

CHAPTER II

Financial Management and Budgetary Control

CHAPTER II FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts, passed by the Legislature. These accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are therefore, supplementary to Finance Accounts. In Sikkim, no Budget Manual containing the procedures for preparation of the estimates of budget, subsequent action in respect of the budget communication, distribution of grants, watching the progress of revenue and control over expenditure etc., had yet been laid down.

2.1.2 Audit of appropriation by the Comptroller and Auditor General of India (CAG) seeks to ascertain whether expenditure actually incurred under various grants 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 law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

2.2.1 Summarised position of expenditure and provision

The summarised position of actual expenditure during 2013-2014 against 46 grants/appropriations is given in **Table 2.1**:

Table 2.1: Summarised position of actual expenditure vis-à-vis Original/Supplementary provision

Nature of expenditure		(₹ in crore)				
		Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	3,876.19	50.79	3,926.98	3,220.05	(-)706.93
	II Capital	1,325.02	95.98	1,421.00	921.95	(-)499.05
	III Loans and Advances	0.40	-	0.40	0.40	0
Total Voted		5,201.61		5,348.38	4,142.40	(-)1,205.98
Charged	IV Revenue	238.04	-	238.04	239.53	(+)1.49
	V Capital	0	0	0	0	0
	VI Public Debt- Repayment	76.79	0	76.79	88.74	(+)11.95
Total Charged		314.83	0	314.83	328.27	(+)13.44

Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Appropriation to Contingency Fund (if any)	0	0	0	0	0
Grand Total	5,516.44	146.77	5,663.21	4,470.67	(-)1,192.54

Source: Appropriation Accounts.

The overall savings of ₹ 1,192.54 crore was the result of savings of ₹ 1,248.31 crore in 32 grants and two appropriations under Revenue Section, 22 grants under Capital Section offset by excess of ₹ 55.77 crore in 16 grants/appropriations under Revenue Section.

The savings/excess were intimated (July 2014) to the Controlling Officers requesting them to explain the significant variations. Out of 46 Grants/appropriations, the reasons for the variations were furnished in respect of 24 Grants including one appropriation by the departments, the reasons were furnished partially in respect of 18 Grants and the reasons were not furnished pertaining to 04 Grants including one appropriation.

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

As per Sikkim Financial Rule (SFR), every drawing and disbursing officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General. The total amount of DC bills received during the period 2009-2014 was ₹ 212.80 crore against the amount of AC bills of ₹ 306.44 crore (₹ 102.36 crore (OB) + ₹ 204.08 crore) leading to an outstanding balance of DC bills of ₹ 93.64 crore as on 31 March 2014 as given in the following table:

Table 2.2: Details of AC Bills

Year	Opening Balance	Addition during the year	Total Amount of AC Bills	Amount of adjustment (DC bills)	DC bills as percentage to AC bills	Outstanding AC bills
2009-10	102.36	36.30	138.66	1.88	1.36	136.78
2010-11	136.78	29.85	166.63	55.33	33.70	111.30
2011-12	111.30	45.04	156.34	12.28	7.85	144.06
2012-13	144.06	50.11	194.17	52.95	27.26	141.22
2013-14	141.22	42.78	184.00	90.36	49.10	93.64
Total		204.08		212.80		

Source: Voucher Level Computerisation data of Office of the Sr. Dy. Accountant General (Accounts & Entitlement).

Department-wise pending DC bills for the years up to 2013-14 are detailed in **Appendix 2.1** As would be seen from the Appendix, the main defaulting departments were Land Revenue and Disaster Management (₹ 23.57 crore), Food Security and Agriculture (₹ 10.49 crore), Police (₹ 8.29 crore), Labour (₹ 6.69 crore) and Tourism and Civil Aviation (₹ 6.04 crore).

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

accounts, distorts the magnitude of expenditure besides quality of the same remaining unascertained.

