

## 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 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, 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. The Appropriation Accounts thus facilitate the management of finances and monitoring of budgetary provisions and are therefore, complementary to the Finance Accounts.

**2.1.2** Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and whether the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure incurred is in conformity with the law, relevant rules and regulations and instructions.

#### 2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2008-2009 against 106 grants/appropriations was as given in **Table 2.1**:

**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	30,523.29	3,490.09	34,013.38	31,280.99	(-)2,732.39
	II Capital	7,976.27	3,107.22	11,083.49	10,373.70	(-)709.79
	III Loans and Advances	330.00	64.78	394.78	353.75	(-)41.03
Total Voted		38,829.56	6,662.09	45,491.65	42,008.44	(-)3,483.21
Charged	IV Revenue	8,226.79	59.23	8,286.02	7,966.02	(-)320.00
	V Capital	0.01	8.38	8.39	7.77	(-)0.62
	VI Public Debt- Repayment	3,159.37	...	3,159.37	2,604.91	(-)554.46
Total Charged		11,386.17	67.61	11,453.78	10,578.70	(-)875.08
Appropriation to Contingency Fund (if any)						
<b>Grand Total</b>		<b>50,215.73</b>	<b>6,729.70</b>	<b>56,945.43</b>	<b>52,587.14</b>	<b>(-)4,358.29</b>

(Source: Appropriation Accounts of the State Government)

The overall saving of Rs.4,358.29 crore was the result of savings of Rs.4,705.34 crore in 71 grants and 28 appropriations under the Revenue Section, 43 grants and five appropriation under the Capital Section and one appropriation (Public Debt-Repayments) under the Loan Section, offset by excess of Rs.347.05 crore in 20 grants and one appropriation under the Revenue Section and three grants and one appropriation under the Capital Section.

The savings/excesses were intimated (July /August 2009) to the Controlling Officers, requesting them to explain the reasons for significant variations but no explanations were received (October 2009) from them.

## **2.3 Financial Accountability and Budget Management**

### **2.3.1 Appropriations vis-à-vis Allocative Priorities**

The outcome of appropriation audit revealed that in 49 cases, savings exceeded Rs.10 crore in each case or by more than 20 *per cent* of the total provision (**Appendix 2.1**). Against the total savings of Rs.4,705.34 crore, savings of Rs.4,081.51 crore (86.7 *per cent*) occurred in 11 cases relating to nine grants and one appropriation as indicated in **Table 2.2**.

**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	Original	Supplementary	Total	Actual Expenditure	Savings
<b>Revenue- Voted</b>						
1	18- Pensions and Other Retirement Benefits	2,663.64	-	2,663.64	2,263.66	399.98
2	19- Other Expenditure pertaining to Finance Department	2,220.23	-	2,220.23	231.36	1,988.87
3	49- Industries	578.87	0.60	579.47	495.57	83.90
4	70- Community Development	568.58	-	568.58	445.86	122.72
5	95- Scheduled Castes Sub-Plan	942.13	38.81	980.94	895.83	85.11
<b>Capital- Voted</b>						
1	65- Narmada Development Scheme	2,136.38	2,990.00	5,126.38	4,987.58	138.80
2	66- Irrigation and Soil Conservation	1,153.30	-	1,153.30	1,087.02	66.28
3	96- Tribal Area Sub-Plan	1,187.44	-	1,187.44	1,108.00	79.44
4	84- Non-Residential Buildings	436.78	-	436.78	184.17	252.61

<b>Revenue – Charged</b>						
1	20- Repayment of Debt pertaining to Finance Department and its Servicing	7,770.12	0.01	7,770.13	7,460.80	309.33
<b>Capital-Charged</b>						
1	20- Repayment of Debt pertaining to Finance Department and its Servicing	3,159.35	-	3,159.35	2,604.88	554.47

(Source: Appropriation Accounts of the State Government)

Reasons for excessive savings are detailed below:

1. Grant No. 18- Out of the total savings of Rs. 399.98 crore, savings under Superannuation and Retirement Allowances (Rs.215 crore), Commuted value of Pensions (Rs.88 crore) and Gratuities (Rs.43 crore) were mainly due to finalisation of less number of pension cases. Further, saving of Rs.1.04 crore under Administrative Charges for the Defined Contribution Pension Scheme was due to non-finalisation of the work of the New Defined Contribution Pension Scheme with National Securities Depository Ltd.
2. Grant No. 19- Out of the total savings of Rs. 1,988.87 crore, the saving under Gujarat State Sinking Fund (Rs. 300 crore) was on account of the Government's decision not to increase the corpus of the fund as sufficient balance was available. There was a saving of Rs.100 crore under contribution to Gujarat State Guarantee Redemption Fund due to sufficient balance available in the Fund account to meet the contingent liabilities. Further saving of Rs.1,600 crore was mainly due to provision for payment on account of increase in the rate of dearness allowance under various sub heads of the respective departments in the revised estimates.
3. Grant No. 49- Out of the total savings of Rs. 83.90 crore, the saving under Rural Technology Industries (Rs. 37.29 crore) was due to delay in receipt of sanction of scheme by Government on account of association of the scheme with various departments. The savings under Assistance to Institute for Industrial Development (Rs.24.89 crore) and Development of Textile Industry (Rs.25.05 crore) were mainly due to non-receipt of matching contribution for the scheme from the Government of India and non-release of pending claims of bank guarantees by the Government on account of enforcement of the model code of conduct for the Lok Sabha election respectively.
4. Grant No.70- Out of the total savings of Rs.122.72 crore, savings under Gram Sachivalaya (Rs.50 crore) and incentives for Nirmal Gujarat scheme (Rs.49.82 crore) were due to non-receipt of administrative approvals from the Finance Department.

