

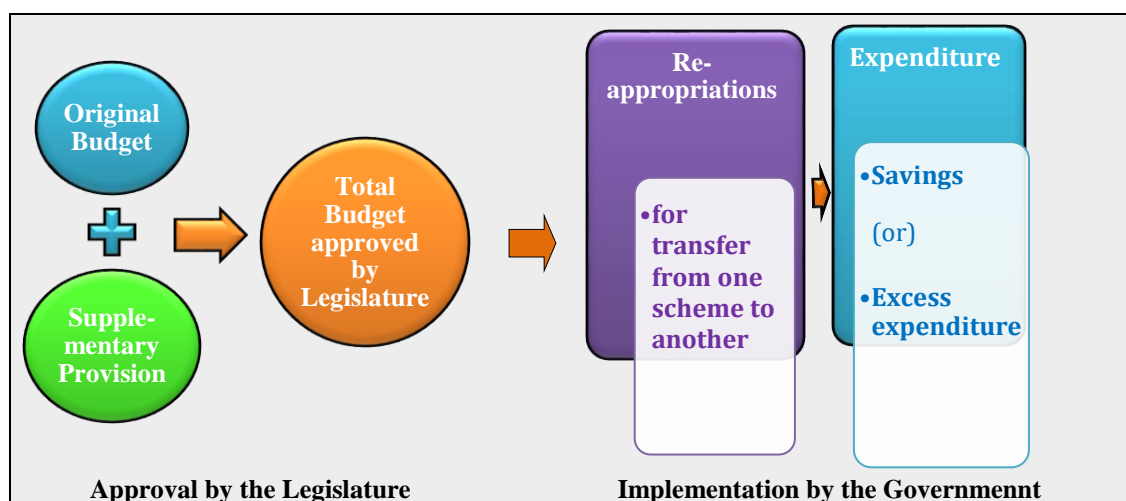
2 Financial Management and Budgetary Control

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act. These Accounts list the original budget estimates, supplementary grants, surrender and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Appropriation Accounts captures the data along the entire process of budget formulation and implementation (**Chart 2.1**).

Chart 2.1: Flow chart of budget implementation



Source: Appropriation Accounts

2.1.2 Audit of Appropriation Accounts 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. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions. This chapter contains audit observations in respect of the Appropriation Accounts prepared by the Controller of Accounts, Government of NCT of Delhi for the year 2018-19.

Deficiencies in the management of budget and expenditure have been discussed in the subsequent paragraphs.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2018-19 against 15 grants/appropriations is given in **Table 2.1**.

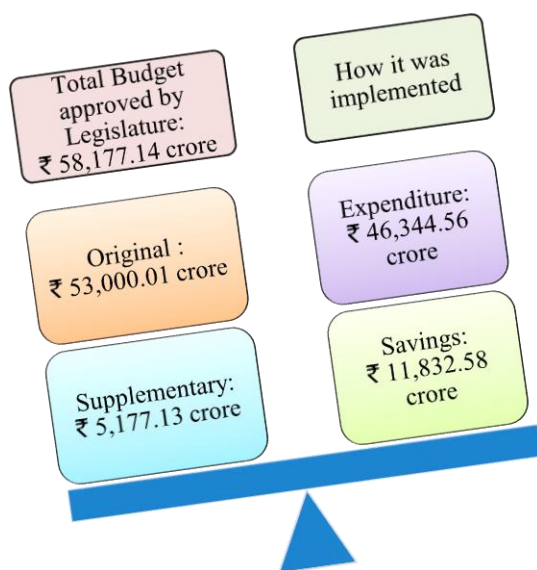
Table 2.1: Summarised Position of Actual Expenditure vis-à-vis Original/Supplementary Provisions

(₹ in crore)						
	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving(-)/ Excess(+)
Voted	Revenue	39,796.55	1,041.42	40,837.97	33,773.44	(-)7,064.53
	Capital	5,474.39	1,095.02	6,569.41	3,284.77	(-)3,284.64
	Loans and Advances	2,706.06	1,026.99	3,733.05	2,402.37	(-)1,330.68
Total Voted		47,977.00	3,163.43	51,140.43	39,460.58	(-)11,679.85
Charged	Revenue	3,294.26	14.98	3,309.24	3,156.94	(-)152.30
	Capital	0.20	0.91	1.11	0.69	(-)0.42
	Loans and Advances	1,728.55	1,907.81	3,636.36	3,636.35	(-)0.01
Total Charged		5,023.01	1,923.70	6,946.71	6,793.98	(-)152.73
Appropriation to Contingency Fund (if any)		0	90.00	90.00	90.00	0
Grand Total		53,000.01	5,177.13	58,177.14	46,344.56	(-)11,832.58

Supplementary provision of ₹ 5,177.13 crore constituted 9.8 per cent of the original provision as against 2.5 per cent in the previous year.

