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**Chapter-2**  
**FINANCIAL MANAGEMENT**  
**AND BUDGETARY CONTROL**

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## CHAPTER 2

### Financial Management and Budgetary Control

#### 2.1 Introduction

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 Act. 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 the budget. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are therefore, complementary to the Finance Accounts.

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 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 summarised position of actual expenditure during 2015-16 against 79 grants and appropriations is as given in **Table 2.1**.

**Table 2.1: Position of actual expenditure *vis-à-vis* Original/ Supplementary provisions for the year 2015-16**

(₹ in crore)									
	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Savings (-) / Excess (+)	Amount surrendered	Amount surrendered on 31 March	Percentage of savings surrendered by 31 March (col. 7/col. 6)
	1	2	3	4	5	6	7	8	9
<b>Voted</b>	I –Revenue	1,01,027.10	19,342.71	1,20,369.81	91,242.33	(-)29,127.48	14,110.82	12,911.49	48.44
	II- Capital	18,637.76	3,257.62	21,895.38	16,886.37	(-)5,009.01	3,671.55	3,243.71	73.30
	III- Loans and Advances	4,232.58	1,248.29	5,480.87	3,159.84	(-)2,321.03	1,595.56	1,375.94	68.74
<b>Total Voted</b>		<b>1,23,897.44</b>	<b>23,848.62</b>	<b>1,47,746.06</b>	<b>1,11,288.54</b>	<b>(-)36,457.52</b>	<b>19,377.93</b>	<b>17,531.14</b>	<b>53.15</b>
<b>Charged</b>	IV- Revenue	9,327.26	667.22	9,994.48	9,606.96	(-)387.52	79.99	79.53	20.64
	V –Capital	96.38	0.43	96.81	58.39	(-)38.42	1.12	1.12	2.92
	VI- Public Debt- Repayment	8,773.17	-	8,773.17	4,860.36	(-)3,912.81	-	-	-
<b>Total Charged</b>		<b>18,196.81</b>	<b>667.65</b>	<b>18,864.46</b>	<b>14,525.71</b>	<b>(-)4,338.75</b>	<b>81.11</b>	<b>80.65</b>	<b>1.87</b>
<b>Appropriation to Contingency Fund</b>		-	-	-	-	-	-	-	-
<b>Grand Total</b>		<b>1,42,094.25</b>	<b>24,516.27</b>	<b>1,66,610.52</b>	<b>1,25,814.25</b>	<b>(-)40,796.27</b>	<b>19,459.04</b>	<b>17,611.79</b>	<b>47.70</b>

(Source: Appropriation Accounts for the year 2015-16)

The overall savings of ₹ 40,796.27 crore was the result of savings in 74 grants and 42 appropriations under the Revenue Section and 54 grants and seven appropriations under the Capital Section. Supplementary provision of ₹ 24,516.27 crore obtained during the year constituted 17.25 per cent of the original provision. There was large savings of ₹ 40,796.27 crore (24.49 per cent) against total budget provision of ₹ 1,66,610.52 crore during 2015-16, which indicate improper budget estimation.

During the exit conference (December 2016), FD replied that provisions for supplementary grant were made only after due scrutiny of departmental proposals. It further replied that Revised Estimates figures should be taken into account for better appreciation of savings.

The fact remains that overall saving under the grants was more than the supplementary budget. Further, the supplementary provisions were not based on proper scrutiny of requirement and proved unnecessary/excess, as detailed in Para 2.3.6.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Appropriation vis-à-vis Allocative Priorities-significant savings

Appropriation audit revealed that out of the total savings of ₹ 40,796.27 crore, significant savings of ₹ 100 crore and above which was also more than 20 per cent of total provision occurred in 36 cases aggregating ₹ 33,601.88 crore (82.36 per cent), as indicated in Table 2.2.

