

Chapter 2

Financial Management and Budgetary Control

▶ Financial Management and Budgetary Control

▶ 2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrender and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those 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 Appropriation Accounts 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. This chapter contains audit observations in respect of the Appropriation Accounts prepared by the Controller of Accounts, Government of NCT of Delhi for the year 2008-09.

▶ 2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2008-09 against 12 grants/appropriations was as given in the table indicated below:

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

(Rupees in crore)

	Nature of Expenditure	Original grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	8657.24	1365.82	10023.06	9200.55	(-)822.51
	II Capital	4655.12	0.23	4655.35	3995.23	(-)660.12
	III Loans and Advances	3969.28	0.12	3969.40	4221.89	(+)252.49
Total Voted		17281.64	1366.17	18647.81	17417.67	(-)1230.14
Charged	IV Revenue	2547.99	45.76	2593.75	2585.36	(-)8.39
	V Capital	1.00	NIL	1.00	0.17	(-)0.83
	VI Loans and Advances	386.04	0.02	386.06	386.03	(-)0.03
Total Charged		2935.03	45.78	2980.81	2971.56	(-)9.25
Appropriation to Contingency Fund (if any)		NIL	NIL	NIL	NIL	NIL
Grand Total		20216.67	1411.95	21628.62	20389.23	(-)1239.39

The overall saving of Rs. 1239.39 crore was a result of saving of Rs. 830.90 crore in 11 grants and 1 appropriation under Revenue Section, Rs. 408.46 crore in 9 grants and 1 appropriation under Capital Section and one grant and one appropriation (Public Debts-Repayments) under Loan Section, offset by savings of Rs. 0.03 crore in Revenue and Capital Section.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

It was evident from appropriation accounts for the year 2008-09 that in 59 cases, there were savings exceeding Rs. 10.00 crore (1 crore for CSS/SCSP) or by more than 20 per cent of total provision (Appendix-2.1). Against the total savings of Rs. 2782.41 crore, savings of Rs. 2158.72 crore (78 per cent) occurred in 16 cases relating to 4 grants as indicated in table below:

Table 2.2: List of Grants with savings of Rs. 50 crore and above

(Rupees in crore)							
Sr. No.	No. and Name of the Grant/Appropriation	Total Grant	Supplementary	Total	Actual Expenditure	Savings	Reasons
GRANT							
Revenue-Voted							
11 URBAN DEVELOPMENT AND PUBLIC WORKS DEPARTMENT							
1	A6(2)(1)(2) Yamuna River Authority/Measures for rejuvenation of river Yamuna	50.10	NIL	50.10	NIL	50.10	Due to non implementation of scheme
2	A7(1)(1)(3) Grants to DSIDC for construction of houses for weaker sections Jawahar Lal Nehru National Urban Renewal Mission (JNNURM)	120	NIL	120.00	54.78	65.22	Saving was mainly due to release of less grant under the scheme
3	A8(2)(1)(19) Provision of essential services in unauthorized colonies	100.00	NIL	100.00	25.00	75.00	Saving was mainly due to release of less grant to MCD under the scheme
4	A8(2)(1)(28) Grant-in-aid to MCD for sanitation in unauthorized colonies	105.00	NIL	105.00	26.25	78.75	Saving was mainly due to release of less grant to MCD under the scheme
5	A8(2)(1)(30) Grant-in-aid for municipal reforms	198.71	NIL	198.71	NIL	198.71	Saving was mainly due to non-release of grant to MCD under the scheme

6	A8(3)(1)(1) Strengthening and augmentation of infrastructure i.e. roads, streets, localities street lights etc., in each assembly constituency	199.49	0.01	199.50	109.36	90.14	Saving was mainly due to general election of Lok Sabha as the funds are released on the recommendation of MLAs under the scheme.
7	A12(1)(1)(2)(6) JNNURM	140.00	NIL	140.00	NIL	140.00	Due to non implementation of scheme.
8	E2(2)(1)(4)Grant in aid to IPGCL for VRS benefits	50.00	NIL	50.00	NIL	50.00	Entire provision remained unutilized due to non release of grant to IPGCL
Capital-Voted							
6 EDUCATION							
9	AA1(1)(1)(2) Outsourcing of work of school building	129.00	NIL	129.00	63.12	65.88	Saving was mainly due to slow progress of work.
8 SOCIAL WELFARE							
10	DD1(2)(3) Equity capital to Delhi Transport Corporation for Common Wealth Games	641.21	NIL	641.21	250.00	391.21	Saving was mainly due to release of less equity capital to DTC
11	DD3(1)(2) Subordinate debt for land acquisition in MRTS	141.00	NIL	141.00	58.50	82.50	Saving was mainly due to release of subordinate debts
10 DEVELOPMENT							
12	DD1(1)(1) Minor Irrigation scheme	53.00	NIL	53.00	1.89	51.11	Saving was due to slow progress of work
11 URBAN DEVELOPMENT AND PUBLIC WORKS DEPARTMENT							
13	AA2(2)(1)(1) Loans to DJB	282.40	NIL	282.40	211.80	70.60	Saving was mainly due to release of less loan to DJB
14	AA2(2)(1)(9) Loan to DJB for sewerage facilities in unauthorized colonies	200.00	NIL	200.00	150.00	50.00	Saving was mainly due to release of less loan to DJB
15	BB11(1)(1)(5) JNNURM	365.00	NIL	365.00	NIL	365.00	Entire provision remained unutilized due to non implementation of scheme
16	EE2(1)(1)(6) Equity contribution to Pragati Power Project III, Bawana	799.00	NIL	799.00	464.50	334.50	Saving was mainly due to release of less equity contribution to Pragati Power Project.
Total						2158.72	

