

Chapter-II

Budgetary Control and Financial Management

2.1 Introduction

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 and Charged Appropriations 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. The Appropriation Accounts is thus, a control document facilitating management of finances and monitoring of budgetary provisions and are therefore, complementary to Finance Accounts.

2.2 Audit of Appropriation Accounts for the current year

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

2.2.1 Summary of Appropriation Accounts

The summarised position of actual expenditure, savings/excesses and amount surrendered during 2014-15 against 81 Grants/ Appropriations (78 Grants and three Appropriations) is indicated in **Table 2.1**.

Table 2.1: Summarised position of Actual Expenditure vis-à-vis Original/Supplementary provision

(₹ in crore)

Voted/ Charged	Nature of Expenditure	Original grant/ appro piation	Supplemen tary grant/ appro piation	Total	Actual expenditure	Saving (-)/ Excess (+)	Amount surrendered	Amount surrendered on 31 March 2015	Percentage of savings surrendered by 31 March (col.7/col 6)
1	2	3	4	5	6	7	8	9	10
Voted	I Revenue	46,318.69	3,932.60	50,251.29	36,582.13	(-) 13,669.16	3,767.53	3,764.62	27.56
	II Capital	7,459.16	2,804.61	10,263.77	3,912.27	(-) 6,351.30	522.04	522.04	8.22
	III Loans & Advances	593.54	183.68	777.22	630.71	(-) 146.71	5.82	4.25	3.97
Total Voted		54,371.39	6,920.89	61,292.28	41,125.11	(-) 20,167.17	4,295.39	4,290.91	21.30
Charged	IV Revenue	2,633.54	4.53	2,638.07	2,520.33	(-) 117.74	3.33	3.03	2.83
	V Capital	-	-	-	-	-	-	-	-
	VI Public Debt Repayment	1,420.54	-	1,420.54	3,190.23	(+)1,769.69	-	-	-
Total Charged		4,054.08	4.53	4,058.61	5,710.56	(+) 1,651.95	3.33	3.03	-
Appropriation to Contingency Fund (if any)		-	-	-	-	-	-	-	-
Grand Total		58,425.47	6,925.42	65,350.89	46,835.67	(-) 18,515.22	4,298.72	4,293.94	23.22

The overall savings of ₹ 18,515.22 crore was the net result of total saving of ₹ 22,316.86 crore in 73 grants and three appropriations under Revenue Section, and 29 grants under Capital Section offset by excess of ₹ 3,801.64 crore in three grants each under Revenue and Capital Section. Further, out of overall savings of ₹ 18,515.22 crore, only 23.22 per cent (₹ 4,298.72 crore) were surrendered by Government during 2014-15.

The reasons for savings/excess were called for by the Accountant General (Accounts & Entitlement) in respect of 1,926 sub-heads/sub sub-heads. Out of 1,926 sub-heads/sub sub-heads, explanations for variations were received for 118 sub-heads/sub sub-heads only within the specified period, of which explanations for variations in respect of 80 sub-heads/sub sub-heads were incorporated in the Appropriation Accounts of 2014-15 and the explanations for remaining 38 could not be incorporated in the Accounts due to information being incomplete or unspecific.

2.2.2 Appropriation vis-à-vis Allocative Priorities

The audit of appropriation accounts revealed that in 59 cases relating to 52 grants, savings exceeded ₹ 10 crore in each case and also by more than 20 per cent of total provision (*Appendix 2.1*). Against the total savings of ₹ 22,316.86 crore, savings of ₹ 21,508.83 crore (96.38 per cent) occurred in 48 cases relating to 41 grants and one appropriation where savings were ₹ 50 crore and above in each case as indicated in *Appendix 2.2*. Reasons for savings were awaited (November 2015).

2.2.3 Excess Expenditure

In five cases under four grants and one appropriation, expenditure of ₹ 9,639.53 crore exceeded the approved provision by ₹ 3,800.62 crore and also by more than 20 per cent of the total provision. Details are given in *Appendix 2.3*.

2.2.4 Expenditure without Provision

According to Chapter-8 (Paragraph-8.3) of the Assam Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was however, noticed that expenditure of ₹ 2,174.94 crore was incurred in 96 cases as depicted in *Appendix 2.4* without any provision in the original estimates/supplementary demand and without issue of any re-appropriation order(s) to that effect. Significant cases of such expenditure are also given in **Table 2.2**.

