

Chapter II

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 amount of voted Grants and Appropriations charged for different purposes as specified in Schedules appended to the Appropriation Accounts. These Accounts list the original budget estimate, supplementary grants, surrenders and re-appropriations distinctly and indicate actual Capital and Revenue Expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Accounts in respect of both charged and voted items of budget. The Appropriation Accounts thus facilitate management of finances and Accounts.

Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various Grants is within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure in 2015-16 against 78 Grants/Appropriations is given in **Table 2.1** below:

Table 2.1: Position of Actual Expenditure vis-à-vis Original/Supplementary Provisions

Nature of Expenditure		Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure ¹	Savings (-)/ Excess (+)	Amount Surrendered ²	(₹ in crore)
								Percentage of savings surrendered by 31st March
Voted	I- Revenue	8633.23	1572.97	10206.20	7724.19	(-)2482.01	1699.71	68.48
	II - Capital	2866.27	774.97	3641.24	1994.00	(-)1647.24	1155.79	70.17
	III - Loans & Advances	9.60	4.21	13.81	12.98	(-)0.83	-	-
TOTAL VOTED		11509.10	2352.15	13861.25	9731.17	(-)4130.08	2855.50	69.14
Charged	IV - Revenue	669.49	61.86	731.35	638.55	(-)92.80	14.58	15.71
	VI - Public Debt- Repayment	384.62	591.48	976.10	1286.44	(+)310.34	-	-
TOTAL CHARGED		1054.11	653.34	1707.45	1924.99	(+)217.54	14.58	6.70
Appropriation to Contingency Fund (if any)		-	-	-	-	-	-	-
GRAND TOTAL		12563.21	3005.49	15568.70	11656.16	(-)3912.54	2870.08	73.36

¹ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Capital Expenditure (₹74.86 lakh).

² Entire amount was surrendered on 31 March 2016

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The overall savings of ₹ 3912.54 crore was the result of savings of ₹ 4387.04 crore in 60 Grants and six Appropriations under Revenue Section and 41 Grants under Capital Section, offset by excess of ₹ 474.50 crore in 10 Grants under Revenue and six Grants and one Appropriation under Capital Section.

Savings/Excess (detailed in the Appropriation Accounts) were intimated (August 2016) to Controlling Officers, with a request to give reasons for significant variations. Out of 78 grants/ appropriations, explanations for variations were received for 68 grants/ appropriations.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of appropriation audit revealed that in 46 cases, savings exceeded ₹ one crore in each case and more than 20 per cent of total provision (**Appendix 2.1**). Against the total savings of ₹ 4387.04 crore, savings of ₹ 4250.39 crore (96.89 per cent) exceeding ₹ 10 crore in each case occurred in 33 Grants out of 78 Grants as indicated in **Table 2.2**.

Table - 2.2: List of Grants with Savings of ₹ 10 crore and above

(₹ in crore)

Sl No	Number and Name of the Grant	Original Provision	Supplementary Provision	Total	Actual Expenditure	Savings
Revenue Voted						
1	6 District Administration	741.76	54.85	796.61	445.84	350.77
2	7 Treasury and Accounts Administration	212.60	0.30	212.90	34.45	178.45
3	8 Police	578.16	161.74	739.90	670.55	69.35
4	14 Secondary Education	388.70	8.86	397.56	268.84	128.72
5	15 Health and Family Welfare	639.03	64.69	703.72	489.09	214.63
6	19 Industries	70.14	1.87	72.01	41.47	30.54
7	20 Labour	24.35	0.03	24.38	6.85	17.53
8	23 Forests	300.91	12.71	313.62	225.70	87.92
9	24 Agriculture	146.27	33.35	179.62	142.46	37.16
10	27 Panchayat	143.26	19.97	163.23	115.56	47.67
11	28 Animal Husbandry and Veterinary	119.95	29.53	141.48	97.57	43.91
12	30 State Transport	100.45	10.22	110.67	91.45	19.22
13	32 Roads and Bridges	257.14	326.16	583.30	511.23	72.06
14	34 Power	382.00	169.50	551.50	495.63	55.87
15	36 Statistics	14.43	14.37	28.80	17.34	11.46
16	38 Water Resource Department	99.25	103.22	202.47	175.38	27.09
17	41 Land Management	41.15	3.17	44.32	17.72	26.60
18	42 Rural Development	328.91	26.31	355.22	210.90	144.32
19	50 Secretariat Economic Services	468.44	10.25	478.69	10.69	468.00
20	57 Urban Development	18.76	47.08	65.84	40.71	25.13
21	59 Public health Engineering	387.72	65.47	453.19	365.24	87.95
22	64 Trade and Commerce	20.92	0.78	21.70	11.22	10.48
23	66 Hydro Power Department	74.15	11.89	86.04	64.01	22.03
24	68 Town Planning Department	62.07	13.24	75.31	27.51	47.80
25	75 Higher and technical Education	168.46	24.63	193.09	97.72	95.37

