

## Chapter II

### 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 voted grants and appropriations charged for different purposes, as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual revenue and capital 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 the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

**2.1.2** Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Acts and 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.

Deficiencies in the management of budget and expenditure and violation of the Budget Manual noticed in audit have been discussed in the subsequent paragraphs.

#### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2015-16 against 46 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 grants/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	53,058.80	7,356.28	60,415.08	52,341.93	(-) 8,073.15
	II Capital	15,457.12	1,916.65	17,373.77	13,886.75	(-) 3,487.02
	III Loans and Advances	1,366.77	12,328.36	13,695.13	13,250.30	(-) 444.83
<b>Total Voted</b>		<b>69,882.69</b>	<b>21,601.29</b>	<b>91,483.98</b>	<b>79,478.98</b>	<b>(-) 12,005.00</b>
Charged	IV Revenue	9,246.53	703.24	9,949.77	8,705.03	(-) 1,244.74
	V Capital	70.00	20.00	90.00	81.81	(-) 8.19
	VI Public Debt repayments	10,035.51	-	10,035.51	7,214.68	(-) 2,820.83
<b>Total Charged</b>		<b>19,352.04</b>	<b>723.24</b>	<b>20,075.28</b>	<b>16,001.52</b>	<b>(-) 4,073.76</b>
Appropriation to Contingency Fund		-	-	-	-	-
<b>Grand Total</b>		<b>89,234.73</b>	<b>22,324.53</b>	<b>1,11,559.26</b>	<b>95,480.50</b>	<b>(-) 16,078.76</b>

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹ 1,811.26 crore) and Capital Heads (₹ 7,060.22 crore).

Supplementary provision of ₹ 22,324.53 crore constituted 25 *per cent* of the original provision as against five *per cent* in the previous year.

The overall savings of ₹ 16,078.76 crore were the result of savings of ₹ 17,493 crore in 43 grants under the Revenue Section, 20 grants under the Capital Section and one appropriation (Public Debt-Repayments) under the Loan Section, offset by excess of ₹ 1,414.24 crore mainly under the Revenue Section of Grant No. 4 – Revenue (₹ 1,199.25 crore), under the Revenue Charged Section of Grant No. 32 – Rural and Community Development (₹ 1.02 crore) and Grant No. 42 – Administration of Justice (₹ 2.97 crore) and Capital Section of Grant No. 24 – Irrigation (₹ 211 crore). The excess of ₹ 1,414.24 crore requires regularisation under Article 205 of the Constitution.

### 2.3 Financial Accountability and Budget Management

#### 2.3.1 Expenditure without provision

As per the Budget Manual, no expenditure is to be incurred on a scheme/service without provision of funds. It was, however, noticed that in 55 cases as detailed in *Appendix 2.1*, the expenditure of ₹ 1,417.40 crore was incurred without any provision in the original estimates/supplementary demands and without any re-appropriation orders to this effect.

#### 2.3.2 Excess over provisions requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. However, excess expenditure amounting to ₹ 1,427.57 crore for the period 2011-12 to 2014-15 had not been discussed by Public Accounts Committee (PAC) and ₹ 1,414.24 crore during 2015-16 was still to be regularised.

Further, in grant number “24-Irrigation” (*Table 2.2*), excess expenditure of more than ₹ 10 crore had been observed consistently for the last five years:

**Table 2.2: List of grants indicating persistent excess expenditure during 2011-16**  
(₹ in crore)

Sr. No.	Number and name of the grant	Amount of excess expenditure				
		2011-12	2012-13	2013-14	2014-15	2015-16
<b>Capital-Voted</b>						
1.	24-Irrigation	254.64 (45)	275.23 (53)	213.26 (33)	402.89 (79)	211.00 (35)

\* Figures in parents show percentage of excesses to total provision

Excesses occurred mainly under the head, “4701-Capital Outlay on Medium Irrigation, 07-Improvement of old/existing channel under NABARD, 001-

Direction and Administration, 91-Executive Engineer, 89-Special Revenue, 92-Superintending Engineer, 93-Chief Engineer, 88-Pensionary Charges” (₹ 116.53 crore).