Table 2.2: Expenditure incurred without Provision during 2014-15

				(₹ in crore)
Sl No.	Grant No./ Appropriation	Major Head of Accounts-Sub-Head-Detailed Head		Expenditure without provision
1	17	4059-0271-584	Works	19.16
2	30	2215-799-0291	Miscellaneous Public Works Advances General	274.89
3	57	2501-800-3402	National Rural Employment Guarantee Scheme	136.41
4		2501-800-5309	Indira Awas Yojana	87.20
5	76	3604-200-3673-708	Panchayat Raj Institutions (Award of Central Finance Commission), KAAC, Sixth Schedule (Pt. I) Areas	615.25
6	64	3054-799-0291	Miscellaneous Public Works Advances	404.26
7	Appropriation	6004-4174	Brahmaputra Valley Flood Control Projects Areas General	255.01
8	76	5054-337-1536	Works, Sixth Schedule (Pt. I) Areas	35.77
9	78	2225-2971	Administration Grants for Bodoland Territorial Council (BTC), Sixth Schedule (Pt. I) Areas	27.22
10	78	4552-226	Welfare of Plain Tribes & Backward Classes Department, Sixth Schedule (Pt. I) Areas	27.20
11	78	4552-5348	Provision for State Share of Non-Lapsable Central Pool of Resources (NLCPR) Loan Component, Sixth Schedule (Pt. I) Areas	39.24
12	78	5054-03-337	Road Works, Sixth Schedule (Pt. I) Areas	19.88

Thus, the expenditure so incurred by the respective departments was unauthorised, irregular and against the spirit of financial regulations.

2.2.5 Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure had been prescribed under the Article, the regularisation of excess expenditure is done after completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). Although the excess expenditure amounting to ₹ 2,029.10 crore for the years 2002-03 to 2004-05 had been recommended for regularisation by the PAC vide its 117th Report placed before the State Legislature on 3 April 2008, the regularisation of the aforesaid excess expenditure by the State Legislature was awaited. The total excess expenditure amounting to ₹ 5,958.89 crore for the years 2002-03 to 2013-14 had not been regularised (November 2015) as detailed in **Appendix 2.5**. The year-wise position of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.3**.

Table 2.3: Excess expenditure over provision relating to previous years requiring regularisation

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularization
	Grants	Appropriations		
2002-03	5	6	1,618.86	Recommended for regularisation vide 117 th PAC Report. Legislative approval awaited.
2003-04	4	3	404.36	
2004-05	5	6	5.88	
2005-06	2	2	2.45	Not yet discussed by PAC.
2006-07	4	2	80.61	Not yet discussed by PAC.
2007-08	9	2	113.24	Not yet discussed by PAC.
2008-09	6	2	108.40	Not yet discussed by PAC.
2009-10	3	-	10.18	Not yet discussed by PAC.
2010-11	1	1	4.27	Not yet discussed by PAC.
2011-12	5	2	915.14	Not yet discussed by PAC.
2012-13	4	-	1,195.61	Not yet discussed by PAC.
2013-14	5	-	1,499.89	Not yet discussed by PAC.
Total	53	26	5,958.89	

Thus, the excess expenditure of ₹ 5,958.89 crore requires regularisation under Article 205 of the Constitution of India.

2.2.6 Excess over provision during 2014-15 requiring regularisation

Table 2.4 contains the summary of total excess expenditure amounting to ₹ 3,801.63 crore incurred in five grants and one appropriation over authorisation from the Consolidated Fund of State (CFS) during 2014-15.

Table 2.4: Excess expenditure over provision during 2014-15 requiring regularisation

(₹ in crore)				
Sl No.	Number and title of Grants/ Appropriations	Total Grants/ Appropriation	Expenditure	Excess
1	23-Pension and Other Retirement Benefits (Revenue Voted)	3,678.23	5,230.09	1,551.86
2	30-Water Supply and Sanitation (Revenue Voted)	459.16	670.89	211.73
3	55-Forestry and Wildlife (Capital Voted)	-	1.01	1.01
4	Appropriation- Public Debt and Servicing of Debt (Capital Charged)	1,420.54	3,190.23	1,769.69
5	72-Relief and Rehabilitation (Revenue Voted)	57.78	76.43	18.65
6	78-Welfare of Plain Tribes & Backward Classes (B.T.C.) (Capital Voted)	223.20	471.89	248.69
Total		5,838.91	9,640.54	3,801.63

Thus, the excess expenditure requires regularisation under Article 205 of the Constitution.

