stamps and Registration (Commercial Taxes and Registration) – **Revenue**	209.10	210.75	1.65
2.	48	Transport Department – **Capital**	175.14	175.14	0.00[9]
3.	51	Relief on account of Natural Calamities – **Revenue**	711.99	745.76	33.77
4.	53	Department of Special Programme Implementation – **Revenue**	2,001.77	2,699.64	697.87
Grand Total			**3,098.00**	**3,831.29**	**733.29**

(Source: Appropriation Accounts for 2012-13)

2.3.7 Unnecessary/Inadequate supplementary provisions

Supplementary provisions aggregating ₹ 3,899.26 crore obtained in 27 cases of ₹ 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 2.9**. On the other hand, in three cases, supplementary provisions of ₹ 307.58 crore proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 733.29 crore as detailed in **Table 2.4.**

9 ₹ 39,626 only

Table 2.4: Cases where supplementary provisions (₹ one crore or more in each case) proved insufficient

(₹ in crore)

Sl. No.	Grant Number and Description	Original Provision	Supplementary Provision	Total Provision	Actual Expenditure	Excess Expenditure
	Voted					
1.	11 – Stamps and Registration - **Revenue**	174.33	34.77	209.10	210.75	1.65
2.	51 - Relief on account of Natural Calamities – **Revenue**	439.18	272.81	711.99	745.76	33.77
3.	53 - Department of Special Programme Implementation – **Revenue**	2,001.77	0.00*	2,001.77	2,699.64	697.87
	Total	**2,615.28**	**307.58**	**2,922.86**	**3,656.15**	**733.29**

* ₹ 1,000 only

(Source: Appropriation Accounts for 2012-13)

2.3.8 Excessive/insufficient re-appropriation of funds

(i) 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-appropriations proved excessive or insufficient and resulted in savings/excess of over ₹ 10 lakh under 813 sub-heads. The excess/savings of more than ₹ two crore each resulting from the injudicious re-appropriations was ₹ 2,105.28 crore (72 items under savings) and ₹ 1,026.89 crore (81 items under excess) in 153 sub-heads as detailed in **Appendix 2.10**.

(ii) Further, it was noticed that in 37 cases as detailed in **Appendix 2.11,** though the original and supplementary provisions were fully withdrawn by re-appropriations, expenditure of ₹ 21.08 crore was incurred by the Controlling Officers. In Grant – 04 - Adi Dravidar and Tribal Welfare, though the original provision of ₹ one crore made under the head "2225.02.102.AB (V)" was withdrawn fully, expenditure of ₹ 1.97 crore was incurred by the Department. In Grant - 05 - Agriculture, though the original provision of ₹ 52.97 crore made under the head "2401.00.108.KV (V)" was withdrawn fully, expenditure of ₹ 15.80 crore was incurred by the Department.

2.3.9 Non-furnishing of valid reasons for re-appropriations

According to paragraph 151 (ii) of the Tamil Nadu Budget Manual, Volume-I, reasons for the additional expenditure and the savings should be explained in the re-appropriation statement and vague expressions such as "based on actuals", "based on progress of expenditure", etc., should be avoided. However, scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 15,534 out of 21,229 items (73.2 *per cent*), no valid reasons were given for additional provisions/ withdrawal of provisions in the re-appropriation orders.

2.3.10 Withdrawal of entire provision by re-appropriation

In 306 cases (each case more than ₹ 10 crore or 50 *per cent* of the total provision), the entire provision was withdrawn or partially withdrawn. In these cases, out of the total provision of ₹ 13,437.94 crore, ₹ 11,158.46 crore (83.04 *per cent)* was withdrawn. The details of 100 *per cent* withdrawal in 109 cases (₹ 5,110.51 crore) are given in **Appendix 2.12**. Some of the departments which made substantial withdrawals are Environment and Forest, Finance, Municipal Administration and Water Supply, Irrigation (Public Works), Rural Development and Panchayat Raj and Transport.