2.2.3 Review on pendency in submission of DC bills in the Home Department

A review of the advances granted and their subsequent adjustment in the Home Department showed that various advances viz. contingency advance, T.A. advance, Medical advance and LTC advance were lying unadjusted for long periods of time. The year-wise pendency of advances is given in the following table:

Table 2.3: Details showing year-wise outstanding advances

(₹ in lakh)

Year	Contingency advance	Travelling allowance advance	Medical advance	Leave travel concession advance	Total
1999-2000	0.45	0	0	0	0.45
2000-2001	10.49	0	0	0	10.49
2001-2002	4.88	0	0	0	4.88
2002-2003	56.99	0	0	0	56.99
2003-2004	15.14	0	0	0	15.14
2004-2005	86.14	0.15	0.70	0	86.99
2005-2006	7.60	0.06	3.30	0	10.96
2006-2007	37.01	0.05	1.50	0	38.56
2007-2008	30.64	0.80	0.50	0	31.94
2008-2009	47.69	0.28	3.50	0	51.47
2009-2010	4.24	3.86	4.90	0.45	13.45
2010-2011	0.60	0	4.80	1.36	6.76
2011-2012	5.19	0.70	0.50	0	6.39
2012-2013	1.58	1.55	0.50	0	3.63
2013-2014	9.96	0	1.50	0	11.46
					349.56

Government of Sikkim's decision (6) below Rule 213 of Sikkim Financial Rules (SFR) stipulates that 'Second advance for tour shall not be sanctioned until the previous advance taken is settled in full'.

Rule 216(2) further enjoins that 'The right of a Government Servant to travelling allowance including daily allowance shall be forfeited or deemed to have been relinquished if the claim for it is not preferred within one year from the date on which the journey is completed. The advance so granted shall be recovered from his pay or any other dues in one instalment by the authority competent to sanction such advance'.

Rule 20(5) of Sikkim Services (Medical Facilities) Amendment Rules, 2007 states that 'The amount of advance should be adjusted against the claim for reimbursement of expenditure as admissible under these rules and the balance, if any, recovered from the pay of the Government Servant concerned in ten equal monthly instalments'.

Moreover, a certificate has also been printed on the Abstract Contingent Bill form clearly mentioning that 'the detailed contingent bills for advance drawn more than three months before have been submitted'.

Leave Travel Concession Rule 14 and Government of India decision thereon states that 'when advance is taken, (a) the claim should be submitted within one month from the date

of return journey. If not, outstanding advance will be recovered in one lump sum and the claim will be treated as one where no advance is sanctioned. Further, penal interest at 2 *per cent* over GPF interest on the entire advance from the date of drawal to the recovery will be charged.(b) When claim submitted within stipulated time but unutilised portion of advance not refunded, interest is chargeable on that amount from the date of drawal to the date of recovery’.

Inspite of the above rule provision, advances were lying un-adjusted for long periods without any reasons on record.

Besides, the following irregularities were also noticed:

- In 09 cases, second advances for tour were sanctioned without settling the previous advances.
- In two cases of medical advances, even after more than 3 years of submission of the adjustment bill by the Government servants, the Department failed to take any action to settle the advances and recover the balance amount from the Government servants. Reasons in this regard were not found on record.
- In one case, LTC advance for ₹ 1.81 lakh remained unsettled for more than 4 years which needs recovery in one lumpsum with imposition of penal interest at 2 *per cent* over GPF interest as per Rule 14 of LTC.
- A certificate has to be given on the Abstract Contingent Bill form clearly mentioning that ‘the detailed contingent bills for all the contingents for advance drawn more than three months before have been submitted’ which is to be certified by the Drawing and Disbursing Officer (DDO) at the time of drawing the AC bills. The DDOs however, certified all AC bills without ascertaining the pending unsettled advances.
- In 18 cases, amount aggregating ₹ 1.71 crore has already been shown as adjusted in the records of the Department. However, in the records of Office of Senior Deputy Accountant General, Accounts & Entitlement, it was lying unadjusted due to non-submission of DC bills by the Department.

Despite the standing instructions, circulars etc. issued by the Government on the subject and issuance of revised guidelines for drawal of advances and submission of detailed contingent bills for adjustment of advances etc. by the Finance, Revenue & Expenditure Department in April 2013, effective steps were not taken to adjust the old outstanding advances.

