

# Chapter II

## CHAPTER II

### FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

#### 2.1 Introduction

**2.1.1** Appropriation Accounts are accounts of the expenditure of the Government for each financial year compared with the amounts of the voted grants and charged appropriations 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 authorized by the Appropriation Act in respect of both charged and voted items of budget. The Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

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

#### 2.2 Summary of the Appropriation Accounts

The summarized position of actual expenditure vis-à-vis budgetary provisions during 2014-15 for the total 30 grants/appropriations is given in the **Table 2.1**.

**Table 2.1: Summarized 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 (+)	Total amount surrendered as on 31 March 2015	Amount surrendered on 31 March 2015	Percentage of savings surrendered on 31 March 2015 (col.8/col.6)
	1	2	3	4	5	6	7	8	9
<b>Voted</b>	<b>I Revenue</b>	40535.67	3863.95	44399.62	37693.99	(-) 6705.63	3313.41	3267.18	48.72
	<b>II Capital</b>	6066.45	272.95	6339.40	3195.50	(-)3143.90	897.75	763.40	24.28
	<b>III Loans and Advances</b>	263.79	63.10	326.89	270.27	(-)56.62	0	0	0
<b>Total Voted</b>		<b>46865.91</b>	<b>4200.00</b>	<b>51065.91</b>	<b>41159.76</b>	<b>(-) 9906.15</b>	<b>4211.16</b>	<b>4030.58</b>	<b>40.69</b>
<b>Charged</b>	<b>IV Revenue</b>	8610.65	454.33	9064.98	9119.20	(+) 54.22	0.03	0.01	0.02
	<b>V Capital</b>	0	0	0	0	0	0	0	0
	<b>VI Public Debt- Repayment</b>	18116.22	3556.82	21673.04	23074.72	(+) 1401.68	0	0	0
<b>Total Charged</b>		<b>26726.87</b>	<b>4011.15</b>	<b>30738.02</b>	<b>32193.92</b>	<b>(+) 1455.90</b>	<b>0.03</b>	<b>0.01</b>	<b>0</b>
Appropriation to Contingency Fund		0	0		0	0	0	0	0
<b>Grand Total</b>		<b>73592.78</b>	<b>8211.15</b>	<b>81803.93</b>	<b>73353.68</b>	<b>(-) 8450.25</b>	<b>4211.19</b>	<b>4030.59</b>	<b>47.70</b>

Source: Appropriation Accounts

Note: The expenditure is net of the recoveries of ₹199.70 crore adjusted as reduction of expenditure under Revenue heads and ₹77.06 crore under Capital heads.

Original budget provision was ₹ 73,592.78 crore. This was augmented by supplementary grant of ₹ 8,211.15 crore bringing budget provision at ₹ 81,803.93 crore. Out of total budget provision, ₹ 73,353.68 crore were utilized during the year 2014-15 resulting in saving of ₹ 8,450.25 crore (10.33 per cent of the total budget provision). As actual expenditure of ₹ 73,353.68 crore remained below the original budget provision by ₹ 239.10 crore, the supplementary provision of ₹ 8,211.15 crore proved unnecessary. The overall saving of ₹ 8,450.25 crore was the net result of saving of ₹ 10,058.33 crore (*Appendix 2.1*) set off by excess of ₹ 1,608.08 crore (*Table 2.4*).

## 2.3 Financial accountability and budget management

### 2.3.1 Appropriation vis-à-vis allocative priorities

The outcome of audit of grants and appropriations showed that in 14 cases (nine grants out of the total thirty grants), the savings (excluding surrenders) exceeded the total provision by ₹ 100 crore in each case. In four cases (Sr. No. 10, 11, 12 and 14) the savings exceeded the total provisions by more than 50 per cent. Details are given in *Table 2.2*.

