

## CHAPTER II

### FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

#### 2.1 Introduction

**2.1.1** Appropriation Accounts are accounts of the expenditure of the Government for each financial year compared with the amounts of the voted grants and charged appropriations for different purposes as specified in the schedules appended to the Appropriation Act. 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 authorized by the Appropriation Act in respect of both charged and voted items of budget. The Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provision and are, therefore, complementary to the Finance Accounts.

**2.1.2** Audit of the grants/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 in the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution of India is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

#### 2.2 Summary of the Appropriation Accounts

The summarized position of actual expenditure *vis-à-vis* budgetary provision during 2016-17 for the total 30 grants/appropriations is given in the Table 2.1.

**Table 2.1: Actual expenditure *vis-à-vis* budget provision**

(₹ in crore)

| Nature of expenditure             | Grant/ Appropriation |                 | Total budget provision | Actual expenditure <sup>1</sup> | Saving (-)/ Excess (+)   | Saving surrendered |                            |               |
|-----------------------------------|----------------------|-----------------|------------------------|---------------------------------|--------------------------|--------------------|----------------------------|---------------|
|                                   | Original             | Supplementary   |                        |                                 |                          | During the year    | Of which, on 31 March 2017 |               |
|                                   |                      |                 |                        |                                 |                          |                    | Amount                     | Percentage    |
| 1                                 | 2                    | 3               | 4=(2+3)                | 5                               | 6=(4-5)                  | 7                  | 8                          | 9=(8/7x100)   |
| <b>Voted</b>                      |                      |                 |                        |                                 |                          |                    |                            |               |
| Revenue                           | 47198.00             | 6163.16         | 53361.16               | 43940.61                        | (-9420.55)               | 2290.64            | 2165.05                    | 94.52         |
| Capital                           | 4804.01              | 1679.40         | 6483.41                | 4407.87                         | (-2075.54)               | 357.48             | 326.54                     | 91.34         |
| Loans and Advances                | 399.70               | 7800.70         | 8200.40                | 41364.12                        | (+33163.72) <sup>2</sup> | 4.30               | 4.30                       | 100.00        |
| <b>Total Voted</b>                | <b>52401.71</b>      | <b>15643.26</b> | <b>68044.97</b>        | <b>89712.60</b>                 | <b>(+21667.63)</b>       | <b>2652.42</b>     | <b>2495.89</b>             | <b>94.10</b>  |
| <b>Charged</b>                    |                      |                 |                        |                                 |                          |                    |                            |               |
| Revenue                           | 10965.79             | 1053.90         | 12019.69               | 11809.95                        | (-)209.74                | 1.66               | 1.66                       | 100.00        |
| Capital                           | 0                    | 0               | 0                      | 20.51                           | (+)20.51                 | 0                  | 0                          | 0             |
| Public Debt Repayment             | 23019.46             | 8502.64         | 31522.10               | 32443.29                        | (+)921.19                | 0                  | 0                          | 0             |
| <b>Total Charged</b>              | <b>33985.25</b>      | <b>9556.54</b>  | <b>43541.79</b>        | <b>44273.75</b>                 | <b>(+)731.96</b>         | <b>1.66</b>        | <b>1.66</b>                | <b>100.00</b> |
| Appropriation to Contingency Fund | 0                    | 0               | 0                      | 0                               | 0                        | 0                  | 0                          | 0             |
| <b>Grand Total</b>                | <b>86386.96</b>      | <b>25199.80</b> | <b>111586.76</b>       | <b>133986.35</b>                | <b>(+)22399.59</b>       | <b>2654.08</b>     | <b>2497.55</b>             | <b>94.10</b>  |

Source: Appropriation Accounts

<sup>1</sup> The expenditure is without adjustment of the recoveries of ₹ 454.52 crore adjusted as reduction of expenditure under Revenue heads and ₹ 82.07 crore under Capital heads in the Appropriation Accounts.

<sup>2</sup> This is the net result of excess of ₹ 33,344.10 crore under two major heads set off by saving of ₹ 180.38 crore under three major heads.