The primary reasons of savings of Rs. 2158.72 crore were stated to be:

- Non-implementation of scheme of Yamuna River Authority/measures for rejuvenation of river;
- Less release of grant to MCD for provision of essential services/ sanitation in unauthorized colonies;
- Non-release of grant to MCD for municipal reforms;
- Non-release of grant to Indraprastha Gas Corporation Limited for VRS benefits to employees as the scheme was not started during the year;
- Non-release of funds for strengthening and augmentation of infrastructure i.e., roads, street lights etc., in assembly constituencies as the funds are released on the recommendation of MLAs;
- Slow progress of work in outsourcing of work of school buildings;
- Slow progress of work in minor irrigation scheme of development;
- Non-implementation of scheme of Jawahar Lal Nehru National Urban Renewal Mission (JNNURM) due to non-sanctioning of project by Government of India;
- Less loan released to DJB for sewerage facilities in unauthorized colonies and;
- Non-release of state share for construction of houses for weaker sections under JNNURM after release of 25 *per cent* central share.

2.3.2 Persistent savings

In four cases, during the last five years there were persistent savings of more than Rs. 3 crore in each case and also by 25 *per cent* or more of the total grant as indicated below:

Table 2.3: List of Grants indicating Persistent Savings during 2004-09

								(Rupees in crore)
Sl. No.	Head No. and Name of the grant		2004-05	2005-06	2006-07	2007-08	2008-09	Reasons
Revenue-Voted								
06 EDUCATION								
1	A1(2)(8)(20)Introduction of Computer Science at +2 stage (57)	O	35.00	38.00	27.00	46.00	40.00	Saving was mainly due to non-filling up of vacant posts and change of incumbents. (*)
		S	13.09	25.76	10.80	14.76	21.90	
		%	37.14	67.79	40.00	32.09	55	
2	A 4 Mid-day Meals (67)	O	32.00	6.07	7.38	55.75	57.80	Savings was mainly due to non-implementation of scheme in upper primary classes and release of less grant to MCD.
		S	4.74	2.34	4.51	20.37	17.70	
		%	14.81	38.55	60.98	36.54	31	
07 MEDICAL AND PUBLIC HEALTH								
3	K 1 (3)(1)Urban Family Welfare Centres (CSS) (118)	O	12.50	5.70	11.00	11.00	13.16	Saving was mainly due to non-release of grant to MCD
		S	0.41	1.92	5.24	3.03	10.83	
		%	3.28	33.68	47.64	27.55	82	

4	O 1 (1) (1) (1)	O	8.00	15.00	15.00	15.00	15.00	Saving was mainly due to non-filling up of vacant posts, procurement of less store items and non finalization of tenders
	Rajiv Gandhi Super Specialty Hospital	S	7.58	14.46	14.58	14.53	12.95	
	%		94.75	96.40	97.20	98.87	86	

O - Original Provision, S - Savings, % - Percentage.

() using lower level staff to perform duties of higher level post.*

From the above it is evident that there were persistent savings during 2004-09 in Education due to non-implementation of scheme in upper primary classes and release of less grant to MCD. Savings under Medical and Public Health grant were due to less grant released to MCD under "Urban Family Welfare Centres" (Centrally Sponsored Scheme), procurement of fewer store items and non-finalization of tender in Rajiv Gandhi Super Speciality Hospital. Further, in Education department where there were persistent savings due to non-filling up of vacant posts; provision in the budget estimates should be kept for salaries likely to be incurred on account of persons on duty and the actual salary likely to be drawn by them. No provision should be kept for the vacant posts. Contrary to this Rs. 40.00 crore was made in the Budget estimates for the year 2008-09 for vacant posts and Rs. 21.90 crore remained unutilized on the ground of non-filling up of vacant posts, which shows that the persistent trend of large unspent provisions in the aforesaid heads of the grant are due to over-estimation of fund requirement by the department.

2.3.3 Drawal of funds to avoid lapse of budget grant

No such cases where amounts drawn were either fully unspent for the specific purposes or remitted to Government Account before the closure of the financial year 2008-09 were noticed.

2.3.4 Excess over provisions relating to previous years requiring regularization

As per Article 205 of the Constitution of India, 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 Article, however, as a practice the excess expenditure is said to be regularized after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to Rs. 20.67 crore for the years 2006-08 was yet to be regularized as detailed in **Appendix 2.2**. The year wise amount of excess expenditure pending regularization for grant/appropriation is summarized in Table 2.4 given below:

Table 2.4: Excess over provisions relating to previous years requiring regularization

Year	Number of		Amount of excess over provision	Status of Regularization
	Grant	Appropriation		
2006-07	7(38 sub heads)	-	9.12	Not yet regularized
2007-08	5 (30 sub heads)	-	11.55	Not yet regularized
Total	12 (68 sub heads)	-	20.67	

2.3.5 Excess over provisions during 2008-09 requiring regularization

Article 205 of the Constitution of India, provides that if any money has been spent for any services during a financial year in excess of the amount granted for that service for that year, the excess expenditure should be regularized by the State Legislative Assembly. It was, however, observed that from the head wise appropriation accounts for the year 2008-09 in 29 cases of five grants and appropriations, though the expenditure of Rs. 17.35 crore had exceeded the available provisions under the respective heads the authority administering the concerned grant/appropriation did not issue re-appropriation orders to accommodate the final excess expenditure over the available provision, indicating poor budgetary control requiring regularization under Article 205 of the Constitution as indicated in the **Appendix 2.3**.