2.2.7 Unnecessary supplementary provision

Supplementary provision aggregating ₹ 3,686.11 crore obtained in 59 cases amounting to ₹ 10 lakh or more in each case during the year proved unnecessary as the expenditure under the respective heads was even less than the original budget provision as detailed in *Appendix 2.6*.

2.2.8 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 and resulted in savings of ₹ 10 lakh and above in three sub-heads/sub sub-heads out of which the saving in two sub-heads was more than ₹ one crore as detailed in *Appendix 2.7*. Moreover, in 18 cases the re-appropriation also proved unnecessary as the saving was more than the re-appropriation and resulted in savings of ₹ 10 lakh and above under the respective heads. Of these, the savings were even more than ₹ one crore in nine sub-heads as detailed in *Appendix 2.8*.

Thus, substantial savings of more than ₹ one crore registered in 11 cases, where the re-appropriation was made, indicate that the funds could not be spent as estimated and planned under the respective heads.

2.2.9 Substantial surrenders

Substantial surrenders (sum exceeding ₹ 10 crore and above in each case) were made on 30th and 31st March 2015 in respect of 14 cases on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹ 5,057.05 crore in those 14 cases, ₹ 1,836.73 crore (36.32 per cent) was surrendered at the close of the year. The details are given in **Appendix 2.9**.

Of these, surrendered amount exceeded ₹ 100 crore in seven cases. The details of such cases are given in **Table 2.5**.

Table 2.5: Cases of surrender in excess of ₹ 100 crore on 30th and 31st March 2015

Sl No.	Number and Name of Grant	Major Head	Budget Provision	Surrender	(₹ in crore)
					Percentage of surrender to total provision
1	27 - Art and Culture	2205	187.24	102.14	54.55
2	31 - Urban Development (Town and & Country Planning)	2217	138.72	101.41	73.10
3	37 - Food Storage, Warehousing and Civil Supplies	2408	357.47	274.33	76.74
4	44 - North Eastern Council Schemes	4552	1,560.79	248.38	15.91
5	50 - Other Special Areas Programmes	2575	225.11	133.37	59.25
6	51 - Soil and Water Conservation	2402	244.99	197.96	80.80
7	56 - Rural Development (Panchayat)	2515	1,459.46	539.70	36.98

Thus, surrender of funds at the fag end of March 2015 indicates inadequate financial control by the respective departments. Had the surrenders been made in time, the funds could have been utilised for other development purposes.

2.2.10 Anticipated savings not surrendered

According to Para 11.17 of Assam Budget Manual, the spending departments were required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings were anticipated. At the close of the year 2014-15 there were however, 47 grants/appropriations in which substantial savings of ₹ five crore and above occurred but surrenders were not made by the concerned departments. The amount involved in those cases was ₹ 13,640.28 crore (74 per cent of the total savings) (**Appendix 2.10**).

In addition to above, of the total savings of ₹ 8,097.59 crore under 15 grants (saving of ₹ five crore and above registered in each grant), only ₹ 3,732.17 crore (46 per cent) was surrendered and ₹ 4,365.42 crore (54 per cent) were not surrendered, details of which are given in **Appendix 2.11**.

2.2.11 Rush of expenditure

According to the Subsidiary Order 50 of Assam Treasury Rules, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in 23 cases listed in **Appendix 2.12**, expenditure exceeding ₹ 10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in the month of March 2015. **Table 2.6** presents the major heads where more than 80 *per cent* of the total expenditure was incurred during the last month of the financial year.

Table 2.6: Cases of rush of expenditure (80 *per cent* and above) towards the end of the financial year 2014-15

Sl No.	Grant No and Name	Head of Account	Total expenditure during the year	Expenditure during March 2015 (₹ in crore)	
				Amount	Percentage of total expenditure
1	49 - Irrigation	4702	283.04	243.12	85.90
2	63 - Water Resources	4711	480.17	420.30	87.53
3	67 - Horticulture	2401	38.27	32.07	83.80
4	69 - Scientific Services and Research	3425	21.65	19.19	88.64

For a sound financial management, uniform pace of expenditure should be maintained. Thus, contrary to the spirit of financial regulation, a substantial amount incurred by the department at the fag end of the year is indicative of poor financial control over the expenditure.

