

Chapter-II
Financial Management And
Budgetary Control

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 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. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to 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 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 during 2014-15 against 29 grants/appropriations was as given in **Table 2.1**.

Table-2.1
Summarized Position of Actual Expenditure *vis-à-vis* Original/Supplementary provisions

(₹ in crore)

	Nature of expenditure	Original grant/Appropriation	Supplementary grant/appropriation	Total	Actual expenditure ¹	Saving (-)/Excess (+)	Amount surrendered
Voted	I-Revenue	29793.33	551.31	30344.64	25955.05	(-)4389.59	Nil
	II-Capital	9925.73	1939.23	11864.96	5646.70	(-)6218.26	Nil
	III-Loans and Advances	138.50	-	138.50	86.80	(-)51.70	Nil

¹These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue (₹192.60 crore) and Capital (₹512.58 crore)

Total voted		39857.56	2490.54	42348.10	31688.55	(-)10659.55	Nil
Charged	IV-Revenue	3514.75	0.63	3515.38	3566.48	(+)51.10	Nil
	V-Capital	-	0.08	0.08	0.08	-	Nil
	VI-Public Debt Repayment	1296.69	7065.49	8362.18	8548.50	(+)186.32	Nil
Total charged		4811.44	7066.20	11877.64	12115.06	237.42	Nil
Appropriation to Contingency Fund (if any)							
Grand Total		44669.00	9556.74	54225.74	43803.61	(-)10422.13	Nil

The overall saving of ₹ 10422.13 crore was the result of saving of ₹11521.41 crore in 24 grants and 4 appropriation under Revenue Section and 23 grants under Capital Section which is offset by excess of ₹ 1099.28 crore in five grants under Revenue Section and six grants and one appropriation under Capital Section.

It has been seen from the above table that in the voted section, the supplementary Grant of ₹ 2490.54 crore proved injudicious as the expenditure of ₹ 31688.55 crore did not come even up to the level of original provision of ₹ 39857.56 crore. In the charged section Supplementary Grant of ₹ 7066.20 crore proved insufficient in view of the excess expenditure of ₹ 237.42 crore.

2.3 Financial Accountability and Budget Management

2.3.1 Expenditure in Excess of legislative approval by certain Departments

There were 13 cases where expenditure exceeding ₹1 crore or more than 20 per cent of the provision was observed. In these cases against approved provision of ₹19,889.92 crore, an expenditure of ₹20,989.20 crore was incurred thereby exceeding provision by ₹1,099.28 crore. Details are given in **Appendix 2.3**. Of these, excess expenditure by more than 17 per cent has been observed consistently for the last five years in respect of one grant as given in **Table 2.2**.

Table-2.2
List of Grant where Persistent Excess expenditure was incurred during 2010-15

(₹ in crore)

Grant number and name	Years				
	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue (Voted)					
25-Labour Stationery & Printing	15.74 (17)	42.74 (63)	85.41 (118)	98.98 (123)	32.91 (38)

(figures in brackets indicate percentage of excess expenditure over the provisions)

Reasons for persistent excesses under the head were not explained (August 2015) by the State Government.

2.3.2 Excess over provisions requiring regularisation

Table 2.3 contains the summary of total excess in 13 cases comprising of 11 grants and one appropriation amounting to ₹1,099.28 crore over authorization from the Consolidated Fund of the State during 2014-15.

Table-2.3

Excess over provisions requiring regularisation during 2014-15

(₹ in crore)

