

CHAPTER-II
FINANCIAL MANAGEMENT AND
BUDGETARY CONTROL

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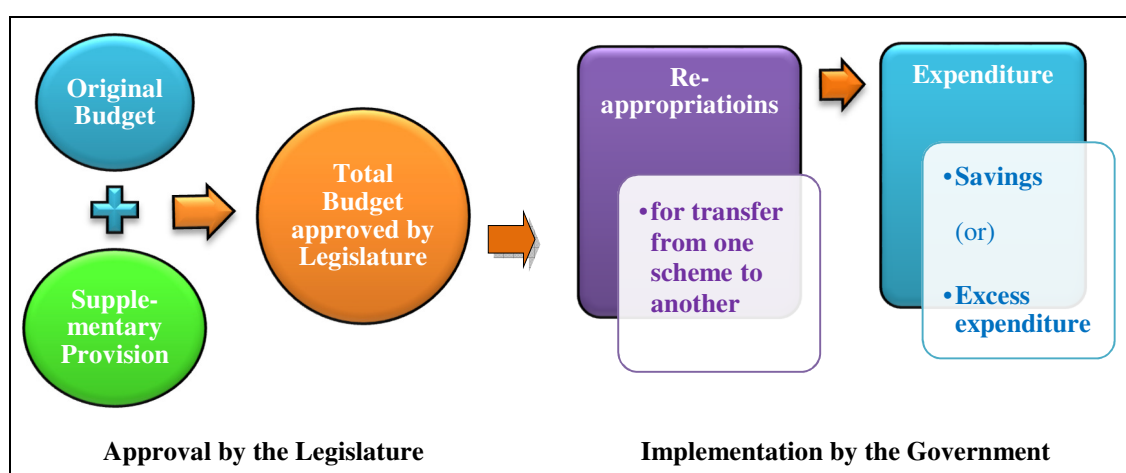
FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

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 grants and appropriations, voted and 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 authorised by the Appropriation Act in respect of both voted and charged items of the budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of expenditure against budgetary provision, and are complementary to Finance Accounts.

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

Chart 2.1: Flow chart of budget implementation



Source: Based on the procedure prescribed in Budget Manual and 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, and that the expenditure required to be charged under the provision 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 management of budget and expenditure and non-adherence to provisions of budget manual as observed in audit have been discussed in the succeeding paragraphs.

2.2 Summary of Appropriation Accounts

The total provision for expenditure in 2018-19 was ₹ 46,984.68 crore. The actual gross expenditure during the year was ₹ 42,469.10 crore (90.38 per cent). This resulted in savings of ₹ 4,515.58 crore. Supplementary provision of ₹ 3,142.66 crore

constituted 7.2 per cent of original provision. The summarized position of actual expenditure vis-à-vis budgetary provisions during 2018-19 for the total 32 grants/appropriations is given in Table 2.1.

Table 2.1: Position of actual expenditure vis-à-vis original/supplementary provisions for the year 2018-19

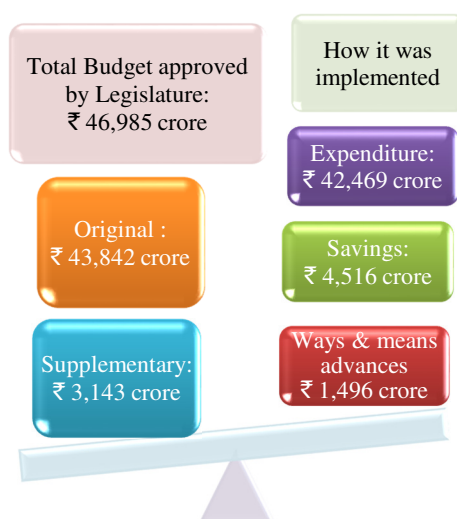
(₹ in crore)						
	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving ⁸ (-)/ Excess (+)
	1	2	3	4	5	6
Voted	I Revenue	31,588.81	701.29	32,290.10	28,522.49	-3,767.61
	II Capital	4,297.63	641.07	4,938.70	4,629.70	-309.00
	III Loans and Advances	448.13	259.81	707.94	467.98	-239.96
Total Voted		36,334.57	1,602.17	37,936.74	33,620.17	-4,316.57
Charged	IV Revenue	4,323.25	91.08	4,414.33	4,164.65	-249.68
	V Capital	0	10.71	10.71	10.93	0.22
	VI Public Debt Repayment	3,184.20	1,438.70	4,622.90	4,673.35	50.45
Total Charged		7,507.45	1,540.49	9,047.94	8,848.93	-199.01
Appropriation to Contingency Fund (if any)		<i>Nil</i>				
Grand Total		43,842.02	3,142.66	46,984.68	42,469.10	-4,515.58

Source: Appropriation Accounts

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under revenue and capital heads.