2.3 Reconciliation of Departmental figures

2.3.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

The Contingency Manual of the Government of Assam stipulates that detailed bills for the charges drawn in Abstract Contingent (AC) bills in a month should be submitted to the Controlling Officer by the 2nd of the following month. The Controlling Officer shall dispatch all Detailed Countersigned Contingent (DCC) bills to the Accountant General (A&E) by 25th of the following month. The Treasury Officers should ensure that no payment is made after the 10th of a month on any AC bill unless it is certified by the drawing officer that all DCC bills for sums drawn on AC bills in the previous month have been forwarded to the Controlling Officer. The total amount of DCC bills received was only ₹ 1,974.96 crore against the amount of AC bills of ₹ 3,202.29 crore leading to an outstanding balance of DCC bills of ₹ 1,227.33 crore as on 31 March 2015. Year-wise details are given in **Table 2.7**.

Table 2.7: Pendency in submission of DCC bills against the AC bills

Year	Amount of AC bills	Amount of DCC bills	(₹ in crore)	
			DCC bills received as percentage to AC bills	Outstanding DCC bills
Upto 2012-13	2,393.78	1,645.21	68.73	748.57
2013-14	444.50	303.83	68.35	140.67
2014-15	364.01	25.92	7.12	338.09
Total	3,202.29	1,974.96	61.67	1,227.33

Department-wise pending DCC bills for the years up to 2014-15 are detailed in *Appendix 2.13*.

Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs.

2.3.2 Un-reconciled Receipt and Expenditure

To enable Controlling Officers (COs) of departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rules stipulate that receipt and expenditure recorded in their books be reconciled by them every month during the financial year with those recorded in the books of the Accountant General (A&E). Even though non-reconciliation of departmental figures is being pointed out regularly in Audit Reports, lapses on the part of COs in this regard continued to persist during 2014-15 also as indicated in the **Table 2.8**.

Table 2.8: Status of Reconciliation of Receipt and Expenditure figures

Sl No.	Particulars	Total No. of Chief Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all
1	Receipts	59	4	1	54
2	Expenditure	59	34	17	8

It would be evident from the above table that during 2014-15, out of 59 Controlling Officers (COs), only four carried out full reconciliation of departmental receipts figures and 34 carried out full reconciliation departmental expenditure figures with those reflected in the books of Office of the Accountant General (A&E), Assam.

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions not only facilitates misclassifications of the expenditure but also defeats the very objectives of budgetary process.

Thus, there is a need to impress upon the COs to reconcile their receipts and expenditure regularly to ensure correctness of the accounts.

2.4 Personal Deposit Accounts

The operations of Personal Deposit Accounts (PDA) are allowed/authorised on the basis of proposal(s) received from concerned department(s) along with sanction(s) of the Finance Department of the Government of Assam. As per specific instructions, the PDA remains operative for a financial year *i.e.*, 1 April to 31 March and is required to be closed at the end of the financial year and if needed, PDA may be re-opened next year by observing the usual procedure.

Information obtained from the Office of the Accountant General (Accounts and Entitlement), Assam regarding operation/closure of PDA during 2014-15 revealed that 42 PD Accounts involving ₹ 9.98 crore were existing as on 31 March 2015 violating provisions in this regard by the concerned departments.

The Departmental officers also had not conducted verification/reconciliation of the balances with those maintained by the office of the Accountant General (Accounts and Entitlement).

This practice of retaining funds in the Personal Deposit Accounts after the close of the financial year is fraught with the risk of misuse of funds and therefore, needs to be avoided.

2.5 End use of Cess

The Government of Assam notified (January 2011) “Assam Cess Utilisation Policy for development and welfare of Small Tea Growers of Assam, 2010” which stipulates that the proceeds of the duties of Cess levied shall be credited to the Consolidated Fund of the State. The State Government will provide necessary fund to the state level society out of the amount so deposited in the consolidated fund for the development of small and marginal tea growers, welfare of tea labourers in unorganized sectors.

Test check of records of the Director of Tea, Assam revealed that during the period 2010-11 to 2014-15, Cess on green leaf amounting to ₹ 121.23 crore was collected by the State Government. Of this, ₹ 15 crore only was sanctioned during the year 2012-13 for the welfare of tea growers and labourers leaving a balance of ₹ 106.23 crore (87.62 *per cent*) which remained unutilized at the end of 2014-15. This indicates poor utilization of cess funds collected for the development of small and marginal tea growers, welfare of tea labourers in unorganized sectors defeating the intended objective.

