

CHAPTER-II
FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

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FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual 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. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to 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 authorization 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 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2013-14 against 29 grants/appropriations was as given in **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 ¹	Saving (-)/ Excess (+)
Voted	I-Revenue	25707.77	42.19	25749.96	24194.63	(-) 1555.33
	II-Capital	8771.83	420.69	9192.52	5191.78	(-) 4000.74
	III-Loans and Advances	129.50	nil	129.50	121.42	(-)8.08
Total voted		34609.10	462.88	35071.98	29507.83	(-) 5564.15
Charged	IV-Revenue	3342.15	0.05	3342.20	3035.39	(-)306.81
	V-Capital	-	-	-	-	-
	VI-Public Debt Repayment	1230.82	-	1230.82	4146.91	(+) 2916.09
Total charged		4572.97	0.05	4573.02	7182.30	(+)2609.28
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		39182.07	462.93	39645.00	36690.13	(-)2954.87

The overall saving of ₹ 2954.87 crore was the result of saving of ₹ 7424.66 crore in 21 grants and 4 appropriation under Revenue Section and 24 grants under Capital

¹ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue (₹ 172.25 crore) and Capital (₹ 684.93 crore)

Section which is offset by excess of ₹ 4469.79 crore in eight grants under Revenue Section and five grants and one appropriation under Capital Section.

It has been seen from the above table that in the voted section, the supplementary Grant of ₹ 462.88 crore proved injudicious as the expenditure of ₹ 29507.83 crore did not come even up to the level of original provision of ₹ 34609.10 crore .In the charged section Supplementary Grant of ₹ 0.05 crore proved insufficient in view of the excess expenditure of ₹ 2609.28 crore.

2.3 Financial Accountability and Budget Management

2.3.1 Savings

The outcome of the appropriation audit shows that in 47 cases, savings exceeded ₹ one crore in each case or by more than 20 per cent of the total provision (*Appendix 2.1*). Against the total savings of ₹ 7,424.66 crore, savings of ₹ 6,970.06 crore (94 per cent)² occurred in 20 cases relating to 16 grants as indicated in **Table 2.2**.

Table-2.2
List of Grants with savings of ₹ 50 crore and above

(₹ in crore)						
Sl. No	Name of Grant/ Appropriation/	Original	Supple- mentary	Total grant	Actual expenditure	Savings
I-Revenue voted						
1.	02-Home	3517.06	-	3517.06	3186.84	330.22
2.	03-Planning and Dev. Deptt	913.30	-	913.30	229.57	683.73
3.	08-Finance	4557.00	-	4557.00	3812.69	744.31
4.	10-Law	206.35	-	206.35	141.07	65.28
5.	12-Agriculture Department	757.74	-	757.74	667.08	90.66
6.	16-Public Works Department	901.81	-	901.81	784.79	117.02
7.	17-Health & Medical Education	1656.67	-	1656.67	1551.37	105.30
8.	21-Forest	537.60	-	537.60	479.24	58.36
9.	22-Irrigation & Flood Control Department	492.80	-	492.80	390.73	102.07
Total-Revenue (Voted)		13540.33	-	13540.33	11243.38	2296.95
II-Revenue (Charged)						
10.	8-Finance Department	3301.48	-	3301.48	3000.92	300.56
Total Revenue (Charged)		3301.48	-	3301.48	3000.92	300.56
III-Capital (Voted)						
11.	01-General Administration Department	69.73	-	69.73	14.73	55.00
12.	03-Planning and Dev. Deptt.	2688.77	-	2688.77	388.11	2300.66
13.	06-Power Dev. Department	865.95	-	865.95	380.93	485.02
14.	05-Ladakh Affairs Department	308.60	-	308.60	233.56	75.04
15.	08-Finance	253.26	-	253.26	8.88	244.38
16.	12-Agriculture	394.24	-	394.24	235.19	159.05
17.	18-Social Welfare	159.84	-	159.84	66.97	92.87
18.	19-Housing & Urban Development	539.21	351.81	891.02	218.15	672.87
19.	25-Labour Stationery & Printing	104.87	-	104.87	2.35	102.52
20.	28- Rural Development	387.22	-	387.22	202.08	185.14
Total-Capital (Voted)		5771.69	351.81	6123.50	1750.95	4372.55
Grand Total		22613.50	351.81	22965.31	15995.25	6970.06

² Exceeding ₹ 50 crore in each case.