Thus, non-adherence of the rule, non-compliance with instructions, certification of bills without due diligence and lack of follow-up action not only by the DDOs concerned but also by the Heads of departments/Controlling Officers had resulted in accumulation of outstanding advances amounting to ₹ 3.50 crore. Non-settlement of advances carries with it the risk of fraud and misappropriation of public funds and causes non-transparency in expenditure reporting system.

2.3 Financial accountability and budget management

2.3.1 Appropriation vis-à-vis allocative priorities

The outcome of the appropriation audit revealed that in 21 cases, savings exceeded ₹ 1 crore in each case and also by more than 20 *per cent* of total provision (**Appendix 2.2**). Against the total savings of ₹ 1,248.31 crore, savings of ₹ 969.09 crore (77.63 *per cent*)¹ occurred in 7 cases relating to 7 grants as indicated in **Table 2.4**.

Table 2.4: List of Grants with savings of ₹ 50 crore and above

(₹ in crore)

Sl. No.	No. and Name of Grant	Original	Supplementary	Total	Actual Expenditure	Savings
REVENUE - VOTED						
1	10 Finance, Revenue and Expenditure	1,074.97	11.38	1,086.34	758.52	327.83
2	12 Forestry and Environment Management	174.26	7.89	182.15	112.20	69.95
3	19 Irrigation and Flood Control	147.25	0.06	147.31	40.56	106.75
4	22 Land Revenue & Disaster Management	390.70	1.88	392.58	262.55	130.03
CAPITAL - VOTED						
5	34 Roads & Bridges	214.21	29.29	243.50	165.63	77.87
6	40 Tourism	161.39	9.97	171.36	62.99	108.37
7	41 Urban Development and Housing	208.89	0	208.89	60.60	148.29
TOTAL		2,371.67	60.47	2,432.13	1,463.05	969.09

Source: Appropriation Accounts.

Reasons for savings were mainly due to i) non-receipt of funds from the GOI, (ii) restriction imposed on incurring expenditure, iii) part payment for works completed, iv) non-submission of claims by the suppliers, v) non-claiming of lottery prize, vi) non-completion of works by the contractors, vii) non-receipt of fund under *JNNURM*, and viii) non-finalisation of draft project reports by NABARD.

2.3.2 Persistent savings

In seven cases, during the last five years, there were persistent savings of more than ₹ 1 crore in each case and also by 10 *per cent* or more of the total grant (**Table 2.5**).

Table 2.5: Lists of Grants indicating persistent savings during 2009-10 to 2013-14

(₹ in crore)

Sl. No.	No. and Name of Grant	Amount of savings				
		2009-10	2010-11	2011-12	2012-13	2013-14
REVENUE - VOTED						
1	19 - Irrigation & Flood Control	15.07 (28.93)	28.05 (39.01)	76.84 (65.46)	93.92 (62.64)	106.75 (72.46)
2	22 - Land Revenue and Disaster Management	27.18 (40.78)	35.60 (54.63)	163.20 (36.81)	172.04 (50.81)	130.03 (33.12)
3	38 - Social Justice, Empowerment and Welfare	22.85 (21.36)	62.64 (52.29)	67.33 (46.90)	34.81 (33.67)	23.24 (23.05)

¹ Exceeding ₹ 50 crore in each case.

Sl. No.	No. and Name of Grant	Amount of savings				
		2009-10	2010-11	2011-12	2012-13	2013-14
CAPITAL – VOTED						
4	31- Energy and Power	43.90 (30.31)	65.89 (66.72)	39.28 (51.76)	60.69 (58.71)	24.24 (27.09)
5	34 - Roads & Bridges	63.63 (45.87)	125.54 (58.80)	151.39 (56.80)	48.09 (20.07)	77.87 (31.97)
6	40 - Tourism	23.91 (32.77)	54.87 (52.81)	127.19 (69.05)	108.15 (69.03)	108.37 (63.24)
7	41- Urban Development and Housing	88.49 (60.65)	149.37 (81.76)	167.49 (74.48)	171.35 (77.61)	148.29 (70.98)