Table 2.2: List of Grants/Appropriations with savings of ₹ 100 crore and above and more than 20 per cent of total provision

(₹ in crore)							
Sl. No.	Number and Name of the Grant/Appropriation	Original provision	Supplementary provision	Total	Actual expenditure	Savings	Percentage of saving
1	2	3	4	5	6	7	8
<b>Revenue-Voted</b>							
1	06-Finance	13,569.63	4.86	13,574.49	7,959.81	5,614.68	41.36
2	07-Commercial Tax	2,573.73	15.30	2,589.03	1,815.69	773.34	29.87
3	08-Land Revenue and District Administration	1,247.42	-	1,247.42	911.81	335.61	26.90
4	10-Forest	2,241.44	167.51	2,408.95	1,764.97	643.98	26.73
5	13-Farmers Welfare and Agriculture Development	1,881.23	1,647.52	3,528.75	1,292.86	2,235.89	63.36
6	15-Financial Assistance to Three Tier Panchayati Raj Institutions Under Scheduled Castes Sub-Plan	2,323.25	66.68	2,389.93	1,606.53	783.40	32.78
7	17-Co-operation	498.94	863.41	1,362.35	908.89	453.46	33.29
8	27-School Education (Primary Education)	6,977.23	75.21	7,052.44	5,595.55	1,456.89	20.66
9	30-Rural Development	553.00	5.15	558.15	428.24	129.91	23.28
10	38-Ayush	369.26	40.43	409.69	292.40	117.29	28.63
11	39-Food, Civil Supplies and Consumer Protection	1,133.83	468.97	1,602.80	1,242.65	360.15	22.47
12	41-Tribal Areas Sub-Plan	5,908.07	267.72	6,175.79	3,997.01	2,178.78	35.28
13	44-Higher Education	1,725.01	161.00	1,886.01	1,393.78	492.23	26.10
14	47-Technical Education and Skill Development	534.29	22.27	556.56	410.78	145.78	26.19
15	50-Horticulture and Food Processing	449.72	121.75	571.47	454.09	117.38	20.54
16	52-Financial Assistance to Tribal Area Sub-Plan-Three Tier Panchayati Raj Institutions	3,332.95	93.99	3,426.94	2,186.62	1,240.32	36.19
17	53-Financial Assistance to Urban Bodies Under Scheduled Castes Sub-Plan	280.07	25.00	305.07	186.38	118.69	38.91
18	64-Scheduled Castes Sub-Plan	3,847.68	385.84	4,233.52	2,792.65	1,440.87	34.03
19	66-Welfare of Backward Classes	880.45	269.00	1,149.45	777.87	371.58	32.33
20	67-Public Works-Buildings	641.10	2.90	644.00	440.67	203.33	31.57
21	71-Expenditure Pertaining to Shimhast 2016	138.00	942.00	1,080.00	729.67	350.33	32.44

Sl. No.	Number and Name of the Grant/Appropriation	Original provision	Supplementary provision	Total	Actual expenditure	Savings	Percentage of saving
1	2	3	4	5	6	7	8
22	74- Financial Assistance to Three Tier Panchayati Raj Institutions	11,124.35	3,927.88	15,052.23	11,344.34	3,707.89	24.63
23	77-Other Expenditure pertaining to School Education Department (Excluding Primary Education)	2,364.14	9.50	2,373.64	1,577.79	795.85	33.53
<b>Capital-Voted</b>							
24	06-Finance	181.05	-	181.05	43.79	137.26	75.81
25	12-Energy	3,732.56	201.91	3,934.47	2,532.49	1,401.98	35.63
26	17-Co-operation	232.30	390.00	622.30	167.75	454.55	73.04
27	22-Urban Development and Environment	271.24	-	271.24	138.33	132.91	49.00
28	27-School Education (Primary Education)	233.50	137.21	370.71	241.25	129.46	34.92
29	30-Rural Development	1,508.55	-	1,508.55	1,166.56	341.99	22.67
30	39-Food, Civil Supplies and Consumer Protection	114.20	23.82	138.02	19.77	118.25	85.68
31	41-Tribal Areas Sub-Plan	2,699.30	690.74	3,390.04	2,291.83	1,098.21	32.40
32	42-Public Works Relating to Tribal Areas Sub-Plan-Roads and Bridges	855.13	-	855.13	653.40	201.73	23.59
33	48-Narmada Valley Development	1,640.48	Token	1,640.48	1,038.32	602.16	36.71
34	64-Scheduled Castes Sub-Plan	2,488.64	549.82	3,038.46	2,200.73	837.73	27.57
35	71-Expenditure Pertaining to Shinmhast 2016	137.00	431.00	568.00	402.79	165.21	29.09
<b>Capital-Charged</b>							
36	PD-Public Debt	8,773.17	-	8,773.17	4,860.36	3,912.81	44.60
<b>Total</b>		<b>87,461.91</b>	<b>12,008.39</b>	<b>99,470.30</b>	<b>65,868.42</b>	<b>33,601.88</b>	<b>33.78</b>