Reasons for substantial savings (shortfall in utilization) against each grant were not assigned (August 2014) by the State Government.

2.3.2 Persistent Savings by certain Departments

In nine cases, persistent savings of more than ₹ one crore in each case and also by ten per cent or more of the total grant were noticed during the last five years as indicated in Table 2.3.

**Table-2.3
List of Grants indicating Persistent Savings during 2009-14**

(₹ in crore)

Sl. No	Grant number and name	Amount of Savings				
		2009-10	2010-11	2011-12	2012-13	2013-14
Revenue (Voted)						
1.	03-Planning and Development	98.31 (72)	38.88 (56)	20.48(14)	89.06(36)	683.73(75)
2.	10-Law	43.00 (38)	22.31 (17)	77.17(38)	62.01(33)	65.28(32)
3.	11-Industries & Commerce	19.14(14)	20.06(13)	36.84(18)	32.34(15)	42.17(18)
Revenue charged						
4.	10-Law	5.32 (29)	2.18 (14)	6.51(28)	12.54(39)	3.81(14)
Capital (Voted)						
5.	08-Finance	222.22 (27)	387.82 (74)	207.67(92)	248.65(93)	244.38(96)
6.	14-Revenue	72.05 (53)	45.64 (42)	52.71(51)	41.76(75)	44.30(80)
7.	19-Housing and Urban Development	96.10 (26)	156.78 (38)	262.38(43)	235.05(31)	672.87(76)
8.	21-Forest	47.94 (50)	50.69 (52)	39.41(46)	16.36(18)	41.27(42)
9.	25-Labour, Stationery and Printing	69.80 (97)	140.44 (99)	71.84(97)	78.16(98)	102.52(98)

Reasons for persistent savings under these heads were not intimated (August 2014) by the State Government.

2.3.3 Anticipated savings not surrendered

As per the State Budget Manual, 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 2013-14, there were 27 grants and three appropriations in which savings occurred. However during the year in anticipation of savings, no surrender was made by the concerned department. The savings in these cases was of the order of ₹ 7,424.66 crore which includes ₹7,422.79 crore in 45 cases (involving 27 grants and three appropriation) where savings involved were ₹ one crore and above. Relevant details are indicated in Appendix-2.2. Non-surrender of funds (savings) deprived the Government to transfer these funds to other needy sectors.

2.3.4 Expenditure in Excess of legislative approval by certain Departments

There were 13 cases where expenditure exceeding ₹ one crore or more than 20 per cent of the provision was observed. In these cases against approved provision of ₹ 10958.16 crore, an expenditure of ₹ 15,426.99 crore was incurred thereby exceeding

provision by ₹ 4,468.83 crore. Details are given in *Appendix 2.3*. Of these, excess expenditure by more than 17 per cent has been observed consistently for the last five years in respect of one grant and one appropriation as given in **Table 2.4**.

Table-2.4
List of Grant where Persistent Excess expenditure was incurred during 2009-14

(₹ in crore)

Grant number and name	Years				
	2009-10	2010-11	2011-12	2012-13	2013-14
Capital (Charged)					
08-Finance	2765.44 (342)	4820.49 (503)	4473.35 (381)	3768.28 (286)	2916.09 (237)
Revenue (Voted)					
25-Labour Stationery & Printing	47.69 (132)	15.74 (17)	42.74 (63)	85.41 (118)	98.98 (123)

(figures in brackets indicate percentage of excess expenditure over the provisions)

Reasons for persistent excesses under the head were not explained (August 2014) by the State Government.