For the year 2016-17, original budget provision was ₹86,386.96 crore. This was augmented by supplementary grant of ₹25,199.80 crore bringing the total budget provision at ₹1,11,586.76 crore. Against this total budget provision, an expenditure of ₹1,33,986.35 crore was incurred during the year 2016-17 resulting in overall excess expenditure of ₹22,399.59 crore (20.07 per cent). This overall excess was the net result of excess of ₹34,458.80 crore (Table 2.2) set off by savings of ₹12,059.21 crore (Appendix 2.1). The excess expenditure of ₹34,458.80 crore was mainly due to abnormal increase of ₹29,919.96 crore due to loan given to procurement agencies to liquidate their outstanding cash credit loans. Out of savings of ₹12,059.21 crore, only ₹2,654.08 crore (22.01 per cent of total savings) were surrendered during the year. Out of this, ₹2,497.55 crore (94.10 per cent) were surrendered on the last day of the year. As actual expenditure of ₹1,33,986.35 crore was in excess of the original budget provision by ₹47,599.39 crore, supplementary provision of ₹25,199.80 crore proved inadequate.

## 2.3 Financial accountability and budget management

### 2.3.1 Excess expenditure over provisions requiring regularization

Article 205(1)(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess.

Audit observed that excess expenditure amounting to ₹5,727.08 crore<sup>3</sup> for the year 2011-16 had not been got regularized (December 2017) under the provision of Article 205(1)(b) of the Constitution of India despite repeated reminders to the Department of Finance.

Besides, excess expenditure of ₹34,458.80 crore (Table 2.2) in eight cases during the year 2016-17 also required regularization under the above mentioned provisions.

**Table 2.2: Excess of expenditure over budget provision during 2016-17 requiring regularization**

| (₹ in crore)        |           |                                |                            |             |                    |
|---------------------|-----------|--------------------------------|----------------------------|-------------|--------------------|
| Sr. No.             | Grant No. | Number and title of grant      | Total grant/ Appropriation | Expenditure | Excess expenditure |
| <b>Voted grants</b> |           |                                |                            |             |                    |
| 1                   | 8         | Finance (Revenue)              | 8329.25                    | 8729.73     | 400.48             |
| 2                   | 9         | Food and Supplies (Revenue)    | 2032.21                    | 31113.66    | 29081.45           |
| 3                   | 15        | Irrigation and Power (Capital) | 7465.00                    | 11317.06    | 3852.06            |
| 4                   | 21        | Public Works (Revenue)         | 1061.49                    | 1244.20     | 182.71             |

<sup>3</sup> 2011-12 (₹901.36 crore), 2012-13 (₹769.60 crore), 2013-14 (₹386.38 crore), 2014-15 (₹1,608.08 crore) and 2015-16 (₹2,061.66 crore) = Total ₹5,727.08 crore.

| Sr. No.                      | Grant No. | Number and title of grant          | Total grant/ Appropriation | Expenditure     | Excess expenditure |
|------------------------------|-----------|------------------------------------|----------------------------|-----------------|--------------------|
| <b>Charged Appropriation</b> |           |                                    |                            |                 |                    |
| 5                            | 8         | Finance (Capital)                  | 31522.10                   | 32443.29        | 921.19             |
| 6                            | 12        | Home Affairs and Justice (Capital) | 0                          | 1.15            | 1.15               |
| 7                            | 21        | Public Works (Revenue)             | 0.26                       | 0.66            | 0.40               |
| 8                            | 21        | Public Works (Capital)             | 0                          | 19.36           | 19.36              |
| <b>Total</b>                 |           |                                    | <b>50410.31</b>            | <b>84869.11</b> | <b>34458.80</b>    |

Source: Appropriation Accounts

### 2.3.2 Persistent excess expenditure

In four cases (Table 2.3), there was persistent excess expenditure of more than ₹10 crore in each case during the last five years. In three cases (Sr. No. 2, 3 and 4), the expenditure was incurred without any budget provision during 2012-17.