2.2.1 Analysis of Appropriation Accounts: 2018-19

Chart 2.2: Summarised position of provision vis-à-vis Actual Expenditure



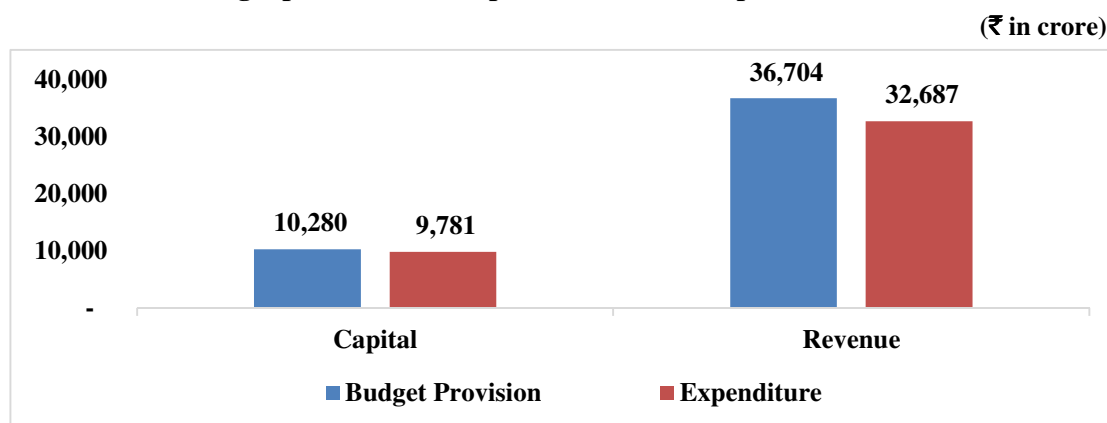
The overall savings of ₹ 4,515.58 crore registered under grants/appropriations during 2018-19 was the result of savings of ₹ 5,336.95 crore in 29 grants and eight appropriations under Revenue section and 23 grants and one appropriation under Capital section, and excess of ₹ 821.37 crore in three grants and three appropriations under Revenue section and three grants and two appropriations under Capital section. Savings of ₹ 4,515.58 crore was surrendered during this period. Further, the total expenditure of ₹ 42,469.10 crore was inclusive of repayment of ways and means advances of ₹ 1,496 crore taken by Government from Reserve Bank of India for temporary cash balance. Hence, the net expenditure during the year was ₹ 40,973.10 crore i.e. 87.21 per cent of the total budget provision. The excess expenditure of ₹ 821.37 crore requires regularization under Article 205 of the Constitution.

⁸ Shortfall in utilisation of funds

2.2.2 Capital and Revenue

Savings were observed in both Capital and Revenue sections (**Chart 2.3**). In Capital section, the savings (₹ 499 crore) constituted 4.8 per cent of budget provision. Substantial savings occurred in Scheduled Caste Sub Plan (₹ 154.08 crore), Irrigation, Water Supply and Sanitation (₹ 151.79 crore), Power (₹ 131.45 crore) and Tribal Development (₹ 82.25 crore).

Chart 2.3: Budget provision and expenditure under Capital and Revenue sections



Source: Appropriation Accounts

In Revenue section, the savings (₹ 4,017 crore) constituted 10.94 per cent of budget provision. Substantial savings were observed in Education (₹ 955.16 crore), Scheduled Caste Sub Plan (₹ 390.87 crore), Rural Development (₹ 383.93 crore), Health and Family Welfare (₹ 330.87 crore), Public Works, Roads, Bridges and Buildings (₹ 282.96 crore).

Grant-wise analysis

The expenditure of the State Government is incurred by various departments under 32 grants. The net saving of ₹ 4,515.58 crore was the result of savings and excesses under different grants (**Table 2.2**).

Table 2.2: Total excess or savings under different grants

Description	Revenue		Capital		Amount (₹ in crore)
	Number of grants ⁹	Number of appropriations ¹⁰	Number of grants	Number of appropriations	
Savings occurred in	29	08	23	01	5,336.95
Excess expenditure occurred in	03	03	03	02	821.37

Source: Appropriation Accounts

The grants in which high savings and high excess expenditure occurred are listed in **Appendices 2.1 and 2.8**.

⁹ Grants are the provisions voted by the Legislature for incurring voted expenditure

¹⁰ Appropriation is the provision made in the budget for incurring expenditure which is directly charged and not subject to the voting of the Legislature

Audit observed that excess expenditures were under grants that provide funds for day-to-day administration whereas savings were under grants that provide funds for major schemes.

State Government may regularly monitor the progress of expenditure against the sanctioned budget in order to ensure utilisation of allotted funds as per requirement.

2.3 Financial Accountability and Budget Management

2.3.1 Excess over provisions requiring regularization

As per Article 204 (3) of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the article.

