

**CHAPTER II**  
**FINANCIAL MANAGEMENT**  
**AND**  
**BUDGETARY CONTROL**



## CHAPTER II

### FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

#### 2.1 Introduction

**2.1.1** The Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of the voted grants<sup>1</sup> and appropriations charged<sup>2</sup> for different purposes, as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations and indicate the actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Acts in respect of both charged and voted items of budget. The Appropriation Accounts are complementary to the Finance Accounts.

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

#### 2.2 Summary of Appropriation Accounts

There are 37 departments in the State headed by Additional Chief Secretaries / Principal Secretaries / Secretaries to the Government. Each department operates one or more demand(s). The demand for grant generally reflects the allocation for a department. In 2015-16, there were 54 demands for grants and two appropriations (one each for Debt Charges and Public Debt - Repayment). The summarised position of actual expenditure during 2015-16 against 56 grants / appropriations is given in **Table 2.1**.

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<sup>1</sup> Amounts voted by the State Legislature in respect of demands for grants for specific purposes

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

**Table 2.1: Position of actual expenditure vis-à-vis original/supplementary provisions**

(₹ in crore)

Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)	Amount surrendered	Amount surrendered on 31 March	Percentage of savings surrendered by 31 March
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(7)/(6)
<b>Voted</b>								
I Revenue	1,31,185.58	8,091.37	1,39,276.95	1,27,153.04	(-) 12,123.91	(-) 12,234.26	(-) 8,761.19	100.91
II Capital	24,647.65	2,345.06	26,992.71	19,173.99	(-) 7,818.72	(-) 7,980.21	(-) 2,685.72	102.07
III Loans and Advances	3,200.91	709.16	3,910.07	2,331.43	(-) 1,578.64	(-) 1,482.15	(-) 651.77	93.89
<b>Total Voted</b>	<b>1,59,034.14</b>	<b>11,145.59</b>	<b>1,70,179.73</b>	<b>1,48,658.46</b>	<b>(-) 21,521.27</b>	<b>(-) 21,696.62</b>	<b>(-) 12,098.68</b>	<b>100.81</b>
<b>Charged</b>								
IV Revenue	17,704.33	404.86	18,109.19	17,958.92	(-) 150.27	(-) 104.66	(-) 100.04	69.65
V Capital	1.00	67.17	68.17	65.65	(-) 2.52	(-) 0.23	(-) 0.23	9.13
VI Public Debt- Repayment	7,556.53	0.00	7,556.53	6,605.34	(-) 951.19	(-) 948.63	(-) 1.50	99.73
<b>Total Charged</b>	<b>25,261.86</b>	<b>472.03</b>	<b>25,733.89</b>	<b>24,629.91</b>	<b>(-) 1,103.98</b>	<b>(-) 1,053.52</b>	<b>(-) 101.77</b>	<b>95.43</b>
<b>Appropriation to Contingency Fund (if any)</b>	..	..	..	..	..	..	..	..
<b>Grand Total</b>	<b>1,84,296.00</b>	<b>11,617.62</b>	<b>1,95,913.62</b>	<b>1,73,288.37</b>	<b>(-) 22,625.25</b>	<b>(-) 22,750.14</b>	<b>(-) 12,200.45</b>	<b>100.55</b>

(Source: Appropriation Accounts for 2015-16)

Supplementary provisions of ₹ 11,617.62 crore obtained during the year constituted 5.93 per cent of the total provision. The overall saving of ₹ 22,625.25 crore was the result of savings of ₹ 22,707.41 crore in 53 grants and 53 appropriations under Revenue section, 37 grants and six appropriations under Capital section and 29 grants and one appropriation under Loan section, offset by excess of ₹ 82.16 crore in one grant under Revenue section, four grants under Capital section and one grant under Loan section.

As against the original provision of ₹ 1,84,296 crore, expenditure of ₹ 1,73,288.37 crore was incurred. In view of the overall savings of ₹ 22,625.25 crore, the Supplementary provisions of ₹ 11,617.62 crore proved wholly unnecessary. Cases of supplementary provisions that proved unnecessary are discussed in paragraph 2.3.6. The savings/excesses were intimated to the Controlling Officers, requesting them to state the reasons for significant variations. Out of 1,032 sub-heads, explanations for the variations were not received (October 2016) for 365 sub-heads (saving: 223 sub-heads and excess: 142 sub-heads).