**Table 2.3: List of grants having persistent excess expenditure during 2012-17**

(₹ in crore)

| Sr. No.                | Number and Name of the grant/ schemes   | Amount of excess expenditure |         |         |         |         |
|------------------------|---|------------------------------|---------|---------|---------|---------|
|                        |   | 2012-13                      | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| <b>Revenue-Voted</b>   |   |                              |         |         |         |         |
| <b>08-Finance</b>      |   |                              |         |         |         |         |
| 1                      | 2071-Pensions and other Retirement benefits<br>01-Civil<br>101-Superannuation and Retirement Allowances<br>01-Pension and other Retirement Benefits                         | 81.58                        | 123.66  | 407.74  | 664.92  | 697.98  |
| <b>21-Public Works</b> |   |                              |         |         |         |         |
| 2                      | 2059-Public Works<br>80-General<br>799-Suspense   | 52.28                        | 36.98   | 19.65   | 14.97   | 34.14   |
| 3                      | 2059-Public Works<br>80-General<br>001-Direction and Administration<br>07-Establishment Charges paid to Public Health Department for Work done by that Department           | 52.34                        | 82.72   | 97.77   | 108.53  | 136.71  |
| 4                      | 3054-Roads and Bridges<br>80-General<br>001-Direction and Administration<br>01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges | 102.94                       | 58.02   | 19.79   | 135.53  | 94.10   |

Source: Appropriation Accounts

### 2.3.3 Appropriation vis-à-vis allocative priorities

The audit of grants and appropriations showed that in 11 cases (10 grants out of the total 30 grants), the savings (excluding surrenders) exceeded the total

provision by 10 per cent and ₹100 crore in each case. In four cases (Sr. No. 3, 6, 9 and 10), the savings exceeded the total provisions by more than 50 per cent. Details are given in Table 2.4.

**Table 2.4: List of grants having large savings during 2016-17**

(₹ in crore)

| Sr. No. | Number and Name of the grant   | Total Budget Provision | Actual expenditure | Savings        | Surrenders     | Savings excluding surrender |
|---------|--|------------------------|--------------------|----------------|----------------|-----------------------------|
| 1       | 2  | 3                      | 4                  | 5 (3-4)        | 6              | 7 (5-6)                     |
|         | <b>Revenue-Voted</b>   |                        |                    |                |                |                             |
| 1       | 1-Agriculture and Forests  | 7622.64                | 5176.77            | 2445.87        | 128.94         | 2316.93<br>(30.40)          |
| 2       | 10-General Administration  | 366.17                 | 208.07             | 158.10         | 13.04          | 145.06<br>(39.62)           |
| 3       | 13-Industries  | 210.52                 | 60.89              | 149.63         | 0              | 149.63<br>(71.08)           |
| 4       | 15-Irrigation and Power  | 4194.92                | 2912.38            | 1282.54        | 87.33          | 1195.21<br>(28.49)          |
| 5       | 17-Local Government, Housing and Urban Development                                 | 1742.15                | 878.99             | 863.16         | 308.76         | 554.40<br>(31.82)           |
| 6       | 23-Rural Development and Panchayats  | 1725.19                | 676.50             | 1048.69        | 0              | 1048.69<br>(60.79)          |
| 7       | 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes | 3099.07                | 1948.90            | 1150.17        | 607.66         | 542.51<br>(17.51)           |
|         | <b>Capital-Voted</b>   |                        |                    |                |                |                             |
| 8       | 3-Co-operation   | 401.32                 | 229.31             | 172.01         | 42.01          | 130.00<br>(32.39)           |
| 9       | 12-Home Affairs and Justice  | 318.02                 | 144.73             | 173.29         | 0              | 173.29<br>(54.49)           |
| 10      | 17-Local Government, Housing and Urban Development                                 | 834.39                 | 292.37             | 542.02         | 74.42          | 467.60<br>(56.04)           |
| 11      | 21-Public Works  | 2311.70                | 1942.35            | 369.35         | 0              | 369.35<br>(15.98)           |
|         | <b>Total</b>   | <b>22826.09</b>        | <b>14471.26</b>    | <b>8354.83</b> | <b>1262.16</b> | <b>7092.67<br/>(31.07)</b>  |

Source: Appropriation Accounts

(Figures in bracket represents percentage to total budget provision)

Such large savings reflect weak budgetary control.

### 2.3.4 Persistent savings

In two cases, there were persistent savings during the last five years which shows weak financial control. The details are given in Table 2.5.