Notwithstanding the above, excess expenditure of ₹ 821.37 crore over budget provision was incurred in 2018-19 indicating that budgetary estimates were not reviewed properly. Details of various grants/appropriations where aggregate expenditure (totaling ₹ 10,541.41 crore) exceeded the approved provisions, including in seven cases by ₹ one crore or more (totaling ₹ 820.96 crore), are given in **Appendix 2.1**.

Firm measures need to be taken against defaulting departments to avoid excess expenditure. There does not appear to be any convincing reason for incurring of excess expenditure when the Government gets opportunities to present Supplementary Demands for Grants during the three sessions of Legislature in a year.

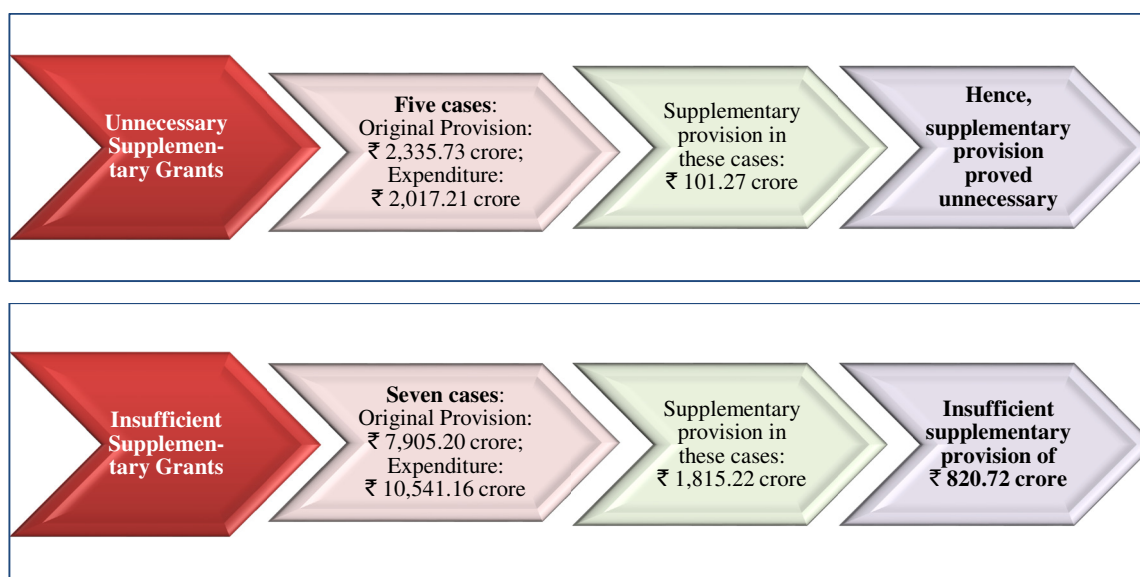
Further, as per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess expenditure over a grant/appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed, the regularization of excess expenditure is done after the conclusion of discussions on the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure of ₹ 8,333.35 crore under 21 Grants and 11 Appropriations (**Appendix 2.2**) for the years 2013-14 to 2017-18 was yet to be regularized as of February 2019. The excess expenditure of ₹ 821.37 crore (**Appendix 2.3**) over authorisation made by the State Legislature under six Voted Grants and five appropriations during the financial year 2018-19 also requires regularization.

Excess expenditure remaining unregularised for such long periods is in violation of Article 204 and 205 of the Constitution and vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

2.3.1.1 Unnecessary/Insufficient supplementary provisions resulting in saving/excess expenditure

As per Paragraph 1.20 of Himachal Pradesh Budget Manual, Supplementary grant refers to a provision included in an appropriation during the course of a financial year to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.

Chart 2.4: Unnecessary, Insufficient Supplementary Provisions



Source: Appropriation Accounts

- In five cases (₹ one crore or more in each case) supplementary provision of ₹ 101.27 crore proved unnecessary as the expenditure did not come up to the level of original provision (**Appendix 2.4**).
- In seven cases (₹ one crore or more in each case) supplementary provision of ₹ 1,815.22 crore proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 820.72 crore (**Appendix 2.5**). Of this uncovered excess, ₹ 564.88 crore (68.83 per cent) was incurred under grant number 05-Land Revenue and District Administration (Revenue-Voted) and ₹ 106.33 crore under 13-Irrigation and Water Supply and Sanitation (Revenue-Voted).

This indicates that the Administrative Departments could not realistically assess/estimate the actual requirement of funds for the remaining period of financial year due to poor monitoring of expenditure through the monthly expenditure control mechanism.

2.3.2 Excessive/unnecessary/insufficient re-appropriation of funds

Re-appropriation refers to transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Re-appropriations made during the year proved injudicious in view of excessive surrenders or insufficient augmentation and resulted in excess expenditure of over ₹ 617.17 crore in 18 sub-heads and savings of over ₹ 196.22 crore under 12 sub-heads (₹ one crore or more in each case) as detailed in **Appendix 2.6**. Savings/excesses were under 16 sub-heads (₹ 10 crore or more in each case).