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Sl No	Number and Name of the Grant	Original Provision	Supplementary Provision	Total	Actual Expenditure	Savings
26	76 Elementary Education	963.59	46.53	1010.12	845.20	164.92
Revenue Charged						
27	7 Treasury and Accounts Administration	0.00	52.00	52.00	3.74	48.26
28	Public Debt	654.35	0.00	654.35	611.90	42.45
Capital Voted						
29	28 Animal Husbandry and Veterinary	12.20	0.48	12.68	2.38	10.30
30	32 Roads and Bridges	487.74	172.39	660.13	612.05	48.09
31	33 North Eastern Areas	48.99	37.80	86.79	63.93	22.86
32	34 Power	80.94	61.30	142.24	101.40	40.84
33	38 Water Resource Department	265.82	62.53	328.35	121.40	206.95
34	48 Horticulture	120.55	0.00	120.55	2.00	118.55
35	50 Secretariat Economic Services	955.88	5.40	961.28	9.95	951.33
36	52 Sports and Youth Services	63.85	11.45	75.30	32.85	42.45
37	56 Tourism	20.51	24.12	44.63	10.52	34.11
38	57 Urban Development	82.08	108.99	191.07	120.53	70.54
39	59 Public health Engineering	102.30	0.00	102.30	73.46	28.84
40	66 Hydro Power Department	32.98	5.73	38.71	27.69	11.02
41	71 Department of Tawang and West Kameng	11.49	0.00	11.49	1.49	10.00
42	74 Social Justice, Empowerment & Tribal Affairs	130.94	0.00	130.94	52.09	78.85
Total		9815.19	1802.91	11618.10	7367.71	4250.39

2.3.2 Persistent Savings

In 10 cases (Table 2.3) during the last five years, there were persistent savings of more than ₹ one crore each and by 10 per cent or more of the total Grant.

Table - 2.3: List of Grants indicating persistent savings during 2011-12 to 2015-16

(₹ in crore)

Sl. No.	No. and Name of Grant	Amount of Savings				
		2011-12	2012-13	2013-14	2014-15	2015-16
Revenue – Voted						
1.	23 Forest	49.52 (26)	156.24 (57)	62.63 (28)	127.68 (35)	87.92 (28)
2.	24 Agriculture	36.70(27)	28.52(23)	24.64 (20)	56.56 (35)	37.16 (21)
3.	27Panchayat	42.13 (57)	73.76 (69)	90.42 (62)	72.49 (63)	47.67 (29)
4.	38 Water Resources Dept.	51.53 (25)	41.00 (23)	39.08 (19)	103.84 (46)	27.09 (13)
5.	50 Secretariat Economic Services	228.76 (97)	2.99 (30)	26.45 (70)	89.96 (89)	468.00 (98)
Capital – Voted						
6.	34 Power	45.14 (27)	49.22 (31)	38.96 (30)	45.32 (33)	55.87 (10)
7.	38 Water Resources Dept.	40.79 (40)	66.83 (75)	20.00 (50)	14.00 (31)	206.95 (63)
8.	50 Secretariat Economic Services	1584.00 (100)	1755.35 (100)	2717.10 (100)	1722.53(100)	951.33 (99)
9.	56 Tourism	7.18 (16)	33.92 (56)	24.15 (42)	8.72 (16)	34.11 (76)
10.	57 Urban Development	61.29 (58)	116.30 (55)	149.34 (36)	126.96 (44)	70.54 (37)