2.3.11 Surrender in excess of actual savings

In 25 grants and one appropriation, the amounts surrendered were in excess of the actual savings indicating incorrect assessment of probable savings by the departments concerned. As against savings of ₹ 7,717.42 crore, the amount surrendered was ₹ 8,414.64 crore resulting in excess surrender of ₹ 697.22 crore. Details are given in **Appendix 2.13**. Some of the departments which surrendered funds in excess of savings are Adi Dravidar and Tribal Welfare, Agriculture, Police (Home, Prohibition and Excise), Housing and Urban Development, Municipal Administration and Water Supply, Irrigation (Public Works) and Rural Development and Panchayat Raj.

2.3.12 Anticipated savings partially surrendered or not surrendered

As per Para 140 of the Tamil Nadu 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 2012-13, in 16 grants, no part of the savings was surrendered by the departments concerned. The amount involved in these cases was ₹ 8.99 crore as indicated in **Table 2.5**.

Table 2.5: Statement of grants/appropriations in which savings occurred but not surrendered at all

(₹ in lakh)

Sl. No.	Grant Number	Name of grant/appropriation	Savings
		Revenue - Voted	
1.	06	Animal Husbandry (Animal Husbandry, Dairying and Fisheries Department)	291.06
		Revenue - Charged	
2.	43	School Education Department	25.32
		Capital – Voted	
3.	35	Personnel and Administrative Reforms Department	91.49
		Capital – Charged	
4.	21	Highways and Minor Ports Department	51.20
		Loans – Voted	
5.	04	Adi Dravidar and Tribal Welfare Department	19.00
6.	05	Agriculture Department	59.00
7.	06	Animal Husbandry (Animal Husbandry, Dairying and Fisheries Department)	29.13
8.	09	Backward Classes, Most Backward Classes and Minorities Welfare Department	7.06
9.	10	Commercial Taxes (Commercial Taxes and Registration Department)	43.00

Sl. No.	Grant Number	Name of grant/appropriation	Savings
10.	29	Tourism - Art and Culture (Tourism and Culture Department)	15.00
11.	31	Information Technology Department	22.19
12.	35	Personnel and Administrative Reforms Department	70.50
13.	36	Planning, Development and Special Initiatives Department	22.40
14.	39	Buildings (Public Works Department)	42.00
15.	42	Rural Development and Panchayat Raj Department	26.34
16.	45	Social Welfare and Nutritious Meal Programme Department	25.01
17.	46	Tamil Development (Tamil Development, Religious Endowments and Information Department)	40.00
18.	53	Department of Special Programme Implementation	19.30
		Grand Total	**899.00**

(Source: Appropriation Accounts for 2012-13)

Details of 25 grants and one appropriation where savings of ₹ one crore and above was not surrendered fully are given in **Appendix 2.14.** Out of the total savings of ₹ 6,602.88 crore in the 33 cases, savings of ₹ 4,125.22 crore (25.03 *per cent* of the total savings of ₹ 16,479.46 crore) was not surrendered. In 63 cases of surrender of funds in excess of ₹ 10 crore, ₹ 7,461.76 crore (**Appendix 2.15),** were surrendered on the last day of the year indicating inadequate financial control.

2.3.13 Rush of expenditure

According to Article 39 of the Tamil Nadu Financial Code, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in 83 sub-heads as listed in **Appendix 2.16,** it was noticed that more than 50 *per cent* of the total expenditure in each sub-head was incurred in March 2013. The supplementary estimates for additional provision of funds and FMA orders at the end of the financial year (26 to 31 March 2013) led to the rush of expenditure.

2.4 Review of a selected Grant

A review of budgetary procedure and control over expenditure was conducted in respect of Grant Number 04 - Adi Dravidar and Tribal Welfare. The Adi Dravidar and Tribal Welfare Department has been implementing various welfare schemes[10] for the Adi Dravidar and Tribal people through District Adi Dravidar and Tribal Welfare Officer in each district.

2.4.1 Allocation and Expenditure

Summary of actual expenditure vis-à-vis original/supplementary provisions made during the year 2012-13 is given in **Table 2.6.**

[10] Educational concessions/scholarships, Construction of buildings for schools, community halls and houses for SC/ST, free house site pattas, etc.