Source: Appropriation Accounts. (Figures in the bracket indicate percentage to total provision)

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

2.3.3 Rush of expenditure

According to the SFR, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, expenditure exceeding ₹ 1 crore and also more than 50 per cent of the total expenditure for the year was incurred in respect of 12 heads amounting to ₹ 141.40 crore (39 per cent of total expenditure during the year) during March 2014 and ₹ 246.29 crore (68 per cent of total expenditure during the year) in 20 heads during last quarter of the year 2013-14 as listed in **Appendix 2.3**.

In two cases, one during the last quarter and another during March 2014, expenditure was up to 100 per cent of total provision during the year, which was contrary to the aforesaid provision.

2.3.4 Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure amounting to ₹ 30.97 crore for the years 2009-2013 had not been regularised (March 2014). The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.6**.

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

Year	Number of		Amount of excess over provision	Status of Regularisation
	Grants	Appropriations		
2008-09	02 (Grant Nos.33,10)	-	1.98	Under examination by PAC
2009-10	04 (Grant Nos.24,28,29,33)	-	5.10	-do-
2010-11	04 (Grant Nos.24,33,37,24)	-	1.59	-do-
2011-12	04 (Grant Nos.16,26,42,24)	-	0.20	-do-
2012-13	18 (Grant Nos.3, 5, 9, 16, 17, 24, 25, 26,27,31,32,33,34,35,36,40,42)	Governor	22.10	-do-
Total			30.97	

Source: Appropriation Accounts.

2.3.5 Excess over provision during 2013-14 requiring regularisation

Table 2.7 contains the summary of total excess in 15 grants/appropriations amounting to ₹ 55.77 crore over authorisation from the Consolidated Fund of State during 2013-14 and requires regularisation under Article 205 of the Constitution.

Table 2.7: Excess over provision requiring regularisation during 2013-14

(₹ in lakh)					
Sl. No.	Number and title of Grant/Appropriation		Total grant/appropriation	Expenditure	Excess
A. VOTED					
1	3	Buildings	1,840.27	1,869.77	29.50
2	5	Cultural Affairs and Heritage	924.86	950.46	25.60
3	7	Human Resources and Development	36,672.96	37,511.19	838.23
4	8	Election	308.14	326.11	17.97
5	9	Excise	639.16	641.45	2.29
6	16	Commerce and Industries	2,322.78	2,439.59	116.81
7	24	Legislature	1,386.67	1,429.28	42.61
8	26	Motor Vehicles	420.32	426.63	6.31
9	30	Police	1,526.20	1,549.92	23.72
10	31	Energy and Power	11,214.94	12,053.56	838.62
11	32	Printing and Stationery	680.96	701.79	20.83
12	34	Roads and Bridges	5,992.57	6,163.25	170.68
13	35	Rural Management and Development	10,002.51	11,961.89	1,959.38
14	42	Vigilance	492.96	538.44	45.48
TOTAL			74,425.30	78,563.33	4,138.03
B. CHARGED					
15	10	Finance, Revenue and Expenditure	21,871.79	22,116.09	244.30
16	10	Finance, Revenue and Expenditure	7,679.17	8,873.81	1,194.64
TOTAL			29,550.96	30,989.90	1,438.94
GRAND TOTAL			1,03,976.26	1,09,553.23	5,576.97

Source: Appropriation Accounts.

2.3.6 Unnecessary supplementary provision

Supplementary provision aggregating ₹ 78.08 crore obtained in 16 cases, (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.4**.

2.3.7 Excessive/insufficient re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in excess/savings of over ₹ 96.27 crore (₹ 10 lakh or more in each case) in 32 sub-heads. There was excess of ₹ 12.38 crore in 14 sub-heads as detailed in **Appendix 2.5** and savings of ₹ 83.89 crore in 18 sub-heads as detailed in **Appendix 2.6**.