2.2.1 Analysis of Appropriation Accounts 2018-19

Chart 2.2: How the Budget was implemented



Source: Appropriation Accounts

During 2018-19, against the total grants and appropriation of ₹ 58,177.14 crore expenditure of ₹ 46,344.56 crore was incurred resulting in saving of ₹ 11,832.58 crore (Table 2.2). The overall saving of ₹ 11,832.58 crore was a result of saving of ₹ 7,217.18 crore in 12 grants (sub-heads) under the revenue (voted) and 12 grants (sub-heads) under revenue (charged) and ₹ 4,615.75 crore in 10 grants (sub-heads) under the capital (voted) and one grant under capital (charged) and one appropriation (public debt-repayments) under the loan section, offset by excess of ₹ 0.35 crore mainly under revenue (voted).

Table 2.2: Total excess or savings under different grants (sub-head level)

Description	Number of grants/appropriation					Amount (₹ in crore)
	Revenue (Voted)	Revenue (Charged)	Capital (Voted)	Capital (Charged)	Public Debt Repayment	
Savings occurred in	12	12	10	1	1	(-)11,832.93
Excess expenditure occurred in	2	0	0	0	0	0.35

Source: Appropriation Accounts

2.3 Financial accountability and budget management

2.3.1 Savings vis-à-vis allocative priorities

Appropriation accounts for the year 2018-19 revealed that savings exceeding ₹ 50 crore occurred in 15 cases relating to five grants totaling ₹ 1,459.57 crore (**Appendix 2.1**). The savings were attributed to non-filling of vacant posts, non-receipt of anticipated bills, non-release of funds by Government of India etc.

2.3.2 Persistent savings

During the last five years, three grants showed persistent savings of more than ₹ one crore or 20 per cent of the total grants as detailed in **Table 2.3**.

Table 2.3: List of Grants with Persistent Savings during 2014-19

		(₹ in crore)					
Sl. no.	Head no. and name of the grant		2014-15	2015-16	2016-17	2017-18	2018-19
Revenue-Voted							
1	Grant no. 3: Administration of Justice						
	2014.00.108.99	T	47.77	62.41	58.50	59.07	71.37
	Judicial Magistrate's Courts	S	8.05	15.29	8.13	7.86	21.87
		%	16.85	24.50	13.90	13.31	30.64
2	Grant no. 7: Medical and Public Health						
	2211.00.102.80	T	10.67	10	19.26	4.29	19.99
	Urban Family Welfare Centre (CSS)	S	9.21	8.71	17.76	2.50	16.53
		%	86.32	87.10	92.21	58.28	82.69
Capital-Voted							
3	Grant no.8: Social Welfare						
	5055.00.800.97	T	3	11	11.73	30.00	15.46
	Introduction of Electronic Trolley Buses-Alternative mode of Transport	S	3	11	11.73	12.66	4.37
		%	100	100	100	42.20	28.27

T - Total Provision (Original +Supplementary + Re-appropriation), S - Savings, % - Percentage.

Reasons for savings in 2018-19 were attributed to non-receipt of anticipated bills, non-providing of required documents for processing GIA to Non-Governmental Organisations and surrender of funds of Delhi-Meerut Regional Rapid Transit System (RRTS) corridor. Despite being mentioned in the State Finances Audit Report of the Comptroller and Auditor General of India for the year 2016-17 and 2017-18, savings under the above grants persisted during the current year also which indicates incorrect assessment of funds requirement. This needs to be reviewed.