2.3.5 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 1325.33 crore was incurred in 68 Major heads of account (detailed in *Appendix-2.4*) without any provision in the original estimates/ supplementary demand and without any re-appropriation orders to this effect.

2.3.6 Excess over provisions requiring regularisation

Table 2.5 contains the summary of total excess in 14 cases comprising of 12 grants and one appropriation amounting to ₹ 4,469.75 crore over authorization from the Consolidated Fund of the State during 2013-14.

Table-2.5
Excess over provisions requiring regularisation during 2013-14

(₹ in crore)

Sl. No	Grant/Appropriation number and name	Total Grant/ Appropriation	Expenditure	Excess
I- Revenue (Voted)				
1.	04-Information Department	44.59	49.09	4.50
2.	06-Power Development Department	4301.07	4319.40	18.33
3.	07-Education Department	2994.40	3266.72	272.32
4.	14-Revenue Department	726.74	916.35	189.61
5.	15-Consumer Affairs & Public Distribution Department	8.24	9.19	0.95
6.	18- Social Welfare Department	318.02	620.38	302.36
7.	25-Labour Stationery & Printing Department	80.33	179.31	98.98
8.	28-Rural Development Department	227.75	271.01	43.26
Total Revenue (Voted)		8701.14	9631.45	930.31
II-Capital (Voted)				
9.	07-Education Department	244.27	376.89	132.62

10.	16-Public Works	573.21	899.46	326.25
11.	20-Tourism	120.11	193.21	73.10
12.	23-Public Health Engineering	55.00	134.18	79.18
13.	24- Hospitality & Protocol Department	41.84	54.08	12.24
Total Capital (Voted)		1034.43	1657.82	623.39
III-Capital (Charged)				
14.	08-Finance	1230.82	4146.91	2916.09
Total Capital (Charged)		1230.82	4146.91	2916.09
Total Capital (Section)		2265.25	5804.73	3539.48
Grand Total		10966.39	15436.10	4469.79

As can be seen, in the Revenue section, there was excess expenditure of ₹ 930.23 crore in eight grants, while in the Capital section, excess expenditure amounted to ₹ 3539.48 crore in five grants and one appropriation. The excess expenditure of ₹ 4469.79 crore was mainly due to repayment of Public Debt of ₹ 2916.09 crore in excess of budget provisions. Similar excess expenditure over provisions, due to repayment of public debt, were observed during 2009-13 (Table 2.4). Although repayment of Public Debt and interest payments is an expenditure charged on the Consolidated Fund of the State, the Legislative approval is nevertheless required for any outgo from the Consolidated Fund.

2.3.7 Regularisation of excess expenditure

As per Section 82 of the Constitution of Jammu and Kashmir, it is mandatory for the State Government to get the excess over a grant/ appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Section, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As the Appropriation Accounts (1980-81) had not been discussed in PAC, the excess expenditure aggregating to ₹ 94,939.74 crore for the years 1980-2013 is yet to be regularised by the State Legislature as detailed in *Appendix 2.5*. After including further excess expenditure of ₹ 4,469.79 crore during 2013-14 as brought out in the succeeding Sub-Section, the aggregate excess expenditure requiring regularization by the Legislature stands at ₹ 99,409.53 crore as on 31st March 2014.

2.3.8 Unnecessary/ Excessive/ Inadequate supplementary provisions

In five cases, involving three grants (*Appendix-2.6*), supplementary Grant of ₹ 369.02 crore was obtained in excess of the original provision in anticipation of expenditure. However, the final expenditure of ₹ 678.77 crore was even less than the original grant of ₹ 1039.41 crore. The savings of ₹ 729.66 crore thus, exceeded the entire supplementary provision indicating inadequate system of Fund projection leading to unnecessary allotment of additional funds.