(Figures in parentheses indicate percentage of savings to total provision)

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Three Grants - 'Secretariat-Economic Services', 'Panchayat' and 'Urban Development' - had large savings persistently for the last five years. This shows that budgetary provisions were made in excess of actual requirements indicating poor budgetary exercise.

2.3.3 Excess Expenditure

In 11 cases, expenditure aggregating ₹ 471.57 crore exceeded the approved budget provision either by ₹ one crore or more in each case or by more than 20 per cent of the total provisions (Table 2.4).

Table - 2.4: Details of Grants/Appropriations where excess expenditure was more than ₹ one crore each or more than 20 per cent of the total provision

(₹ in crore)					
Sl No	Number and Name of the Grants/Appropriation	Total Grants/Appropriations	Total Expenditure	Excess	Percentage of Excess Expenditure
Revenue- Voted					
1	16 Arts and Cultural Affairs	8.14	11.05	2.91	35.75
2	43 Fisheries	16.37	57.16	40.79	249.18
3	48 Horticulture	47.72	54.74	7.02	14.71
4	65 Department of Tirap and Changlang Affairs	0.93	3.23	2.30	247.31
5	71 Department of Tawang and West Kameng	3.79	9.41	5.62	148.28
Capital- Voted					
6	14 Secondary Education	12.68	14.13	1.45	11.44
7	16 Art and Cultural Affairs	7.49	18.95	11.46	153.00
8	26 Rural Works	101.79	185.32	83.53	82.06
9	53 Fire protection and Control	11.60	14.59	2.99	25.78
10	76 Elementary Education	2.76	5.91	3.15	114.13
Capital- Charged					
11	97-Public Debt	976.09	1286.44	310.35	31.80
Total		1189.36	1660.93	471.57	39.65

2.3.4 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. However, it was noticed that expenditure of ₹ 88.91 crore was incurred in 18 instances, as detailed in **Appendix 2.2**, without any provision in the Original Estimates/Supplementary Demand and without any re-appropriation orders to that effect. Significant cases of such expenditure involving expenditure in excess of ₹ one crore are given in **Table 2.5**.

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Table - 2.5: Expenditure incurred without provision during 2015-16

(₹ in crore)

Sl No	Grants/Appropriation Number- Major Head of Account-Sub Head-Detailed Head	Expenditure without Provision
1	14-04-4202-01-800-02- Construction of Building for Education	1.19
2	16-04-4202-04-800-01- Creation of Assets	3.98
3	16-04-4202-04-800-07- C/O Renovation of Community Hall	8.99
4	26-5054-04-800-01- Construction of District Roads	1.43
5	28-4403-800-01- Maintenance/Creation of Assets	1.00
6	48-03-2401-800-48- Integrated Development of Community/Village Fruit Nursery and Plantation on Jhum land	7.54
7	50-4070-800-02- Creation of Assets	1.29
8	65-2575-03-800-01- Development of Tirap and Changlang District	2.58
9	65-04-4575-03-800-01- Development of Tirap and Changlang District	36.52
10	71-2205-001-01- Establishment Expenses	5.74
11	75-04-4202-02-104-01- Establishment of Polytechnic	11.69
12	76-04-4202-01-201-01- Building for Education	3.65
Total		85.60

This shows that bills were passed in the Treasuries in spite of there being no provisions in the Budget, which is a violation of existing financial rules. Besides, Budget and the corresponding Appropriation Act have been flouted.