Sl. No	Grant Number	Name of Grant/ Appropriation	Total Grant/ Appropriation	Expenditure	Excess
Revenue (Voted)					
1	06	Power Development Department	4902.90	5026.32	123.42
2	16	Public Works Department	960.84	1123.42	162.58
3	18	Social Welfare Department	546.95	684.26	137.31
4	19	Housing and Urban Development Department	463.95	595.59	131.64
5	25	Labour Stationery and Printing Department	85.52	118.43	32.91
Total (Revenue Voted)			6960.16	7548.02	587.86
Revenue (Charged)					
6	8	Finance Department	3470.43	3532.88	62.45
Total (Revenue Charged)			3470.43	3532.88	62.45
Capital (Voted)					
7	2	Home Department	59.75	110.42	50.67
8	7	Education Department	319.05	401.14	82.09
9	11	Industries and commerce Department	161.04	168.72	7.68
10	21	Forest Department	37.10	59.05	21.95
11	23	Public Health Engineering Department	488.00	570.53	82.53
12	24	Hospitality & Protocol	32.21	49.94	17.73
Total (Capital Voted)			1097.15	1359.80	262.65
Capital Charged					
13	08	Finance Department	8362.18	8548.50	186.32
Total (Capital Charged)			8362.18	8548.50	186.32
(Grand Total)			19889.92	20989.20	1099.28

As can be seen, in the Revenue section, there was excess expenditure of ₹587.86 crore in five grants, ₹62.45 crore in one appropriation while in the Capital section, excess expenditure amounted to ₹262.65 crore in six grants and ₹186.32 crore in one appropriation. The excess expenditure of ₹1099.28 crore was mainly due to repayment of Public Debt of ₹186.32 crore in excess of budget provisions. Similar excess expenditure over provisions, due to repayment of public debt, were observed during 2009-14. Although repayment of Public Debt and interest payments is an expenditure charged on the Consolidated Fund of the State, the Legislative approval is nevertheless required for any outgo from the Consolidated Fund.

2.3.3 Regularisation of excess expenditure

As per Section 82 of the Constitution of Jammu and Kashmir, it is mandatory for the State Government to get the excess over a grant/ appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Section, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As the Appropriation Accounts (1980-81) had not been discussed in PAC, the excess expenditure aggregating to ₹99,409.53 crore for the years 1980-2014 is yet to be regularised by the State Legislature as detailed in **Appendix 2.5**. After including further excess expenditure of ₹1,099.28 crore during 2014-15 as brought out in the preceding Sub-Section, the aggregate excess expenditure requiring regularization by the Legislature stands at ₹100508.81 crore as on 31st March 2015.

2.3.4 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/ service without provision of funds. It was, however, noticed that expenditure of ₹1,757.94 crore was incurred in 64 Major heads of account (detailed in **Appendix-2.4**) without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

2.3.5 Rush of expenditure

According to Jammu and Kashmir Financial Code, rush of expenditure in the closing month of a financial year should be avoided. Contrary to this, in respect of 27 grants listed in **Table 2.4**, expenditure exceeding ₹10 crore for the year was incurred during the last quarter of the financial year 2014-15. The percentage of expenditure in the last quarter ranged between 13 and 97 *per cent* of the total expenditure. An amount of ₹18,282.08 crore exceeding ₹10 crore in each case was incurred out of the total expenditure of ₹4,30,06.09 crore in the last quarter in twenty seven grants constituting 42.51 *per cent* of total expenditure of ₹4,30,06.09 crore.

Table-2.4

Cases of rush of expenditure towards the end of the financial year 2014-15

(₹ in crore)

Sl. No.	Grant number and name	Total expenditure during the year	Expenditure during the last quarter of the year	
			Amount	Percentage of total expenditure
1	01-General Administration	217.80	58.90	27
2	02-Home Department	3458.36	1071.18	31
3	03-Planning Department	492.43	204.33	41
4	04-Information Department	38.79	14.33	37
5	05-Ladakh Affairs Department	608.74	593.31	97
6	06-Power Development Department	5168.79	1974.10	38
7	07-Education Department	3860.91	1465.75	38
8	08-Finance Department	16005.42	7072.30	44
9	10-Law Department	210.60	65.22	31
10	11-Industries and commerce Department	351.28	198.12	56
11	12-Agriculture Department	840.55	369.93	44
12	13-Animal Husbandry Department	336.16	102.67	31
13	15-Consumer Affairs & Public Distribution	931.23	117.67	13
14	16-Public Works Department	1993.26	1002.07	50
15	17-Health & Medical Education	2015.13	755.42	37
16	18-Social Welfare Department	744.45	368.86	50
17	19-Housing & Urban Development Department	761.61	496.07	65
18	20-Tourism	268.54	163.30	61
19	21-Forest Department	546.08	199.91	37