**Table 2.5: List of grants having persistent savings during 2012-17**  
(₹ in crore)

| Sr. No.              | Number and Name of the grant/ Head of Account   | Amount of savings (percentage of savings against total provision) |                  |                  |                  |                 |
|----------------------|---|---|------------------|------------------|------------------|-----------------|
|                      |   | 2012-13   | 2013-14          | 2014-15          | 2015-16          | 2016-17         |
| <b>Revenue-voted</b> |   |   |                  |                  |                  |                 |
| 1                    | <b>15-Irrigation and Power</b><br>2700-Major Irrigation<br>01-Sirhind Canal System (Commercial)<br>001-Direction and Administration<br>01-Direction | 47.16<br>(12.72)  | 60.83<br>(14.62) | 60.82<br>(13.94) | 48.56<br>(10.71) | 12.63<br>(3.13) |
| 2                    | <b>15-Irrigation and Power</b><br>2701-Medium Irrigation<br>80-General<br>001-Direction and Administration<br>01-Direction                          | 148.81<br>(100.00)  | 64.19<br>(41.21) | 67.65<br>(41.26) | 65.62<br>(40.59) | 2.48<br>(2.58)  |

Source: Appropriation Accounts

### 2.3.5 Expenditure without provision of funds

As per paragraph 14.1 of the Punjab Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was, however, observed that an expenditure of ₹30,262.88 crore (**Appendix 2.2**), was incurred in 11 cases (₹one crore or more in each case) under six grants during the year 2016-17 without having any provision in the original budget estimates/ supplementary demands and without issuing any re-appropriation orders to this effect.

### 2.3.6 Unnecessary supplementary provisions

Supplementary provisions of ₹one crore or more in each case, aggregating to ₹2,540.33 crore obtained in 23 cases under 16 grants, during the year 2016-17 proved unnecessary as the expenditure did not come up even to the level of original provision (**Appendix 2.3**).

### 2.3.7 Unnecessary/Injudicious 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. During the year 2016-17, 30 re-appropriation orders for ₹6,755.52 crore were issued (25 re-appropriation orders for ₹4,635.98 crore were issued on 31 March, 2017). Out of these, six re-appropriation orders for ₹1,668.17 crore were rejected by the office of the Accountant General (A&E), Punjab for various deficiencies<sup>4</sup> therein.

<sup>4</sup> Re-appropriation order not properly classified, minor head wise total not worked out, totals of 'From' and 'To' sides of the re-appropriation order did not tally, reasons for savings as well as excess were not cogent and convincing, re-appropriation order was neither signed by the Administrative Secretary of the Department nor sanctioned by the Finance Department, no re-appropriation of funds permissible after close of the financial year.

Further, in 13 cases out of 55 (**Appendix 2.4- Sr. No. 12, 22, 24, 31 to 38, 41 and 45**), reduction of provision by re-appropriation orders effected by various departments proved injudicious as there was excess expenditure under these cases. In the remaining 42 cases augmentation of provision also proved unnecessary because expenditure was either equal to or did not come up to the level of original/supplementary budget provision.

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

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2016-17, savings of ₹9,405.13 crore (77.99 per cent of total savings of ₹12,059.21 crore; **Appendix 2.1**) were not surrendered by the concerned departments which indicated inadequate budgetary control as these funds could not be utilized for other developmental purposes. Details of grants/appropriations in which savings exceeding ₹10 crore were not surrendered and grants/appropriations in which there were savings of ₹10 crore and above even after partial surrender have been given in **Appendix 2.5** and **Appendix 2.6** respectively.

### **2.3.9 Surrender inspite of excess expenditure**

Under Grant No. 08-Finance (Revenue-Voted), ₹3.11 crore was surrendered even though there was an excess expenditure of ₹400.48 crore. Moreover, under grant No. 22-Revenue and Rehabilitation (Revenue-Voted) there was saving of ₹259.88 crore only but the department surrendered ₹336.51 crore (₹76.63 crore in excess of saving), which indicated weak budgetary control.

### **2.3.10 Rush of expenditure**

According to paragraph 18.15 of the Manual of Instructions of the Finance Department, Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Audit scrutiny of expenditure incurred by the State Government in the year 2016-17 showed that in 12 cases (**Table 2.6**), the expenditure incurred during the last quarter of the year ranged between 51.47 and 100 per cent of total expenditure incurred under the relevant major head of account during the year. Out of these, in three cases (serial number 2, 4 and 10) the expenditure incurred during the month of March 2017 alone ranged between 47.97 and 100 per cent of the total expenditure incurred under the relevant major head of account during the year.