2.3.5 Excess over provisions relating to previous year requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get any excess over a Grant/Appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Constitution, the regularization of excess expenditure is done after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure of ₹ 2161.72 crore from 1986-87 to 2014-15 was yet to be regularized, as detailed in **Appendix 2.3**.

2.3.6 Excess over provisions during 2015-16 requiring regularisation

Table 2.6 contains a summary of total excesses in 19 cases of Grants amounting to ₹ 474.50 crore over authorization from the Consolidated Fund during 2015-16, which required regularization under Article 205 of the Constitution.

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Table - 2.6: Excess over provisions requiring regularization during 2015-16

(₹ in crore)

SI No	Number and Name of the Grant/Appropriations	Total Grant/ Appropriation	Expenditure	Excess
Revenue-Voted				
1	5 Secretariat Administration	88.96	89.25	0.29
2	13 Directorate of Accounts	543.62	544.31	0.69
3	16 Art and Cultural Affairs	8.14	11.05	2.91
4	26 Rural Works	568.01	568.96	0.95
5	43 Fisheries	16.37	57.16	40.79
6	48 Horticulture	47.72	54.74	7.02
7	51 Directorate of Library	9.62	10.21	0.59
8	65 Department of Tirap and Changlang District	0.93	3.23	2.30
9	67 State Information Commission	1.90	2.20	0.30
10	71 Department of Tawang and West Kameng	3.79	9.41	5.62
Capital-Voted				
12	7 Treasury and Accounts Administration	0.99	1.10	0.11
13	14 Secondary Education	12.68	14.13	1.45
14	16 Art and Cultural Affairs	7.49	18.95	11.46
15	26 Rural Works	101.79	185.32	83.53
17	53 Fire Protection and Control	11.60	14.59	2.99
18	76 Elementary Education	2.76	5.91	3.15
Capital- Charged				
19	97 Public Debt	976.09	1286.44	310.35
Total		2402.46	2876.96	474.50

2.3.7 Unnecessary/Excessive/Inadequate Supplementary Provision

Supplementary provisions aggregating ₹ 559.99 crore obtained in 33 cases, (₹ 10 lakh or more in each case) during the year proved totally unnecessary as the actual expenditure did not come up to the level of the original provisions, as detailed in **Appendix 2.4**.

In 10 cases, as shown in **Table 2.7** below, the supplementary provision of ₹ 653.09 crore proved insufficient by more than ₹ one crore in each case, leaving an aggregate excess expenditure of ₹ 470.12 crore over the supplementary provision.

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Table - 2.7: Cases of inadequate supplementary provisions

(₹ in crore)

Sl No	Number and Name of the Grants/Appropriations	Original Provision	Supplementary Provision	Total	Expenditure	Excess
Revenue-Voted						
1	16 Art and Cultural Affairs	6.85	1.29	8.14	11.05	2.91
2	43-Fisheries	14.22	2.15	16.37	57.16	40.79
3	48 Horticulture	35.45	12.27	47.72	54.74	7.02
4	65 Department of Tirap and Changlang District	0.59	0.34	0.93	3.23	2.30
5	71 Department of Tawang and West Kameng	3.48	0.31	3.79	9.41	5.62
Capital Voted						
6	16 Art and Cultural Affairs	6.18	1.31	7.49	18.95	11.46
7	26 Rural Works	71.21	30.58	101.79	185.32	83.53
8	53 Fire Protection and control	0.00	11.60	11.60	14.59	2.99
9	76 Elementary Education	1.00	1.76	2.76	5.91	3.15
Capital Charged						
10	97-Public Debt	384.62	591.48	976.09	1286.44	310.35
Total		523.60	653.09	1176.69	1646.81	470.12

2.3.8 Unexplained Re-appropriation

According to the Budget Manual, reasons for additional expenditure and savings should be explained in the re-appropriation statement and vague expressions such as '*less requirement of funds*', '*requirement of more funds*', etc. should be avoided. Scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of some cases, reasons given for additional provision/withdrawal of provision in the re-appropriation orders were release of additional funds by the Government of India for major works, non-receipt of funds from the Finance Department, non-completion of construction works in time, etc., while in most cases, vague expressions like, '*based on actual requirement*' etc., were shown as reasons for re-appropriation.