Table 2.6: Details of Budget Provision and Actual Expenditure under Grant No. 4

(₹ in crore)

	Nature of expenditure	Original	Supple-mentary	Total	Expendi-ture	Savings(-)/ Excess (+)	Percentage of savings/ Excess	Amount surren-dered
Voted	I Revenue	1,151.50	167.57	1,319.07	1,266.49	(-) 52.58	4	102.99
	II Capital	135.22	0.00*	135.22	45.25	(-) 89.97	67	90.04
	III Loans and Advances	0.00*	0.19	0.19	0.00	(-) 0.19	100	--
Total Voted (A)		**1,286.72**	**167.76**	**1,454.48**	**1,311.74**	**(-) 142.74**	**10**	
Charged	IV Revenue	4.20	0.09	4.29	3.29	(-) 1.00	23	1.00
Total Charged (B)		**4.20**	**0.09**	**4.29**	**3.29**	**(-) 1.00**	**23**	
Grand Total (A+B)		**1,290.92**	**167.85**	**1,458.77**	**1,315.03**	**(-) 143.74**	**10**	

* ₹ 1,000 given as token provision

(Source: Appropriation Accounts for 2012-13)

Surrender in excess of actual savings

Under Revenue Section, the Department surrendered in excess of the actual savings indicating lack of budgetary control. As against savings of ₹ 52.58 crore, the amount actually surrendered was ₹ 102.99 crore resulting in excess surrender of ₹ 50.41 crore. Reasons for surrender in excess of savings were awaited (December 2013).

Savings mainly occurred under some of the schemes under Capital Section due to (i) non-release of central share towards the Share Capital assistance to Tamil Nadu Adi Dravidar Housing and Development Corporation of ₹ 13.26 crore, (ii) less expenditure on the construction works and non-acquisition of land for (a) Adi Dravidar Welfare school buildings (₹ 26.91 crore), (b) Hostels for Adi Dravidar Welfare schools (₹ 23.07 crore), (c) Comprehensive Tribal Development Programme (₹ 19.89 crore) and (d) Construction of Girls Hostel for SC/ST Students (₹ five crore).

2.4.2 Savings due to unrealistic budget proposals

Scrutiny of records revealed that due to unrealistic budget proposal huge savings/surrenders were made under the following schemes:

(a) Girls incentive scheme

With a view to encouraging enrolment of SC/ST girl students and to avoid dropouts, GOTN has been implementing the 'Girls Incentive scheme' for the girl students from III standard to VI standard studying in Government and Government aided schools. The details of Budget provision and the actual expenditure are given in **Table 2.7**.

Table 2.7: Details of Budget Provision and Actual Expenditure

(₹ in crore)

Head of account	Original	Supple-mentary (S1+S2)	Total Provision	Expenditure	Savings
2225-01-277-JX-3903	25.00	0	**25.00**	11.95	13.05
2225-01-277-JY-3901	17.00	0	**17.00**	8.05	8.95
Total	**42.00**	**0**	**42.00**	**20.00**	**22.00**

(Source: Figures compiled by PAG (A&E) from accounts rendered by PAOs and Treasuries)

Scrutiny of records revealed that the budget proposals submitted by the Department for the year 2012-13 were not based on any data of the students strength in Government/Government aided schools and that the data obtained from Sarva Siksha Abiyan were adopted. It was noticed that the details of girl students furnished by Sarva Siksha Abiyan were incorrect with excess students strength of 2.02 lakh when compared to the actual number of students and it included SC/ST girl students studying in private schools also. As a result, the Department could not utilise the budgetary allocation fully and there was saving of ₹ 22 crore.

(b) Supply of uniforms

For the scheme of free supply of uniform to the SC/ST students of ADTW schools and other schools in Tamil Nadu, the Department provided ₹ 26 crore for the year 2012-13 for purchase of uniform cloth and payment of stitching charges as detailed in **Table 2.8**.