2.3.8 Substantial surrenders

Substantial surrenders (the cases where more than 50 *per cent* of total provision was surrendered) were made in respect of 35 sub-heads on account of either delay in implementation of schemes/programmes or non-receipt of funds from Government of India. Out of the total provision amounting to ₹ 642.82 crore in those 35 sub-heads, ₹ 502.61 crore (78.18 *per cent*) constituting 8.87 *per cent* of total budget provision (₹ 5,663.21 crore) were surrendered, which included cent *per cent* surrender in 13 sub-heads (₹ 52.13 crore). The details of such cases are given in **Appendix 2.7**.

2.3.9 Surrender in excess of actual savings

In six cases, the amount surrendered (₹ 50 lakh or more in each case) was in excess of actual savings indicating lack of or inadequate budgetary control in related departments. As against savings of ₹ 225.40 crore, the amount surrendered was ₹ 251.74 crore resulting in excess surrender of ₹ 26.34 crore as indicated in **Table 2.8**.

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

(₹ in crore)

Sl. No.	No. and Name of Grant/Appropriation	Total grant/appropriation	Savings	Amount surrendered	Amount surrendered in excess
REVENUE - VOTED					
1	19 Irrigation and Flood Control	147.31	106.75	107.37	0.62
2	33 Water Security and Public Health Engineering	16.90	0.50	1.00	0.50
	TOTAL	164.21	107.25	108.37	1.12
CAPITAL - VOTED					
3	7 Human Resources and Development	43.94	20.20	25.02	4.82
4	29 Development Planning, Economic Reforms and North Eastern Council Affairs	19.00	7.30	7.88	0.58
5	34 Roads and Bridges	243.50	77.87	85.81	7.94
6	35 Rural Management and Development	77.71	12.78	24.66	11.88
	TOTAL	384.15	118.15	143.37	25.22
	GRAND TOTAL	548.36	225.40	251.74	26.34

Source: Appropriation Accounts.

2.3.10 Anticipated savings not surrendered

As per SFR, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance, Revenue and Expenditure Department (FRED) as and when the savings are anticipated. At the close of the year 2013-14, there were however, six grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in those cases was ₹ 1.37 crore (0.11 *per cent* of the total savings) as indicated in **Table 2.9**.

Table 2.9: Details of anticipated savings not surrendered

			(₹ in lakh)
Sl. No.	Grant No.	Name of grant/appropriation	Savings
1	15	Horticulture and Cash Crops Management	0.02
2	16	Commerce and Industries	121.55
3	18	Information Technology	11.81
4	24	Legislature	1.62
5	36	Science, Technology and Climate Change	0.25
6	37	Sikkim Nationalised Transport	1.69
TOTAL			136.94

Further, in 11 grants/appropriations (with savings of ₹ 1 crore and above in each case), out of total savings of ₹ 723.04 crore, only ₹ 541.50 crore were surrendered leaving ₹ 181.54 crore (25.11 *per cent*) unsurrendered, details of which are given in **Appendix 2.8**. Besides, in 42 cases, (surrender of funds in excess of ₹ 1 crore or more), ₹ 978.62 crore (**Appendix 2.9**) were surrendered (major departments involved were Food Security and Agriculture, Animal Husbandry, Livestock, Fisheries and Veterinary Services, Information and Technology, Irrigation and Flood Control, and Tourism and Civil Aviation) on the last two working days of March 2014 indicating inadequate financial controls and also the fact that those funds could not be utilised for other development purposes.

2.4 Contingency Fund

The Contingency Fund of the State had been established under the Contingency Fund Act, 1957 in terms of provisions of Articles 267(2) and 283(2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which till its authorisation by the Legislature would be undesirable. The fund is in the nature of an imprest and its corpus is ₹ 1 crore. Funds drawn out of Contingency Fund are subsequently recouped to the fund through supplementary provisions.

A total amount of ₹ 1 lakh, advanced during 2013-14 was not recouped till the end of the year 2013-14.