2.3.9 Substantial Surrenders

Substantial surrenders (cases where more than 50 per cent of total provision was surrendered) were made in 34 cases. Out of the total provision of ₹ 2896.83 crore in the 34 cases, ₹ 2419.15 crore (83.51 per cent) was surrendered during the year, reasons for which were not stated. Details of such cases are given in **Appendix 2.5**.

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2.3.10 Surrender more than Savings

In four cases, surrender was more than savings, as in detailed in **Table 2.8**. Out of the total savings of ₹ 194.30 crore, these four departments surrendered ₹ 204.98 crore on 31 March 2016, reasons for which were not stated.

Table-2.8: List of Grants showing surrenders more than savings

(₹ in crore)

Sl No.	No. and Name of the Grants	Total provision	Total Expenditure	Savings	Amount Surrendered	Excess surrender
Revenue-Voted						
1	7 Treasury and Accounts Administration	212.90	34.45	178.45	183.77	5.32
Capital-Voted						
2	28 Animal Husbandry and Veterinary	12.68	2.38	10.30	11.00	0.70
3	58 Stationery and Printing	5.84	5.84	0.00	1.49	1.49
4	75 Higher and Technical Education	51.11	45.56	5.55	8.72	3.17
Total		282.53	88.23	194.30	204.98	10.68

This shows that departments were not aware of their fund position and the expenditure already incurred *vis-a-vis* the budgetary provision.

2.3.11 Injudicious surrender

In three cases, there was injudicious surrender of ₹ 104.33 crore as departments had already made excess expenditure of ₹ 7.76 crore out of the total provision of ₹ 560.09 crore. Details are in **Table 2.9**.

Table-2.9: Surrender out of the Excess Expenditure

(₹ in crore)

Sl No	Number and Name of the Grant/ Appropriation	Total Provision	Total Expenditure	Excess	Surrender
Revenue-Voted					
1	13 Director of Accounts	543.62	544.31	0.69	98.98
2	71 Department of Tawang and West Kameng	3.79	9.41	5.62	2.00
Capital- Voted					
3	14 Secondary Education	12.68	14.13	1.45	3.35
Total		560.09	567.85	7.76	104.33

This shows that departments were not aware of their fund position and the expenditure already incurred *vis-a-vis* the budgetary provision.

2.3.12 Anticipated Savings not surrendered

As per the Budget Manual, spending Departments are required to surrender Grants/ Appropriations or portions thereof to the Finance Department as and when savings are anticipated. At the end of the Financial Year 2015-16, there were 52 Grants/

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Appropriations with savings, but were not surrendered by the departments concerned. The amount involved in these cases was ₹ 656.10 crore (**Appendix 2.6**). Out of the 52 cases, savings were more than ₹ one crore in 31 cases.

Similarly, out of total savings of ₹3921.55 crore under 47 Grants/Appropriations (where savings of ₹ 1 crore and above occurred in each Grant/Appropriation), an amount aggregating ₹ 1620.19 crore (41.32 per cent of total savings) was not surrendered, details of which are given in **Appendix 2.7**. Due to non-surrender of anticipated savings by departments concerned, there was no scope on the part of the Finance Department to utilize the funds for other purposes.

2.4 Outcome of review of Selected Grants

Audit conducted (November 2016) a review of budgetary procedure and control over expenditure of “57- Urban Development”. Important findings are detailed below:-

2.4.1 Introduction

Audit scrutiny of the records revealed that under the Grant No. 50-Urban Development, due to either unrealistic budget provisions or due to excessive control on disbursement the amount during 2015-16 as savings of more than ₹ 25.13 crore in Revenue Section and ₹ 70.54 crore in Capital Section were noticed.