Further, it was seen that out of total of 2,309 items in Supplementary estimates (October 2015 and February 2016), in respect of 1,546 items (66.96 per cent) where token provision was provided, it was proposed to meet the remaining expenditure by re-appropriation from savings that would arise in other heads of account. Such practice of meeting expenditure with an anticipation of savings was indicative of poor budgetary process.

The trend of savings and surrenders during the period from 2011-12 to 2015-16 is indicated in **Table 2.2**.

**Table 2.2: Trend of savings and surrenders**

(₹ in crore)

Year	Total Provision	Expenditure	Savings	Surrender
2011-12	1,23,744.35	1,12,427.48	11,316.87 (9.10)	12,408.15 (10.00)
2012-13	1,40,235.43	1,23,755.97	16,479.46 (11.80)	14,455.80 (10.30)
2013-14	1,63,708.54	1,37,692.51	26,016.03 (15.90)	26,145.68 (16.00)
2014-15	1,82,805.18	1,60,576.18	22,229.00 (12.16)	23,057.81 (12.61)
2015-16	1,95,913.62	1,73,288.37	22,625.25 (11.55)	22,750.14 (11.61)

(Figures indicated in brackets are percentages to total provision)

(Source: Appropriation Accounts for the respective years)

The savings varied between 9.10 and 15.90 per cent, while surrender out of total provision varied between 10 and 16 per cent during 2011-16.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Appropriations vis-à-vis allocative priorities

During 2015-16, savings in 34 cases exceeded ₹ 10 crore in each case and also by more than 20 per cent of the total provision (**Appendix 2.1**). Against the overall savings of ₹ 22,625.25 crore (11.55 per cent of total provision), savings of ₹ 21,975.11 crore (97.13 per cent) occurred in 47 cases (32 grants and two appropriations) involving ₹ 50 crore and above in each case (**Appendix 2.2**).

The departments that registered major savings were Finance, Highways & Minor Ports, Energy, Municipal Administration & Water Supply, Irrigation (Public Works), School Education and Rural Development and Panchayat Raj. Reasons wherever furnished by the departments for the major savings, as reported in Appropriation Accounts, are given below:

#### *Finance Department*

- During 2012-16, ₹ 7,000<sup>3</sup> crore was provided under ‘Capital Outlay on Other Administrative Services - Transfer to Tamil Nadu Infrastructure

<sup>3</sup> 2012-13 : ₹ 1,000 crore and during 2013-14, 2014-15 and 2015-16 : ₹ 2,000 crore each

Development Fund'. The entire provision given under capital outlay was surrendered in all the years except during 2015-16, in which an amount of ₹ 20 crore was transferred to the Fund. The reason furnished by the department for not transferring the provision for 2015-16 fully into the fund was that many projects were at gestational stage.

### ***Highways and Minor Ports Department***

- Amounts of ₹ 313 crore, ₹ 196 crore and ₹ 240 crore were surrendered under Construction of Railway Over Bridges / Railway Under Bridges, Acquisition of Lands for Bye-Passes and Comprehensive Road Infrastructure Development Programme - Other District Roads under Special Component Plan respectively during the year, due to delay in acquisition of lands.

### **2.3.2 Excess over provisions relating to previous years requiring regularisation**

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Committee on Public Accounts (PAC). Excess expenditure of ₹ 1,565.96 crore for the years 2005-14 was to be regularised as reported in the Report on State Finances for the year ended 31 March 2015. The Government has since regularised the excess expenditure amounting to ₹ 794.25 crore relating to 2005-12. Excess expenditure of ₹ 850.26 crore (including excess expenditure of ₹ 78.55 crore for 2014-15) relating to 2012-15 was yet to be regularised as detailed in **Appendix 2.3**.