2.3.3 Rush of expenditure

According to the Himachal Pradesh Financial Rules, 2009, rush of expenditure, particularly in the closing month of the financial year should be avoided.

Contrary to the above rule, in respect of 57 sub-heads under 16 grants/appropriations listed in **Appendix 2.7**, expenditure constituting 50 per cent or more of the total expenditure for the year (and exceeding ₹ 10 crore in each case) was incurred during the last quarter of the year (₹ 3,267.46 crore). Further, out of the total expenditure of ₹ 3,886.79 crore incurred under these sub-heads during 2018-19, expenditure of ₹ 3,005.45 crore (77 per cent) was incurred during the month of March 2019. Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules.

The details of some major heads where more than ₹ 10 crore or 50 per cent of total expenditure was incurred either during the last quarter or during the last month of the financial year are given in **Table 2.3**.

Table 2.3: Cases of Rush of Expenditure towards the end of the financial year 2018-19

(₹ in crore)

Sr. No.	Major Head (Voted/Charged)	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2019	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2216-Housing	103.31	69.00	66.79	56.18	54.38
2.	2711- Flood Control and Drainage	44.23	24.63	55.69	22.35	50.54
3.	4059-Capital outlay on Public Works	139.06	102.18	73.48	91.08	65.50
4.	4070-Capital outlay on other Administrative	21.99	17.35	78.90	13.46	61.21
5.	4210- Capital outlay on Medical and Public Health	345.61	264.21	76.45	223.20	64.58
6.	4216- Capital outlay on Housing	73.31	61.70	84.16	50.47	68.84
7.	4702- Capital outlay on Minor Irrigation	226.6	156.32	68.99	133.91	59.10
8.	4705-Capital outlay on Command Area Development	42.02	30.38	72.30	26.28	62.54
9.	4801-Capital outlay on Power Projects	250.00	130.73	52.28	130.73	52.29
10.	4851- Capital outlay on Village and Small Industries	46.43	360.69	79.02	26.11	56.24
11.	5452- Capital outlay on Tourism	53.86	30.09	55.33	28.18	52.33
Total		1,346.42	1,247.28		801.95	

Source: Appropriation Accounts/VLC

Rush of expenditure at the close of the year can lead to infructuous, wasteful or ill-planned expenditure. The department should ensure that funds are expended uniformly throughout the year according to the prescribed norms as far as practicable to avoid rush of expenditure at the end of the financial year.

2.3.4 Appropriation vis-à-vis Allocative Priorities

The audit of appropriations showed that in 46 cases savings exceeded ₹ one crore or more in each case or by more than 20 per cent of the total provision (**Appendix 2.8**). Against the total provision of ₹ 36,758.07 crore, actual expenditure was ₹ 31,423.91 crore, leaving ₹ 5,334.16 crore as savings.

In 12 grants, out of the total savings of ₹ 5,334.16 crore, substantial savings (₹ 100 crore and more in each case) in 14 cases amounting to ₹ 4,663.77 crore (87 per cent) are detailed in **Table 2.4**.

Table 2.4: List of grants with savings of more than ₹ 100 crore

(₹ in crore)				
Sr. No.	Number and name of the Grant	Total Grant	Expenditure	Savings (percentage)
Revenue- Voted				
1.	07 Police and Allied Organisations	1,312.64	1,168.81	143.83(11)
2.	08 Education	6,124.09	5,168.92	955.16(15)
3.	09 Health and Family Welfare	1,994.23	1,663.40	330.83(16)
4.	10 Public Works - Roads, Bridges and Buildings	3,308.06	3,039.02	269.04(8)
5.	16 Forest and Wildlife	543.36	413.04	130.31(24)
6.	20 Rural Development	1,546.35	1,162.42	383.93(25)
7.	28 Urban Development, Town and Country Planning and Housing	558.47	440.12	118.35(21)
8.	29 Finance	5,994.83	5,054.90	939.93(16)
9.	31 Tribal Development	1,264.92	939.20	325.72(26)
10.	32 Scheduled Caste Sub Plan	1,349.89	959.02	390.87(29)
Revenue- Charged				
11.	29 Finance	4,260.00	4,021.52	238.48(6)
Capital- Voted				
12.	13 Irrigation, Water Supply and Sanitation	777.83	626.04	151.79(19)
13.	23 Power Development	635.08	503.63	131.45 (21)
14.	32 Scheduled Caste Sub Plan	1,077.08	923.00	154.08(14)
Total		30,746.83	26,083.04	4,663.77(15)

Source: Appropriation Accounts

The reasons furnished by the departments for savings under a few major heads of account (as reported in Appropriation Accounts) are given below:

Education

- Savings of ₹ 312.29 crore under head 2202-01-101-01 (in primary schools), ₹ 165.13 crore under 2202-01-101-03 and ₹ 195.80 crore under head 2202-02-109-01 (in middle schools) were due to non-filling of vacant posts, less engagement of daily wagers, less expenditure on furniture, less entitlement of students for scholarship and less receipt of medical reimbursement bills.