The overall position of the Budget Provisions, actual disbursements and savings under this grant during the last five years is shown in **Table 2.10**.

Table -2.10: Financial overview of Grant No. 57 Urban Development

(₹ in crore)

Year	Total Grant/ Appropriation		Actual Expenditure		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2011-12	17.47	212.33	14.05	96.03	3.42	116.30
2012-13	17.81	205.59	17.65	144.30	0.16	61.29
2013-14	18.74	410.00	17.62	260.66	1.12	149.34
2014-15	21.98	290.32	21.43	163.36	0.55	126.96
2015-16	65.84	191.07	40.71	120.53	25.13	70.54

2.4.2 Withdrawal of whole budget provision through re-appropriation

Under this grant, the whole budget provision was withdrawn (**Table 2.7**) through re-appropriation in March 2015 which diluted the process of budget making and control over expenditure.

Table-2.11: Withdrawal of budget provision through re-appropriation

(₹ in crore)

Sl No	Minor Head/Scheme	Total Provision	Re-appropriation
1	03-Centrally Sponsored Scheme 4217- Capital Outlay on Urban Development 60- Other Urban Development Schemes 051- Construction 14- Atal Mission for Rejuvenation and Urban Transformation	10.00	10.00

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SI No	Minor Head/Scheme	Total Provision	Re-appropriation
2	03-Centrally Sponsored Scheme 4217- Capital Outlay on Urban Development 60- Other Urban Development Schemes 051- Construction 10- National Urban Livelihood Mission	5.73	5.73
Total		15.73	15.73

Withdrawal of entire provision by re-appropriation in both these cases above was reportedly due to less requirement of fund under Major Works (Central Share).

2.4.3 Persistent Savings under Sub-heads

Scrutiny of the Appropriation Accounts revealed that under this Grant, in one Sub-head, there were persistent savings of more than ₹ one crore as shown in **Table 2.12**

Table-2.12:- Persistent Savings during 2011-16

(₹ in crore)

Head of Account with Schemes	Amounts of Savings				
	2011-12	2012-13	2013-14	2014-15	2015-16
04-4217-60-051-61- Schemes under ACA/SPA/SCA	59.27	116.28	101.60	28.23	4.23

2.4.4 Substantial Savings under Sub-heads

As per the Detailed Appropriation Accounts for the year 2015-16, more than 50 per cent savings occurred under three schemes in respect of major head 2217- Urban Development and 2217-Capital Outlay on Urban Developments shown in the **Table 2.13**.

Table-2.13: Cases with Substantial Savings

(₹ in crore)

SI No	Name of the Schemes	Total provision	Actual Expenditure	Savings	Percentage
1	04-2217-80-800-09 Other Annual Operating Plan Provisions	32.00	7.00	25.00	78
2	03-4217-60-051-08 Creation of Assets	59.05	9.21	49.84	84
3	03-4217-60-051-07 Rajiv Awas Yojana	17.38	0.95	16.43	95

The reasons for huge savings at SI No 1 were reportedly due to non-receipt of Administrative Approval and Expenditure Sanction from the State Government and in case of SI No. 2 & 3 was reportedly due to non-release of fund by GoI.

This indicates that budgetary control was deficient in the Department.

2.5 Non-reconciliation of Departmental Figures

2.5.1 Pending submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

Rules provide that drawal through Abstract Contingent Bills (AC Bills) require presentation of Detailed Countersigned Contingent Bills (DCC Bills) to the Controlling Officer (CO) and transmission of the same to the Accountant General. A Certificate is also required to be attached with every AC Bill to the effect that DCC Bills have been submitted to the CO in respect of all one month old AC Bills (drawn more than a month before the date of the Bill).