### **2.3.3 Excess over provisions during 2015-16 requiring regularisation**

**Table 2.3** contains a summary of the excess expenditure under six grants amounting to ₹ 82.16 crore from the Consolidated Fund of the State over the amounts authorised by the State Legislature during 2015-16, which requires regularisation under Article 205 of the Constitution.

**Table 2.3: Summary of excess expenditure**

(₹ in crore)

Sl. No.	Grant Number and Description		Total grant	Expenditure	Surrender	Excess
	<b>Voted Grants</b>					
1.	19	Health and Family Welfare Department - <b>Capital</b>	254.77	261.79	-24.61	7.02
2.	23	Fire and Rescue Services (Home, Prohibition and Excise Department) - <b>Loans</b>	0.00	7.77	0.00	7.77
3.	30	Stationery and Printing (Tamil Development and Information Department) - <b>Capital</b>	26.16	27.79	-1.09	1.63
4.	39	Buildings (Public Works Department) - <b>Capital</b>	836.27	901.71	-115.03	65.44
5.	47	Hindu Religious and Charitable Endowments (Tourism, Culture and Religious Endowments Department) - <b>Revenue</b>	75.88	76.17	-0.08	0.29
6.	49	Youth Welfare and Sports Development Department - <b>Capital</b>	5.64	5.65	0.00	0.01
		<b>Total</b>	<b>1,198.72</b>	<b>1,280.88</b>	<b>-140.81</b>	<b>82.16</b>

(Source: Appropriation Accounts for 2015-16)

It could be seen from the **Table 2.3** that in case of four grants, an amount of ₹ 140.81 crore was surrendered injudiciously, inspite of excess expenditure.

### **2.3.4 Persistent Savings**

In 30 cases (21 grants and five appropriations), there were persistent savings of more than five *per cent* of the total grant during the last five years as indicated in **Appendix 2.4**.

Savings in each financial year during 2011-16 ranged between 24 and 96 *per cent* of total provisions under Grant 27 - Industries - (Voted - Revenue) and between 11 and 99 *per cent* under Grant 4 – Adi-Dravidar and Tribal Welfare Department (Charged - Revenue). The savings under the Capital Section was 88.36 *per cent* in respect of Grant 44 – Micro, Small and Medium Enterprises Department during 2015-16. The persistent savings under the grants indicated unrealistic estimation of the anticipated expenditure during the period and poor control over expenditure.

### **2.3.5 Expenditure without provision of funds**

Article 266 (3) of the Constitution of India prohibits withdrawal of money from the Consolidated Fund of the State unless relevant Appropriation Acts under Articles 204 and 205 of the Constitution of India are passed by the Legislature. As per Paragraph 14 (ii) of the Tamil Nadu Budget Manual,

expenditure should not be incurred on a scheme or service without provision of funds. It was, however, noticed that in 16 cases, an expenditure of ₹ 331.42 crore was incurred without appropriation by the Legislature either in the Original or Supplementary estimates as detailed in **Appendix 2.5**. Out of these cases, in one case<sup>4</sup> the expenditure was ₹ 326.46 crore and in two cases<sup>5</sup> the expenditure was above ₹ 1 crore.

### **2.3.6 Unnecessary/Inadequate supplementary provision**

Supplementary provisions aggregating ₹ 2,181.61 crore obtained in 31 cases, ₹ 50 lakh or more in each case, during the year 2015-16 proved unnecessary as the expenditure did not come up even to the level of the original provisions as detailed in **Appendix 2.6**. On the other hand, in four cases where excess expenditure was more than ₹ 1 crore, supplementary provisions of ₹ 172.76 crore proved insufficient, leaving an aggregate uncovered excess expenditure of ₹ 81.86 crore as detailed in **Table 2.4**.