Health and Family Welfare

- Savings of ₹ 109.99 crore (2210-03-110-01 Rural Health) and ₹ 66.51 crore (2210-01-110-03 Urban Health) were due to non-filling of vacant posts.

Rural Development

- Savings of ₹ 75 crore (2501-06-101-09), ₹ 74 crore (2501-06-101-10) and ₹ 163.24 crore (2505-02-101-01) were on account of non-implementation or slow implementation of schemes/programmes due to non-completion of codal formalities, transfer of some schemes to Industry Department and less release of grants.

Finance

- Savings of ₹ 201.47 crore (2049-01-101-89), ₹ 136.03 crore (2071-01-101-03), ₹ 483.78 crore (2071-01-102-02) and ₹ 179.10 crore (2071-01-102-02) were due to less payment of interest as per schedule and less receipt of pension cases.

Large savings under these grants implied that the State Government had made budget provisions without realistic estimation of fund requirement.

2.3.4.1 Persistent savings

During the last five years, in 20 grants there were 24 cases (₹ one crore or more in each case) where persistent savings occurred (details given in **Appendix 2.9**) out of which three cases (₹ 100 crore or more in each case) are depicted below in the **Table 2.5**:

Table 2.5: List of grants with substantial persistent savings during 2014-19

(₹ in crore)

Sr. No.	Grant number and name	Amount of Savings				
		2014-15	2015-16	2016-17	2017-18	2018-19
Revenue-Voted						
1.	08-Education	385.37	1,076.22	864.96	665.02	955.16
2.	9-Health and Family Welfare	151.89	366.81	295.90	211.66	330.85
3.	20-Rural Development	109.86	208.74	121.61	402.93	383.93

Source: Appropriation Accounts of respective years

The substantial persistent savings indicated that budgetary controls in the departments were not effective and previous years' trends were not taken into account while allocating funds for the year. This had been pointed out in earlier State Finances Reports, but no action had been taken by the State Government.

2.3.4.2 Substantial surrenders

Substantial surrenders (cases where 50 per cent or more of the total provision was surrendered) were made in respect of 155 sub-heads (**Appendix 2.10**) on account of either non-implementation or slow implementation of schemes/programmes due to non-completion of codal formalities, less receipt of funds from GoI, matching State share, less expenditure under various schemes, non-filling of vacant posts, etc. Out of the total provision of ₹ 2,951.82 crore under these 155 sub-heads, amount of ₹ 2,328.25 crore (78.87 per cent) was surrendered, which included 100 per cent

surrender under 60 schemes (₹ 801.05 crore) (**Appendix 2.11**). Of these 60 schemes, details of some schemes where substantial surrenders were made is as under:

Table 2.6: List of grants and schemes with substantial surrenders

Sr. No.	Grant No	Grant Name	Scheme Name	Amount (₹ in crore)
1	23	Power Development	Loan to Himachal Pradesh Power Corporation	181.72
2	08	Education	Vocationalisation of Secondary Education	78.50
3	20	Rural Development	Mukhyamantri Rural Livelihood Scheme	75.00
4	32	Scheduled Caste Sub Plan	Loan to Himachal Pradesh Power Corporation	61.17
5	10	Public Works - Roads, Bridges and Buildings	Himachal Road Improvement Scheme	50.00
6	31	Tribal Development	Loan for HP Power Corporation Projects	46.11
7	23	Power Development	Sutlej Jal Vidhyut Nigam Limited	40.00
8	32	Scheduled Caste Sub Plan	Vocationalisation of Secondary Education	30.05
9	08	Education	Mukhyamantri Aadarsh Vidya Kendra	25.00
10	32	Scheduled Caste Sub Plan	Command Area Development	22.17

Further, in 53 heads, there was surrender of ₹ 5,500.69 crore (₹ 10 crore or more in each case) on 31 March 2019 (**Appendix 2.12**).

Surrender of funds on the last working day (31 March 2019) indicated weak financial controls and resulted in non-utilisation of funds for other developmental purposes.

2.3.4.3 Anticipated savings not surrendered

According to Himachal Pradesh Budget Manual (Paragraph 11.2 of Chapter 11), all savings as and when anticipated, must be surrendered to the Finance Department by the spending department latest by 15 January. It was, however, noticed that out of savings of ₹ 690.08 crore in the following grants as detailed in **Table 2.7**, ₹ 99.94 crore was not surrendered by different departments.