(Source: Appropriation Accounts for the year 2015-16)

In 71 cases, there were significant savings aggregating ₹ 36,004.11 crore. In each case, the savings were ₹ 10 crore and above and also more than 20 per cent of the respective budget provisions (**Appendix 2.1**). Besides, significant savings (₹ 50 crore or more in each case) were noticed in 123 schemes under the grants/appropriations pertaining to the above grants, which ranged up to ₹ 4000 crore. Details are given in the **Appendix 2.2 (A)**.

### 2.3.2 Persistent savings

In 12 cases, during the last five years from 2011-12 to 2015-16, there were persistent savings of more than ₹ one crore and also more than 20 per cent of the total provision in each case as shown in **Table 2.3**.

**Table 2.3: Grants/Appropriations under which persistent savings occurred during 2011-16**

Sl. No.	Number and Name of the Grant/Appropriation	Amount of Savings (per cent to total Grant in brackets)				
		2011-12	2012-13	2013-14	2014-15	2015-16
<b>Revenue-Voted</b>						
1	16-Fisheries	13.04 (21.53)	12.25 (21.43)	17.77 (26.78)	26.88 (36.16)	19.11 (27.19)
Saving occurred under the Major Head 2405-Fisheries.						
2	31-Planning, Economics and Statistics	386.39 (84.12)	211.54 (75.54)	121.62 (50.42)	195.23 (73.02)	81.14 (54.35)

Sl. No.	Number and Name of the Grant/ Appropriation	Amount of Savings (per cent to total Grant in brackets)				
		2011-12	2012-13	2013-14	2014-15	2015-16
Saving occurred under the Major Heads 3451-Secretariat-Economic Services and 3454-Census, Surveys and Statistics.						
3	38-Ayush	76.08 (30.99)	136.12 (39.55)	169.39 (44.55)	234.29 (50.87)	117.29 (28.63)
Saving occurred under the Major Head 2210-Medical and Public Health.						
4	40-Expenditure pertaining to Water Resources Department-Command Area Development	109.64 (97.52)	2.67 (51.84)	3.82 (50.73)	6.22 (51.53)	6.24 (53.70)
Saving occurred under the Major Head 2705-Command Area Development.						
5	61-Expenditure Pertaining to Bundelkhand Package	70.36 (47.28)	107.00 (67.10)	180.56 (90.28)	113.16 (78.82)	15.86 (27.66)
Savings occurred under the Major Heads 2405 -Fisheries and 2515-Other Rural Development Programmes.						
<b>Revenue-Charged</b>						
6	06-Finance	14.23 (96.28)	12.93 (52.18)	13.24 (89.64)	12.40 (83.90)	15.53 (89.87)
Saving occurred under the Major Head 2071-Pensions and other Retirement Benefits.						
<b>Capital-Voted</b>						
7	06-Finance	1,501.78 (92.80)	1,374.53 (95.53)	234.74 (81.98)	141.27 (30.01)	137.26 (75.81)
Saving occurred under the Major Heads 4070-Capital Outlay on other Administrative Services and 6075-Loans for Miscellaneous General Services.						
8	27-School Education (Primary Education)	1.12 (25.00)	13.06 (49.73)	34.85 (71.41)	24.97 (21.44)	129.46 (34.92)
Saving occurred under the Major Head 4202-Capital Outlay on Education, Sports, Art and Culture.						
9	58-Expenditure on Relief on account of Natural Calamities and Scarcity	2.50 (85.62)	2.50 (76.69)	2.50 (100)	2.50 (100)	3.00 (100)
Saving occurred under the Major Head 6245-Loans for relief on account of Natural Calamities.						
10	61-Expenditure Pertaining to Bundelkhand Package	258.29 (41.71)	249.71 (35.44)	211.00 (51.63)	120.56 (32.65)	62.41 (22.00)
Saving occurred under the Major Heads 4401-Capital Outlay on Crop Husbandry, 4700-Capital Outlay on Major Irrigation, 4701-Capital Outlay on Medium Irrigation, 4702-Capital Outlay on Minor Irrigation and 4705-Capital Outlay on Command Area Development						
11	67-Public Works-Buildings	41.39 (38.11)	45.79 (32.98)	91.29 (49.98)	75.72 (40.33)	68.62 (28.48)
Saving occurred under the Major Heads 4059-Capital Outlay on Public Works, 4210-Capital Outlay on Medical and Public Health, 4216-Capital Outlay on Housing and 4853-Capital Outlay on Non-Ferrous Mining and Metallurgical.						
<b>Capital-Charged</b>						
12	Public Debt	3,650.31 (53.68)	3,903.17 (52.13)	4,018.05 (50.08)	4,256.48 (46.38)	3,912.80 (44.60)
Saving occurred under the Major Heads 6003-Internal Debt of the State Government and 6004-Loans and Advances from the Central Government.						