The excess expenditure of Rs. 17.35 crore required regularization under Article 205 of the Constitution. In some cases reasons for excess expenditure recorded as good progress of work were very vague and should be avoided.

Significant excess over sanctioned grant occurred under the following heads of account:

- Grant No.11- 2059,Public works- Maintenance and Repair (Rs. 5.74 crore);
- 4202, Construction of Building for Delhi College of Engineering (Rs. 1.71 crore);
- Capital outlay on Medical and Public Health- 4210,Construction of building for hospital (Rs. 0.70 crore);
- 5054-Capital outlay of Roads and Bridges-Construction of Roads and Bridges (Rs. 2.22 crore).

2.3.6 Unnecessary/Excessive/Inadequate Supplementary provision

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

In 12 cases relating to three grants/appropriation as detailed in **Appendix 2.4**, while supplementary provisions aggregating to Rs. 30.20 crore were obtained during the year 2008-09 in anticipation of higher expenditure, the final expenditure was less than even the original grant/appropriation. Thus the entire amount of supplementary provision was unnecessary pointing to deficient budgeting.

The main reasons for non-utilization of supplementary grant were:

- Non-receipt of bills of tentage and advertisement from the vendors (expenses on election- Rs. 5.31 crore);
- Less release of grant to Netaji Subhash Institute of Technology (Rs. 1.61 crore);
- Non-release of grant to Indian Institute of Public Health (Rs. 14.00 crore);
- Non-filling of vacant posts and receipt of less bills at Aruna Asaf Ali Government Hospital (Rs. 3.00 crore); and

- Less tours, receipt of less claims, less expenditure on works and economy measures (Rs. 1.07 crore).

2.3.7 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where saving are anticipated to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in savings of over Rs. 275.92 crore in 58 sub heads and the excess was more than Rs. 3.23 crore in 4 sub heads as detailed in **Appendix 2.5**. The main reasons for savings were:

- Delhi e-Governance Society was created to administer the e-governance projects of NCT of Delhi, but the funds could not be utilized as the by-laws of the society were not approved as of March 2009;
- The loan to DJB could not be released as the project was not approved by the Government of India;
- In August 2008 Bhagidari Cell intimated that it required Rs. 1.71 crore for expenditure on Bhagidari utsav, workshop, advertisement, publication etc. However, funds could not be utilized due to non-implementation of certain parts of this scheme during the year;
- Entire provision under the scheme "Establishment of Special Court" remained unutilized as the approval was not given by Delhi Electricity Regulatory Commission (DERC) which was required; and
- As per instructions of Finance department of Government of NCT of Delhi no provision should be kept in anticipation of posts lying vacant. However, the funds lying unutilised were not re-appropriated within the grant and new re-appropriations were approved defying the orders of Government.

2.3.8 Unexplained re-appropriations

No such case was mentioned in the Appropriation Accounts of Government of NCT of Delhi.

2.3.9 Substantial surrenders

Substantial surrenders (cases where more than 50 *per cent* of total provision was surrendered) were made in respect of three sub-heads on account of either non implementation of scheme/slow progress of work in the following schemes:

- "Training centre for school bus drivers and non-DTC bus drivers" by Transport department;
- E-Governance Project-construction of Kiosks for Jeevan Project of Information and Technology department; and
- "Upgradation, improvement, handing over civic services of Industrial Estate Flatted Factories Complex" of Industries department.

Out of a total provision of Rs. 14.00 crore for these schemes, Rs. 10.68 crore (76 per cent) was surrendered, which included 100 per cent surrender in respect of "Training centre for school bus drivers and non-DTC bus drivers" scheme of Transport department (Rs. 1 crore). The details of selected such cases audited/verified by audit are given in **Appendix 2.6**.

2.3.10 Surrender in excess of actual saving

No such case was noticed where the amount surrendered was in excess of actual savings.

2.3.11 Anticipated savings not surrendered

Rule 56(2) of General Financial Rules stipulates that savings as well as provisions that cannot be profitably utilized should be surrendered to Government immediately as soon as they are foreseen without waiting till the end of the year. At the close of the year 2008-09, there were, however, 6 Appropriations in which savings occurred but no part of which had been surrendered by the concerned department. The amount involved in these cases was Rs. 189.23 crore (15 per cent of the total savings i.e. 1239.39 crore) (**Appendix 2.7**).

Similarly, out of total savings of Rs. 1239.39 under 11 grants (saving of Rs. 1 crore and above were indicated in each grant) an amount of Rs. 740.05 crore (60 per cent of total savings) was not surrendered, as detailed in **Appendix 2.8**. Besides, in 8 cases, (surrender of funds in excess of Rs. 1 crore), Rs. 375.76 crore was surrendered on the last two working days of March 2009, as detailed in **Appendix 2.9** indicating inadequate financial control besides the fact that these funds could not be utilized for the intended development purposes.