Table 2.7: Cases of savings of ₹ one crore and above not surrendered

Sr. No.	Number and name of Grant	Saving	Surrender	Saving which were not surrendered
(₹ in crore)				
Revenue-Voted				
1.	9- Health and Family Welfare	330.83	327.89	2.95
2.	14- Animal Husbandry, Dairy Development and Fisheries	68.34	58.40	9.94
Revenue-Charged				
3	4- Central Administration	2.46	1.28	1.19
4	29- Finance	238.48	159.99	78.49
Capital-Voted				
5.	20-Rural Development	5.70	1.70	4.00
6.	29 - Finance	8.22	6.30	1.92
7.	31- Tribal Development	36.05	34.60	1.45
	Total	690.08	590.16	99.94

Despite large amount of savings, sufficient surrenders were not made mainly under grant numbers: 29- Finance: ₹ 78.49 crore (Revenue-Voted), 14- Animal Husbandry, Dairy Development and Fisheries: ₹ 9.94 crore (Revenue-Voted), 20-Rural Development: ₹ 4 crore (Capital-Voted), 9-Health and Family Welfare: ₹ 2.95 crore (Revenue-Voted).

Efforts should be made by all departments to submit realistic budget estimates keeping in view the past trend of expenditure in order to avoid large savings/excesses, re-appropriations and surrenders at the end of the year so that public money can be utilised in other areas/schemes.

2.4 Operation of Personal Deposit Accounts

Personal Deposit Accounts (PDAs) are created by debit to the Consolidated Fund and the same should be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund. Information obtained from the office of the Principal Accountant General (A&E), Himachal Pradesh showed that there were 112 PDAs in operation in 15 District Treasuries. The position of balances of ₹ 2.56 crore lying in these 112 accounts as of 31 March 2019 (**Appendix 2.13**) is given as under:

- 68 PDAs having balance of ₹ 2.43 crore were in operation during the year.
- 10 PDAs involving an amount of ₹ 0.13 crore remained inoperative since 2010-11.
- 34 PDAs had nil balances.

Non-transfer of unspent balances lying in PD accounts to Consolidated Fund before the closure of the financial year entails the risk of non-utilisation of public funds for intended purposes.

2.5 Misclassification in accounts

During the audit of Finance and Appropriation Accounts for the year 2018-19, the following cases of misclassification of expenditure were observed:

2.5.1 Classification of 'Grants-in-Aid' under Capital Expenditure head

Disbursement of Grants-in-Aid under Capital head of expenditure is against the Indian Government Accounting Standard-2 issued by GoI in May 2011.

It was noticed that an amount of ₹ 49 lakh as Grants-in-Aid (Grant No. 31 – Tribal Development) under head 4225-02-796-01-00-42 was disbursed by the State Government from Capital head instead of Revenue head.

2.5.2 Operation of omnibus Minor Head-800

Booking under Minor Head '800-Other Receipts' and '800-Other Expenditure' should be done only when the appropriate minor head has not been provided in the accounts.

Routine operation of Minor Head-800 is to be discouraged since it renders the accounts opaque.

During the scrutiny of Finance and Appropriation Accounts for 2018-19, it was observed that:

- Under 44 major heads, revenue receipts aggregating ₹ 1,911 crore (6.17 per cent of total revenue receipts) (₹ 1,315 crore during 2017-18) were classified under omnibus minor head-800-other receipts (**Appendix 2.14**). Out of these, there were 23 major heads where a substantial proportion (50 per cent or more) of the receipts were classified under the minor head 800-other receipts.
- Expenditure aggregating ₹ 1,298.28 crore (₹ 961 crore during 2017-18) constituting 3.06 per cent of total expenditure (revenue and capital) was classified under major head 800-other expenditure under 42 major heads (revenue and capital) as detailed in **Appendix 2.15**.
- Grants amounting to ₹ 1,165 crore (₹ 77 crore during 2017-18) received for different schemes operated for improvement of Irrigation, Agriculture, etc., were booked under Minor Head 800; instances are given in **Appendix 2.16**.

This issue had also been highlighted in the previous CAG's Audit Report on State Finances. Despite admitting the facts and giving an assurance that the existing practice will be stopped, the State Government continued this practice. In fact, booking of receipts/ expenditure under Minor Head 800 increased during 2018-19 over the previous year. Booking of substantial amounts under omnibus Minor Head '800-Other Expenditure/Receipts' adversely affects transparency in financial reporting.

2.6 Review of Selected Grants

A review of budgetary procedure and control over expenditure in respect of two grants (Grant No. 10 'Public Works - Roads, Bridges and Buildings' and Grant No. 11 'Agriculture') was conducted (July-September 2019). Issues such as variation in original grants, supplementary demands and actual expenditure were analysed.