(Source: Appropriation Accounts of respective years)

The persistent savings indicated that the budget estimates were not prepared in a realistic manner and budgetary controls in the concerned Departments were not effective.

### 2.3.3 Excess expenditure under schemes

In 39 cases, expenditure aggregating ₹ 4,476.36 crore under various schemes exceeded the approved provision by ₹ 10 crore or more in each case and also more than 20 per cent of the provisions made for each scheme. The details are given in **Appendix 2.2 (B)**.

### 2.3.4 Unutilised provisions under schemes

In 81 cases, the entire provision made under various schemes (₹ 10 crore or more in each case) aggregating to ₹ 13,374.82 crore remained unutilised. The details are given in **Appendix 2.2 (C)**.

### 2.3.5 Excess over provisions relating to previous years requiring regularisation

The excess expenditure amounting to ₹ 918.09 crore pertaining to the years 2003-04 to 2006-07 and 2008-09 to 2014-15 is yet to be regularised as detailed in **Appendix 2.3**. The year-wise break-up of the amount of excess expenditure pending for regularisation is summarised in **Table 2.4**.

**Table 2.4: Excess over provision relating to previous years requiring regularisation**

(₹ in crore)

Year	Number of		Excess expenditure	Status of regularisation (as on 31 <sup>st</sup> October 2016)
	Grants	Appropriations		
1	2	3	4	5
2003-04	04	03	2.54	Explanatory notes submitted by the concerned Department to PAC.
2004-05	13	02	83.66	Explanatory notes submitted by the concerned Department to PAC.
2005-06	04	02	37.58	Explanatory notes submitted by the concerned Department to PAC.
2006-07	02	01	35.99	Explanatory notes submitted by the concerned Department to PAC.
2008-09	02	02	5.80	Explanatory notes submitted by the concerned Department to PAC.
2009-10	04	Nil	123.96	Explanatory notes submitted by the concerned Department to PAC.
2010-11	Nil	02	12.62	Explanatory notes submitted by the concerned Department to PAC, except for ₹ 0.02 crore in respect of Grant No. 23 (Revenue Charged).
2011-12	04	02	135.10	Explanatory notes submitted by the concerned Department to PAC, except for ₹ 10.88 crore in respect of Grant No. 33.
2012-13	Nil	02	0.24	Explanatory notes not submitted by the concerned Department to PAC.
2013-14	02	01	34.32	Explanatory notes not submitted by the concerned Department to PAC.
2014-15	03	03	446.28	Explanatory notes not submitted by the concerned Department to PAC.
<b>Total</b>	<b>38</b>	<b>20</b>	<b>918.09</b>	

Failure to regularise the excess over provision under the grants/appropriations over the years is a breach of legislative control over grants/appropriations.

During the exit conference (December 2016), FD stated that excess expenditure upto 2002-03 had been regularised. The process of regularisation was being done for other cases as per recommendation of PAC.

The fact remains that regularisation of excess expenditure was pending over the years.

### **2.3.6 Unnecessary/excessive Supplementary provision**

In 54 cases of grants/appropriations, supplementary provision of ₹ one crore or more in each case aggregating ₹ 6,089.83 crore obtained during the year proved entirely unnecessary as the actual expenditure was less than the original provision. Details are shown in **Appendix 2.4**.

In 27 cases, against the additional requirement of ₹ 9,945.92 crore, supplementary provision of ₹ 17,980.89 crore proved excessive. The resultant savings exceeding ₹ one crore or more in each case, aggregating ₹ 8,034.97 crore are shown in **Appendix 2.5**.