**Table 2.2: List of grants having large savings**

(₹ in crore)

Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings/ Percentage	Surrenders	Savings excluding surrender/ percentage
1	2	3	4	5 (3-4)	6	7 (5-6)
1	(Revenue-Voted) 1-Agriculture and Forests	5999.19	3291.33	2707.86 (45.14)	2186.51	521.35 (8.69)
2	5-Education	8174.05	7520.13	653.92 (8.00)	14.24	639.68 (7.83)
3	11-Health and Family Welfare	2846.25	2481.23	365.02 (12.82)	0.00	365.02 (12.82)
4	12-Home Affairs and Justice	5172.87	5025.00	147.87 (2.86)	11.71	136.16 (2.63)
5	17-Local Government, Housing and Urban Development	1083.50	824.63	258.87 (23.89)	0.00	258.87 (23.89)
6	21-Public Works	1498.49	1116.90	381.59 (25.46)	0.00	381.59 (25.46)
7	22-Revenue and Rehabilitation	1397.70	874.62	523.08 (37.42)	203.37	319.71 (22.87)
8	23-Rural Development and Panchayats	1663.13	1401.33	261.80 (15.74)	0.00	261.80 (15.74)
9	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	2719.74	2064.68	655.06 (24.09)	340.97	314.09 (11.54)
10	(Capital-Voted) 5-Education	366.40	59.04	307.36 (83.89)	0.00	307.36 (83.89)

Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings/ Percentage	Surrenders	Savings excluding surrender/ percentage
1	2	3	4	5 (3-4)	6	7 (5-6)
11	11-Health and Family Welfare	134.82	0.07	134.75 (99.95)	0.00	134.75 (99.95)
12	17-Local Government, Housing and Urban Development	1190.47	269.55	920.92 (77.36)	0.00	920.92 (77.36)
13	21-Public Works	1661.36	1363.94	297.42 (17.90)	0.00	297.42 (17.90)
14	23-Rural Development and Panchayats	274.89	92.24	182.65 (66.44)	0.00	182.65 (66.44)
	<b>Total</b>	<b>34182.86</b>	<b>26384.69</b>	<b>7798.17 (22.81)</b>	<b>2756.80</b>	<b>5041.37 (14.75)</b>

Source: Appropriation Accounts

Such large savings in these grants reflect weak budgetary control.

### 2.3.2 Persistent savings

In five cases, during the last five years, there were persistent savings of more than ₹ five crore in each case which shows weak financial control. The details are given in **Table 2.3**.

**Table 2.3: List of grants having persistent savings during 2010-15**

(₹ in crore)

Sr. No	Number and Name of the grant/ Head of Account/Schemes	Amount of savings (percentage of savings in bracket)				
		2010-11	2011-12	2012-13	2013-14	2014-15
<b>Revenue-voted</b>						
1	05-Education 2202-General Education 01-Elementary Education 101-Government Primary Schools 01- Government Primary Schools	82.12 (12.09)	183.35 (17.34)	206.70 (17.19)	279.58 (21.15)	274.88 (17.07)
2	12-Home Affairs and Justice 2055-Police 109-District Police 01-District Police (Proper)	24.37 (1.72)	28.36 (1.59)	24.70 (1.08)	55.78 (2.19)	31.73 (1.17)
3	15-Irrigation and Power 2700-Major Irrigation 01-Sirhind Canal System (Commercial) 001-Direction and Administration 01-Direction and Administration	50.84 (17.09)	58.65 (16.94)	47.16 (12.72)	60.83 (14.62)	60.82 (13.94)
4	15-Irrigation and Power 2701-Medium Irrigation 80-General 001-Direction and Administration 01-Direction	110.92 (99.99)	131.61 (99.26)	148.81 (100.00)	64.19 (41.21)	67.65 (41.26)
5	22-Revenue and Rehabilitation 2245-Relief on Account of Natural Calamities 02-Flood Cyclones etc. 101-Gratuitious Relief 01- Gratuitious Relief	5.54 (10.45)	5.30 (8.15)	17.76 (88.80)	10.70 (9.73)	39.89 (99.73)

Source: Appropriation Accounts

### 2.3.3 Excess over provisions requiring regularization

Article 205(1)(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State a demand for such excess.

Audit observed that excess expenditure amounting to ₹ 2,057.34<sup>1</sup> crore for the year 2011-14 had yet not been regularized under the provision of Article 205(1)(b) of the Constitution of India.