### 2.3.3 Savings vis-a-vis allocations

Appropriation audit revealed that savings in 26 cases exceeded ₹ 100 crore in each case (**Appendix 2.2**). Against the total provision of ₹ 1,03,088.66 crore actual expenditure was ₹ 86,527.19 crore and savings were ₹ 16,561.47 crore. In nine grants namely – 6-Finance (Revenue-Voted), 9-Education (Revenue-Voted), 13-Health (Revenue-Voted), 15-Local Government (Revenue-Voted), 32-Rural and Community Development (Revenue-Voted), 6-Finance (Revenue-Charges), 14-Urban Development (Capital-Voted), 23-Food and Supplies (Capital-Voted) and Public Debt savings exceeded ₹ 500 crore. Reasons for substantial savings were not intimated by the State Government.

### 2.3.4 Persistent savings

During the last five years, 11 grants and one appropriation showed persistent savings of more than ₹ 10 crore and which were also 10 per cent or more of the total grants (**Table 2.3**).

**Table 2.3: Grants indicating persistent savings**

(₹ in crore)

Sr. No.	Number and name of the grant	Amount of savings				
		2011-12	2012-13	2013-14	2014-15	2015-16
<b>Revenue (Voted)</b>						
1.	09-Education	882.37 (13)	1,591.65 (19)	1,818.31 (21)	1,369.49 (14)	2,317.26 (20)
2.	10- Technical Education	143.48 (36)	68.22 (19)	78.68 (21)	137.08 (28)	93.47 (20)
3.	11-Sports and Youth Welfare	30.95 (27)	19.25 (13)	56.33 (31)	58.82 (25)	84.43 (27)
4.	13-Health	222.05 (16)	253.27 (14)	279.74 (14)	576.18 (21)	547.14 (18)
5.	14-Urban Development	30.68 (36)	41.48 (15)	118.37 (62)	32.64 (24)	63.06 (37)
6.	15-Local Government	587.83 (39)	379.76 (22)	589.57 (27)	584.00 (28)	1,407.70 (43)
7.	23-Food and Supplies	122.78 (58)	107.83 (52)	185.52 (51)	166.43 (45)	122.74 (33)
8.	24-Irrigation	409.81 (30)	375.55 (27)	382.54 (25)	512.00 (31)	359.16 (21)
9.	27-Agriculture	290.56 (31)	184.55 (20)	256.92 (24)	473.74 (37)	374.19 (27)
10.	32-Rural and Community Development	130.63 (10)	159.83 (10)	345.36 (16)	580.95 (23)	815.54 (28)
<b>Capital (Voted)</b>						
11.	38-Public Health & Water Supply	201.05 (20)	324.40 (28)	137.28 (11)	146.74 (13)	323.70 (28)
<b>Capital (Charged)</b>						
12.	Public Debt	2,944.26 (37)	4,250.68 (40)	5,027.64 (38)	5,622.44 (41)	2,820.83 (28)

\* Figures in parenthesis show percentage of savings to total provision

Cases where saving were more than ₹ 100 crore in each case, are highlighted below:

- Savings under Grant No. 9-Education occurred mainly in head 2202-General Education, 02-Secondary Education, 109-Government Secondary Schools, 99-Teaching Staff including other Establishments, 98-Establishment Expenses (₹ 396.60 crore).
- Under Grant No. 15-Local Government savings occurred mainly in head 2217-Urban Development, 80-General, 192-Assistance to Municipal Committees/Councils, 87-Smart City (₹ 397 crore).
- Under Grant No. 24-Irrigation savings occurred mainly in head 2700-Major Irrigation, 02-Western Jamuna Canal Project (Commercial), 001-Directions and Administration, 91-Executive Engineer, 89-Special Revenue, 92-Superintending Engineer (₹ 113.08 crore).
- Under Grant No 27-Agriculture savings occurred mainly in head 2401-Crop Husbandry, 109-Extension and Farmers' Training, 80-Scheme for Rashtriya Krishi Vikas Yojna (₹ 130.24 crore).
- Under Grant No. 32-Rural and Community Development savings occurred mainly in head 2515-Other Rural Development Programmes, 101-Panchayati Raj, 89-Grant-in-aid to Panchayati Raj Institutions on the recommendation of State Finance Commission (₹ 113.89 crore).
- Under capital (charged) Public Debt savings occurred mainly under in head 6003-Internal Debt of State Government, 107-Loans from the State Bank of India and Other Banks (₹ 1,976.55 crore).

Reasons for persistent savings under these heads were not intimated.

### **2.3.5 Unnecessary/inadequate supplementary provision**

Supplementary provisions aggregating ₹ 2,752.83 crore obtained in 21 cases, involving ₹ 50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in *Appendix 2.3*.

### **2.3.6 Excessive/unnecessary reappropriation 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. Re-appropriation proved injudicious in view of excessive surrenders or insufficient augmentation and resulted in excesses of over ₹ 1,071.26 crore in 45 sub-heads and savings of over ₹ 779.95 crore under 37

sub-heads by more than ₹ one crore in each case as detailed in **Appendix 2.4**. Excesses/Savings were more than ₹ 10 crore under 26 sub-heads. In 40<sup>1</sup> cases, reduction of provisions through reappropriation proved injudicious as the actual expenditure was more than the provisions reduced through reappropriation. Similarly, in four<sup>2</sup> cases, the reappropriation of funds proved excessive as the savings were more than the funds provided through reappropriation.

### 2.3.7 Non-surrendering and excess surrendering of funds

At the close of the year 2015-16, in 51 cases funds of more than ₹ 10 crore in each case were surrendered. In these cases, the total provision was ₹ 1,09,222.44 crore and actual expenditure was ₹ 93,217.13 crore resulting in savings of ₹ 14,595.06 crore and excess of ₹ 1,410.25 crore resulting in net savings of ₹ 16,005.31 crore, out of which ₹ 17,091.93 crore were (**Appendix 2.5**) surrendered, indicating inadequate budgetary and financial control.

Further analysis revealed that in 20 cases against the savings of ₹ 7,199.13 crore, ₹ 1,302.40 crore were not surrendered which was against the provisions of paragraph 13.2 of Punjab Budget Manual (also applicable to Haryana). In 21 cases, ₹ 8,840.80 crore were surrendered against the savings of ₹ 8,521.13 crore and in Grants 4-Revenue (Revenue Voted) and 24-Irrigation (Capital Voted) even though the actual expenditure exceeded by ₹ 1,199.25 crore and ₹ 211 crore respectively, funds of ₹ 492.91 crore and ₹ 166.18 crore were injudiciously surrendered. Only in eight cases all the savings of ₹ 1,695.31 crore were surrendered. Reasons for non-surrendering and excess surrendering of funds were not intimated by the State Government.

### 2.3.8 Rush of expenditure

Rule 56 of the General Financial Rules 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, in respect of 14 heads under 11 grants/appropriations listed in **Appendix 2.6**, expenditure exceeding ₹ 10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred during the last quarter of the year or in March 2016.

Further, it was revealed that out of the expenditure of ₹ 14,239.38 crore incurred on 14 major heads under 11 grants during 2015-16, expenditure of ₹ 7,408.71 crore (52 *per cent*) was incurred during the month of March 2016.

<sup>1</sup> Sr. No. 4, 5, 6, 7, 9, 12, 13, 14, 15, 17, 18, 19, 21, 23 to 34, 37, 38, 41, 43, 53, 59, 62, 63, 64, 66, 69, 72, 73, 74 and 75 of *Appendix 2.4*.