2.4 Non-reconciliation of Department figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

Rule 118 of Receipt and Payment Rules, stipulates that moneys drawn on abstract contingent (AC) bills for payment of advances to suppliers of stores should be adjusted within a period of one month from the date of drawal by submission of detailed bill. The total amount of Detailed Countersigned Contingent Bills (DCC) received during the years 2004-09 was only Rs. 433.31 crore as against the amount of Abstract Contingent (AC) bills of Rs. 746.55 crore, leading to an outstanding balance of DCC bills of Rs. 334.70 crore as on 31 March 2009. Year wise details are given below:

Table 2.5: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

Year	(Rupees in crore)			
	Amount of AC bills	Amount of DCC bills	DCC bills as percentage of AC bills	Outstanding AC bills
Upto 2003-04	*	*	*	21.45
2004-05	40.20	30.05	74.75	10.15
2005-06	158.25	138.67	87.63	19.58
2006-07	159.19	110.70	69.54	48.49
2007-08	159.30	40.83	25.63	118.47
2008-09	229.61	113.05	49.24	116.56
Total	746.55	433.31	58.04	334.70

* Details for the years upto 1994- 2000 and 2002-03 not furnished

Out of Rs. 24.12 crore outstanding due to non-adjustment of advance payments towards purchase of Plant and Machinery for different hospitals, Rs. 21.45 crore was outstanding for more than five years. Moreover, due to non-submission of DCC bills by different departments, it could not be ensured that funds had been utilized for the purpose for which these had been drawn. Thus, possibility of temporary misappropriation of funds could not be ruled out in the absence of any detailed contingent bills. Further, the reasons for drawal of advance were called for. The reply is awaited.

2.4.2 Un-reconciled Expenditure

As per statement of Principal Accounts Office, Government of NCT Delhi there was no expenditure of any department which remained unreconciled during the year 2008-09.

2.4.3 Non-adjustment of Temporary Advances

No such case was noticed during the audit of appropriation accounts.

▶ 2.5 Advances from Contingency Fund

Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the legislature would be undesirable. There were no such cases noticed during the audit of appropriation accounts of Government of NCT of Delhi for the year 2008-09.

▶ 2.6 Personal Deposit Accounts

As per information furnished by the Principal Accounts Office no personal deposit account is being operated for the purpose of parking funds by debit to the consolidated fund of the state.

▶ 2.7 Recoveries in reduction of expenditure

The demands for grants presented to the Legislature are for Gross Expenditure including credits and recoveries, which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. During 2008-09 such recoveries were anticipated at Rs. 16.67 crore. However, actual recoveries during the year were Rs. 27.92 crore. Position of estimated and actual recoveries during the previous five years is depicted below:

Table 2.6 Recoveries in Reduction of Expenditure

(Rupees in crore)				
Year	Estimated recoveries	Actual recoveries	Excess(+) Shortfall (-)	Percentage of Variation Excess (+)Short fall
2008-09	16.67	27.92	(+) 11.25	(+) 67.49
2007-08	17.49	58.86	(+) 41.37	(+) 236.54
2006-07	919.36	1070.97	(+) 151.61	(+) 16.49
2005-06	1283.01	1222.22	(-) 60.79	(-) 16.49
2004-05	926.51	748.40	(-) 55.07	(-) 5.94

2.8 Suspense Balances

The Government of NCT Delhi has no separate Public Account and such transactions are carried out under the "Public Account of the Union Government". All such transactions are ultimately cleared either by payment of recovery in cash or by book adjustment. These are recorded initially under the Suspense Heads which are required to be reviewed at short intervals so as to ensure that no item remains unadjusted longer than is reasonably necessary and its clearance is brought about in the ordinary course with due regard to the rules applicable in each case. There is, therefore, a need to clear these balances expeditiously and to classify them to appropriate heads of account.

Examination of such transactions in the Public Accounts (Central) prepared by the Government of NCT of Delhi revealed that large balances were outstanding under "Suspense Heads" during the last five years as below:

Table 2.7: Amount under Suspense Heads

At the end of March	Net amount (in crore)
2009	Dr. 485.99*
2008	Dr. 19.68
2007	Dr. 169.64
2006	Dr. 251.69
2005	Dr. 215.35

*The details of balances under various Suspense Heads as on 31 March 2009

Pay and Accounts office Suspense Account	Dr. Rs. 145.53 crore
Settlement Suspense Account	Dr. Rs. 89.23 crore
Provident Fund Suspense Account	Dr. Rs. 0.09 crore
Public Sector Bank Suspense Account	Dr. Rs. 431.73 crore
Material Purchase Suspense Account	Cr. Rs. 34.96 crore
Suspense Account	Cr. Rs. 0.10 crore.
Total	Dr. Rs. 485.99 crore

The introduction of Core Banking System by the State Bank of India in January 2009 resulted in huge accumulation of balances at the end of March 2009, which was the major contributor for the suspense balance as shown in the above table for (Dr.) Rs. 431.73 crore.