20	22-Irrigation Department	610.52	247.78	41
21	23-Public Health Engineering Department	1459.12	591.94	41
22	24-Hospitality & Protocol	190.47	98.42	52
23	25-Stationery & Printing	120.38	50.03	42
24	26-Fishries Department	56.83	16.05	28
25	27-Higher Education	661.59	321.67	49
26	28-Rural Development	992.39	623.00	63
27	29-Transport Department	64.66	39.75	47
	Total	43006.09	18282.08	

2.3.6 Savings

The outcome of the appropriation audit shows that in 48 cases, savings exceeded ₹1 crore in each case or by more than 20 per cent of the total provision (*Appendix 2.1*). Against the total savings of ₹11,521.41 crore, savings of ₹11,169.46 crore (97 per cent)² occurred in 30 cases relating to 22 grants as indicated in **Table 2.5**.

Table-2.5
List of Grants with savings of ₹50 crore and above

(₹ in crore)

Sl. No	Name of Grant/ Appropriation/	Original	Supplementary	Total grant	Actual expenditure	Savings/ percentage
I-Revenue voted						
1.	01- General Administration Department	252.83	-	252.83	185.24	67.59(27)
2.	02-Home	4041.92	-	4041.92	3347.76	694.16(17)
3.	03-Planning and Dev. Deptt	979.19	19.67	998.86	182.05	816.81(82)
4.	05-Ladakh Affairs Department	517.01	-	517.01	428.52	88.49(17)
5.	07-Education Department	4638.40	-	4638.40	3459.77	1178.63(25)
6.	08-Finance	4959.16	-	4959.16	3918.64	1040.52(21)
7.	10-Law	285.10	-	285.10	188.06	97.04(34)
8.	11-Industries	271.61	-	271.61	182.56	89.05(33)
9.	12-Agriculture Department	818.80	-	818.80	658.02	160.78(20)
10.	17-Health & Medical Education	1862.74	-	1862.74	1802.50	60.24(3)

² Exceeding ₹50 crore in each case.

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11.	21-Forest	620.23	-	620.23	487.03	133.20(21)
12.	22-Irrigation & Flood Control Department	520.87	-	520.87	389.25	131.62(25)
13.	23-Public Health Engineering	958.48	-	958.48	888.59	69.89(7)
14.	24-Hospitality & Protocol Department	190.55	1.06	191.61	140.53	51.08(27)
15.	27-Higher Education Department	653.01	-	653.01	545.05	107.96(17)
16.	28- Rural Development	314.98	2.86	317.84	271.41	46.43(15)
Total-Revenue (Voted)		21884.88	23.59	21908.47	17074.98	4833.49
II-Capital (Voted)						
17.	03-Planning and Dev. Deptt.	2398.83	550.13	2948.97	310.38	2638.59(89)
18.	06-Power Dev. Department	385.71	7.00	392.71	142.47	250.24(64)
19.	08-Finance	255.43	-	255.43	5.41	250.02(98)
20.	10-Law	47.38	13.16	60.54	0.02	60.52(100)
21.	12-Agriculture	405.23	-	405.23	182.53	222.70(55)
22.	16- Public Works Department	855.73	375.10	1230.83	869.84	360.99(29)
23.	17-Health & Medical Education	336.70	111.82	448.52	212.63	235.89(53)
24.	18-Social Welfare	291.66	-	291.66	60.18	231.48(79)
25.	19-Housing & Urban Development	734.46	-	734.46	166.02	568.44(77)
26.	20-Tourism	215.08	-	215.08	157.92	57.16(27)
27.	22-Irrigation & Flood Control Department	136.47	143.12	279.59	221.27	58.32(21)
28.	25-Labour Stationery & Printing	78.65	-	78.65	1.95	76.70(98)
29.	27-Higher Education Department	336.89	-	336.89	116.54	220.35(65)
30.	28- Rural Development	1105.49	720.07	1825.56	720.98	1104.58(61)
Total-Capital (Voted)		1583.71	1920.40	9504.11	3168.14	6335.97
Grand Total		29468.59	1943.99	31412.58	20243.12	11169.46

Reasons for substantial savings (shortfall in utilization) against each grant were not assigned (August 2015) by the State Government.