<sup>2</sup> Sr. No. 1, 42, 71 and 80 of the *Appendix 2.4*.

Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules.

#### **2.4 Deficiencies noticed in working of treasuries**

Deficiencies noticed in the working of treasuries during compilation and inspection for 2015-16 by the Accountant General (Accounts and Entitlement) (AG (A&E)) Haryana are given below:

##### **2.4.1 Non-submission of vouchers in support of Payments**

Rule 3.17 of Punjab Financial Rules Volume-I envisages that Treasury Officers should ensure that all vouchers required to be sent to the Accounts office are attached with the relevant Monthly Civil Accounts. 1,866 vouchers of ₹ 26.45 crore were found missing as per **Appendix 2.7**. Despite best efforts by AG (A&E) office through regular correspondence with Director Treasuries & Accounts Haryana, Chandigarh and frequent visits to concerned quarters, vouchers were still awaited from various Treasury Officers.

##### **2.4.2 Delay in submission of Monthly Accounts by treasuries**

During the year, in 40 cases the account from various treasuries (first list of payment in 25 cases and second list of payment in 15 cases) were received late by four to 16 days every month. 92 per cent Accounts were received in time. The delay in the submission of initial accounts caused consequent delay in compiling Monthly Civil Accounts by the AG (A&E).

##### **2.4.3 Non-submission of Plus and Minus Memorandum**

As per rule 13.5 of Punjab Financial Rules Volume-I, a Plus and Minus Memorandum should be prepared of all deposit transactions and submitted to the Accountant General as prescribed in Rules 91 & 92 of Accounting Rules for Treasuries, 1992. But the Plus and Minus Memorandum are not submitted by the Treasury Officers regularly or in a timely manner along with monthly accounts. A number of Plus and Minus memos for the year 2015-16 are still awaited from eight Treasury Offices<sup>3</sup>, thus resulting in outstanding balances in the Broadsheets. Treasury Officers need to be instructed strictly in this regard.

##### **2.4.4 Non-operational Personal Ledger Accounts**

As per rule 12.7 of Punjab Finance Rules Volume-I, Personal Ledger Accounts (PLAs) credited by debit to the Consolidated Fund should be closed at the end of financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund. Fresh PLAs, be opened next year again, if necessary, in the usual manner. Strict instructions need to be issued to all the Treasury Officers in this regard. At the close of the year 2015-16,

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<sup>3</sup> Ambala, Faridabad, Fatehabad, Gurgaon, Jhajjar, Nuh, Kaithal and Rewari.

there were 141 PLAs with a balance of ₹ 232.70 crore of which 41 accounts involving ₹ 4.80 crore were inoperative had not been closed thereby leading to deviation from prescribed procedure.

#### 2.4.5 Details of overpayment on account of disbursement of Pension/ Family Pension/Death-cum-Retirement Gratuity

Treasury is the basic unit of financial administration of a State. Cash management requires strict adherence to prescribed rules and procedures in handling and retention of cash. Inspection of District Treasuries including Sub-Treasuries for the years 2013-14 and 2014-15 revealed overpayment of pensionary benefits of ₹ 5.67 lakh by Treasury Officers/Sub-Treasury Officers to Pensioners due to non-observance/incorrect interpretation of rules/orders issued by the State Government and over-payment of Death-cum-Retirement Gratuity.

### 2.5 Outcome of Analysis of Budgetary Assumptions

#### 2.5.1 Unrealistic Budgets Estimates

The original budget of ₹ 69,140.29 crore prepared by the State Government for the year 2015-16 was revised to ₹ 85,037.30 crore. As against this, an actual expenditure of ₹ 79,394.32 crore was incurred during 2015-16. Details of the original budget, revised estimate and actual expenditure for the period 2011-12 to 2015-16 is given in **Table 2.4**:

**Table 2.4: Original budget, revised estimate and actual expenditure during 2011-16**

	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Original Budget	40,276.28	45,318.93	53,073.59	59,451.23	69,140.29
Revised Estimate	41,487.77	46,413.29	53,548.30	61,449.82	85,037.30
Actual Expenditure	38,014.30	44,355.56	46,597.31	53,676.27	79,394.32
Saving /excess	3,473.47	2,057.73	6,950.99	7,773.55	5,642.98

Further, not only the provision of Annual Plan was revised from ₹ 25,743 crore to ₹ 42,743 crore, but the actual expenditure of only ₹ 25,185 crore could be incurred which did not come to the level of original budget provision as brought out in **Table 2.5** below:

**Table 2.5: Details of the provision of Annual Plan**

	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Original Budget	15,337	16,549	20,353	22,251	25,743
Revised Estimate	15,254	16,336	19,471	22,110	42,743
Actual Expenditure	12,146	13,647	15,219	17,597	25,185
Saving /excess	3,108	2,689	4,252	4,513	17,558

Similarly, the estimated receipts of ₹ 52,717 crore were revised to ₹ 54,642 crore against which only ₹ 47,915 crore were actually realized as depicted in **Table 2.6** below:

**Table 2.6: Details of the Receipts**

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Original Budget</b>	32,268	37,722	44,098	48,058	52,717
<b>Revised Estimate</b>	33,806	38,281	42,033	45,821	54,642
<b>Actual Receipt</b>	30,861	33,994	38,284	41,090	47,915
<b>Saving /excess</b>	2,945	4,287	3,749	4,731	6,727

### 2.5.2 Unrealistic forecasting of resources

As per Rule 4.2 of the Punjab State Budget Manual “The revised estimates are forecasts, as accurate as it is possible to make at the time of what the actual receipts of the year will be and the most important guide to their preparation would, therefore, ordinarily be found in the actual receipts of those months of the year which have already elapsed. If an officer observes that the actual receipts from a particular source of revenue reveal a growth or a diminution, compared with those of the corresponding period of the previous year, he would be justified in assuming a continuance of the growth or decline at the same rate during the remaining months”. Estimate should always be submitted after careful personal attention of the officers who submit them and should be as accurate as possible. However, it was noticed that the revised estimates for 2015-16 for Non-tax revenue projections was ₹ 13,731.25 crore while actual realization was ₹ 11,131.24 crore resulting in downward variation of ₹ 2,600.01 crore i.e. 19 per cent below the original forecast. Similarly tax revenue for the year 2015-16 was projected at ₹ 40,436.10 crore while actual realization was ₹ 36,425.31 crore, resulting in variation of ₹ 4,010.79 crore below the projection. Projections and actual revenue for the last five years are given below in the **Table 2.7:**

**Table 2.7: Projections of Tax Revenue and Non- Tax Revenue vis-à-vis actual**

(₹ in crore)

Year	Description	Revised estimates	Actual	Difference
2011-12	Tax Revenue	23,780.57	23,081.01	699.56
	Non- Tax Revenue	9,707.06	7,476.58	2,230.48
2012-13	Tax Revenue	27,460.10	26,621.13	838.97
	Non- Tax Revenue	10,363.97	7,012.40	3,351.57
2013-14	Tax Revenue	30,234.52	28,909.84	1,324.68
	Non- Tax Revenue	11,401.42	9,102.24	2,299.18
2014-15	Tax Revenue	33,402.75	31,182.66	2,220.09
	Non- Tax Revenue	12,016.39	9,616.00	2,400.39
2015-16	Tax Revenue	40,436.10	36,425.31	4,010.79
	Non- Tax Revenue	13,731.25	11,131.24	2,600.01

### 2.5.3 Shortcomings in Plan Estimates

The plan expenditure during 2015-16 was assessed at ₹ 42,743 crore. The actual expenditure of ₹ 25,185 crore which was 59 per cent of the above amount and less than the projections. Variations were due to the following facts:



- i 13 schemes for which provision of ₹ 704.54 crore was approved for execution during 2015-16 was reduced to ₹ 568.62 crore in the revised estimate, but expenditure of ₹ 730.66 crore was incurred which was 128.50 *per cent* of revised estimate as detailed in **Appendix 2.8**.
- ii A total of 32 schemes with an approved outlay of ₹ 386.74 crore included in approved plan for 2015-16 were not implemented and withdrawn in revised estimates (**Appendix 2.9**).
- iii Provision of ₹ 232.04 crore made under 20 schemes in approved outlay for 2015-16 was reduced to ₹ 82.80 crore in the Revised Estimates , but these schemes were not implemented (**Appendix 2.10**) for which the reasons were not given.
- iv Provisions of ₹ 67.50 crore were made under 14 schemes in approved outlay and in revised outlay, but no expenditure was incurred during the year 2015-16 (**Appendix 2.11**).
- v The provision of ₹ 349.53 crore made under 11 schemes was increased to ₹ 370.19 crore against which expenditure of ₹ 212.27 crore was incurred during the year 2015-16. Further augmentation of funds through supplementary grants proved unnecessary as the total expenditure was less than the original estimates (**Appendix 2.12**).
- vi 74 plan schemes for which the outlay of ₹ 3,706.93 crore approved for execution during 2015-16 was reduced to ₹ 2,461.47 crore in the revised estimates. Only ₹ 1,575.81 crore was spent on these schemes which was 64 *per cent* of the revised outlay (**Appendix 2.13**).
- vii 74 schemes for which provision of ₹ 1,813.56 crore was made in approved outlay as well as in revised estimates, but expenditure of ₹ 1,030.52 crore was incurred which was much less than the provision made (**Appendix 2.14**).
- viii 10 Schemes for which no provision was made in approved outlay but included in revised estimate ₹ 279.94 crore. Expenditure of ₹ 154.32 crore incurred on these schemes was less than the provision made (**Appendix 2.15**).
- ix The provision of ₹ 1,176.78 crore made under 26 schemes was increased to ₹ 2,556.87 crore against which expenditure of ₹ 1,479.39 crore was incurred during the year 2015-16. Further augmentation of funds through supplementary grants proved excessive as the total expenditure of these schemes were 58 *per cent* of the revised estimates (**Appendix 2.16**).

- x Nine new schemes for which provision of ₹ 466.10 was made in revised estimates, but no expenditure was incurred during the year 2015-16 and two schemes for which provision was enhanced from ₹ 36.35 crore to ₹ 70 crore in revised estimates but no expenditure was incurred during the year (*Appendix 2.17*).

## **2.6. Outcome of review of Selected Grants**

A review of budgetary procedure and control over expenditure of two grants (Grant No. “23-Food & Supplies” and Grant No. “32-Rural and Community Development”) was conducted (July-August 2016) on the basis of the variations during the current year and magnitude of the grants and supplementary demands made during the year 2015-16.

### **2.6.1 Grant No. 23-Food and Supplies**

Important points noticed during review of the grant for 2015-16 are detailed below:

- i) Against the budget provision of ₹ 374.05 crore under Revenue Head (original ₹ 318.05 crore and supplementary ₹ 56.00 crore) an expenditure of ₹ 251.31 crore was incurred which resulted into saving of ₹ 122.74 crore which was 33 *per cent* against the budget provision. Supplementary provisions of ₹ 56.00 crore proved unnecessary.
- ii) Against the budget provision of ₹ 9,369.37 crore under Capital Head an expenditure of ₹ 7,344.28 crore incurred which resulted into saving of ₹ 2,025.09 crore was 22 *per cent* against the budget provisions. This shows that unrealistic provision was made in budget.
- iii) Out of total expenditure of ₹ 247.82 crore on five schemes, an expenditure of ₹ 224.33 crore (91 *per cent*) was incurred on these schemes during the last month of 2015-16. 100 *per cent* expenditure was incurred on two schemes during the last month (*Appendix 2.18*).
- iv) In eight sub heads, there were persistent savings ranging between 15 and 100 *per cent* of the total provision as per details given in *Appendix 2.19*. This is indicative of inefficient planning and unrealistic estimation.
- v) Against the provision of ₹ 63.30 crore (after re-appropriation) under Head 4408-01-101-98 establishment cost chargeable, an expenditure of ₹ 119.60 crore was incurred during 2015-16. This resulted in excess expenditure of ₹ 56.30 crore which requires regularisation from Legislature.