**Table 2.4: Cases where supplementary provision proved insufficient  
(excess expenditure more than ₹ 1 crore)**

(₹ in crore)

Sl. No.	Grant Number and Description	Original Provision	Supplementary Provision	Total Provision	Actual Expenditure	Excess Expenditure
<b>Voted</b>						
1.	19 - Health and Family Welfare Department - Capital	125.97	128.80	254.77	261.79	7.02
2.	30 - Stationery and Printing (Tamil Development and Information Department) - Capital	19.59	6.57	26.16	27.79	1.63
3.	39 - Buildings (Public Works Department) - Capital	798.88	37.39	836.27	901.71	65.44
4.	23 - Fire and Rescue Services (Home, Prohibition and Excise Department) - Loans	0	0	0.00	7.77	7.77
<b>Total</b>		<b>944.44</b>	<b>172.76</b>	<b>1,117.20</b>	<b>1,199.06</b>	<b>81.86</b>

(Source: Appropriation Accounts for 2015-16)

<sup>4</sup> Funds originally provided under the head 5054.80.800.KM, withdrawn during re-appropriation stage and re-allotted to the head 5054.80.800.PC

<sup>5</sup> Funds reallocated from the heads 4215.01.101.KB and 4215.01.101.KC to 4215.01.190.JB and 4215.01.190.JC during reappropriation stage



### 2.3.7 Excessive/insufficient re-appropriation of funds

(i) Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. It was seen that during 2015-16 surrenders were made on 20 February 2016 and 31 March 2016. As an amount of ₹ 12,200.45 crore (6.23 *per cent* of the total provision) was surrendered by the departments on the last day of the financial year, Government could not utilise the surrendered amount for other development purposes.

(ii) Injudicious re-appropriations proved excessive or insufficient and resulted in savings / excess of over ₹ 10 lakh under 736 sub-heads. The savings / excess of more than ₹ 2 crore each resulting from injudicious re-appropriations were ₹ 1,086.07 crore (76 items under savings) and ₹ 1,042 crore (74 items under excess) in 150 sub-heads as detailed in **Appendix 2.7**.

(iii) Further, it was noticed that in 20 cases as detailed in **Appendix 2.8**, though the entire provision was fully withdrawn by re-appropriations, expenditure of ₹ 5.57 crore was incurred by the Controlling Officers, which indicated injudicious re-appropriations.

### 2.3.8 Non-furnishing of valid reasons for re-appropriations

According to paragraph 151 (ii) of the Tamil Nadu Budget Manual, reasons for additional expenditure and savings should be explained in the re-appropriation statement and vague expressions such as “based on actuals”, “based on progress of expenditure”, etc., should be avoided. However, scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 15,584 out of 18,442 items (84.5 *per cent*), no valid reasons were given therein for additional provisions/withdrawal of provisions.

### 2.3.9 Withdrawal of entire provision by re-appropriation

In 302 cases (each case more than ₹ 10 crore or 50 *per cent* of the total provision), the provision was withdrawn fully or partially. In these cases, out of the total provision of ₹ 18,863.06 crore, ₹ 16,065.05 crore (85.17 *per cent*) was withdrawn. The details of *per cent* withdrawal in 95 cases (₹ 7,821 crore) are given in **Appendix 2.9**. Some of the departments which made substantial withdrawals were Municipal Administration & Water Supply, Finance (including Debt Charges), Energy, Highways & Minor Ports, School Education, Rural Development & Panchayat Raj and Irrigation (Public Works).

### 2.3.10 Surrender in excess of actual savings

In 33 grants, the amounts surrendered were in excess of the actual savings indicating incorrect assessment of probable savings by the departments concerned. As against savings of ₹ 9,102.92 crore, the amount surrendered was ₹ 9,855.88 crore resulting in excess surrender of ₹ 752.96 crore. Details are given in **Appendix 2.10**. Some of the departments which surrendered funds in excess of savings are School Education, Irrigation (Public Works), Revenue and Social Welfare & Nutritious Meal Programme.

### 2.3.11 Anticipated savings partially surrendered or not surrendered

As per Paragraph 140 of the Tamil Nadu Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2015-16, in three grants and one appropriation, no part of the savings was surrendered by the departments concerned. The amount involved in these cases was ₹ 1.40 crore, as indicated in **Table 2.5**.