2.3.7 Persistent Savings by certain Departments

In seven cases, persistent savings of more than ₹1 crore in each case and also by ten per cent or more of the total grant were noticed during the last five years as indicated in Table 2.6.

Table-2.6
List of Grants indicating Persistent Savings during 2010-15

(₹ in crore)

Sl. No	Grant number and name	Amount of Savings				
		2010-11	2011-12	2012-13	2013-14	2014-15
Revenue (Voted)						
1.	03-Planning and Development	38.88 (56)	20.48(14)	89.06(36)	683.73(75)	816.81(82)
2.	10-Law	22.31 (17)	77.17(38)	62.01(33)	65.28(32)	97.04(34)
3.	11-Industries & Commerce	20.06(13)	36.84(18)	32.34(15)	42.17(18)	89.05(33)
Revenue charged						
4.	10-Law	2.18 (14)	6.51(28)	12.54(39)	3.81(14)	6.47(22)
Capital (Voted)						
5.	08-Finance	387.82 (74)	207.67(92)	248.65(93)	244.38(96)	250.02(98)
6.	19-Housing and Urban Development	156.78 (38)	262.38(43)	235.05(31)	672.87(76)	568.44(77)
7.	25-Labour, Stationery and Printing	140.44 (99)	71.84(97)	78.16(98)	102.52(98)	76.70(98)

Reasons for persistent savings under these heads were not intimated (August 2015) by the State Government.

2.3.8 Anticipated savings not surrendered

As per the State Budget Manual, 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 2014-15, there were 24 grants and four appropriations under Revenue Section and 23 grants under Capital Section in which savings occurred. However during the year in anticipation of savings, no surrender was made by the concerned department. The savings in these cases was of the order of ₹11,521.41 crore which includes ₹11,521.04 crore in 48 cases (involving 29 grants and two appropriation) where

savings involved were ₹1 crore and above. Relevant details are indicated in *Appendix-2.2*. Non-surrender of funds (savings) deprived the Government to transfer these funds to other needy sectors.

2.3.9 Unnecessary/ Excessive/ Inadequate supplementary provisions

In thirteen cases, involving nine grants (*Appendix-2.6*), supplementary Grant of ₹1,444.51 crore was obtained in excess of the original provision in anticipation of expenditure. However, the final expenditure of ₹3,009.59 crore was even less than the original grant of ₹6857.25 crore. The savings of ₹5292.17 crore thus, exceeded the entire supplementary provision indicating inadequate system of Fund projection leading to unnecessary allotment of additional funds.

In two other grants viz Grant No 16 & 22 for Capital Section, supplementary grants of ₹518.22 crore leading to total appropriation of ₹1,510.43 crore were obtained. The departments could spend ₹1,091.11 crore resulting in saving of ₹419.32 crore.

In two departments (*Appendix-2.7*) supplementary provision of ₹527.97 crore proved insufficient leaving an uncovered aggregate excess expenditure of ₹141.15 crore which forms 12.84 *per cent* of the total excess of ₹1099.28 crore.

2.4 Non-reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending, to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate that expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E), Jammu and Kashmir. Though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapse on the part of Controlling Officers in this regard continued to persist. During 2014-15, 303 out of the 345 Controlling Officers have reconciled an expenditure of ₹25,502.72 crore {74 *per cent* of total expenditure (excluding public debt) of ₹34,463.14 crore} and receipts of ₹20,626.59 crore {71 *per cent* of the total receipts (excluding public debt) of ₹28938.59 crore}.