The excess expenditure of ₹ 1,608.08 crore in Grant No. 8 (Table 2.4) during the year 2014-15 also require regularization under the above mentioned provisions.

**Table 2.4: Excess over provisions requiring regularization during 2014-15**  
(₹ in crore)

Sr. No.	Number and title of grant		Total Grant/ Appropriation	Expenditure	Excess expenditure
<b>Voted Grants</b>					
1	8	Finance (Revenue)	7049.39	7178.03	128.64
<b>Charged Appropriation</b>					
2	8	Finance (Revenue)	8882.72	8960.48	77.76
3	8	Finance (Capital)	21673.04	23074.72	1401.68
	<b>Total</b>		<b>37605.15</b>	<b>39213.23</b>	<b>1608.08</b>

Source: Appropriation Accounts

### 2.3.4 Persistent excess expenditure

In six cases (Table 2.5), there was persistent excess expenditure of more than ₹ five crore in each case during the last five years. In four cases (Sr. No. 3, 4, 5 and 6), the expenditure was incurred without any budget provisions during 2010-15.

<sup>1</sup> 2011-12 (₹ 901.36 crore), 2012-13 (₹ 769.60 crore) and 2013-14 (₹ 386.38 crore).

**Table 2.5: List of grants having persistent excess expenditure during 2010-15**  
(₹ in crore)

Sr. No.	Number and Name of the grant/schemes	Amount of excess expenditure				
		2010-11	2011-12	2012-13	2013-14	2014-15
<b>Revenue-Voted</b>						
<b>08-Finance</b>						
1	2071-Pensions and other Retirement benefits 01-Civil 101-Superannuation and Retirement Allowances 01-Pension and other Retirement Benefits	644.93	570.86	81.58	123.66	407.74
2	2071-Pensions and other Retirement benefits 01-Civil 105-Family Pensions	144.34	100.80	57.82	14.13	23.32
<b>21-Public Works</b>						
3	2059-Public Works 80-General 799-Suspense	219.13	157.79	52.28	36.98	19.65
4	2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Work done by that Department	45.73	45.23	52.34	82.72	97.77
5	2215-Water Supply and Sanitation 01-Water Supply 799-Suspense	106.37	73.19	58.78	36.78	26.97
6	3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges	6.29	91.27	102.94	58.02	19.79

Source: Appropriation Accounts

### 2.3.5 Expenditure without making provision of funds

As per Para 14.1 of the Punjab Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was, however, observed that an expenditure of ₹ 352.69 crore (*Appendix 2.2*), was incurred in 17 cases (₹ one crore or more in each case) under four grants during the year 2014-15 without making any provision in the original estimates/supplementary demands and without issuing any re-appropriation orders to this effect.

### **2.3.6 Unnecessary supplementary provisions**

Supplementary provisions of ₹ one crore or more in each case, aggregating to ₹ 1,749.33 crore obtained in 18 cases, during the year 2014-15 proved unnecessary as the expenditure did not come up to the level of original provision (**Appendix 2.3**). In one Grant viz. Education (Sr. No. 3) unnecessary supplementary provision exceeded ₹ 500 crore.

### **2.3.7 Unnecessary/Injudicious 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. During the year 2014-15, 29 re-appropriation orders for ₹ 8,231.17 crore were issued (24 re-appropriation orders for ₹ 8,021.24 crore were issued on 31 March, 2015). Out of these, six re-appropriation orders for ₹ 385.14 crore were rejected by the office of the Pr. Accountant General (A&E), Punjab.

During 2014-15, in six cases out of 13 (**Appendix 2.4**, Sr. No. 1, 4, 8, 9, 10 and 12), augmentation of provision by re-appropriation orders effected by various departments proved unnecessary because expenditure did not come even up to the level of original budget provisions. In the remaining seven cases reduction of provisions also proved injudicious as there was excess expenditure under these cases.