2.6 Outcome of review of selected Grant

2.6.1 Introduction

The outlays on the various activities of Government are met from the Consolidated Fund which is made up of revenue receipts, loan raised by Government and recoveries of loans and advances made by the State Government. No money can be withdrawn from the Consolidated Fund of a State for expenditure by Government unless the State Legislature approves the amount to be spent under a Major Head (or a Group of Major Heads) during the year beginning from 1 April to 31 March. This approval takes the form of Budget Grant. Demands for Grants are placed before the Legislature at the beginning of each financial year.

A review titled “Prescribed Budgetary Procedure and compliance thereof under Grant No. 58” was conducted between July-September 2015 in respect of Major Heads of account 2852 - Industries, 4885 - Capital outlay on Industries and Minerals and 6860-Loans for consumer Industries. Review of Major Heads under the aforesaid Grant revealed that mandatory provisions of Budget Manual, Financial Rules etc., regarding preparation, submission of budget estimates, drawal and utilization of funds from the Consolidated Fund of the State were being bypassed by the concerned authorities and the accountability obligations were not always fulfilled as brought out in the succeeding paragraphs.

2.6.2 Delayed submission of budget estimates

As envisaged in Para 6.1 of the Assam Budget Manual 2012, the Administrative Heads are required to submit the budget estimates of receipts and expenditures for the succeeding year along with revised estimates for the current year to the Finance Department by 15 October each year both for General and sixth Schedule Areas.

Test-check of records of Industries and commerce Department, however, revealed that the Budget Estimates (BEs) in respect of receipts and expenditure for the years 2010-11 to 2014-15 were submitted belatedly to the Finance Department as indicated in the **Table 2.9**.

Table 2.9: Delay in submission of Budget Estimates

Grant No.	Financial Year	Due date of submission of BEs to the Finance Department	Actual date of sending the BEs to the Finance Department	Delay in submission
58	2010-11	15.10.2009	25.02.2010	4 months
	2011-12	15.10.2010	29.06.2011	8 months
	2012-13	15.10.2011	15.12.2011	2 months
	2013-14	15.10.2012	09.11.2012	25 days
	2014-15	15.10.2013	25.07.2014	9 months

The above table indicates that there was considerable delay in submission of Budget Estimates to the Finance Department which ranged between 25 to 270 days.

2.6.3 Unrealistic budget estimation

Assam Budget Manual provides that on receipt of the estimates from the subordinate estimating officers, the Controlling Officers will scrutinize and consolidate them for each major head or for the several minor heads of account for which the Controlling Officer is responsible. The Controlling Officer will then forward the estimates to the Administrative Department and the Finance Department along with copy of each of the estimates received from the DDOs.

The summarized position of budget provision and actual expenditure there against during the year 2014-15 in respect of Major heads 2852, 4885 and 6860 under Grant No. 58 is presented in **Table 2.10**.

Table 2.10: Summarised position of Budget Provision and Actual Expenditure under Grant No. 58

Nature of expenditure	Major Head	Budget Provision			Actual expenditure	Excess(+)/ Saving(-)	Percentage of savings of Total Provision
		Original	Supplementary	Total			
Revenue	2852	81.25	1.84	83.09	50.70	(-) 32.39	38.98
Capital	4885 6860	56.53	22.70	79.23	77.70	(-)1.53	1.93
Total		137.78	24.54	162.32	128.40	(-) 33.92	

(Source: Appropriation Accounts 2014-15)

The above table indicates that there was overestimation of funds (saving) in the budget ranging from 1.93 to 38.98 *per cent* of the total available funds under the Grant No. 58. This was indicative of the fact that the estimation was made without proper analysis of actual requirement.

2.6.4 Unutilized budget provision

Test check of records revealed that there was 100 *per cent* savings in three schemes under Grant No. 58 during 2014-15. Although funds were drawn during the period but remained un-utilized till the end of 31 March 2015 as shown in the **Table 2.11**.