In three other grants for revenue department, supplementary grants of ₹ 45.61 crore leading to total appropriation of ₹55.14 crore were obtained. The department could spend ₹10.84 crore resulting in saving of ₹ 48.54 crore.

In two departments, supplementary provision of ₹ 31.12 crore proved insufficient leaving an uncovered aggregate excess expenditure of ₹ 515.86 crore which forms 40 per cent of the total grant of ₹1299.95 crore as provided under these two grants and 11.54 per cent of total excess of ₹4469.79 crore (*Appendix-2.7*).

2.3.9 Rush of expenditure

According to Jammu and Kashmir Financial Code, rush of expenditure in the closing month of a financial year should be avoided. Contrary to this, in respect of 12 grants listed in **Table 2.6**, expenditure exceeding ₹ 10 crore for the year was incurred during the last quarter of the financial year 2013-14. The percentage of expenditure in respect of the 12 grants, in the last quarter ranged between 40 and 97 *per cent* of the total expenditure. An amount of ₹9335.23 crore exceeding ₹10 crore in each case was incurred out of the total expenditure of ₹36690.13 crore in the last quarter in twelve grants.

Table-2.6
Cases of rush of expenditure towards the end of the financial year 2013-14

(₹ in crore)

Sl. No.	Grant number and name	Total expenditure during the year	Expenditure during the last quarter of the year	
			Amount	Percentage of total expenditure
1	04-Information Department	51.74	23.17	45
2	05-Ladakh Affairs Department	701.83	682.78	97
3	07-Education Department	3626.98	1429.88	54
4	08-Finance Department	11023.54	4413.05	40
5	14-Revenue Department	927.48	545.89	59
6	16-Public Works Department	1513.37	850.91	56
7	18-Social Welfare Department	687.35	408.12	59
8	20-Tourism	298.03	149.36	50
9	24-Hospitality & Protocol	228.21	99.45	44
10	25-Stationery & Printing	181.42	104.33	58
11	27-Higher Education	684.77	346.37	51
12	28-Rural Development	473.09	281.92	60
	Total		9335.23	

2.4 Non-reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending, to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate that expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E), Jammu and Kashmir. Though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapse on the part of Controlling Officers in this regard continued to persist. During 2013-14, 270 out of

the 345 Controlling Officers have reconciled an expenditure of ₹ 16,543.81 crore {52 per cent of total expenditure (excluding public debt) of ₹ 31,564.62 crore} and receipts of ₹ 25,107.36 crore {93 per cent of the total receipts (excluding public debt) of ₹ 27,127.98 crore}.

2.5 Errors in budgeting process

Scrutiny of Demand of Grants for the year 2013-14 showed following inherent flaws in preparation:

- Lump sum budgetary provisions of ₹ 9454.54 crore which constitute 23.85 per cent of total provision of ₹ 39645.00 crore were placed with Controlling Officers in various Demands for Grants instead of detailed head-wise/ scheme-wise provisions which are in contravention of the State Financial Rules. The issue was highlighted in previous years Audit Reports also but remedial action has not been initiated.
- Detailed head ‘subsidy’ is not being provided under relevant major/ minor head/ sub head of accounts in the Demand for Grants.
- The Capital heads of accounts are being closed at sub-head level in the demand for grants. No detailed breakup below thereto up to object head level is available in the approved demand for grants.

These deficiencies make the budgeting process erroneous thereby, making reconciliation of departmental figures with those compiled by the Accountant General (A&E), Jammu and Kashmir difficult. The above matter had been reported to the State Government from time to time. Further action in the matter is awaited (August 2014).