### **2.3.8 Anticipated savings not surrendered**

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the Grants/Appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2014-15, in 16 cases, savings of ₹ 3,448.23 crore (34.28 per cent of overall savings of ₹ 10,058.33 crore) (**Appendix 2.5**) were not surrendered by the concerned departments, which indicated inadequate budgetary control as these funds could not be utilized for other developmental purposes. Similarly, in 17 cases (**Appendix 2.6**), after effecting partial surrender (₹ 3,690.61 crore out of ₹ 6,089.24 crore), savings aggregating to ₹ 2,398.63 crore were not surrendered.

### **2.3.9 Surrender inspite of excess expenditure**

Under Grant No. 08-Finance an amount of ₹ 138.13 crore (Revenue-Voted) had been surrendered even though there was an excess expenditure of ₹ 128.64 crore.

### **2.3.10 Rush of expenditure**

According to para 18.15 of the Manual of Instructions of the Finance Department, Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Audit scrutiny of expenditure incurred by the State Government in the year 2014-15 showed that in five cases (**Table 2.6**),

the expenditure incurred during the 4<sup>th</sup> quarter of the year ranged between 50.68 and 98.12 *per cent* and the expenditure incurred during the month of March 2015 alone under all these heads of accounts constituted 69.75 *per cent* of the total expenditure.

**Table 2.6: Rush of expenditure towards the end of the financial year 2014-15**

*(₹ in crore)*

Sr. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2015	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2047-Other Fiscal Services	5.94	4.48	75.42	4.14	69.70
2	4225-Capital Outlay on Welfare of SC/ST/OBC	54.30	53.28	98.12	42.42	78.12
3	2401-Crop Husbandry	2741.58	2096.28	76.46	1966.47	71.73
4	2245-Relief on account of Natural Calamities	290.23	147.08	50.68	143.34	49.39
5	4250-Capital Outlay on Other Social Services	1.05	1.03	98.10	1.03	98.10
	<b>Total</b>	<b>3093.10</b>	<b>2302.15</b>	<b>74.43</b>	<b>2157.40</b>	<b>69.75</b>

Source: Monthly Accounts compiled by the Pr. A.G. (A&E)

## 2.4 Outcome of review of selected grants

A review of budgetary procedure and control over expenditure in two test checked grants i.e. Grant No. 15-Irrigation and Power and 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes showed the following:

### 2.4.1 Unrealistic budget provisions

Audit scrutiny of the records showed that under Grant No. 15-Irrigation and Power and 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes, the departments either made unrealistic budget provisions or did not disburse the amount during 2014-15, as savings of more than ₹ 10 crore in each case aggregating to ₹ 572.07 crore were found in 10 minor heads/schemes (*Appendix 2.7*).

### 2.4.2 Excess over provisions requiring regularization

The expenditure of ₹ 143.48 crore (under six minor heads/schemes) was incurred without budget provision (*Appendix 2.8*) under Grant No. 15-Irrigation and Power and ₹ 137.28 crore (under three minor head/scheme) were spent in excess of budget provisions, each involving ₹ 10 crore or more under respective minor head/scheme, under Grant No. 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes during the year 2014-15 which requires regularization under Article 205(1) (b) of the Constitution of India.



**2.4.3 Withdrawal of whole budget provision through re-appropriation**

Under Grant-15, in 6 minor heads/schemes (Sr. No. 1 to 6) and under Grant 25, in one minor head (Sr. No. 7) the whole budget provision (exceeding ₹ 7 crore) was withdrawn (Table 2.7) through re-appropriation in March 2015 which diluted the process of budget making and control over expenditure.