2.5 Outcome of review of selected grants

2.5.1 Grant 34 - Road and Bridges Department

A review on budgetary procedure and control over expenditure for the period 2009-10 to 2013-14 was conducted (July-August 2014) in respect of “Grant No.34 – Roads and Bridges Department, Government of Sikkim. Significant observations made during the review are detailed below:

2.5.1.1 Summarised position

The summarised position of actual expenditure against grants during 2009-10 to 2013-14 in respect of Grant No. 34 pertaining to the Roads and Bridges Department is given below:

Table 2.10: Details of actual expenditure against grants received

(₹ in crore)

Year	Section	Nature of expenditure	Original Grant	Supplementary Grant	Total	Actual expenditure	Excess(+) Savings(-)	Surrender
2009-10	Voted	Revenue	39.25	3.04	42.29	40.10	(-)2.19(5)	2.21
	Voted	Capital	135.29	3.42	138.71	75.08	(-)63.63(46)	00
2010-11	Voted	Revenue	33.06	5.45	38.51	37.94	(-)0.57(1)	0.29
	Voted	Capital	194.36	19.16	213.52	87.98	(-)125.54(59)	111.64
2011-12	Voted	Revenue	40.47	7.22	47.69	46.27	(-)1.42(3)	0.68
	Voted	Capital	183.63	82.89	266.52	115.13	(-)151.39(57)	20.96
2012-13	Voted	Revenue	46.76	0.14	46.90	48.80	1.90(4)	0.02
	Voted	Capital	233.68	5.92	239.60	191.50	(-)48.10(20)	63.58
2013-14	Voted	Revenue	59.54	0.38	59.92	61.63	1.71(3)	0.51
	Voted	Capital	214.21	29.29	243.50	165.63	(-) 77.87(32)	85.81
Total	Voted	Revenue	219.08	16.23	235.31	234.74		3.71
	Voted	Capital	961.17	140.68	1,101.85	635.32		281.99

Source: Appropriation Accounts.

Figures in brackets indicate percentage of savings/excess to total provisions.

The analysis of actual expenditure against the grants received revealed the following:

2.5.1.2 Unnecessary/excessive supplementary provision

Savings in a grant or appropriation indicate that the expenditure could not be incurred as estimated and planned. It points to poor budgeting or shortfall in performance depending upon the circumstances and the purpose for which the original grant or appropriation was provided. It was noticed that supplementary grants of ₹ 3.42 crore, ₹ 19.16 crore, ₹ 82.89 crore, ₹ 5.92 crore and ₹ 29.29 crore during the years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 respectively under the Capital Heads were unnecessary as the final expenditure of ₹ 75.08 crore, ₹ 87.98 crore, ₹ 115.13 crore ₹ 191.50 and ₹ 165.63 crore under those heads were within the original provision.

2.5.1.3 Persistent savings

Persistent savings in the grants were indicative of inaccurate budget estimation and a tendency of the concerned department to overestimate the requirement of funds. Persistent and substantial savings ranging from 20 to 59 per cent of the provision were noticed under Capital Heads during the entire review period from 2009-10 to 2013-14 under Grant No.34 as detailed in **Table 2.10**.

2.5.1.4 Substantial savings

Budget is prepared based on the activities to be undertaken for a year and the provision of funds is made to discharge the payment thereto. Further, analysis of budget provision and actual expenditure for the period 2009-10 to 2013-14 covered under review revealed that there were substantial savings of 57 and 59 per cent under Capital Heads during 2010-11 and 2011-12 respectively indicating inaccurate and unrealistic budget estimates.

2.5.1.5 Surrender in excess of actual savings

During the years 2009-10, 2012-13 and 2013-14, the amount surrendered was in excess of actual savings indicating lack of or inadequate budgetary control. As against savings of ₹ 128.16 crore, the amount surrendered was ₹ 151.60 crore resulting in excess surrender of ₹ 23.44 crore.