2.5.1 Drawal of Funds to avoid lapse of Budgetary Grants

According to the provisions of Jammu and Kashmir Financial Code Vol-I [Rule 2.16(5)] no money should be drawn from the treasury unless it is required for immediate disbursement. Besides, it is not permissible to draw money from treasury for keeping in Banks or under civil deposits to prevent the lapse of Budgetary Grants. The 13th Finance Commission also recommended that the Public Accounts should not be treated as an alternative to the Consolidated Fund and Government expenditure should be directly incurred from the Consolidated Fund avoiding transfer from Consolidated Fund to the Public Account.

It was observed in Minor Head 800-Other Deposits subordinate to Major Head 8443-Civil Deposits that despite a balance of ₹299.95 crore after a withdrawal of ₹ 60.41 crore, an amount of ₹ 42.41 crore was added to the Minor Head, which was unnecessary. The accumulated balance of ₹342.36 crore at the close of the year should have been written back to the respective Major Heads of account under the Consolidated Fund from which these were originally transferred, as the drawals from

the Minor Head of account in the subsequent years would not require Legislative approval and thus would escape Legislative scrutiny through the Appropriation Account mechanism.

2.5.2 Unrealistic forecasting of resources

The Jammu and Kashmir State Budget Manual stipulates that the Budget of the State is based on the departmental estimates submitted by the Controlling Officers. Both the departmental and the district estimate should always receive careful personal attention of the officers who submit them and should be as accurate as possible. It was noticed that the revised estimates for 2013-14 for Non-Tax revenue projection was ₹ 3400 crore while actual realization was ₹ 2870 crore resulting in downward variation of ₹ 530 crore corresponding to 16 per cent below the original forecast. Similarly, Tax Revenue for the year 2013-14 was projected at ₹ 6820 crore while actual realization was ₹ 6273 crore resulting again in downward variation of ₹ 547 crore corresponding to 8 per cent below the original projection. The projections of tax and non-tax revenue for the last four years vis a vis actual collections during the years are appended in **Table 2.7**.

Table 2.7
Projections of Tax Revenue and Non-Tax Revenue vis-à-vis Actuals

(₹ in crore)					
Year	Description	Revised estimates of revenue	Actual realisation	Difference	Difference as Percentage
2009-10	Tax revenue	3075	3027	48	1.56
	Non-Tax revenue	1294	955	339	26.20
2010-11	Tax revenue	3643	3483	160	4.39
	Non-Tax revenue	1475	1093	382	25.90
2011-12	Tax revenue	4791	4745	46	0.96
	Non-Tax revenue	1851	2002	(-)151	-8.16
2012-13	Tax revenue	5975	5832	143	2.39
	Non-Tax revenue	2819	2160	659	23.38
2013-14	Tax revenue	6820	6273	547	8.02
	Non-Tax revenue	3400	2870	530	15.59

As can be seen, the actual realization of tax revenue was less than the estimates of collection and varied between 1.56 to 8.02 per cent whereas in case of non-tax revenue the variation was more marked and it was between -8.16 to 26.20 per cent during the years. With the actual revenue collection not in line with the estimates the corresponding plans for expenditure on schemes through budget needed revision.

2.5.3 Misclassification of Grants-in-aid and subsidy

Grants-in-aid to any Institution/ Body must constitute the Revenue Expenditure of the Government. But during the year 2013-14 a sum of ₹ 42.07 crore of Grant-in-aid , subsidy of ₹ 77.63 crore and ₹0.85 Crore Stipend & Scholarship has been disbursed under the following Capital Major Heads of expenditure in violation of Para 9 of Indian Government Accounting Standards (IGAS-2) as tabulated in **Table 2.8**.