2.6.1 Grant No. 10- Public Works - Roads, Bridges and Buildings

Important points noticed during review of the grant for 2018-19 are detailed below:

- (i) The overall position of funds allotted, expenditure incurred and savings/excesses under Revenue and Capital (Voted) for the last five years (2014-15 to 2018-19) is given in **Table 2.8**:

Table 2.8: Position of funds allocated, expenditure incurred and saving/excess during 2014-19

(₹ in crore)

Year	Section	Original provision	Supplementary	Total	Expenditure	Saving (-)/ Excess (+) (in per cent)
2014-15	Revenue	2,445.80	0.18	2,445.98	2,439.95	-6.03 (-)
	Capital	514.91	108.82	623.73	611.90	-11.83 (2)
2015-16	Revenue	2,446.71	52.79	2,499.50	2,421.86	-77.64 (3)
	Capital	890.26	70.69	960.95	1,024.04	63.09 (7)
2016-17	Revenue	2,794.30	10.48	2,804.78	2,790.89	-13.89 (-)
	Capital	875.87	119.39	995.26	1,103.26	108.00 (11)
2017-18	Revenue	2,839.12	155.70	2,994.82	3,131.78	136.96 (5)
	Capital	1,062.12	135.42	1,197.54	1,155.27	-42.27 (4)
2018-19	Revenue	3,308.06	0	3,308.06	3,039.02	-269.04 (8)
	Capital	1,216.28	219.60	1,435.88	1,485.58	49.70 (3)

- There were persistent savings under Revenue section (except 2017-18) during 2014-19 indicating repeated non-achievement of projected budget provision.
 - Excess expenditure of ₹ 375.75 crore – Revenue: ₹ 136.96 crore (2017-18) and Capital: ₹ 220.79 crore (2015-16, 2016-17 and 2018-19) requires regularisation from Legislature.
 - Supplementary provision of ₹ 63.45 crore (2014-15: ₹ 0.18 crore, 2015-16: ₹ 52.79 crore and 2016-17: ₹ 10.48 crore) proved unnecessary as the expenditure did not come up even to the level of the original provision.
- (ii) During 2018-19, against the total budget provision of ₹ 3,308.06 crore under Revenue section, expenditure of ₹ 3,039.02 crore was incurred resulting in savings of ₹ 269.04 crore. On the other hand, under Capital section supplementary provision of ₹ 219.60 crore proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 49.70 crore.
- (iii) During 2018-19, substantial surrenders were made in 17 sub-heads ranging between 19 and 100 per cent amounting to ₹ 685.65 crore of the original provision (₹ 2,610.19 crore) as per details given in **Appendix 2.17**.

2.6.2 Grant No. 11- Agriculture

Important points noticed during review of the grant for 2018-19 are detailed below:

- (i) The overall position of funds allotted, expenditure incurred and savings/excesses under Revenue and Capital (Voted) for the last five years (2014-15 to 2018-19) is given in **Table 2.9**:

Table 2.9: Details of budget provision, actual expenditure and savings/excess
(₹ in crore)

Year	Section	Original provision	Supplementary	Total	Expenditure	Saving(-)/ Excess(+)
2014-15	Revenue	244.90	1.02	245.92	256.80	10.88 (4)
	Capital	52.26	0.00	52.26	52.26	0.00 (-)
2015-16	Revenue	344.14	0	344.14	305.67	-38.47 (11)
	Capital	61.53	5.00	66.53	66.53	0.00 (-)
2016-17	Revenue	351.38	8.06	359.44	332.40	-27.04 (8)
	Capital	56.82	3.00	59.82	59.78	-0.04 (-)
2017-18	Revenue	349.51	31.72	381.24	369.94	-11.30 (3)
	Capital	61.95	0.00	61.95	61.76	-0.19 (-)
2018-19	Revenue	482.27	0	482.27	409.60	-72.67 (15)
	Capital	73.84	0.00	73.84	71.01	-2.83 (4)

Source: Appropriation Accounts (figure in bracket represents per cent)

- (ii) There were persistent saving ranging between three and 15 per cent under Revenue (Voted) section of the total provision indicating non-achievement of the projected budget provision during 2015-19.
- (iii) Against the budget provision of ₹ 556.11 crore under the grant (Revenue section: ₹ 482.27 crore and Capital section: ₹ 73.84 crore) an expenditure of ₹ 480.61 crore (Revenue Section: ₹ 409.60 crore and Capital Section: ₹ 71.01 crore) was incurred during 2018-19 resulting in savings of ₹ 75.50 crore (19 per cent), which indicated that budget estimates were not prepared on a realistic basis.
- (iv) In five sub-heads, there was excess expenditure (₹ 15 lakh and more or 20 per cent and above in each case) amounting to ₹ 30.48 crore ranging between 13 and 100 per cent of the original provision as per detail given in **Appendix 2.18**.
- (v) Budget provision of ₹ 100.12 crore made under 17 sub-heads (₹ 20 lakh and more or 20 per cent) remained unutilized at the end of financial year 2018-19 as per detail given in **Appendix 2.19**.
- (vi) Entire budget provision of ₹ 4.91 crore under two schemes/heads (2401-00-105-03: ₹ 3 crore and 2401-00-800-14: ₹ 1.91 crore) remained unutilized and whole provision amounting to ₹ 4.91 crore was withdrawn through re-appropriation at the end of financial year 2018-19.