Records available in respect of some Drawing & Disbursing Officers (DDOs)/COs revealed that from April 2012 onwards 188 DCC Bills amounting to ₹ 11.85 crore were not furnished to the Accountant General as of March 2016. Thus, due to non-submission of DCC Bills, the actual expenditure against these drawals remained un-assessed, indicating serious deficiencies in control over expenditure. The year-wise position is given in **Table 2.14** below:

Table-2.14: Position of pending DCC Bills

Year	Number of Pending DCC Bills	Amount(₹in crore)
Up to 2013-14	72	9.19
2014-15	57	0.69
2015-16	59	1.97
TOTAL	188	11.85

2.5.2 Transfer of funds to Personal Deposit (PD) Accounts

The Personal Deposit (PD) accounts, also known as Personal Ledger Accounts (PLA), are in the nature of a banking account kept in the treasuries. The Government of Arunachal Pradesh is authorized to keep funds required for specific purposes in the PD accounts by transfer of funds from the Consolidated Fund. Generally, administrators are required to close such accounts on last working day of the year and transfer the unspent balances back to the Consolidated Fund of Government Accounts.

The State follows Central Treasury Rules. In terms of the Central Treasury Rules, PD Accounts remaining inoperative for two years are required to be closed. As on 31 March 2016, 7 PD Accounts showing a total balance of ₹ 1.61 crore were not transferred to the Consolidated Fund, as indicated in **Table 2.15**.

Table 2.15:- Status of Personal Deposit Accounts during 2015-16

Sl No	Particulars	Number	Amount (₹in crore)
1	Opening balance as on 1st April 2015	14	1.67
2	Renewed during the year	01	0.81
3	Opened during the year	00	0.00
4	Closed during the year	08	0.87
5	Closing balance as on 31st March 2016	07	1.61

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2.5.3 Parking of moneys outside the Government Accounts

As per rule, no money shall be drawn from Government Account unless it is required for immediate disbursement. It is not permissible to draw money from Government Account in anticipation of demands or to prevent the lapse of budget grants.

The State Government withdrew an amount of ₹ 31.61 crore during March 2016 from various heads and parked the same outside the Government accounts. Details are given in **Table 2.16**.

Table-2.16: Position of moneys outside the Government Accounts

(₹ in Crore)

Sl No	Number and Name of the Grant/ Appropriation	Amount	Mode of Deposit
1	7 Treasury and Accounts Administration	0.42	Demand Draft
2	15 Health and Family Welfare	4.00	Bankers Cheque
3	18 Research	0.61	Bank Account of Assistant Director of Research
4	24 Agriculture	1.05	Bank Account of Director of Agriculture
5	26 Rural Works	5.00	Bank Account of Director of Agriculture
6	28 Animal Husbandry and Veterinary	0.11	Bank Account of DAH&VO, Yupia
7	29 Co-operation	0.55	Demand Draft
8	35 Information and Public Relations	0.80	Bank Account of Director, Information and Public Relations
9	48 Horticulture	7.54	Bank Account of Managing Director, APSEAC
10	55 State Lotteries	0.15	Not available
11	74 Social Justice, Empowerment and tribal Affairs	11.38	Bank Account of Director, Social Justice, Empowerment and tribal Affairs
Total		31.61	

2.6 Conclusion and Recommendations

In 2015-16, there were net savings of ₹ 3912.54 crore, which was the result of savings of ₹ 4387.04 crore, offset by excess of ₹ 474.50 crore. The excess of ₹ 474.50 crore needs to be regularized as per Article 205 of the Constitution. There were substantial persistent savings in eight Grants for the last five years. There were instances of inadequate provision of funds, expenditure without provision, unnecessary/excessive/inadequate re-appropriations. In many cases, anticipated savings were not surrendered, leaving no scope for utilizing the fund for other development purposes. DCC bills were not submitted for a large amount of advances drawn on AC Bills.

All departments may closely monitor the expenditure against the allocations and excess expenditure over allocations be avoided to the extent possible. Funds may be surrendered well before the close of the year so as to enable their utilization for other development schemes.