Outcome of Review of Grant No. 6- Directorate of Education

2.9 Introduction

The Directorate of Education, headed by Director of Education, is engaged in imparting education to the students (class-I to class-XII) of the National Capital Region of Delhi through various government schools and government-aided schools located in the territory of Delhi. The main works of the Department are allocation of funds to government/aided schools, formulation of annual plan, monitoring of plan schemes, etc.

2.10 Budget and expenditure

The overall position of budget provisions, actual disbursements and unspent provisions under the grant for the last three years is given below:

Table 2.8: Budget and expenditure

Year	Provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2006-07	1582.53	60.93	1453.57	59.44	128.96	1.49
2007-08	1837.66	129.00	1720.44	116.93	117.22	12.07
2008-09	2549.94	210.72	2413.64	130.18	136.30	80.54
Total	5970.13	400.65	5587.65	306.55	382.48	94.10

Notes: Excludes charged appropriation and disbursement

2.11 Large Savings under various Sub-heads

While framing the estimates the department should take into account the past performance, the stages of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme, the constraints on spending by the spending agencies etc., with the objective of minimizing the scope for surrenders at a later stage.

Scrutiny of the head-wise appropriation accounts for the year 2008-09 revealed that the department made excessive provisions under various sub-heads (**Appendix-2.10**) which resulted in large savings.

Large savings occurred due to slow progress of work, less number of beneficiaries than projected, vacant posts, non-receipt of bills in time, non-procurement of computers and non-clearance of arrear bills etc. Large savings indicate that expenditure could not be incurred as estimated and were pointers to deficiencies in the system of public expenditure management.

2.12 Persistent savings

According to Rule 48(2) of the General Financial Rules, Ministries/ Departments are required to prepare their estimates, keeping in view the trends of disbursements during the previous years and other relevant factors like instructions on economy issued by the Ministry of Finance, from time to time. Scrutiny of Appropriation Accounts for the years 2007-09 revealed that there were persistent unspent/under utilised provisions under the following sub-heads, which indicated unrealistic budgeting, deficient financial management and slackness on the part of the department in implementing the schemes. The details of sub-heads are given in the following page.

Table 2.9: Persistent savings

(Rupees in crore)

Sub- Head	2006-07		2007-08		2008-09	
	Total provision	Savings	Total provision	Savings	Total provision	Savings
2202-A.1(1)(1)(1)(1) GIA to SCERT	7.00	1.91	7.00	2.01	7.00	2.10
2202-A1(2)(4)(4) Free supply of Text books	9.75	0.30	28.00	5.24	39.27	4.48
2202-A1(2)(8) (1) Additional "Schooling facilities"	592.36	90.89	567.00	73.80	806.39	20.18
2202-A.1(2)(8)(20) Introduction of Computer Science at + 2 stage	27.00	10.80	46.00	14.75	40.00	21.90
2202-A.1(4)(4)(14)-School Extension Programme	1.85	0.14	9.00	4.24	2.85	1.26
2202-A.1(2)(8)(17) Vocational Education in schools	10.35	2.84	10.31	2.66	11.28	2.06
2202-A1(2)(8)(25) GIA to aided schools for subsidy for school uniform to girl students	2.20	0.18	2.30	0.28	4.00	0.69
2236-A.4(1)(1)(1) Mid-day Meal	7.38	4.51	4.92	2.11	11.48	8.50
2236-A.4(1)(1)(2) Mid day Meal - SCP	1.62	1.41	1.08	0.85	2.52	1.92
2236-A.4(1)(1)(10) GIA to aided schools for Mid-day Meal	1.13	0.22	1.50	0.24	2.46	1.40
4202-AA 1 (1)(1)(1) Construction, repairs & maintenance and petty works of school building by education department	17.23	1.01	26.00	1.74	26.00	5.66
4202-AA 1 (1)(1)(2) Outsourcing work of school building	-	-	44.85	9.06	129.00	65.88
2202-A.1(4)(4)(20) Scheme of YUVA	-	-	20.00	1.51	26.70	2.30

The above table shows that there is a need to review budgetary assumptions and to improve the efficiency of the programme management. The reasons for savings included the following:

- Some of the schools could not draw money for supply of text books and budget was not surrendered by the schools even after transfer of plan posts to others schools;
- Incorrect assessment of demands;
- Proposal for purchase of equipment for computer education programme was not finalized/ approved;

- Local tours could not be organized by some of the schools due to delay in finalization of guidelines in YUVA scheme etc.

In response to the audit observations, department stated that necessary instructions were issued to the schools on a regular basis for timely utilisation of funds under Plan heads, but the same were not used. The department further stated that it would be careful in the future and would take necessary steps for realistic budgeting for the Plan schemes.

▶ **2.13 Schemes affected by persistent unspent provisions**

Some of the schemes affected by persistent under-spending are discussed below:

(a) Free supply of Text Books

As per the scheme, a set of text books is to be provided to all the students from classes I to VIII. Students from classes IX to XII are provided cash for the purchase of text books from their respective schools. The books from classes I to VII are published by DBTB and are to be procured by schools before March and to be distributed to students at the beginning of a new academic session. Books for class IX onwards are published by NCERT and other publishers, so students are given liberty to buy books from any source and are paid a fixed sum in cash in lieu of books.