2.3.3 Savings of entire provision

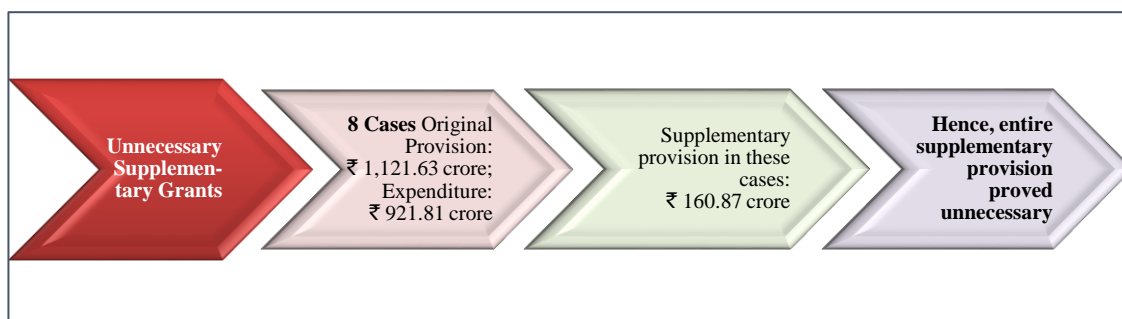
In 56 sub-heads of **nine** grants (₹ one crore or above in each case), the entire provision of ₹ 404.83 crore remained un-utilised by the departments or was remitted back to Government before the closure of the financial year 2018-19. The details of sub-heads are given in **Appendix 2.2**. Savings of the entire provision was indicative of the fact that the estimates were not prepared after adequate scrutiny of the projects/schemes. Schemes which could not be implemented due to non-utilisation of entire provision were – Pre-Matric scholarship scheme for minority students (CSS) (₹ six crore), GIA to various civic agencies for Smart City and AMRUT (CSS) (₹ 213 crore), Installation of O & M of CCTV Surveillance systems in all Jails (₹ 25 crore) and Wi-Fi Delhi (₹ five crore).

2.3.4 Unnecessary supplementary provision

Supplementary demand should only be resorted to in exceptional and urgent cases. While obtaining a supplementary grant, department has to keep in view the resources available or likely to be available during the year and exercise due caution while forecasting its additional budgetary requirement of funds.

Audit scrutiny of Appropriation Accounts for the year 2018-19 revealed that supplementary grant amounting to ₹ 160.87 crore in eight sub-heads, as detailed in **Appendix 2.3 (Chart 2.3)**, was obtained in anticipation of higher/additional expenditure. However, the final expenditure was even less than the original grant in five cases while in **all eight** cases there was no expenditure from the supplementary provision defeating the intended purpose of supplementary grant.

Chart 2.3: Unnecessary Supplementary Provisions



Source: Appropriation Accounts

2.3.5 Excessive/unnecessary 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. Under 41 sub-heads in seven grants where final savings were more than ₹ one crore as detailed in **Appendix 2.4**, re-appropriations were made unnecessarily as the departments were not able to even utilise fully their existing grants and there was a cumulative non-

utilisation of ₹ 315.91 crore against the re-appropriation of ₹ 194.63 crore. The departments attributed the reasons to non-implementation of scheme, less procurement, non-starting of work, less grant received from GoI, non-submission of utilisation certificate by the NDMC, slow progress of works etc. The following are the important observations:

- (i) Under grant no. 2- 'General Administration Department', ₹ 9.46 crore were re-appropriated under the sub-head 'Chief Secretariat' in anticipation of more bills and claims. However, there was final saving of ₹ 10.20 crore.
- (ii) Under grant no.5- 'Home', ₹ 6.55 crore was re-appropriated in anticipation of more bills and procurement under the sub-head 'Jail Establishment'. However, there was final saving of ₹ 27.79 crore.
- (iii) Under grant no.6- 'Education' capital-voted, ₹ 3 crore was re-appropriated in anticipation of more procurement under sub-head 'Labour Equipment'. However, there was final saving of ₹ 7.54 crore.
- (iv) Under grant no.11- 'Urban Development and Public Works Department' capital-voted, ₹ 9.99 crore was re-appropriated in anticipation of more procurement under the sub-head 'Construction of Flyover at Shastri Park Intersection and Seelampur'. However, there was final saving of ₹ 10 crore

The above excessive/unnecessary re-appropriation of funds was indicative of deficient budgeting exercise.

2.3.6 Substantial surrenders

Substantial surrenders involving ₹ 2,112.83 crore (more than ₹ 10 crore and 70 per cent of original provision) were made in respect of 14 sub-heads (Appendix 2.5), out of which in six sub-heads 100 per cent grant amounting to ₹ 1,297 crore was surrendered on account of receipt of less bills, release of less grant, non-execution of schemes and non-receipt of approval from local authorities.

Substantial surrenders amounting to ₹ 248.65 crore were made under grant no. 9-'Industries'.