### **2.3.7 Excessive/unnecessary re-appropriation/surrender 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 required. We observed injudicious re-appropriations or surrenders in 46 cases (₹ one crore or more in each case), which resulted in savings of more than ₹ one crore in each case in respect of 12 grants (14 cases) and also excess of more than ₹ one crore in each case in respect of 17 grants (32 cases), as detailed in **Appendix 2.6**.

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

According to para 26.9 of the Madhya Pradesh Budget Manual (MPBM), statements of anticipated savings in expenditure are required to be submitted by the Budget Controlling Officers to the Finance Department by 15<sup>th</sup> January.

At the close of the year 2015-16, there were 32 cases (in 18 grants and five appropriations) in which savings (₹ one crore or more in each case) occurred but no part of these was surrendered by the concerned Departments. The amount involved in these cases was ₹ 6,729.45 crore (16.49 per cent of the total savings of ₹ 40,796.27 crore) (**Appendix 2.7**).

In 113 cases (surrender of funds of ₹ 10 crore or more in each case), savings aggregating ₹ 17,329.84 crore (**Appendix 2.8**) were surrendered on the last date of the financial year, leaving no scope for utilising the funds for other development purposes.

During the exit conference (December 2016), FD replied that standing instructions were given to all Departments and the same would be reiterated.

### **2.3.9 Defective sanction to re-appropriation/surrender of funds**

As per instructions (February 2012) of the State Government and its financial rules, (i) all sanctions for re-appropriations/surrenders should be issued before the end of the financial year and should be received in Accountant General (A&E)'s office well in time for incorporation in the accounts, (ii) proper detail of schemes should be furnished and total of sanctions should be correct (iii) re-appropriation from one grant to another grant is not permissible (iv) provision in concerned heads should be available from which surrenders/re-appropriations are sanctioned.

A total of 66 sanctions (under 32 Grants/Appropriations) of re-appropriation or surrender of ₹ 2,501.27 crore issued during the year 2015-16 in violation of these instructions and therefore, these were not accepted by the Accountant General (A&E) for inclusion in the accounts. Details are given in **Appendix 2.9**.

### **2.3.10 Rush of expenditure**

According to para 26.13 of the Madhya Pradesh Budget Manual (MPBM), rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a financial irregularity.

We noticed that in respect of 49 cases<sup>1</sup> of 26 grants/appropriations ₹ 4,497.24 crore (87 per cent of total expenditure under these grants/appropriations) was incurred during the last quarter of the financial year. Of these, expenditure of ₹ 4,463.11 crore was incurred in the month of March. Percentage of expenditure incurred during the month of March to total expenditure in each case ranged between 50 and 100. Details are given in **Appendix 2.10**. These indicated deficient financial management due to which uniform flow of expenditure was not maintained, which is a primary requirement of budgetary control.

### **2.3.11 Drawal of funds and parking in Civil Deposit**

As per the provisions of the Madhya Pradesh Treasury Code (MPTC) Part I Subsidiary Rule 284, no money should be drawn from the treasury unless it is required for immediate disbursement.

During 2015-16, a sum of ₹ 54.01 crore was drawn on 31 March 2016 and transferred to 8443-Civil Deposits-800-Other Deposits by showing the amounts as final expenditure under the relevant schemes in the accounts, as shown in **Appendix 2.11**. Thus, funds were drawn in excess of requirement and to avoid lapse of funds, which was contrary to the codal provision.

During the exit conference (December 2016), FD stated that parking of funds in Civil Deposit had been discouraged. Transfer to Public Account from Consolidated Fund was done in exceptional cases only.

The reply is not acceptable as the funds were credited to Civil Deposit heads on 31 March 2016 to avoid lapse of funds.

### **2.3.12 Expenditure incurred without provision**

We observed that expenditure of ₹ 0.20 lakh was incurred under the head '6003-101-002-11.00 per cent Madhya Pradesh State Development Loan, 2001' and ₹ 0.29 lakh under the head '6003-101-8134-11.50 per cent Madhya Pradesh State Development Loan, 2011' (under Charged Appropriation - Public Debt) without any provision in the budget estimates. Reason for expenditure under these heads without any provision was not intimated (November 2016).