2.5 Errors in budgeting process

Scrutiny of Demand for Grants for the year 2014-15 showed following inherent flaws in preparation:

- Lump sum budgetary provisions of ₹13278.61 crore which constitute 24.48 *per cent* of total provision of ₹54225.73 crore were placed with

Controlling Officers in various Demands for Grants instead of detailed head-wise/scheme-wise provisions which are in contravention of the State Financial Rules. The issue was highlighted in previous years Audit Reports also but remedial action has not been initiated.

- The Capital heads of accounts are being closed at sub-head level in the demand for grants. No detailed breakup below thereto up to object head level is available in the approved demand for grants.

These deficiencies make the budgeting process erroneous thereby, making reconciliation of departmental figures with those compiled by the Accountant General (A&E), Jammu and Kashmir difficult. The above matter had been reported to the State Government from time to time. Further action in the matter is awaited (August 2015).

2.5.1 Drawal of Funds to avoid lapse of Budgetary Grants

According to the provisions of Jammu and Kashmir Financial Code Vol-I [Rule 2.16(5)] no money should be drawn from the treasury unless it is required for immediate disbursement. Besides, it is not permissible to draw money from treasury for keeping in Banks or under civil deposits to prevent the lapse of Budgetary Grants. The 13th Finance Commission also recommended that the Public Accounts should not be treated as an alternative to the Consolidated Fund and Government expenditure should be directly incurred from the Consolidated Fund avoiding transfer from Consolidated Fund to the Public Account.

It was observed in Minor Head 800-Other Deposits subordinate to Major Head 8443-Civil Deposits that despite a balance of ₹342.36 crore after a withdrawal of ₹53.64 crore, an amount of ₹251.35 crore was added to the Minor Head, which was unnecessary. The accumulated balance of ₹540.07 crore at the close of the year should have been written back to the respective Major Heads of account under the Consolidated Fund from which these were originally transferred, as the drawals from the Minor Head of account in the subsequent years would not require Legislative approval and thus would escape Legislative scrutiny through the Appropriation Account mechanism. Besides, it was noticed during Audit check of vouchers that the Commissioner/Secretary to Government School Education Department and Commissioner/Secretary to Government Department of Rural Development and Panchayati Raj have withdrawn an amount of ₹14.25 crore & ₹117.14 crore respectively from the Consolidated Fund of State at the fag end of the financial year 2014-15 and parked it under Major Head-8443 Civil Deposit to avoid lapsing of Funds.

2.5.2 Unrealistic forecasting of resources

The Jammu and Kashmir State Budget Manual stipulates that the Budget of the State is based on the departmental estimates submitted by the Controlling Officers. Both the departmental and the district estimate should always receive careful personal attention of the officers who submit them and should be as accurate as possible. It was noticed that the revised estimates for 2014-15 for Tax revenue projection was ₹6438 crore while actual realization was ₹6334 crore resulting in downward variation of ₹104 crore corresponding to 2 per cent below the original forecast. Similarly, Non-tax Revenue for the year 2014-15 was projected at ₹3154 crore while actual realization was ₹1978 crore resulting again in downward variation of ₹1176 crore corresponding to 37 per cent below the original projection. The projections of tax and non-tax revenue for the last five years vis a vis actual collections during the years are appended in **Table 2.7**.

Table 2.7
Projections of Tax Revenue and Non-Tax Revenue vis-à-vis Actuals

(₹ in crore)

Year	Description	Revised estimates of revenue	Actual realisation	Difference	Difference as Percentage
2010-11	Tax revenue	3643	3483	160	4.39
	Non-Tax revenue	1475	1093	382	25.90
2011-12	Tax revenue	4791	4745	46	0.96
	Non-Tax revenue	1851	2002	(-)151	-8.16
2012-13	Tax revenue	5975	5832	143	2.39
	Non-Tax revenue	2819	2160	659	23.38
2013-14	Tax revenue	6820	6273	547	8.02
	Non-Tax revenue	3400	2870	530	15.59
2014-15	Tax revenue	6438	6334	104	1.62
	Non-Tax revenue	3154	1978	1176	37.29

As can be seen, the actual realization of tax revenue was less than the estimates of collection and varied between 0.96 to 8.02 per cent whereas in case of non-tax revenue the variation was more marked and it was between -8.16 to 37.29 per cent during the years. With the actual revenue collection not in line with the estimates the corresponding plans for expenditure on schemes through budget needed revision.