2.7 Outcome of Inspection of Treasuries

During inspections of District Treasuries/Treasuries conducted by the Office of the Principal Accountant General (A&E) in 2018-19 for the year 2017-18, the following points emerged:

2.7.1 Excess payment of pensionary benefits

Test-check of pension payment records showed that two District Treasury Officers had made overpayment to the extent of ₹ 2.66 lakh to eight family pensioners as per

details given in **Table 2.10**. The excess payment had occurred due to non-deduction of commuted portion and authorization of family pension after attaining the age of 25 years.

Table 2.10: Excess payment of pensionary benefits (on account of family pension)

Sr. No.	Name of District Treasury (DT)	Nature of overpayment	Number of cases	Payment		
				Through Bank	Through Treasury	Treasury-wise total (₹ in lakh)
1.	DT, Kaza	Non deduction of Commutation portion	02	---	By Treasury	1.83
2.	DT, Shimla	Payment of family pension after attaining the age of 25 years	06	---	By Treasury	0.83
Total			08			2.66

2.7.2 Irregular payment of pensionary benefits

During test-check of pension payment records of eight District Treasuries/Treasuries for the year 2017-18, it was noticed that in 60 cases excess payment of pension/family pension of ₹ 16.42 lakh was made even after death of pensioners/family pensioners by eight District Treasury Officers as detailed in **Table 2.11**.

Table 2.11: Irregular payment of pension after death of pensioners

Sr. No.	Name of District Treasury	Nature of Over payment	No. of cases	Treasury-wise total (₹ in lakh)
1.	Bilaspur	Family pension	03	0.17
2.	Kangra at Dharamshala	--do--	18	5.93
3.	Kinnaur at Reckong Peo	-do-	03	0.23
4.	Kullu	-do-	03	0.58
5.	Keylong	-do-	01	0.16
6.	Mandi	-do-	07	0.78
7.	Shimla	-do-	05	0.75
8.	Sirmour at Nahan	-do-	20	7.82
Total			60	16.42

2.7.3 Authorization of bills/payment in excess of sanction and without budget

During test-check of records of District Treasuries/ Treasuries for the year 2017-18, it was noticed that:

- (i) In 34 cases, 04 District Treasury Officers and 08 Treasury Officers had authorized an amount of ₹ 2.53 crore in respect of 32 Drawing and Disbursing Officers (DDOs) where budget was not available as per details given in **Appendix 2.20**.

- (ii) Similarly, 12 District Treasury Officers and 61 Treasury Officers authorized excess amount of ₹ 55.19 crore over the available budget to 242 DDOs as per details given in **Appendix 2.21**.

This unauthorised drawal of funds was not only a violation of appropriation granted by the Legislature but also constituted financial indiscipline.

2.7.4 Non-adjustment of advances

During inspection of Treasuries for the year 2017-18, it was noticed that in seven cases advances amounting to ₹ 13.30 lakh were neither entered in advance register nor adjusted in the same financial year by one District Treasury and four Sub-Treasuries as detailed in **Table 2.12**.

Table 2.12: Non-adjustment of advances

Sr. No.	Name of District Treasury(DT)/ Sub-Treasury (ST)	No. of cases	Amount (₹ in lakh)
1.	ST, Chowari	01	0.05
2.	ST, Tissa	01	0.20
3.	DT, Kullu	01	12.00
4.	ST, Rampur	03	0.30
5.	ST, Rohru	01	0.75
Total		07	13.30

2.8 Conclusion

During 2018-19, expenditure of ₹ 42,469.10 crore (90.38 per cent) was incurred against total grants and appropriations of ₹ 46,984.68 crore. Overall savings of ₹ 4,515.58 crore were the result of savings of ₹ 5,336.95 crore minus excess expenditure of ₹ 821.37 crore in various grants/appropriations, which, in addition to excess expenditure of ₹ 8,333.35 crore for the period 2013-14 to 2017-18 required regularisation of the State Legislature under Article 205 of the Constitution of India.

Supplementary provision of ₹ 1,916.49 crore in 12 sub-heads proved unnecessary/inadequate as expenditure either did not come up to the level of original provision or exceeded the total provision leaving an aggregate uncovered excess expenditure. Re-appropriation of funds in 18 sub-heads (₹ one crore or more in each case) was made injudiciously which resulted in excess/savings. In 155 sub-heads, out of the total provision (₹ 2,951.82 crore) (₹ 50 lakh or more in each case) an amount of 74.35 per cent (₹ 2,328.25 crore) was surrendered at the end of the financial year. In 60 heads of account, 100 per cent grant (amounting to ₹ 801.05 crore) was surrendered.

In 11 heads of account, the expenditure incurred during the last quarter of the year ranged between 52 and 84 *per cent*, and the expenditure incurred during the month of March 2019 alone under these heads of accounts constituted 51 to 69 *per cent* of the total expenditure.