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

(₹ in lakh)

Sl. No.	Grant Number	Name of grant/appropriation	Savings
		<b>Capital - Charged</b>	
1.	21	Highways and Minor Ports	48.24
		<b>Loans - Voted</b>	
2.	04	Adi-Dravidar and Tribal Welfare Department	75.00
3.	10	Commercial Taxes (Commercial Taxes and Registration Department)	7.50
4.	19	Health and Family Welfare Department	9.01
		<b>Total</b>	<b>139.75</b>

(Source: Appropriation Accounts for 2015-16)

Details of 22 grants and four appropriations where savings of ₹ 1 crore and above was not surrendered fully are given in **Appendix 2.11**. Out of the total savings of ₹ 9,256.96 crore, ₹ 843.78 crore was not surrendered. In 78 cases of surrender of funds in excess of ₹ 10 crore, ₹ 11,625 crore (**Appendix 2.12**), was surrendered on the last day of the year indicating inadequate financial control.

### 2.3.12 Rush of expenditure

According to Article 39 of the Tamil Nadu Financial Code, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in 103 sub-heads as listed in **Appendix 2.13**, it was noticed that more than 50 *per cent* of the total expenditure in each sub-head was incurred in March 2016. Rush of expenditure at the end of the year shows poor expenditure control.

## 2.4 Review of selected grants

Review of budgetary procedure and control over expenditure was conducted in respect of Grant Number 17 - Handlooms and Textiles (Handlooms, Handicrafts, Textiles and Khadi Department) and Grant Number 19 – Health and Family Welfare Department. Test check disclosed deficiencies in the budgetary process, as discussed in the succeeding paragraphs.

### 2.4.1 Grant Number 17 - Handlooms and Textiles (Handlooms, Handicrafts, Textiles and Khadi Department)

The Secretary to Government, Handlooms and Textiles (Handlooms, Handicrafts, Textiles and Khadi Department) was the administrative head.

#### 2.4.1.1 Allocation and Expenditure

Summary of actual expenditure vis-à-vis original/supplementary provisions made during the year 2015-16 is given in **Table 2.6**.

**Table 2.6: Details of Budget Provision and Actual Expenditure under Grant No. 17**

(₹ in crore)

	Nature of expenditure	Original	Supplementary	Total	Expenditure	Savings(-)/ Excess (+)	Percentage of savings/ Excess	Amount surrendered
Voted	I Revenue	1,043.93	40.05	1,083.98	1,063.09	(-) 20.89	1.93	(-) 20.29
	II Capital	*	Nil	*	--	*	--	*
	III Loans and Advances	56.64	*	56.64	11.12	(-) 45.52	80.37	(-) 45.52
<b>Total Voted (A)</b>		<b>1,100.57</b>	<b>40.05</b>	<b>1,140.62</b>	<b>1,074.21</b>	<b>(-) 66.41</b>		<b>(-) 65.81</b>
Charged	IV Revenue	*	Nil	*	--	*	--	*
<b>Total Charged (B)</b>		<b>*</b>	<b>Nil</b>	<b>*</b>	<b>--</b>	<b>*</b>	<b>--</b>	<b>*</b>
<b>Grand Total (A+B)</b>		<b>1,100.57</b>	<b>40.05</b>	<b>1,140.62</b>	<b>1,074.21</b>	<b>(-) 66.41</b>	<b>5.82</b>	<b>(-) 65.81</b>

\* ₹ 1,000 given as token provision

(Source: Appropriation Accounts for 2015-16)

#### 2.4.1.2 Surrender of funds due to delay in provision of funds

The Government of Tamil Nadu (GoTN) sanctioned (December 2015) ₹ 10 crore towards subsidy for 15 *per cent* Special Rebate on silk varieties to the department. Accordingly, ₹ 10 crore was provided (February 2016)

through supplemental estimate, out of which ₹ 1.68 crore was only utilised and the balance of ₹ 8.32 crore was surrendered.

The Director of Handlooms and Textiles (DHT) replied (August 2016) that Silk societies were not able to liquidate considerable stock within a short period of three months and hence, rebate claims to the extent of ₹ 1.68 crore could only be paid and the balance of ₹ 8.32 crore was surrendered. It was further stated that the scheme was extended for a further period of six months beyond 31 March 2016 and the funds would be utilised by getting necessary budget provision during 2016-17.