Table 2.8: Details of Budget Provision and Actual Expenditure

(₹ in crore)

Head of account	Original	Supple-mentary (S1+S2)	Total Provision	Expen-diture	Savings
2225-01-277-JG-46-02	26.00	0	**26.00**	12.27	**13.73**
Total	**26.00**	**0**	**26.00**	**12.27**	**13.73**

(Source: Figures compiled by PAG (A&E) from accounts rendered by PAOs and Treasuries)

Scrutiny of records revealed that the actual expenditure during 2010-11 and 2011-12 on supply of uniforms for all the students was only ₹ 12.27 crore and ₹ 9.64 crore respectively. The Department, however, provided ₹ 26 crore in the budget for 2012-13 and incurred an expenditure of ₹ 12.27 crore only. This showed that the budget provision was made without considering the expenditure pattern of the previous years.

(c) Construction of toilet blocks in ADW schools

Government accorded (January 2012) administrative sanction for ₹ 38.95 crore for construction of toilet blocks in 779 ADW schools, each at a cost of ₹ five lakh and the work was proposed to be executed through Tamil Nadu Adi Dravidar Housing and Development Corporation. Budget provision and expenditure during 2012-13 are as detailed in **Table 2.9**.

Table 2.9: Details of Budget Provision and Actual Expenditure

(₹ in crore)

Head of account	Original	Supple-mentary (S1+S2)	Total Provision	Re-appropr-iation	Expendi-ture	Savings
4225-01-277-JB-16-01	40.00	0.00	**40.00**	(-) 26.86	13.09	**26.91**
Total	40.00	0.00	**40.00**	(-) 26.86	13.09	**26.91**

(Source: Figures compiled by PAG (A&E) from accounts rendered by PAOs and Treasuries)

Scrutiny of records revealed that an amount of ₹ 10.76 crore was released during 2011-12 for the purpose and the Department deposited the amount with Tamil Nadu Adi Dravidar Housing and Development Corporation. The Department, however, submitted proposals for ₹ 40 crore for 2012-13 without taking into account the spending pattern of 2011-12. As the amount released during 2012-13 was based on progress of work and expenditure incurred, there was a saving of ₹ 26.91 crore. This showed that the budget provision was made without taking into account the funds already released and the actual requirements for the current year.

2.4.3 Unnecessary supplementary grants and re-appropriation of funds

With a view to providing food/dietary items to the students residing in Adi Dravidar Welfare hostels, the Department provided ₹ 2,456.11 lakh for 2012-13. The details of original and supplementary provisions and re-appropriation during the year 2012-13 are as detailed in **Table 2.10.**

Table 2.10: Details of Budget Allocation and Actual Expenditure

(₹ in lakh)

Head of account	Original	Supple-mentary (S1+S2)	Total Provision	Re-appropriation (R 1)	Expenditure
2225-01-277-KD-67-09	1,089.69	17.47	1,107.16	50.35	933.98
2225-02-277-AA-67-09	1,366.42	26.23	1,392.65	50.23	1,164.33
Total	**2,456.11**	**43.70**	**2,499.81**	**100.58**	**2,098.31**

(Source: Figures compiled by PAG (A&E) from accounts rendered by PAOs and Treasuries)

Though the Department provided ₹ 43.70 lakh in the supplementary estimates and re-appropriated ₹ 100.58 lakh in the re-appropriation stage, it incurred an expenditure of ₹ 20.98 crore only which was within the original provision.

When the reasons for savings were called for, the Department replied that savings occurred due to non-settlement of bills for procurement of feeding/dietary items by the District Adi Dravidar and Tribal Welfare Officer in most of the districts. Thus, the Department without ascertaining the requirement from District Adi Dravidar and Tribal Welfare Officers provided funds unnecessarily in the supplementary estimates and at re-appropriation stage.

2.4.4 Unnecessary supplementary grants

Whenever the provisions made in the Budget Estimate were not sufficient under any head of account, additional funds were provided in the Supplementary Estimates based on the proposals submitted by the Department.

Scrutiny of records relating to Supplementary provisions and the expenditure incurred thereof revealed that the Department made supplementary provisions for the scheme "Feeding and Dietary charges" and "Special scholarship scheme for Scheduled Caste and Scheduled Tribe students who are at Post-matric level" without ascertaining the need for such supplementary provisions in the following heads, given in **Table 2.11**, which proved unnecessary.