**Table 2.7: Withdrawal of budget provision through re-appropriation**  
(₹ in crore)

Sr. No.	Minor head/Scheme	Original Provision	Re-appropriation
1	4701- Capital Outlay on Medium Irrigation, 51-Project for Relining of Rajasthan Feeder from Rajasthan Reducing Distance-179000-496000 (Accelerated Irrigation Benefit Programme), 800-Other Expenditure, 08-Works Expenditure (Plan)	95.00	(-) 95.00
2	4701- Capital Outlay on Medium Irrigation, 53-Project for Relining of Sirhind Feeder from Reducing Distance-1197000-447927 (Accelerated Irrigation Benefit Programme), 800-Other Expenditure, 08-Works Expenditure (Plan)	95.00	(-) 95.00
3	4700-Capital Outlay on Major Irrigation, 05-Shahpur Kandi Project (Commercial), 001-Direction and Administration, 08-Works Expenditure (Plan)	85.96	(-) 85.96
4	4711-Capital Outlay on Flood Control Projects, 03-Drainage, 103-Civil Works, 58-Consolidated Project Proposal for Works to be Executed alongwith Indo Pak Border on River Ravi to Check Erosion and to Neutralize Effect of Protection Works Executed by Pakistan Government (Plan)	19.00	(-) 19.00
5	4711-Capital Outlay on Flood Control Projects, 03-Drainage, 103-Civil Works, 57-Construction of Flood Protection Works along Left Side and Right Side of River Beas in District Grudaspur, Hoshiarpur and Kapurthala	9.50	(-) 9.50
6	4711-Capital Outlay on Flood Control Projects, 01-Flood Control, 103-Civil Works, 05-Construction of Flood Protection and Drainage Works, 08-Works Expenditure (CSS)	7.50	(-) 7.50
7	2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 01-Welfare of Scheduled Castes, 789-Special Component Plan for Scheduled Castes, 03-Capital subsidy under Bank Tie-up Loaning programme to Below Poverty Line Scheduled Castes through Punjab Scheduled Castes Land Development and Finance Corporation (CSS)	8.00	(-) 8.00
	<b>Total</b>	<b>319.96</b>	<b>(-) 319.96</b>

Source: Appropriation Accounts

Withdrawal of entire provision through re-appropriation in March 2015 in respect of items at serial no. 1 to 6 was due to non-implementation of the schemes and serial no. 7 was due to non-release of funds by the Finance Department.

#### **2.4.4 Unnecessary Supplementary grant/Re-appropriation**

In four cases (Sr. No. 1 to 4) withdrawal of budget provision through re-appropriation proved injudicious as the actual expenditure in these cases exceeded the reduced budget provision (*Appendix 2.9*).

In five cases (Sr. No. 5 to 9) augmentation of provision through re-appropriation/supplementary provision proved un-necessary as the expenditure did not come even upto the level of original provision (*Appendix 2.9*).

### **2.5 Scrutiny of budget documents of the State Government**

#### **2.5.1 Allocation of budget under wrong object heads**

Standardization of object heads of classification vide Ministry of Finance, Government of India, Office Memorandum bearing no. F1 (47)-E.11 (A)/94 dated 12.12.1994 duly endorsed by Govt. of Punjab, Department of Finance (Finance Budget II branch) vide no. 8/16/94-3FB II/334 dated 12.01.1995, provides that:

- i) Budget provision in respect of revenue expenditure major heads cannot be assigned under object heads meant for capital expenditure and vice-versa.
- ii) Budget provision in respect of object head 42- Lump-sum provision will include the expenditure in respect of schemes/sub-schemes/organisations where the provision does not exceed ₹ 10 lakh. In all other cases break-up by other objects of expenditure must be given.
- iii) Budget provision in respect of object head 50- Other Charges will include payment out of discretionary grants, other discounts, customs duty compensation, awards and prizes etc. and any other expenditure which cannot be classified under any of these specified object heads

Scrutiny of budget documents for the year 2014-15 revealed that:-

- (a) Budget was wrongly provided for revenue expenditure under object heads meant for capital expenditure in 5 instances (*Appendix 2.10 (A)*).
- (b) Budget was wrongly provided for capital expenditure under object heads meant for revenue expenditure in 6 instances (*Appendix 2.10 (B)*).
- (c) Huge amounts (upto ₹ 15000 crore) had been kept under the object head 42- Lump-sum provision in the budget for the year 2014-15, whereas budget provisions did not reflect exact nature of expenditure incurred under these omnibus object heads in contravention of the above instructions. Some cases where instructions were not followed are given in *Appendix 2.11*.
- (d) In 6 instances, huge amounts had been kept under object head 50-Other Charges (*Appendix 2.12*) in the budget for the year 2014-15 whereas

budget provisions did not reflect exact nature of expenditure incurred under this omnibus object head.