### **2.3.13 Unrealistic Budget Estimates**

As per para B-7 and 8 of MP Government Budget Manual Vol-I (Part-B), all Budget Controlling Officers (BCOs) are responsible for collating estimates of expenditure and receipts prepared by the Drawing and Disbursement Officer (DDOs) under them as well as for preparing estimates of off budget funds likely to be received for departmental schemes during the ensuing financial year.

<sup>1</sup> Where expenditure during last quarter exceeded ₹10 crore.



BCOs should collate all estimates prepared by DDOs and review the same for finalisation of estimates of expenditure and receipts.

During scrutiny of Appropriation Accounts, we observed that in the year 2013-14, 2014-15 and 2015-16, budget provisions of ₹ 2,259.38 crore, ₹ 2,210.35 crore and ₹ 2,134.24 crore respectively were made under seven schemes (where savings were more than ₹ one crore in each case) which remained entirely unutilised. It indicates that budget provisions were prepared on *ad hoc* basis without assessing the actual requirement. The details are given in **Appendix 2.12**.

### **2.3.14 Misclassification of Budget provision under Revenue Section and Capital Section**

Indian Government Accounting Standard (IGAS)-2 regarding accounting and classification of Grants-in-aid prescribes that the Grants-in-aid disbursed by a grantor shall be classified and accounted for as revenue expenditure in the Financial Statements of the grantor irrespective of the purpose for which the funds were disbursed. Only in cases specifically authorised by the President of India on the advice of the Comptroller and Auditor General of India, these can be debited to a capital head of account in the Financial Statements of the Government.

Audit observed that Grants-in-aid of ₹ 370.59 crore in three major heads were misclassified under Capital Expenditure.

Further, as per Rule 30 (1) of Government Accounting Rule, 1990, the expenditure of a capital nature shall broadly be defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. Expenditure of a capital nature shall be distinguished from revenue expenditure in Government Accounts.

Audit observed that ₹ 39.86 crore towards Maintenance were misclassified under Capital Expenditure in four major heads where budget provision was ₹ one crore or more in each case. The details are given in **Appendix 2.13 (A)**. Further, an amount of ₹ 678.92 crore towards Machinery in 19 major heads and ₹ 3.17 crore towards Major Works in two major heads were misclassified under Revenue Expenditure, where budget provision was ₹ one crore or more in each case. The details are given in **Appendix 2.13 (B)**.

### **2.3.15 Non-surrender of savings of budget allotment for District Poverty Initiatives Project (DPIP)**

As per instructions laid down in Para 8.3.10 of Madhya Pradesh Budget Manual, BCOs are required to surrender appropriations or portions of grants placed at their disposal which are not likely to be required during the year as soon as lapses on savings are foreseen. All the savings anticipated by the BCO should be reported with full details along with reasons to the Finance Department immediately as soon as they are foreseen, unless these are required to meet the anticipated additional requirements of funds under some other head of same grant.

Audit observed that under Grant No. 59-Externally Aided Projects pertaining to Rural Development Department, under Grant No. 41-Tribal Areas Sub-Plan and 64-Scheduled Castes Sub-Plan ₹ 10 crore, ₹ 11.20 crore and ₹ nine crore were

provisioned respectively for DPIP scheme, which was closed on 30 June 2015. The provisions made under these grants were surrendered on 31 March 2016. While as per budget manual, the whole provision should have been surrendered immediately after closing of DPIP scheme. This shows lack of budgetary control in the controlling Departments.

## 2.4 Outcome of Review of Selected Grants

After voting on Demands for grants has been completed in the Legislative Assembly, an Appropriation Bill is introduced for appropriation out of the Consolidated Fund of the State for moneys required to meet (a) the grants made by the Assembly and (b) the expenditure charged on the Consolidated Fund. After the Governor's assent to the Bill, amounts shown in the Appropriation Act and schedules thereof become the sanctioned grants for expenditure under various Demands.

We reviewed (July-August 2016) the budgetary procedure and control over expenditure pertaining to two grants viz., Grant No. 27 – School Education (Primary-Education) and Grant No. 47-Technical Education and Skill Development. The Commissioner, Rajya Siksha Kendra Bhopal and the Directorate of Public Instructions, Bhopal, Madhya Pradesh are the Budget Controlling Officer of Grant No. 27. The Director, Technical Education, (Satpura Bhavan) Bhopal, Madhya Pradesh and The Director, Skill Development, Jabalpur are the Budget Controlling Officers (BCOs) of Grant No. 47.