The reply was not acceptable, as the department should have anticipated the position of liquidation from the silk societies before asking for a provision in the Supplemental as late as during February 2016. The entire expenditure could have been postponed to 2016-17, rather than making unnecessary provision at the fag end of the year, leading to surrender of funds.

#### **2.4.1.3 Persistent surrender of funds**

Allocations of ₹ 12.80 crore during 2013-14 and ₹ 12.60 crore each during 2014-15 and 2015-16 were made under the Sub-Detailed Head “Grants for specific schemes” towards payment of handling charges, under the scheme of Free distribution of Handloom Cloth to the people below poverty line. It was noticed that the provisions made during 2013-16 were fully surrendered by the department.

The DHT replied (August 2016) that the funds could not be utilised, as sanction orders were awaited from the Government for payment of handling charges, which resulted in surrender of funds during 2013-14 and 2014-15. In respect of 2015-16, the DHT stated (October 2016) that the budget provision could not be utilised as GoTN sanctioned (March 2016) ₹ 5.28 crore under a different head of account, which resulted in surrender of funds.

The reply is not tenable as the Government failed to sanction funds for two years (i.e. 2013-14 and 2014-15) and sanctioned it incorrectly for 2015-16, which led to surrender of funds.

#### **2.4.2 Grant Number 19 - Health and Family Welfare Department**

The Principal Secretary, Health and Family Welfare Department (H&FW) was the administrative head. The Directorate of Medical Education headed by the Director of Medical Education (DME) provided medical and para-medical personnel to cater to the health needs of the State and managed medical colleges and hospitals under his administrative control. The Director of Public Health and Preventive Medicine (DPH&PM) was engaged in protecting and promoting the health of people by immunisation, health education, application

of hygiene and sanitary measures and ensuring quality of drinking water and protection from environmental hazards.

**2.4.2.1 Allocation and Expenditure**

Summary of actual expenditure *vis-à-vis* original/supplementary provisions made during 2015-16 is given in **Table 2.7**.

**Table 2.7: Details of Budget Provision and Actual Expenditure under Grant No. 19**

(₹ in crore)

	Nature of expenditure	Original	Supple- mentary	Total	Expendi- ture	Savings(-)/ Excess (+)	Percentage of Savings/ Excess	Amount surren- dered
Voted	I Revenue	8,118.33	416.77	8,535.10	8,216.47	-318.63	3.73	325.61
	II Capital	125.97	128.80	254.77	261.79	7.02	2.76	24.61
	III Loans & Advances	0.00*	0.38	0.38	0.29	-0.09	23.68	--
<b>Total Voted (A)</b>		<b>8,244.30</b>	<b>545.95</b>	<b>8,790.25</b>	<b>8,478.55</b>	<b>-311.70</b>	<b>3.55</b>	<b>350.22</b>
Charged	IV Revenue	1.11	2.54	3.65	3.35	(-) 0.30	8.22	0.28
<b>Total Charged (B)</b>		<b>1.11</b>	<b>2.54</b>	<b>3.65</b>	<b>3.35</b>	<b>(-) 0.30</b>	<b>8.22</b>	<b>0.28</b>
<b>Grand Total (A+B)</b>		<b>8,245.41</b>	<b>548.49</b>	<b>8,793.90</b>	<b>8,481.90</b>	<b>-312.00</b>	<b>3.55</b>	<b>350.50</b>

\* ₹ 1,000 given as token provision

(Source: Appropriation Accounts for 2015-16)

**Surrender more than actual savings**

Under this Grant, the overall surrender of funds (₹ 350.50 crore) by the department was more than the actual savings (₹ 312.00 crore). Under Revenue section, as against savings of ₹ 318.63 crore, the amount actually surrendered was ₹ 325.61 crore resulting in injudicious surrender of ₹ 6.98 crore.

**2.4.2.2 Improper reconciliation**

An amount of ₹ 256.61 crore was provided during 2015-16 under the scheme "Improvements to Medical Colleges". Although ₹ 204.70 crore was spent throughout the year, an amount of ₹ 27.84 crore provided through supplemental proved to be excessive as detailed in the **Table 2.8**.