**2.5.2 *Wrong provision of Grants-in-aid (SOE 31 and 36) under Establishment minor heads***

Releases under object heads 31 Grants-in-aid and 36 Grants-in-aid General (Salary and non-salary) are to be made to Bodies or Autonomous Bodies. Provisions against object heads 31 Grants-in-aid and 36 Grants-in-aid General (Salary and non-salary) had been made under Establishment sub-heads “001-Direction and Administration” which was irregular. Some instances where budget provision had been made under minor head “001-Direction and Administration” under object head 31 Grants-in-aid and 36 Grants-in-aid General (Salary and non-salary) are given in **Appendix 2.13**.

**2.5.3 *Opening of Detailed heads without prior approval of Accountant General***

As per para 2.15 of Punjab Budget Manual, Detailed head is a division of a Minor head. Provision shall not be made under a new detailed head without prior approval of Accountant General (A&E). The above codal provision was not followed in 9 cases (**Appendix 2.14**).

**2.5.4 *Non-inclusion of expenditure relating to a new service in Schedule of New Expenditure***

Para 5.1 (I)(a) of Punjab Budget Manual lays down that expenditure relating to a new service for which the Legislature has not previously voted provision should be included in the Schedule of New Expenditure. Para 1.8 of the Manual *ibid inter-alia* lays down that the schedule of New Expenditure has to be prepared by the Heads of departments and after scrutiny by the Administrative and Finance Departments, are to be passed by the Council of Ministers with reference to the funds available and the comparative urgency of the proposals. The above codal provision was not followed in 9 instances (**Appendix 2.15**).

**2.5.5 *Non-inclusion of non-recurring grants-in-aid, contribution or donation in Schedule of New Expenditure***

Para 5.1 (I)(d) of Punjab Budget Manual lays down that any non-recurring Grant-in-aid, contribution or donation, even though provision was made for it in the original or supplementary estimates of the current year, will be included in the schedule of new expenditure. Para 1.8 of the Manual *ibid inter-alia* lays down that the schedule of new expenditure has to be prepared by the Heads of departments and after scrutiny by the Administrative and Finance Departments, are to be passed by the Council of Ministers with reference to the funds available and the comparative urgency of the proposals. The above codal provision was not followed in 7 instances (**Appendix 2.16**).

## 2.6 Conclusions

During 2014-15, expenditure of ₹ 73,353.68 crore was incurred against total budget provision of ₹ 81,803.93 crore. Net saving of ₹ 8,450.25 crore occurred after the total saving of ₹ 10,058.33 crore was offset by excess expenditure of ₹ 1,608.08 crore. Out of net savings of ₹ 8,450.25 crore, savings of only ₹ 4,211.19 crore (49.84 per cent) were surrendered.

Excess expenditure of ₹ 3,665.42 crore requires regularization under Article 205(1)(b) of the Constitution of India. There was persistent saving in four grants and persistent excess in two grants. Augmentation by re-appropriation orders proved unnecessary in six cases because expenditure did not come even upto the level of original budget provisions and in seven cases reduction of provision also proved injudicious as there was excess expenditure under these cases.

In five cases, the expenditure incurred during the 4<sup>th</sup> quarter of the year ranged between 50.68 and 98.12 per cent and the expenditure incurred during the month of March 2015 alone under all these heads of accounts constituted 69.75 per cent of the total expenditure.

Provisions against object heads 31 Grants-in-aid and 36 Grants-in-aid General (Salary and non-salary) had been made under Establishment sub-heads “001-Direction and Administration” which was irregular.

## 2.7 Recommendations

*The Government may consider:*

- (i) *regularizing the expenditure incurred in excess of the budget provision.*
- (ii) *monitoring of expenditure and anticipated savings so that the unutilized amounts could be utilized timely on other schemes.*
- (iii) *devising suitable mechanism to avoid rush of expenditure in last quarter/month of the financial year.*