During the scrutiny of records (Re-appropriation Accounts and monthly expenditure statement (Plan)), it was noticed that of the total budget of Rs. 28.00 crore and Rs. 39.27 crore allocated under this scheme during the years 2007-08 and 2008-09, Rs. 5.24 crore and Rs. 4.48 crore respectively remained unspent because some schools did not withdraw cash to be disbursed to the students for the purchase of books. This clearly shows that the purpose of cash payment to students for purchase of books was defeated.

(b) Mid-day Meals scheme

The scheme envisages that every child in primary school be provided meals during the school hours with a minimum content of 300 calories and 8-12 gms of protein each day of school for a minimum of 200 days in a year with the objective of meeting nutrition deficiency and to prevent children from purchasing unhygienic food from hawkers and to reduce the number of absentees in the classes. The scheme was extended upto class VIII from the financial year 2008-09.

Scrutiny of appropriation accounts for the year 2008-09 revealed that budget allocations of Rs. 14 crore and Rs. 2.46 crore were made (Mid-day Meal for children & Mid-day Meal for children SCP^{*} and GIA^{**} to aided schools for Mid-day Meal), out of which 10.42 crore (76%) and 1.40 crore (56%) remained unspent due to non-implementation of schemes in upper primary classes as the vendors were not finalized (for supply of mid-day meals in schools) by the Selection Committee

* Special Campaign Programme

** Grant-in-Aid

appointed by government. Thus the children in the upper primary classes were deprived of nutritious meals.

(c) Introduction of Computer Science at + 2 level

All computer subjects namely (i) computer science (ii) informatics practice and (iii) multimedia and web designing have been introduced as elective subjects at 10 + 2 level in all Government/Government-aided Senior Secondary schools. The objective of the schemes is to provide computer education to the students at schools. Initially, the services for computer education were outsourced through an agency, which provided teachers and equipment for computer education at schools. Records revealed that due to unsatisfactory services provided by the agency, on the decision of the department, the imparting of computer education was being done through heads of schools where facilities of computer labs were available and the school heads were empowered to procure hardware and peripherals and ensure maintenance of computers etc. The budget provision and actual expenditure for the scheme for the period 2006-09 was as under:

Table 2.10: Budget and expenditure of scheme

(Rupees in crore)

Year	Original budget (O) Re-appropriation (R)	Total provision	Actual expenditure	Savings
2006-07	O 27.00 R (-) 10.75	16.25	16.20	0.05
2007-08	O 46.00 R (-) 09.65	36.35	31.24	5.11
2008-09	O 40.00 R (-) 11.65	28.35	18.10	10.25

The above table shows that Rs. 16.20 crore (60 per cent), Rs. 31.24 crore (67 per cent) and 18.10 crore (45 per cent) out of the original provisions of Rs.27, 46 and 40 crore were incurred/disbursed during the years 2006-07, 2007-08 and 2008-09 respectively. Savings were attributed to non-filling up of vacant posts during 2006-07 and proposal for purchase of equipment etc., not being finalized/ approved during the years 2007-08 and 2008-09.

Thus, under utilization of the approved outlay of the Scheme indicated lax implementation leading to non-achievement of the objectives of the scheme.

2.14 Surrender of unspent provision at the end of financial year

Rule 56 (2) of the General Financial Rules provides that unspent provisions in a grant or appropriation are to be surrendered to the Government as soon as these are foreseen without waiting for the end of the financial year. Unspent provision should also not be held in reserve for any possible future excess. Test-check revealed that contrary to this, the Department surrendered unspent provisions of Rs. 5.70 crore (non-plan) to the Finance Department, Government of NCT of Delhi at the end of the financial year. The details are given in the following page.

Table 2.11: Surrender of unspent provision

(Rupees in crore)

Year	Sub-head	Amount surrendered	Date of surrender
2008-09	2204-A.2(2)(1) National Service Scheme	0.70	20 March 2009
	2202-A.1(2)(6)(1) Assistance to Non-Govt. Sec. School-Salaries	5.00	30 March 2009

However, in the surrender orders dated 31 March 2009 issued by the Finance (budget) Department, Government of NCT of Delhi, there was no order for surrender of above unspent provisions. Had the above unspent provisions been surrendered as soon as these were foreseen, these could have been fruitfully utilized in other schemes /projects/ programmes of the government instead of being allowed to lapse.

Reasons for surrendering the budget at the end of the financial year were called for from the Education Department. Reply is awaited.

2.15 Rush of expenditure

As per Rule 56(3) of the General Financial Rules, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and should be avoided. Contrary to this, the head-wise expenditure incurred by the department during the month of March in last three years under the following sub-heads ranged between 47 *per cent* and 100 *per cent* of the total expenditure

Table 2.12: Rush of expenditure

(Rupees in crore)

Year	Sub-head	Total provision	Total expenditure	Exp. incurred during last quarter		Exp. in March	
				Amount	Percentage	Amount	Percentage
2006-07	2202-A1(2)(4)(4) Free supply of text books	9.75	9.45	9.25	98	7.12	77
2007-08	2202-A1(2)(4)(4) Free supply of text books	28.00	22.69	16.01	71	11.41	50
	4202 AA1(1)(1)(1) Construction, repairs & maintenance and petty works of school building by Education Department	26	24.11	21.34	88	18.73	78
	4202-AA1(1)(1)(2) Outsourcing work of school building	44.85	35.80	33.26	93	26.17	73
	2202-A1(4)(4)(14) School Extension programme	5.35	4.75	4.02	85	2.45	52
	2202-A1(2)(8)(20) Computer Education in govt. school	37.35	31.24	22.79	73	18.32	59
	2204-A2(3)(7) GIA to sports association	0.75	0.72	0.49	68	0.49	68