**Table 2.8: Details of Budget Provision and Actual Expenditure**

(₹ in crore)

Head of account	Original	Supple- mentary	Total Provision	Expendi- -ture	Savings (-) /Excess (+) on Original
<b>2210.05.105.AL</b>	<b>256.61</b>	<b>27.84</b>	<b>284.45</b>	<b>204.70</b>	<b>(-) 51.91</b>
01 Salaries	43.98	0	43.98	74.28	30.30
03 Dearness Allowance	48.45	0	48.45	45.51	(-) 2.94
12 Scholarships and Stipends	164.08	27.84	191.92	84.82	(-) 79.26

From the **Table 2.8**, it can be seen that the savings of ₹ 51.91 crore under the scheme were due to savings under “Scholarships and Stipends” which was partly offset by the excess under “Salaries”. Further scrutiny of the head “Scholarships and Stipends” for the earlier two years revealed that there were savings under the heads<sup>6</sup>.

The DME replied (August 2016) that the savings were due to improper reconciliation of the figures with the Pay and Accounts Office (PAO)/District Treasuries by the Drawing Officers and that the department had issued instructions to all the Drawing Officers to properly reconcile with the Treasury/PAO.

#### **2.4.2.3 Unnecessary provision of funds**

An amount of ₹ 20 crore was provided during 2015-16 under the scheme “Improvements to Teaching Hospitals” towards “Scholarships and Stipends”. Out of this, an amount of ₹ 5.55 crore was only spent. As against savings of ₹ 14.45 crore, only ₹ 12.34 crore was surrendered.

The DME replied (August 2016) that the Budget Estimates were sent based on the actuals of the previous year, as the Budget proposals were not received from the Drawing and Disbursing Officers (DDOs). The reply was not acceptable as the expenditure in the previous years (**Table 2.9**) was far below the provision made during the current year.

**Table 2.9: Details of Budget Provision and Actual Expenditure**

(₹ in crore)

Head of account	Original	Supplementary	Total Provision	Expenditure	Savings (-) /Excess (+) on Original	Amount surrendered
<b>2210.01.110.AW.12 Scholarships and Stipends</b>						
2013-14	50.97	--	50.97	3.32	(-) 47.65	4.17
2014-15	50.97	2.00	52.97	11.74	(-) 41.23	8.46
2015-16	20.00	--	20.00	5.55	(-) 14.45	12.34

From the **Table 2.9**, it is also evident that the budgeting for this head was not properly done even during the previous years.

#### **2.4.2.4 Surrender of funds**

##### **(i) Due to incorrect issue of Government order**

An amount of ₹ 6.97 crore was provided during 2015-16 under the scheme “School Medical Inspection” (SMI), out of which an amount of ₹ 4.10 crore was surrendered at the end of the year.

<sup>6</sup> 2013-14 : ₹ 52.39 crore and 2014-15 : ₹ 48.88 crore

Audit scrutiny revealed that GoI had initiated (February 2013) a new programme called Rashtriya Bal Swasthya Karyakram (RBSK) - Child Health Screening and Early Intervention Services Programme under National Rural Health Mission. As per the guidelines of GoI, all the existing child health programmes including SMI, had to be brought under one roof of RBSK. Accordingly, H&FW Department, while issuing orders (May 2014) for implementation of RBSK in the State, requested the Director of Medical and Rural Health Services (DMRHS) to surrender the existing posts of Medical Officer, Health Visitor, Drivers, Office Assistants etc., sanctioned under DMRHS for School Health Programmes in urban areas and the persons working in these posts be redeployed to the regular vacant posts under RBSK. However, it was noticed that the salary component of all these posts was met from the head of account of DPH&PM. This was pointed out (September 2014) by the DPH&PM to the H&FW Department. Meanwhile the budget proposals for the year 2015-16 were sent to the Government (September 2014) by the DPH&PM including the salaries of the Medical Officers under SMI scheme. Later, the H&FW Department amended (December 2014) its earlier orders and requested DPH&PM to surrender the above posts, after a lapse of seven months.