2.5.3 Misclassification of Grants-in-aid and subsidy

Grants-in-aid to any Institution/ Body must constitute the Revenue Expenditure of the Government. But during the year 2014-15 a sum of ₹45.98 crore of Grant-in-aid , subsidy of ₹51.69 crore and ₹0.56 Crore Stipend & Scholarship

has been disbursed under the following Capital Major Heads of expenditure in violation of Para 9 of Indian Government Accounting Standards (IGAS-2) as tabulated in **Table 2.8**.

Table 2.8
Disbursement of Grants-in Aid and Subsidy under Capital Heads

(₹ in crore)

Classification	Grant-in-Aid	Subsidy	Stipend & Scholarship
4202-CO on Education Sports Art & Culture	17.68	-	0.09
4210-CO on Medical & Public Health	1.17	-	-
4216-CO on Water Supply & Sanitation	0.12	-	-
4217-CO on Urban Development	11.17	-	-
4225-CO on Welfare of SCs, STs & other Backward Classes	-	0.03	0.45
4401-CO on Crop Husbandry	-	29.32	-
4402-CO on Soil & Water Conservation	-	0.07	-
4403-CO on Animal Husbandry	-	0.05	-
4415-CO on Agricultural Research	9.25	-	-
4851-CO on Village & Small Industries	5.20	22.19	0.02
4852-CO on Iron Steel Industries	1.39	-	-
5452-CO on Tourism	-	0.02	-
5475-CO on General Economic Service	-	0.01	-
Total	45.98	51.69	0.56

2.6 Outcome of inspection of Treasuries

2.6.1 Excess payment of pension

During inspection of Treasuries/ Sub-Treasuries for the year ended 31 March 2015 by the office of the Accountant General (A&E) excess payment of pension amounting to ₹0.74 crore was noticed due to reasons like wrong calculation (arithmetical inaccuracies) of pension, delayed commencement of reduced pension on account of commuted value of pension, payment of enhanced rate of pension beyond stipulated date, non-adjustment/ non-regularisation of commuted value of pension and other miscellaneous reasons.

The control at the level of Treasury Officer should be stricter in so far as pension related payments are concerned.

2.6.2 Non reimbursement of pension etc. by Pay & Accounts Offices/ Defence

Transactions which initially arise in the State Treasuries but are adjustable by the PAO/ Defence are placed under suspense for eventual adjustments. An amount of ₹118.41 crore and ₹55.32 crore paid by the State Treasuries on behalf of the Central Pension Accounting Officer, New Delhi and Controller Of Defence Accounts respectively ending 3/2015 are still adjustable in the accounts of the State Government due to either non-submission of vouchers to the respective quarters by the treasuries or non response from the Central Pension Accounting Officer and Defence Departments.

2.7 Outcome of Review of selected Grants

2.7.1 Grant No. 8-Finance Department & 19 -Housing & Urban Development Department.

A review of Budgetary Procedure and control over Expenditure in two test checked grants i.e. Grant No: 8 & 19 showed the following audit observations:

2.7.2 Unrealistic Budget Provision

Audit Scrutiny of the records revealed that under Grant No:8 –Finance Department, the department either made unrealistic budget provisions or did not disburse the amount during 2014-15, as Saving of ₹1040.52 crore in Revenue Voted Section & ₹250.02 crore in Capital Voted Section was found, which was not surrendered during the year. In respect of Revenue/Capital Charged Section there was the excess of ₹62.44 crore and ₹186.32 crore respectively which was not regularized. Thus the original budget provision in the voted section proved excessive.

As regards the Grant No:19 –Housing & Urban Development Department the original provision of ₹463.95 crore in the Revenue Voted Section proved inadequate in view of excess of ₹131.64 crore and in respect of Capital Voted Section the original provision of ₹734.46 crore proved excessive in view of the Saving of ₹568.44 crore.