Table 2.11: Unutilised Budget Provision

Grant No.	Head of Account	Name of Scheme	Budget provision	(₹ in lakh)	
				Un-utilized amount.	Per cent
58	2852	Cess Utilisation Policy (Welfare of Small Tea Growers of Assam)	2,400.00	2,400.00	100
		State Share	37.00	37.00	100
	4885	Construction of Tool Room & Training Centre	29.20	29.20	100
Total			2,466.20	24,66.20	100

The Controlling Officer could not utilize any part of the provision made in the budget and there was 100 *per cent* saving during the year 2014-15 which was indicative of the fact that the provisions made in the budget against these two major heads were either unrealistic or funds could not be utilized as estimated and planned.

2.6.5 Unnecessary Supplementary Grant

Supplementary Grant as defined in the Para-8 of Budget Manual means an additional provision included in an Appropriation act during the course of a financial year, to meet expenditure in excess of the amount previously included in the Appropriation Act for that year.

Test check of records of Major Head 2852 for the year 2014-15 revealed that Supplementary provision aggregating ₹ 1.79 crore made under one Sub-head during the year proved unnecessary as the expenditure under the respective heads was even less than the original budget provision as detailed in the **Table 2.12**.

Table 2.12: Unnecessary supplementary provision

Grant No	Major Head	Scheme/Purpose (sub-head)	Sub sub-head	(₹ in crore)				
				Original Provision	Supplementary	Total	Actual expenditure	Saving out of Original Provision
58	2852	National Mission for Food Processing	Central Share	2.96	1.74	4.70	2.66	0.30
			State Share	0.32	0.05	0.37	0	0.32
			Total	3.28	1.79	5.07	2.66	0.62

This indicates the poor financial management on the part of Industries and Commerce Department as the supplementary provision was made without assessing the actual requirement.

2.6.6 Rush of expenditure

According to the Subsidiary Order 50 of Assam Treasury Rules, rush of expenditure in the closing months of the financial year should be avoided.

Scrutiny of records of the Deputy Director, O/o the Commissioner of Industries and Commerce however, revealed that 76 per cent (₹ 98.19 crore) of total expenditure (₹ 128.40 crore) was incurred in the last quarter i.e., during January-March 2015 under the Major Heads 2852, 4885 and 6860.

For a sound financial management, uniform pace of expenditure should be maintained. Thus, incurring more than 75 per cent of the total expenditure in the last quarter was against the spirit of the provision made under Assam Treasury Rules.

2.6.7 Irregular drawal of fund to avoid of lapse of budget grant

Test check of records of the Commissioner of Industries and Commerce revealed that an amount of ₹ 45.45 crore was drawn during 2012-14 for implementation of 20 schemes and the unutilized amount was kept in Revenue Deposit (8443) as detailed in Table 2.13.

Table 2.13: Funds parked in Revenue Deposit

Head of Account	Year	No. of cases	Amount drawn	Expenditure incurred	(₹ in crore)
					Amount kept in Revenue deposit.
4885	2012-13	18	919.63	629.29	290.34
	2013-14	2	3625.30	98.40	3526.90
	2014-15	---	Nil	Nil	Nil
Total		20	4544.93	727.69	3817.24

Table 2.13 reveals that during 2012-14 funds amounting to ₹ 38.17 crore remained unutilized and the same were parked in Revenue deposit (8443) unauthorisedly. However, there was no fund shown as booked under the Head 8443 during 2014-15 in the accounts maintained by the Office of the Commissioner of Industries and Commerce.

2.6.8 Persistent Savings

Review of Grant No. 58 disclosed that persistent savings ranging from ₹ 2,836.32 crore to ₹ 10,498.47 crore had occurred during the last five years as detailed in Table 2.14.

Table 2.14: Persistent Savings

(₹ in crore)

Grant No.	Financial Year	Head of Account	Total Grant	Total expenditure	Savings
58 - Industries	2010-11	2852	2,778.72	2,190.66	(-) 588.06
		4885	12,239.00	3,045.03	(-) 9,193.97
		6860	15,017.72	5,235.69	(-) 9,782.03
	2011-12	2852	9,581.76	7,233.28	(-) 2,348.48
		4885	15,132.22	6,982.23	(-) 8,149.99
		6860	24,713.98	14,215.51	(-) 10,498.47
	2012-13	2852	9,190.82	7,318.49	(-) 1,872.33
		4885	5,765.34	4,801.35	(-) 963.99
		6860	14,956.16	12,119.84	(-) 2,836.32
	2013-14	2852	9,165.99	5,753.08	(-) 3,412.91
		4885	8,322.11	7,349.58	(-) 9,72.53
		6860	17,488.10	13,102.66	(-) 4,385.44
	2014-15	2852	8,308.66	5,069.89	(-) 3,238.77
		4885	7,923.41	7,770.50	(-) 152.91
		6860	16,232.07	12,840.39	(-) 3,391.68

Persistent savings under the Grant indicated that the process of preparation of budget estimates by the department was unrealistic and needs to be revisited.