2.5.1.6 Substantial surrenders

Substantial surrenders were made in respect of 14 heads of accounts during the period of review (2009-14) either due to non-receipt of funds from Government of India or non-completion of work. The percentage of surrenders ranged from 12 to 100 *per cent* as shown below:

Table 2.11: Details of substantial surrenders

(₹ in crore)

Year	Major Head	Final grant	Amount of surrender	Percentage of surrender
2009-10	2059-Public Works(Plan)	0.50	0.50	100
	5054-Construction of Bridge in West Sikkim (Plan)	4.00	4.00	100
	5054-District Roads (Plan)	42.93	36.50	85
2010-11	5054-Construction of Suspension Bridge at Singtam, NLCPR (Plan)	8.70	8.70	100
	5054-Construction of Steel Bridge in South Sikkim (Plan)	7.01	0.82	12
	5054-Construction of Bridges in West Sikkim (Plan)	2.05	1.95	95
2011-12	5054-District Roads (Plan)	162.76	20.96	13
2012-13	5054-Construction of Suspension Bridge at Singtam, NLCPR (Plan)	0.76	0.76	100
	5054-Construction of Steel Bridge in South Sikkim (Plan)	7.30	4.21	58
	5054-District Roads (Plan)	27.59	8.82	32
2013-14	5054-Construction of Steel Bridge in South Sikkim (Plan)	1.82	1.82	100
	5054-Construction of Bridges in West Sikkim (Plan)	0.87	0.87	100
	5054-New Schemes under NABARD (Plan)	23.50	22.50	96
	5054-District Roads (Plan)	23.97	18.16	76

Source: Appropriation Accounts.

2.5.1.7 Anticipated savings not surrendered

In terms of Sikkim Financial Rules, the spending departments are required to surrender the grants/appropriation or portion thereof to the FRED as and when the savings are anticipated. Audit analysis of Grant 34 revealed that despite the savings, no fund was surrendered in the following cases:

Table 2.12: Details of anticipated savings not surrendered

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original + Supplementary)	Actual expenditure	Amount of re-appropriation	Saving	Amount surrendered
2009-10	2059-Public Works (Non-Plan)	10.00	9.84	Nil	0.16	Nil
2010-11	2059-Public Works (Non-Plan)	5.08	4.65	Nil	0.43	Nil
2011-12	2059-Public Works (Plan)	100.00	80.17	Nil	19.83	Nil
	3054-Roads and bridges (Plan)	1,198.19	1,176.23	Nil	21.96	Nil
	5054-Capital Outlay on Roads & Bridges	3,444.04	1,033.18	Nil	2,410.86	Nil
2013-14	2059-Public Works (Non-Plan)	6.21	6.10	Nil	0.11	Nil
TOTAL					2,453.35	

Source: Detail Appropriation Accounts.

2.5.1.8 Non-utilisation of funds

Budget allotment is provided based on the proposed activities to be undertaken for a year. Audit analysis on the review of the grant revealed that an amount of ₹ 47.92 crore provided for various activities were not utilised as indicated below:

Table 2.13: Details of non-utilisation of funds

(₹ in lakh)