2.3.7 Anticipated savings not surrendered

Rule 62(2) of General Financial Rules (GFRs) stipulates that savings as well as provisions that cannot be profitably utilised should be surrendered to Government as soon as these are foreseen without waiting till the end of the year. The objective is to minimize the scope for avoiding surrenders at a later stage. At the close of the year 2018-19, out of the savings of ₹ 10,158.87 crore under 10 grants where savings of ₹ one crore and above were indicated in each grant/appropriation, an amount of ₹ 3,460.37 crore (34

per cent of savings) was not surrendered, details of which are given in **Appendix 2.6**.

2.3.8 Rush of expenditure

Rule 62(3) of the GFRs, 2017 provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided. Contrary to this, expenditure incurred by the departments in the last quarter of the financial year 2018-19 in 26 sub-heads under five grants ranged between 53.34 per cent and 100 per cent of the total expenditure as given in **Appendix 2.7**.

It was noticed that out of total expenditure of ₹ 1,360.78 crore in 26 sub-heads under five grants during 2018-19, expenditure of ₹ 1,216.11 crore (89.37 per cent) was incurred in the last quarter whereas 88.12 per cent (₹ 1,199.11 crore) of the expenditure incurred was during the month of March 2019. Rush of expenditure during the last quarter, especially during the month of March indicates non-adherence to financial rules.

2.4 Recoveries adjusted in accounts as reduction of expenditure

The demands for grants presented to the Legislature are for gross expenditure including credits and recoveries, which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates as 'nil'. Actual recoveries during the year 2018-19 were ₹ 70.42 crore against 'nil' anticipated recoveries.

2.5 Outcome of the Review of Grant no.8- 'Social Welfare'

A review of budgetary procedure and control over expenditure in respect of grant no. 8 - 'Social Welfare' for the period 2016-19 conducted in September 2019 brought out the following important points:

- (i) The overall position of budget provision, expenditure incurred and savings under the grant for the last three years is given in **Table 2.4**:

Table: 2.4: Budget and Expenditure

Year	Provision		Expenditure incurred		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2016-17	4,708.60	1,197.08	4,200.15	1,143.65	508.45	53.43
2017-18	6,442.52	1,053.39	5,951.17	818.46	491.35	234.93
2018-19	6,162.28	1,491.06	5,664.59	448.70	497.69	1,042.36
Total	17,313.40	3,741.53	15,815.91	2,410.81	1,497.49	1,330.72

- (ii) There were persistent savings of ₹ one crore or more in 27 cases/ sub-heads under the grant which indicates unrealistic budgeting and deficient financial management.
- (iii) Scrutiny of section-wise Appropriation Accounts of grant revealed persistent savings of 7 to 11 per cent in revenue voted section and 69 to 100 per cent in revenue charged section while savings in capital voted

section were 4 to 70 *per cent* of the total grant indicating unrealistic budgeting and deficient financial provision.

- (iv) Re-appropriation in 61 cases proved unnecessary as the departments were not able to utilise fully their original grant. As a result, there was a cumulative non-utilisation of ₹ 187.11 crore in these cases during 2016-17 to 2018-19 against re-appropriation of ₹ 66.15 crore.
- (v) In 79 sub-heads under the grant, the entire provision remained unutilised by the department. Saving of the entire provisions was indicative of the fact that estimates were prepared without adequately assessing the actual requirement and improper scrutiny of relevant projects/schemes (**Appendix 2.8**).
- (vi) Rule 62(3) of the GFRs, 2017 provides that rush of expenditure, particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided. Contrary to this, expenditure incurred by the departments in the last quarter of the financial year under various sub-heads ranged between 52 *per cent* and 100 *per cent* of the total expenditure.

2.6 Conclusion

During 2018-19, against the total provision of ₹ 58,177.14 crore, expenditure of ₹ 46,344.56 crore was incurred resulting in saving of ₹ 11,832.58 crore (20.34 *per cent*).

Supplementary provision of ₹ 160.87 crore in eight sub-heads was unnecessary and re-appropriations of funds in 41 sub-heads where final savings were more than ₹ one crore was made injudiciously resulting in unutilised/excessive provision of ₹ 315.91 crore during 2018-19.

Re-appropriation in 61 cases proved unnecessary as the departments did not utilise fully their original grant and resulted in cumulative non-utilisation of ₹ 187.11 crore under grant no. 8 –‘Social Welfare’ during the year 2016-17 to 2018-19.