As per instructions issued (August 2013) by the Finance Department regarding time schedule for submission of budget estimates for the year 2015-16, estimates for non-plan and plan expenditure were to be submitted by the Administrative Department to the Finance Department within 17.10.2014 and 25.10.2014 respectively. However, the budget estimates for Department (grant No. 27) was submitted by the School Education (Primary Education) Department on 22.11.2014 to the Finance Department and Grant No. 47 was submitted by the Technical Education and Skill Department on 25.10.2014 to the Finance Department.

### 2.4.1 Summarised position

The details of amount budgeted for, expenditure incurred and savings under the Grant No. 27 and 47 during 2015-16 are summarised in **Table 2.5**.

**Table 2.5: Summarised Appropriation during 2015-16**

(₹ in crore)							
Particular of Grant	Section	Original Budget	Supplementary Budget	Total Grant	Actual expenditure	Savings	Percentage of saving to total Grant
1	2	3	4	5	6	7	8
Grant No. 27	Revenue (Voted)	6,977.23	75.21	7,052.44	5,595.55	1,456.89	20.66
	Capital (Voted)	233.50	137.21	370.71	241.25	129.46	34.92
Grant No. 47	Revenue (Voted)	534.29	22.27	556.56	410.78	145.78	26.19
	Capital (Voted)	67.65	62.19	129.84	99.77	30.07	23.16
<b>Total</b>		<b>7,812.67</b>	<b>296.88</b>	<b>8,109.55</b>	<b>6,347.35</b>	<b>1,762.20</b>	<b>21.73</b>

(Source: Appropriation Accounts for the year 2015-16)

Review of these grants revealed the following:

#### 2.4.2 Persistent savings

We observed that during the last three years from 2013-14 to 2015-16 there were persistent savings in the salary and wages of Commissioner, Rajya Siksha Kendra and Directorate of Public Instruction Bhopal (Grant No. 27) and Skill Development Department (Grant No. 47). The year-wise break up of amount of budget allocation, expenditure and savings in these grants is summarised in **Table 2.6**.

**Table 2.6: Persistent savings under salaries and wages**

(₹ in crore)				
Year	Budget Provision	Expenditure	Saving/ Surrender	Percentage of savings
<b>Grant No. 27</b>				
2013-14	128.59	100.06	28.53	22.19
2014-15	123.43	104.71	18.72	15.17
2015-16	131.68	108.83	22.85	17.35
<b>Total</b>	<b>383.70</b>	<b>313.60</b>	<b>70.10</b>	<b>18.27</b>
<b>Grant No. 47</b>				
2013-14	108.63	105.88	2.75	2.53
2014-15	138.19	129.96	8.23	5.96
2015-16	148.27	133.82	14.45	9.75
<b>Total</b>	<b>395.09</b>	<b>369.66</b>	<b>25.43</b>	<b>6.44</b>

(Source: Figures provided by Department of School Education (Primary-Education) and Department of Technical Education and Skill Development)

On this being pointed out, Budget Controlling Officer of Grant No. 27 and 47 stated that savings were due to vacant posts which was not filled up against sanctioned posts.

Fact remains that provisions were made on *ad hoc* basis which resulted in persistent savings during 2013-14 to 2015-16.

#### 2.4.3 Substantial Savings

We observed that in 20 schemes there were substantial savings of ₹ 1,648.22 crore where savings were ₹ five crore or more, which were 8.55 per cent to 100 per cent of the total grant/appropriation under the scheme during 2015-16. The details are given in **Appendix 2.14**.

#### 2.4.4 Unutilised provisions in various schemes under selected grants

In four cases under Grant No. 27 and two cases under Grant No. 47, the entire provision made under various schemes (₹ one crore or more in each case) aggregating to ₹ 31 crore remained unutilised. The details are given in **Table 2.7**.