2.6.9 Lack of Budgetary control and monitoring

Under the provision of Para 11.16 of the Budget Manual, for monitoring the progress of expenditure and provisions of additional funds when required, a statement in Form-O in duplicate should be submitted by the controlling officer twice a year to reach the Finance Department, once by 25th November and again by the 1st January at the latest. The first statement should be based on the previous seven months actual and the second on eight months actual, specifying the reasons for anticipated savings and excesses of expenditure over the sanctioned Budget Grants under each head. These returns would enable Finance Department to consider adjustment of budgetary provisions and additional financial implication, if any.

Test check of records maintained by the Commissioner of Industries and Commerce, Assam revealed that no such statement /return was prepared and submitted to the Finance Department. On being pointed out the Deputy Director (Accounts) stated (August 2015) that Form – O was neither prepared nor

submitted to the Finance Department. Even expenditure control register to watch over expenditure was not maintained by the Controlling Officer. This also indicates that Finance Department never insisted upon the Controlling Officers for submission of statement to watch over the progress of expenditure which resulted in shortcoming like unutilised budget provision, rush of expenditure, persistent savings etc.

2.7 Conclusion and Recommendations

During 2014-15, expenditure of ₹ 46,835.67 crore was incurred against the total grants and appropriations of ₹ 65,350.89 crore resulting in a savings of ₹ 18,515.22 crore. The overall savings of ₹ 18,515.22 crore was the net result of total saving of ₹ 22,316.86 crore offset by excess of ₹ 3,801.64 crore.

The excess expenditure amounting to ₹ 3,801.63 crore incurred over authorization in five grants and one appropriation during 2014-15 requires regularisation under Article 205 of the Constitution of India. At the close of the year 2014-15, there were 47 grants/ appropriations in which savings (₹ five crore and above in each grant) of ₹ 13,640.28 crore (74 per cent of the total savings) occurred but no surrenders were made by the concerned departments.

(Paras-2.2.1, 2.2.6 and 2.2.10)

Out of the total provision amounting to ₹ 5,057.05 crore in 14 cases, ₹ 1,836.73 crore (36.32 per cent) was surrendered (amount exceeding ₹10 crore) at the fag end on 30th and 31st March 2015.

(Para-2.2.9)

Injudicious re-appropriation proved excessive or unnecessary and resulted in saving of ₹ 10 lakh and above in 21 sub-heads/sub sub-heads. Rush of expenditure was noticed in 23 cases where expenditure exceeding ₹ 10 crore and also more than 50 per cent of the total expenditure for the year was incurred in the month of March 2015 alone.

(Paras-2.2.8 and 2.2.11)

Funds amounting to ₹ 9.98 crore meant for developmental works were retained in Personal Deposit Accounts after the close of the financial year, against the spirit of financial regulations.

(Para-2.4)

The total amount of DCC bills received was only ₹ 1,974.96 crore against the amount of AC bills of ₹ 3,202.29 crore leading to an outstanding balance on account of non-submission of DCC bills of ₹ 1,227.33 crore as on 31 March 2015.

(Para-2.3.1)

Out of 59 Controlling Officers (COs), only four carried out full reconciliation of departmental receipts figures and 34 carried out full reconciliation of departmental expenditure figures with those reflected in the books of Office of the Accountant General (A&E), Assam.

(Para-2.3.2)

- *Savings may be worked out and surrendered before the close of the financial year for its effective utilization in other areas/schemes requiring funds.*
- *The expenditure should be planned in advance and incurred uniformly throughout the year to avoid rush of expenditure at the fag end of the financial year.*
- *Parking of funds in the Personal Deposit Accounts to avoid lapse of budget is fraught with the risk of misuse of funds and therefore, needs to be avoided.*
- *A close and rigorous monitoring mechanism should be put in place by the DDOs for timely submission of Detailed Countersigned Contingent (DCC Bills).*
- *Reconciliation and verification of figures is an important tool. Failure to exercise/adhere to the codal provisions and executive instructions not only facilitates misclassifications of the expenditure but also defeats the very objectives of budgetary process.*