**Table 2.6: Rush of expenditure towards the end of the financial year**  
(₹ in crore)

| Sr. No. | Major Head                                   | Total expenditure during the year | Expenditure during the last quarter of the year |                                 | Expenditure during March 2017 |                                 |
|---------|--|-----------------------------------|---|---------------------------------|-------------------------------|---------------------------------|
|         |  |                                   | Amount  | Percentage to total expenditure | Amount                        | Percentage to total expenditure |
| 1       | 2015- Election                               | 118.78                            | 81.97   | 69.01                           | 19.18                         | 16.15                           |
| 2       | 2030-Stamps & Registration                   | 16.54                             | 12.35   | 74.67                           | 11.68                         | 70.62                           |
| 3       | 2039-State Excise                            | 111.99                            | 92.64   | 82.72                           | 3.30                          | 2.95                            |
| 4       | 2852-Industries                              | 11.82                             | 9.34  | 79.02                           | 5.67                          | 47.97                           |
| 5       | 3425-Other Scientific Research               | 3.98                              | 3.57  | 89.70                           | 1.07                          | 26.88                           |
| 6       | 3435-Ecology & Environment                   | 0.84                              | 0.63  | 75.00                           | 0.23                          | 27.38                           |
| 7       | 4058-Capital Outlay on Printing & Stationery | 0.02                              | 0.02  | 100.00                          | 0.00                          | 0.00                            |
| 8       | 4059-Capital outlay on Public Works          | 66.30                             | 26.68   | 40.24                           | 12.34                         | 18.61                           |
| 9       | 4405- Capital Outlay on Fisheries            | 8.87                              | 8.87  | 100.00                          | 0.00                          | 0.00                            |
| 10      | 4425- Capital Outlay on Co-operation         | 51.31                             | 51.31   | 100.00                          | 51.31                         | 100.00                          |
| 11      | 4700- Capital Outlay on Major Irrigation     | 46.40                             | 43.29   | 93.30                           | 1.91                          | 4.12                            |
| 12      | 4711-Capital Outlay on Flood Control Project | 410.86                            | 211.46  | 51.47                           | 31.02                         | 7.55                            |
|         | <b>Total</b>                                 | <b>847.71</b>                     | <b>542.13</b>                                   | <b>63.95</b>                    | <b>137.71</b>                 | <b>16.24</b>                    |

Source: Office of the Accountant General (A&E), Punjab.

## 2.4 Outcome of review of selected grants

A review of budgetary procedure and control over expenditure in two test checked grants, i.e. Grants No. 19-Planning and 23-Rural Development and Panchayats showed the following:

### 2.4.1 Unrealistic budget provisions

Audit scrutiny of the records showed that under Grants No. 19-Planning and 23-Rural Development and Panchayats, the departments either made unrealistic budget provision or did not disburse the amount during 2016-17, as saving of more than ₹10 crore in each case aggregating to ₹1,149 crore was noticed in 13 minor heads/schemes (*Appendix 2.7*). In five cases (Sr. No. 9 to 13), the entire provision remained unutilized.

### 2.4.2 Excess over provisions requiring regularization

An expenditure of ₹28.24 crore (under four minor heads/schemes) was incurred in excess of budget provision (*Appendix 2.8*) under Grant No. 23-Rural Development and Panchayats during the year 2016-17, which requires regularization under Article 205(1) (b) of the Constitution of India.

### **2.4.3 Unnecessary Supplementary grant/Re-appropriation**

In eight cases under Grants No. 19-Planning and 23-Rural Development and Panchayats, augmentation of provision of ₹300.04 crore through supplementary grants proved un-necessary as the expenditure did not come up even to the level of original provision (*Appendix 2.9*) in these cases.

### **2.4.4 Irregularities in preparation of re-appropriation orders**

As per paragraph 14.5 (v) of Punjab Budget Manual, re-appropriation of funds is not permissible after the close of the financial year. During the year 2016-17, it was noticed that ₹282.20 crore and ₹6.45 crore were re-appropriated on 28 April and 4 May, 2017 under Grant No. 19-Planning and 23-Rural Development and Panchayats respectively. The office of the Accountant General (A&E), Punjab found a number of irregularities in preparation of these re-appropriation orders viz. issuing of re-appropriation orders after the close of financial year, reasons for saving and excess mentioned in the re-appropriation orders not being cogent and convincing and re-appropriation orders were not prepared in prescribed form. Hence, these re-appropriation orders were rejected. This resulted in non-utilisation of savings towards other purposes where additional funds were required.