**Table 2.7: Details of unutilised provision in various schemes during 2015-16**

(₹ in crore)					
Sl. No.	Name of the Scheme	Total Provision	Expenditure	Amount of Saving	Percentage
1	2	3	4	5	6
<b>27-School Education (Primary-Education)</b>					
1	2202-01-101-0801-6491-Grant under I.D.M.I Scheme	1.00	Nil	1.00	100
2	2203-03-103-0101-7617-Construction of displaced building in Jabalpur (P.S.M Campus)	5.00	Nil	5.00	100

Sl. No.	Name of the Scheme	Total Provision	Expenditure	Amount of Saving	Percentage
1	2	3	4	5	6
3	4202-01-201-0101-5776-Completion of incomplete School Buildings under Sarva Shiksha Abhiyan	20.00	Nil	20.00	100
4	4202-02-105-0101-0067-English Language Training Institute, Bhopal	1.00	Nil	1.00	100
<b>47-Technical Education and Skill Development</b>					
1	2203-001-0101-7469-National Higher Education Mission	2.00	Nil	2.00	100
2	2230-03-003-0717-Industrial Training Institute	2.00	Nil	2.00	100
<b>Total</b>		<b>31.00</b>	<b>Nil</b>	<b>31.00</b>	<b>100</b>

(Source: Appropriation Accounts and Detailed Appropriation Accounts for the year 2015-16)

#### 2.4.5 Misclassification of Budget provision

In 12 schemes under Grant No. 47, Budget provision of ₹ 14.80 crore (where provision were ₹ one lakh or more) under the object head 63-Machines and Equipment was incorrectly classified under Revenue section during 2015-16, while the nature of object head 63-Machines and Equipment is related to Capital section. Object head wise and scheme wise details are given **Appendix 2.15**.

On this being pointed out by audit (July-August-2016), the BCO stated that provision under object head 63-Machines and Equipment were made by the Finance Department. Budget Controlling Officer further informed that the matter would be taken up with Finance Department.

#### 2.4.6 Central Funds Parked in Civil Deposit

We observed in Grant No. 27 (BCO-2004) that ₹ 68.65 lakhs of Centrally Sponsored Schemes "District Institute of Education and Training for Basic Minimum Services" were drawn on 31<sup>st</sup> March 2016 and transferred to head 8443 Civil Deposit in Public Account to avoid lapse of funds, which inflated the expenditure of the year under the Consolidated Fund of the State.

On this being pointed out by audit (July 2016), the BCO stated that drawals were banned by treasury at the end of March 2016 due to which central funds were parked in K-deposit after receiving the sanction from Finance Department, which would be utilised soon.

The fact remain that transfer of funds to Civil Deposit at the end of financial year resulted in overstatement of State expenditure out of Consolidated Fund of the State.

## 2.5 Conclusion and Recommendations

### Inflated provision under original and supplementary grants

- There was large savings of ₹ 40,796.27 crore (24.49 per cent) against total budget provision of ₹ 1,66,610.52 crore during 2015-16. In 36 cases (28 grants/appropriations), significant savings of ₹ 100 crore and above and more than 20 per cent of total provision occurred in each case, which aggregated to ₹ 33,602 crore, which indicate improper budget estimation.

Budgetary control mechanism should be strengthened in the Government Departments by proper monitoring of expenditure. Unnecessary provision of Supplementary grant should be avoided.

**Failure to surrender/delayed surrender of savings**

- Only 47.70 per cent (₹ 19,459 crore) of total savings were surrendered during the year. In 113 cases, savings of ₹ 17,330 crore (₹ 10 crore or more in each case) were surrendered on the last day of the financial year, leaving no scope for utilising the funds for other development purposes.

All anticipated savings should be surrendered on time so that the funds can be utilised for other development purposes.

**Excess expenditure requiring regularisation**

- Excess expenditure of ₹ 918.09 crore pertaining to 38 grants and 20 appropriations of previous years requires regularisation under Article 205 of the Constitution.

Regularisation of excess expenditure pending since 2003-04 may be done on priority basis.

**Funds transferred from Consolidated Fund of the State for parking in Civil Deposit**

- Funds of ₹ 54.01 crore drawn on 31 March 2016 was transferred from Consolidated Fund of the State to Civil Deposits in Public Account to avoid lapse of funds, which inflated the expenditure of the year under the Consolidated Fund of the State.

Transfer of unutilised funds from Consolidate Fund of the State to Civil Deposit at the end of financial year results in overstatement of State expenditure and should be avoided.