	2204-A2(4)(1) Cash incentive to the outstanding players, sportsmen etc.	3.55	3.61	3.19	88	3.19	88
	BB4(3)(1)(10) Commonwealth Games	60.00	48.57	48.57	100	48.57	100
2008-09	2202-A1(2)(4)(3) Free supply of text books	39.27	31.97	-	-	22.07	69
	4202 AA 1 (1)(1)(1) Construction, repairs & maintenance and petty works of school building by Education Department	26.00	20.34	-	-	9.50	47
	4202-AA1(1)(1)(2) Outsourcing work of school building	67.10	63.11	-	-	58.78	93
	2202-A1(2)(8)(16) Awards/incentive to students & teachers	0.50	0.48	-	-	0.48	100
	2202-A.1(4)(4)(4) Coaching facilities to the students	1.00	0.13	-	-	0.129	99
	2204-A2(2)(3) Youth welfare programme	0.20	0.18	-	-	0.18	100
	2204-A2(3)(7) GIA to sports association	0.25	0.25	-	-	0.25	100
	2236-A4(1)(1)(10) GIA to aided school for Mid- day Meal	3.00	1.08	-	-	0.78	72

In response to the audit observation, the Department stated that some of the activities like publication of school magazines etc., are organized in the ending months. Further, funds for supply of free text books were drawn in the month of March for supply of books in the next session. Department also stated that there are around 1000 disbursal centres of Directorate of Education due to which monitoring of expenditure of all the centres is difficult.

2.16 Unrealistic Budgeting

As per Rule 48 (2) of the General Financial Rules, Ministries/ Departments have to inter alia prepare their estimates keeping in view the trends of disbursements during the previous years and other relevant factors like the economy instructions issued by the Ministry of Finance from time to time. Scrutiny of records for the years 2006-07 to 2008-09 revealed that entire provisions remained unutilized under a number of sub-heads shown in the following table, defeating the original purpose for which the budget provisions were passed by the Legislative Assembly.

Table 2.13: Unrealistic Budgeting

(Rupees in crore)

Year	Sub-head	Total provision	Unspent provision
2006-07	2236-A4(1)(1)(12) Mgmt. monitoring & evaluation of Mid-day Meal scheme	R 0.60	0.60
	2202-J1(5)(1) Minor work	0-0.45 R (+) 0.55	1.00

2007-08	2236-A4(1)(1)(13) National program of nutritional support to Primary education	O-18.03 R(+) 14.82	32.85
	2202-J1(3)(3) GIA to National law school at New Delhi.	O-0.01 R+) 4.99	5.00
2008-09	2204-A.1(2)(6) Assistant to non-Govt. Sr. School	167.39	167.39
	2202-A.2(2)(1) National Service Scheme	S-0.01 R 0.69	0.70
	2236-A.4(1)(1)(13) National programme of Nutritional support to primary education (CSS)	18.00	18.00
	2236-A4(1)(1)(12) Management monitoring and evaluation of Mid-day meal scheme(CSS)	0.45	0.45
	2203-B1(5)(6) Pharmaceutical Science University	0.20	0.20
	2203-B1(5)(7) Starting of production-cum-training facilities in institutions	0.80	0.80
	2203-B1(5)(8) Networking of all institutes	0.50	0.50
	2203-B1(5)(10) Starting of public lecture scheme	0.10	0.10
	2203-B1(5)(13) Development of Delhi knowledge hub	1.00	1.00
	2203-B1(5)(14) Eminent faculty in reputed institution	0.40	0.40
	2203-B1(6)(3) EDUSAT	0.40	0.40
	2203-B1(6)(4) Setting up of IIT	1.10	1.10
	2203-C1(3) Centre of advance studies and extension services	0.20	0.20
	2203- F2(3)(3) GIA to Raja Ram Mohan Roy Library Foundation.	0.20	0.20
	2203 I1(1)(1)(2) TIFAC core centre for drug development	0.50	0.50
	2202-J1(1)(3) GIA to colleges being managed by Trusts and affiliated to DU	0.80	0.80
	2202-J1(2)(1)(6) financial assistance to economically weaker sections	1.20	1.20
	2202-J1(3)(1) GIA to IP university	0.50	0.50
	2202-J1(3)(2) GIA to GGSIU for Mahila Institute of Technology	0.65	0.65
	2202-J1(4)(2) Introduction of new courses in Govt. colleges	0.50	0.50
	4202-EE1(1)(1)(1) Expansion of College of Arts	0.80	0.80
	4202-GG1(1)(1)(3) Museum and art gallery	0.50	0.50

The reasons stated in the appropriation accounts revealed that in most of the cases, the entire provision remained unutilized due to non-implementation of the schemes. This indicates that the budget estimates were not prepared after adequate pre-budget scrutiny of projects and schemes.