Year	MH affecting the grant	Amount of grant
2009-10	5054-Additional facilities	1.00
	5054-Replacement	1.00
	5054-Expansion	1.00
	5054-Additional facilities	1.00
2010-11	3054-Wages	1.70
	5054-Double laning of Sichey-Ranka road	610.00
2011-12	3054-Survey Investigation & preparation of PDR for 11 th Plan road Schemes (NEC)	5.85
	5054-Replacement of Existing Suspension Bridge with 90 Metres Span steel bridge (NEC)	1.00
	5054-Cost of Steel Girder and its Accessories	1.00
	5054-Replacement of two bridges (NLCPR)	20.01
	5054-Construction of steel bridge on Pabong-Yangang Road at Sainotar-lower Ben Khola (NEC)	4.18
	5054-Const. of Makha suspension bridge over river Teesta on Makha Lingi Yangang Rd South Sikkim (NEC)	23.40
	5054-Const. of Steel Bridge over Khundrukey Khola along Yangang Makha Road in S.Sikkim (NLCPR)	154.28
	5054-Const. of Steel Bridge in North Sikkim	1.81
	5054-Const. of Pre-Stressed Bridge over river Rangit on Legship Tashiding Road (NLCPR)	774.99
	5054-Upgradation of Ranka-Burtuk-Gangtok Road in East Sikkim (NLCPR)	12.00
	5054-Improvement of Assam-Pakyong Road (NEC)	19.82
	5054-External Aided Project	1,000.00
	5054-Pelling-Dentam Road (NLCPR)	42.00
	5054-Carpeting/Surfacing improvement of DentamUttarey Road (NLCPR)	90.00
	5054-Improvement of Bermoik-Legship Road (NEC)	54.91
	5054-Extension of road from Chakhung Khaniserbong SPWD road to Majuwa village via Chota Samdung (NLCPR)	243.71
	5054-Upgradation of LLHP to Nandok Road (NLCPR)	214.98
	5054-Improvement & widening of Tintek Dikchu Road (NLCPR)	569.28
	5054-Carpeting/Surface improvement Protective Works and Drainage of Namchi-Rabongla Road (NLCPR)	38.70
	5054-Improvement of Kimbubotey-Sokpey road (NEC)	131.00
5054-Upgradation of Chujachen-Rolep road 1 st Km to 16 th Km ISC (100%CSS)	400.00	
5054-Improvement of Melli-Phong road (100% CSS)	273.00	
2013-14	5054-Major Works	100.00
Total		4,791.62

Source: Appropriation Accounts.

2.5.1.9 Expenditure without provision

As per SFR, expenditure should not be incurred on a scheme/service without provision of funds. It was however, noticed that expenditure of ₹ 1.50 crore was incurred in one case as detailed in **Table 2.14** without any provision in the total grant.

Table 2.14: Details of expenditure without provision

(₹ in crore)

Year	MH affecting the grant	Total grant (Original + Supplementary)	Actual expenditure	Excess
2010-11	5054-05-337-60-45-88 - Upgradation of Chuchajen-Rolep Road 1 st Km to 16 th Km ISC (100%CSS)	0	1.50	1.50

Source: Appropriation Accounts.

2.5.1.10 Rush of expenditure

As per Note 3 under Rule 84 of SFR, rush of expenditure, particularly in the closing month of the financial year, is to be regarded as a breach of financial propriety and should be avoided. Contrary to this, rush of expenditure during the last quarter was noticed in the grant under review. Rush of expenditure during March of the period under review ranged from 19 to 37 per cent of the total expenditure as shown below:

Table 2.15: Trend of rush of expenditure

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Expenditure during April to December	59.73	65.33	99.08	165.94	148.91
Expenditure during January to February	12.77	14.44	11.83	29.15	18.87
Expenditure during March (Percentage of expenditure during March to total expenditure in bracket)	42.68 (37)	46.14 (37)	50.48 (31)	45.22 (19)	59.48 (26)
Total	115.18	125.91	161.39	240.31	227.26

Source: Voucher Level Computerisation data of Office of the Sr. Deputy Accountant General (Accounts & Entitlement). Figures in brackets indicate percentage of expenditure in March to total expenditure.

Further analysis revealed that significant rush of expenditure during the closing month of the year ranging from 25 to 84 per cent of total expenditure were noticed in 09 Heads under Grant No.34 as detailed in **Appendix 2.10**.

2.6 Conclusion

Against the total provision of ₹ 5,663.21 crore during 2013-14, an expenditure of ₹ 4,470.67 crore was incurred. This resulted in an unspent provision of ₹ 1,192.54 crore (21.06 per cent). Excess expenditure of ₹ 86.74 crore during 2009-10 to 2013-14 required regularisation under Article 205 of the Constitution. While supplementary provision of ₹ 78.08 crore in 16 cases was unnecessary, re-appropriation of funds in 32 cases was made injudiciously resulting in either un-utilised provision or excess over provision. In 42 cases, ₹ 978.62 crore was surrendered on the last two working days of the financial year. ₹ 93.64 crore drawn during 2009-14 as advances remained to be settled, distorting the amount of expenditure being shown as such.

2.7 Recommendations

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