### 2.6.2 Grant No. 32-Rural and Community Development

Important points noticed during the review are as under:

- i) Against the budget provision of ₹ 2,947.70 crore (original ₹ 2,945.76 crore and supplementary ₹ 1.94 crore), under revenue head, an expenditure of ₹ 2,132.16 crore was incurred during the year 2015-16 resulting in saving of ₹ 815.54 crore. Supplementary provision of ₹ 1.94 crore proved unnecessary.
- ii) Out of total expenditure of ₹ 1,594.03 crore for 2015-16 on 39 schemes, an expenditure of ₹ 1,189.47 crore (75 per cent) was incurred on these schemes during the last quarter of the year 2015-16. Out of these 39 schemes, 100 per cent expenditure was incurred on 23 schemes during the last quarter (*Appendix 2.20*).
- iii) In 16 sub heads, there were persistent saving ranging between six and 100 per cent of the total provision as per details given in *Appendix 2.21*.
- iv) Under revenue section of grant, an expenditure of ₹ 364.98 crore was incurred against the provision of ₹ 372.95 crore during 2015-16 whereas ₹ 27.88 crore was surrendered by the Department (*Appendix 2.22*).
- v) The entire budgetary provision of ₹ 365.26 crore remained unutilized at the end of the financial year 2015-16 in 10 minor heads/schemes and whole budget provision amounting to ₹ 365.26 crore was withdrawn through re-appropriation (*Appendix 2.23*).

### 2.6.3 Delay in submission of Budget Estimates

Budget estimates for the year 2015-16 were required to be submitted to the Finance Department by the Administrative Departments and Heads of various offices before 4<sup>th</sup> November 2014. Contrary to this, it came to notice during review of two grants (Grant No. 23 and Grant No. 32) that Heads of offices submitted their budget estimates to Finance Department between 20<sup>th</sup> November 2014 and February 2015 respectively after delays ranging between 16 and more than 90 days respectively.

### 2.7 Conclusions

During 2015-16, expenditure of ₹ 95,480.50 crore was incurred against total grants and appropriations of ₹ 1,11,559.26 crore. Overall savings of ₹ 16,078.76 crore were the result of saving of ₹ 17,493 crore in various grants and appropriation offset by excess expenditure of ₹ 1,414.27 crore under four grants which required regularisation under Article 205 of the Constitution of

India in addition to excess expenditure of ₹ 1,427.57 crore in grants relating to the period 2011-12 to 2014-15.

In 51 cases, ₹ 17,091.93 crore were surrendered at the end of the financial year (more than ₹ 10 crore surrender in each case). In 21 cases, ₹ 8,840.80 crore was surrendered including an excess surrender of ₹ 319.67 crore than actual savings indicating inadequate budgetary control in these departments. Out of savings of ₹ 7,199.13 crore in 20 cases, savings of ₹ 1,302.40 crore were not surrendered. There were also cases of injudicious reappropriations.

## **2.8 Recommendations**

The Government may consider:

- Taking up the matter with Public Accounts Committee secretariat for regularisation of excess expenditure;
- Preparing realistic budget estimates to avoid large savings and supplementary provisions;
- Devising suitable mechanism to avoid rush of expenditure in the last quarter/month of the financial year; and
- Devising suitable mechanism for improvement in functioning of treasuries to ensure timely submission of vouchers, accounts etc. and to check overpayment on account of pensions and death cum retirement gratuity.