2.17 Unnecessary supplementary grants

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

In the following cases, the department sought supplementary provisions in anticipation of higher expenditure, but the final expenditure was less than the original grants/appropriations in one case and in another two cases 85 *per cent* and 61 *per cent* supplementary grants remained unspent which shows that supplementary provisions were unnecessary, indicating deficient budgeting.

Table 2.14: Unnecessary supplementary grants

(Rupees in crore)

Year	Sub-head	Provision	Actual expenditure	Unspent provision
2008-09	2203-B 1(5)(3) GIA to NSIT	O 32.19 S 1.61	29.58	4.22
	2202-A1(2)(6)(2) Assistance to Govt. aided schools for other expenses	S 2.46	0.37	2.09
	2202-A1(2)(8)(26) GIA for text books under freeship quota in private schools	S 1.07	0.42	0.65

Reasons for not using the supplementary grant were stated to be release of less than budgeted grant to the schools owing to receipt of less claims/ beneficiaries. Thus estimation of expenditure was unrealistic.

2.18 Injudicious re-appropriation of funds to sub-heads

Re-appropriation of funds to the following sub-heads was injudicious as the original provision under the sub-heads was found to be more than adequate. Consequently, final savings under the sub-heads were more than the amount re-appropriated to sub-heads as detailed below:

Table 2.15: Injudicious re-appropriation of funds to sub-heads

(Rupees in crore)

Year	Sub-head	Original (O)	Re-appropriation	Total Provision	Actual Expenditure	Savings
2006-07	2202-A1(1)(1)(1)(1) GIA to SCERT	6.30	R-0.69 S-0.01	7.00	5.09	1.91
2007-08	2202-A1(3)(2)(2) Examination reforms branch for quality improvement	2.03	0.22	2.25	1.98	0.27
2007-08	2236-A4(1)(1)(12) Management Monitoring and Evaluation of mid-day meal scheme (CSS)	0.60	0.10	0.70	0.53	0.17
2007-08	2236-A4(1)(1)(13)-National programme of nutritional support to primary education (CSS)	18.03	14.82	32.85	NIL	32.85

2007-08	2203-B1(1)(1) Directorate of Tech. education	5.09	0.16	5.25	4.90	0.35
2008-09	2202-A1(4)(4)(14) School Extension Programme	2.00	0.85	2.85	1.59	1.26
	2236-A4(1)(1)(1) Mid-day meal for children	4.92	6.56	11.48	2.98	8.50
	2236-A4(1)(1)(2) Mid-day meal SCSP	1.08	1.44	2.52	0.60	1.92
	2203-B1(4) Polytechnic	32.25	6.07	38.32	28.94	9.38
	2203-B1(5)(3) GIA to NSIT	32.19	1.61	33.80	29.58	4.22
	2203-C1(1)(1) DCE	32.05	0.70	32.75	30.36	2.39
	4202-EE1(1)(1)(1) Expansion of College of Arts	0.30	0.50	0.80	NIL	0.80
	4202-GG1(1)(1)(3) Museum and Art Gallery	0.15	0.35	0.50	NIL	0.50

2.19 Excess expenditure over appropriation

- (a) It is an important function of the Accounts Office to see that no payment is made in excess of the budget allocation. The Pay and Accounts offices can make payment only on receipt of an assurance in writing from the Head of Department controlling the Grant that necessary funds to accommodate the disbursement will be provided by issue of re-appropriation order etc.

Test-check of records revealed that there was an original provision of Rs. 2.00 crore in the demand for grants under sub-head 1(2)(8)(17)- vocational education in schemes under plan head, which was reduced to Rs. 35 lakh in the revised budget for the year 2008-09. However, the Department had incurred an amount of Rs. 1.28 crore against the budget provision of Rs. 35 lakh. Thus, the department had made an excess payment of Rs. 93.47 lakh over the available provision. However, the Department did not issue any re-appropriation orders to accommodate the excess expenditure over the available provisions. This is indicative of defective budgetary control. In reply, the department stated that the matter has been communicated to the Vocational Branch which monitors vocational education in schools for further action.

- (b) Article 205 of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service for that year, the excess expenditure should be regularized by the state legislative assembly.

Audit scrutiny of records (Grant No. 6-Education) revealed that excess over the sanctioned grant (including re-appropriation and supplementary grant) was incurred in 12 cases during the financial years 2006-07 to 2008-09 (**Appendix 2.11**). The

reasons of excess expenditure and the date of regularization of excess expenditure were called for. Reply is awaited.

2.20 Conclusion and Recommendations

During 2008-09, expenditure of Rs.20,389.23 crore was incurred against the total grants and appropriations of Rs.21628.62 crore, resulting in a saving of Rs.1239.39 crore. The overall saving was the net result of saving of Rs.1256.74 crore offset by excess of Rs.17.35crore. This excess requires regularization under Article 205 of the Constitution of India. In 8 cases, surrender of funds amounting to Rs.375.76 crore in excess of Rs.1 crore was made on the last two working days of the financial year, while in 6 grants/appropriations savings of Rs.189.23 crore were not surrendered. In 70 cases, augmentation/reduction of provision by re-appropriation provided either in excess of requirement or insufficient or unnecessary as the final expenditure of the re-appropriated sub-heads resulted in savings/excess.

Budgetary controls need to be strengthened in all the Government departments, where savings/excesses persisted for last five years. Re-appropriation/surrender orders should not be issued at the end of the year.