2.7.3 Excess over provision requiring regularisation

As per section 82 of the constitution of Jammu & Kashmir it is mandatory for the State Government to get the excess over grant/appropriation regularized by the State Legislature.

The excess expenditure of ₹8.75 crore (**Appendix 2.14**) in Grant No:8 and ₹163.04 crore in Grant No:19 (**Appendix 2.11**) during the year 2014-15 require regularization under the above mentioned provisions of the J&K State Constitution.

2.7.4 Entire Provision remained unutilised

Under Grant No:8 and Grant No:19 entire budget provision in two Minor Heads/Schemes for ₹223.94 crore (Appendix 2.13) and in five Minor Heads/Schemes for ₹61.00 crore (Appendix 2.12) are unutilized respectively resulting in denial of intended benefits to the general public. The provision should have been reapportioned to the needy schemes/works where there was the excess expenditure over the provision.

2.7.5 Persistent saving in Grant No:8

In the grant No: 8 the persistent saving was noticed in Capital Voted Section during the last five years as indicated in Table 2.6 under Para 2.3.7. The percentage of excess ranged from 74 *per cent* to 98 *per cent* of the total provision.

2.7.6 Anticipated savings not surrendered

As per State Budget Manual the spending departments are required to surrender the Grant/Appropriation or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2014-15 in 21 cases in respect of Grant No: 8 (Appendix 2.10) and in 13 cases in grant No: 19 (Appendix 2.8) saving of ₹83.68 crore (64 *per cent* of overall saving of ₹1290.54 crore in the grant) and ₹593.89 crore (104.44 *per cent* of overall saving of ₹568.64 crore) respectively was not surrendered by the concerned departments for utilization in the departmental purposes. The significant saving also deprived the beneficiaries/areas of the benefits for which the amount was provided for. It also therefore, indicated the inadequate budgetary control.

2.7.7 Expenditure incurred without Budgetary Provision

An amount of ₹58.61 crore was incurred in Six cases in Grant No: 19 (Appendix 2.9) without Budgetary Provision either in original estimates or Supplementary Demands. These schemes may be new services or new instrument of services not contemplated in the Demand for Grants against which no token Grant was even obtained.

2.8 Conclusion and Recommendations

The overall savings of ₹10422.12 crore was the result of saving of ₹11521.41 crore in various grants and appropriations offset by excess of ₹1099.28 crore.

Excess expenditure of ₹100508.81 crore till 31 March 2015 over the approved provision ending March 2015 requires regularisation under Section 82 of the Constitution of Jammu and Kashmir.

The Government should ensure timely submission of explanation for excess expenditure.

Planning and Development, Law, Industries and Commerce, Finance, Revenue, Housing and Urban Development, Labour, Stationery and Printing Grants posted large savings persistently during the last five years. In many cases, the anticipated savings were not surrendered at the end of the year in the month of March leaving no scope for utilization of these funds for other development purposes. There were also instances of inadequate provisions and unnecessary/excessive Supplementary Grants besides 'Rush of Expenditure' in the last quarter of the financial year indicating inadequate budgetary control in the departments.

No re-appropriation/Surrenders orders were issued for providing the funds out of anticipated savings to the needy areas/works.

The State Government may take up requisite steps for strengthening budgetary control in all the Government departments, particularly in those departments where saving/excesses have been observed regularly.

Annual review on the working of treasuries showed excess payment of gratuity and Pension, irregular drawal of funds to avoid lapse of grant.

The control at the level of the treasury officers should be efficient in so far as pension related payments are concerned.

There is the accumulated balance of ₹540.07 crore under Minor Head-800 – other deposits subordinate to Major Head-8443-Civil deposits at the close of the year which has not been written back to the Major Heads of Account under the Consolidated Fund from which these were originally transferred.

The State Government may consider to write back balance under Deposit Accounts to the respective Major/Minor Heads at the close of the year to ensure legislative scrutiny.