Table 2.11: Details of Budget Allocation and Actual Expenditure

(₹ in crore)

Head of account	Original	Supple-mentary (S1+S2)	Total Provision	Re-appropriation	FMA	Expenditure
2225-01-277-AE-67-09	48.61	0.72	**49.33**	(-) 5.93	43.40	43.62
2225-01-277-AV-12-02	12.72	1.23	**13.95**	(-) 1.38	12.57	12.81
Total	**61.33**	**1.95**	**63.28**	**(-) 7.31**	**55.97**	**56.43**

(Source: Figures compiled by PAG (A&E) from accounts rendered by PAOs and Treasuries)

2.4.5 Persistent savings

With a view to providing free house sites to Adi Dravidar and Tribal people, GOTN has been acquiring land in various districts of the State. During 2012-13, the Department proposed to provide house site pattas to 12,100 beneficiaries. The details of fund allocation and expenditure under the head of account '2225-01-283-JA-6403' and physical targets and achievements during the period 2010-11 to 2012-13 are given in **Table 2.12**.

Table 2.12: Details of Budget Allocation and Actual Expenditure

(₹ in lakh)

Year	Allocation	Expenditure	Savings	Number of beneficiaries	
				Target	Achievement
2010-11	532.93	319.04	213.89	12,100	6,126
2011-12	512.93	301.93	211.00	12,100	4,284
2012-13	512.93	298.51	214.42	12,100	1,659

(Source: Figures compiled by PAG (A&E) from Accounts rendered by PAOs and Treasuries)

Though there were shortfalls in physical achievements during 2010-11 and 2011-12, the Department fixed the same target of 12,100 beneficiaries and allocated the same amount in 2012-13 without analysing the need for allocating funds at the same level. Thus, the failure of the Department to fix realistic targets based on availability of land and allocate funds as per requirement resulted in persistent savings for the last three financial years.

2.5 Advances from the Contingency Fund

The Contingency Fund of the State has been established under the Tamil Nadu Contingency Fund Act, 1954 in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature, would be undesirable. The fund is in the nature of an imprest and its corpus is ₹ 150 crore.

During the year 2012-13, it was noticed that in 32 out of 87 sanctions issued by Government for drawal of advances from the Contingency Fund, ₹ 24.55 crore were not drawn indicating that the funds were not required to meet urgent expenditure, as detailed in **Appendix 2.17**. In respect of five other sanctions, the actual expenditure ranged between 1.39 *per cent* and 10.29 *per cent* of the sanctioned amount as detailed in **Appendix 2.18.**

2.6 Conclusion

During 2012-13, expenditure of ₹ 1,23,755.97 crore was incurred against the total grants and appropriations of ₹ 1,40,235.43 crore resulting in savings of ₹ 16,479.46 crore. These overall savings were the net result of savings of ₹ 17,212.75 crore offset by excess expenditure of ₹ 733.29 crore. There were persistent savings of more than five *per cent* of the total provision in 20 grants. Expenditure of ₹ 84.84 crore was incurred in 41 cases without appropriations by the Legislature. Excess expenditure of ₹ 6,603.08 crore pertaining to the period 1998 to 2012 was pending for regularisation. Supplementary provisions of ₹ 3,899.26 crore obtained in 27 cases of ₹ 50 lakh or more in each case during 2012-13 proved unnecessary as the expenditure was less than the original provisions. In 25 grants and one appropriation, as against the savings of ₹ 7,717.42 crore, the amount surrendered was ₹ 8,414.64 crore resulting in excess surrender of ₹ 697.22 crore. There was rush of expenditure in the closing month of the financial year due to provision of additional funds in the second supplementary estimates and by re-appropriations in March 2013. In 32 out of 87 sanctions issued by Government for drawal of advances from the Contingency Fund, advances to the tune of ₹ 24.55 crore were not drawn indicating that the funds were not required to meet urgent expenditure.

2.7 Recommendations

- Budgetary control should be strengthened in all departments. Excessive/unnecessary supplementary provisions and re-appropriation of funds and incurring expenditure without appropriations by the Legislature should be avoided.
- Additional sanctions need to be issued by Government departments only in cases of urgency as stipulated in the Tamil Nadu Budget Manual.
- The excess expenditure pending for regularisation needs to be regularised.