### **2.4.5 Non-surrender of savings**

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. During the year 2016-17 there was a saving of ₹73.47 crore and ₹1,120.11 crore under Grant No. 19-Planning and 23-Rural Development and Panchayats respectively but the departments did not surrender any amount which indicated inadequate budgetary control as these funds could not be re-allocated to other grants where additional funds were required.

## **2.5 Scrutiny of budget documents of the State Government**

### **2.5.1 Non-inclusion of estimates of expenditure relating to a new service in Schedule of New Expenditure**

Paragraph 5.1(I)(a) of Punjab Budget Manual (Manual) lays down that, while preparing budget estimates, provision for expenditure, relating to a new service for which the legislature has not previously voted, should be included in the 'Schedule of New Expenditure'. Further, paragraph 5.1(I)(d) of the Manual lays down that any non-recurring grant-in-aid, contribution or donation, even if provision has been made for it in the original or supplementary estimates of the current year, will be included in the schedule of new expenditure. Paragraph 1.8 of the Manual *inter-alia* lays down that the 'Schedule of New Expenditure' has to be prepared by the heads of departments and after scrutiny by the Administrative and Finance Departments, is to be passed by the Council of Ministers with reference to the funds available and the comparative urgency of the proposals. Further, as per paragraph 15.4 of



the Manual, expenditure on a new service not covered by the vote of the Vidhan Sabha, unless the requisite funds have been arranged by obtaining an advance from the contingency fund before incurring expenditure is a financial irregularity. However, new items having provision of funds amounting to ₹406.44 crore (*Appendix 2.10 and Appendix 2.11*) were not classified as new services in the budget estimates, which is in contravention of the above paragraphs of the Punjab Budget Manual.

### 2.5.2 Irregular lump sum provisions

As per scheme for standardisation of object heads for classification of expenditure issued (December 1994) by Government of India, lump sum provision, in the budget, can be made for expenditure upto ₹10 lakh only and, in other cases, break-up of expenditure must be given so as to reflect exact object of expenditure.

However, it was noticed that the Government of Punjab made lump sum provisions in State budget even for expenditure exceeding ₹10 lakh (*Appendix 2.12*) which was irregular.

## 2.6 Conclusions

During 2016-17, expenditure of ₹1,33,986.35 crore was incurred against total budget provision of ₹1,11,586.76 crore resulting in excess expenditure of ₹22,399.59 crore. The overall excess was the net result of excess of ₹34,458.80 crore set off by savings of ₹12,059.21 crore. An amount of ₹2,654.08 crore (22.01 per cent of saving) was surrendered during the year and out of total surrender, an amount of ₹2,497.55 crore (94.10 per cent) was surrendered on the last day of the year.

Excess expenditure of ₹40,185.88 crore required regularization under Article 205(1) (b) of the Constitution of India. There were persistent savings in one grant and persistent excesses in two grants. Augmentation of budget provision by re-appropriation orders proved unnecessary in 42 cases because expenditure was either equal to or did not come up even to the level of original/supplementary budget provisions and in 13 cases reduction of provision also proved injudicious as there was excess expenditure under these cases. There was rush of expenditure towards the end of financial year. In 3 cases, whole of budget provision was utilized in last quarter and in 9 other cases, the expenditure incurred during last quarter of the year ranged between 40.24 and 93.30 per cent.

## 2.7 Recommendations

The Government may consider:

- (i) to plan their expenditure more rigorously to match the budget provisions so as to avoid exceeding the approved grants and appropriations;

- (ii) to take steps for regularizing the expenditure incurred in excess of the budget provision;
- (iii) monitoring of expenditure and anticipated savings so that the unutilized amounts could be surrendered on time to enable utilization on other schemes;
- (iv) to evolve a mechanism for preparing realistic budget estimates, especially the revised/supplementary budget estimates; and
- (v) devising suitable mechanism to avoid rush of expenditure in last quarter/month of the financial year.