Thus delay on the part of the Government in requesting DPH&PM to surrender posts of Medical Officers, resulted in surrender of funds.

**(ii) Non-filling up of posts**

An amount of ₹ 2.37 crore provided during 2015-16, under the head “Contract Payment” for the scheme, “Hospitals on wheels in Primary Health Centres (PHCs)”, was fully surrendered.

Scrutiny of the records revealed that GoTN had issued orders (March 2013) to fill up the posts of 385 Lab technicians Grade III on contract basis for the scheme “Hospital on wheels in PHCs”. Accordingly, DPH&PM requested the Medical Services Recruitment Board (MSRB) (January 2014) to fill up these posts. Though recruitments were not made, budget provisions were made for these posts under the head “Contract payment”, leading to surrender of the allotted amount.

The DPH&PM replied (July 2016) that as the posts were not filled up, the entire funds were surrendered. The reply was not tenable, as the department could have included the funds during the supplemental stage after ascertaining from MSRB about the status of filling up of posts, thereby avoiding surrender of entire budget provision.



## 2.5 Advances from the Contingency Fund

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

Number of Contingency Fund Advance (CFA) orders issued and utilisation thereof during 2014-16 are detailed in **Table 2.10**.

**Table 2.10: Number of CFA orders issued and utilisation of contingency fund**

Year	Number of CFA orders issued	Amount (₹ in crore)	Number of CFA utilised	Amount (₹ in crore)	Percentage of number of CFA utilised over number issued
2014-15	46	47.94	40	41.66	87
2015-16	38	68.68	37	67.16	97
<b>Total</b>	<b>84</b>	<b>116.62</b>	<b>77</b>	<b>108.82</b>	

(Source: Information furnished by Accountant General (A & E), Tamil Nadu)

Out of ₹ 67.16 crore utilised during 2015-16, an amount of ₹ 19.14 crore was not recouped by the end of the year. Details of CF orders issued, utilisation as reported and the amount of expenditure incurred as at the end of the year are given in **Appendix 2.14**.

Further, it was seen that the Treasury / Department, while incurring expenditure, had drawn bills against the service head instead of under Major Head 8000. Hence, the exact non-utilisation of CF could not be ascertained. During Exit Conference (October 2016), the Additional Chief Secretary, Finance Department stated that circulars were issued in this regard and assured that default cases would be taken up and resolved.

## 2.6 Conclusion

During 2015-16, expenditure of ₹ 1,73,288.37 crore was incurred against the total grants and appropriations of ₹ 1,95,913.62 crore, resulting in savings of ₹ 22,625.25 crore. These overall savings were the net result of savings of ₹ 22,707.41 crore offset by excess expenditure of ₹ 82.16 crore. In 66.96 per cent of the items included in the Supplementary estimates where token provision was provided, it was proposed to meet the remaining expenditure by re-appropriation from savings that would arise in other heads of accounts. Excess expenditure of ₹ 850.26 crore pertaining to the period



2012 to 2015 was pending regularisation. There were persistent savings of more than five *per cent* of the total provision in 21 grants and five appropriations. Expenditure of ₹ 331.42 crore was incurred in 16 cases without appropriation by Legislature. Supplementary provisions of ₹ 2,181.61 crore obtained in 31 cases, ₹ 50 lakh or more in each case, during 2015-16 proved unnecessary, as the expenditure was less than the original provisions. As an amount of ₹ 12,200.45 crore (6.23 *per cent* of the total provision) was surrendered through re-appropriation on the last day of the financial year, the Government could not utilise the amount. In 33 grants, as against the savings of ₹ 9,102.92 crore, the amount surrendered was ₹ 9,855.88 crore, resulting in excess surrender of ₹ 752.96 crore. Rush of expenditure at the end of the year was noticed, as more than 50 *per cent* of the total expenditure was incurred in March 2016 in 103 sub-heads reflecting poor expenditure control.

## **2.7 Recommendations**

- Government may consider issuing instructions to all the departments to ensure surrender of unutilised allocations as soon as they are foreseen so that the funds could be allocated to other departments requiring funds.