Table 2.8
Disbursement of Grants-in Aid and Subsidy under Capital Heads

(₹ in crore)

Classification	Grant-in-Aid	Subsidy	Stipend & Scholarship
4202-CO on Education Sports Art & Culture	14.77	-	0.85
4401-CO on Crop Husbandry	0.30	52.01	-
4402-CO on Soil & Water Conservation	-	0.07	-
4217-CO on Urban Development	26.61	-	-
4403-CO on Animal Husbandry	-	0.05	-
4425-CO on Co-operaton	0.39	-	-
4851-CO on Village & Small Industries	-	25.44	-
5452-CO on Tourism	-	0.06	-
Total	42.07	77.63	0.85

2.6 Outcome of inspection of Treasuries

2.6.1 Excess payment of pension

During inspection of Treasuries/ Sub-Treasuries for the year ended 31 March 2014 by the office of the Accountant General (A&E) excess payment of pension amounting to ₹ 4.47 crore was noticed due to reasons like wrong calculation (arithmetical inaccuracies) of pension, delayed commencement of reduced pension on account of commuted value of pension, payment of enhanced rate of pension beyond stipulated date, non-adjustment/ non-regularisation of commuted value of pension and other miscellaneous reasons.

The control at the level of Treasury Officer should be stricter in so far as pension related payments are concerned.

2.6.2 Non reimbursement of pension etc. by Pay & Accounts Offices/ Defence

Transactions which initially arise in the State Treasuries but are adjustable by the PAO/ Defence are placed under suspense for eventual adjustments. An amount of ₹ 78.40 crore paid by the State Treasuries on behalf of the Central Pension Accounting Officer, New Delhi ending 3/2014 are still adjustable in the accounts of the State Government due to either wrong booking of accounts by the State Treasuries or non-submission of vouchers to the respective quarters.

2.7 Review of Grant

2.7.1 Grant No. 21 - Review of Grant for Forest Department

Grant No. 21 (Forest Department) covers Major Heads 2402, 2406, 3435, 4402 – capital outlay, 4406 – Capital Outlay and 5425 – Capital Outlay. The grant covers the departments of Soil and Water Conservation, Forest and Wildlife, Ecology and Environment and Other Scientific and Environment research. A review of the Grant was conducted for the period 2009-14.

2.7.2 Financial Outlay

The financial outlay during the year 2013-14 and expenditure incurred there against under the Grant are given in **Table 2.10**.

Table-2.9

(₹ in crore)

	Nature of Expenditure	Original Grant /Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure	Excess (+)/ Savings (-)
Voted	Revenue	537.60	Nil	537.60	479.24	(-)58.36
Voted	Capital	82.27	15.20	97.47	56.20	(-) 41.27

There have been savings under both the Revenue (₹58.36 crore) as well as the Capital Section (₹41.27 crore) of the Grant for which the reasons were not furnished (August 2014) in Appropriation account.

Scrutiny of appropriation account showed persistent savings in the Grant for the period under review as in **Table 2.10**.

Table-2.10

Comparative position of Actual Expenditure vis-à-vis total Grant showing persistent savings

(₹ in crore)

	Total Grant	Actual expenditure	Excess (+) / Savings (-)
Year 2009-10			
Revenue Voted	335.55	289.13	(-)46.42
Capital Voted	96.36	48.41	(-) 47.95
Year 2010-11			
Revenue Voted	399.81	338.21	(-) 61.60
Capital Voted	97.80	47.11	(-) 50.69
Year 2011-12			
Revenue Voted	479.09	418.10	(-)60.99
Revenue Charged	0.10	0.10	-
Capital Voted	85.02	45.61	(-)39.41
2012-13			
Revenue Voted	508.03	438.85	(-) 69.18
Capital Voted	89.16	72.81	(-) 16.35
2013-14			
Revenue voted	537.60	479.24	(-) 58.36
Capital Voted	97.47	56.20	(-) 41.27

As can be seen from the above, the allocation has been increasing over the years. The overall increase in allocation in 2013-14 over figure of 2009-10 was 47.04 per cent against which there is increase in expenditure of 58.63 per cent. There are persistent savings during the last five years both under Revenue & Capital voted sections. Reasons for the same were not furnished (August 2014).

2.7.3 Excess expenditure

As per Para 12.10.04 (03) of the Jammu and Kashmir Budget Manual when the need

for additional funds arises due to some unforeseen emergency, under estimation or due to any other factor, immediate action is required to be taken to obtain additional funds and unless additional funds are provided by competent authority, no additional expenditure should be authorized or incurred.

During the check of Grant No. 21 it was seen that there has been excess expenditure under Major/ Sub-heads as detailed in **Table 2.11**.

Table-2.11
Excess expenditure under Grant No. 21

<i>(₹ in crore)</i>				
Sl. No.	Major/Minor/Sub-Head	Grant	Expenditure	Excess
1	2402/001/0099/1443 Director of Soil Conservation	19.48	21.67	2.19
2	2406/01/800/0099/2177 Director State Forest Research Institute	6.28	6.79	0.51
3	3435/04/800/0099/2179 Director Ecology Environment and Remote Sensing	4.07	5.67	1.60

The expenditure had not been regularised through obtaining supplementary Grant or Re-appropriation.

2.7.4 Un-utilised Grants

As per Para 4.1.2 of Jammu and Kashmir Budget Manual, the estimates of expenditure are required to be prepared by Head of offices and Controlling Officers according to their assessment of requirement for ensuing year keeping in view the actual expenditure in past, current years trend of expenditure or any new decision taken by the Government which have bearing as funding requirement.

It was noticed during check of Grant No. 21 that the appropriation/ grants remained un-utilised in full during 2013-14 indicating that these were not required as indicated in **Table 2.12**.

Table-2.12
Statement showing un-utilised Appropriation/ Grants

<i>(₹ in crore)</i>				
Sl. No.	Major/Minor /Sub-head	Total Grant	Expenditure	Saving
1.	2406/01/070/0099/2357 Halqa Panchayat	0.06	0.00	0.06
2.	2406/01/800/0031/0480 T.D.S Morari	0.31	0.00	0.31
3.	2406/01/800/0099/2270 Hokessar/Srinsar/Mansar/pangong	0.43	0.00	0.43
4.	3435/04/103/0099/2353 Appellate Authority Water and Air Pollution	0.06	0.00	0.06

2.7.5 Significant savings not surrendered

As per the provisions of the Budget Manual all the anticipated savings should be surrendered to the Government immediately as and when they are foreseen without waiting till the end of the year, unless they are required to meet excesses under some other units which are definitely foreseen at that time. However, significant savings were noticed under various schemes where provisions were distinctly/ separately placed in approved Demand for Grants as detailed in *Appendix 2.8*. The significant savings in the above mentioned schemes deprived the beneficiaries/ areas of the benefits for which the amount were provided.

2.7.6 Expenditure without Provision of Funds

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹13.13 crore was incurred (detailed in *Appendix-2.9*) without any provision in the original estimates/ supplementary demand and without any re-appropriation orders to this effect.

2.8 Conclusion

The overall savings of ₹ 2954.88 crore was the result of saving of ₹ 7424.66 crore in various grants and appropriations offset by excess of ₹ 4469.79 crore.

Excess expenditure of ₹ 99409.53 crore till 31 March 2014 over the approved provision ending March 2014 requires regularisation under Section 82 of the Constitution of Jammu and Kashmir.

Planning and Development, Information, Law, Industries and Commerce, Education, Finance, Revenue, Housing and Urban Development, Forest, Labour, Stationery and Printing Grants posted large savings persistently during the last five years. In many cases, the anticipated savings were not surrendered at the end of the year in the month of March leaving no scope for utilisation of these funds for other development purposes. There were also instances of inadequate provisions and unnecessary/ excessive Supplementary Grants besides 'Rush of Expenditure' in the last quarter of the financial year indicating inadequate budgetary control in the departments.

2.9 Recommendations

The Government may consider:

- (i) to take up the matter with the Public Accounts Committee Secretariat for early regularization of excess expenditure; and
- (ii) to write back balance under Deposit accounts to the respective Major/ Minor heads at the close of the year to ensure Legislative scrutiny.