5. Grant No. 95- Out of the total savings of Rs.85.11 crore, the saving under Development of Polytechnics and Girls Polytechnics (Rs.16.43 crore) was due to non-finalisation of the policy to give benefits to Scheduled Caste students. Further, under the Scheduled Caste Sub-Plan Financial Assistance for housing on Individual Basis-Dr. Ambedkar Awas Yojana, the saving (Rs.10.56 crore) was on account of lesser number of beneficiaries. Under the Scheduled Castes Sub Plan -Adjusted Rural Technology Institute the saving (Rs.17.50 crore) was due to a decision to restrict providing kits to below poverty line /urban poor trainees only.
6. Grant No. 65 –A supplementary grant of Rs.2,990 crore was obtained in March 2009 but still there was a saving of Rs.138.80 crore due to less receipt of shares from the beneficiary States of the Narmada Project.
7. Grant No. 66- Out of the total savings of Rs.66.28 crore, the saving under Other Expenditure (Rs.66.03 crore) was mainly due to slow progress of work.
8. Grant No.96- Out of the total savings of Rs.79.44 crore, savings under RBD-102-Construction (Rs.18.88 crore) and EDN-21–Buildings (Rs.17.97 crore) respectively were mainly due to delays in allotment of land, preparation of plans and estimates, administrative approvals and technical sanctions etc., implementation of the model code of conduct for the Lok Sabha Election-2009, etc. The saving (Rs.31 crore) under the Gujarat Forestry Development Project was due to vacant posts.
9. Grant No. 84 –Out of the total savings of Rs.252.61 crore, savings under Buildings (Rs.63.02 crore) and TED-22-Buildings (Rs.60.48 crore) were due to delays in preparing plans and estimates, administrative approval, technical sanction, tendering process etc., implementation of the model code of conduct for Lok Sabha election etc.
10. Grant No. 20 (Revenue-Charged) –Out of the total savings of Rs.309.33 crore, Rs.95.30 crore was on account of less payment of interest on loans raised during 2008-09; Rs.160 crore was on account of less payment of interest on loans from National Small Savings Fund and Rs.23.49 crore was on account of less payment of interest on loans from NABARD.
11. Grant No. 20 (Capital-Charged) Out of the total savings of Rs.554.47 crore, savings under repayment of loans received from NABARD for medium and minor irrigation projects and repayment of loans received from the National Small Savings Fund (Rs. 108.77 crore) and (Rs. 452.28 crore) respectively were on account of taking less amount of loans from these institutions.

### **2.3.2 Persistent Savings**

In seven cases during the last five years, there were persistent savings of more than Rs.50 crore in each case or also by 10 *per cent* or more of the total grant (**Table 2.3**).

**Table 2.3: List of Grants indicating Persistent Savings during 2004-09**  
(Rupees in crore)

Sr. No.	No. and Name of the grant	Amount of savings				
		2004-05	2005-06	2006-07	2007-08	2008-09
<b>Revenue- Voted</b>						
1	19- Other Expenditure pertaining to Finance Department	-	365.01 (20.47)	292.60 (23.05)	629.71 (38.17)	1,988.87 (89.58)
2	49-Industries	31.22 (14.41)	65.66 (26.57)	-	75.51 (20.97)	83.89 (14.47)
3	52- Other Expenditure pertaining to Industries and Mines Department	-	-	26.09 (38.95)	9.34 (42.70)	14.07 (55.41)
<b>Capital- Voted</b>						
1	84-Non-Residential Buildings	28.17 (26.58)	18.33 (14.15)	-	136.19 (42.88)	252.61 (57.83)
2	79-Relief on account of Natural Calamities	-	-	471.88 (71.92)	107.30 (19.56)	44.81 (17.06)
3	85-Residential Buildings	5.67 (35.50)	8.32 (38.30)	15.70 (63.69)	21.05 (71.21)	9.30 (46.45)
<b>Capital –Charged</b>						
1	19/20-Repayment of Debt pertaining to Finance Department	-	3,724.19 (76.74)	1,608.45 (47.59)	1,626.85 (45.68)	554.47 (17.55)

(Source: Appropriation Accounts of the State Government)

From the above table, it may be seen that the savings continued over the years indicating improper estimation.

### 2.3.3 Excess Expenditure

In seven cases, the expenditure exceeded the approved provisions by Rs.10 crore or more in each case or by more than 20 *per cent* of the total provisions. Details are given in **Appendix 2.2**. Of these, under the following grant/head (**Table 2.4**), excess expenditure of more than 20 *per cent* was observed consistently for the last five years:

**Table 2.4: List of Grants indicating Persistent Excess Expenditure during 2004-09**  
(Rupees in crore)

Sr. No.	No. and Name of the grant	Amount of Excess Expenditure				
		2004-05	2005-06	2006-07	2007-08	2008-09
<b>Revenue-Voted</b>						
Voted						
1	73 Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department	15.29 (20.29)	31.26 (25.12)	33.06 (26.89)	71.96 (56.25)	78.33 (51.72)

The excess expenditure during 2008-09 was mainly on account of excess (Rs.63.83 crore) under the head Superannuation and Retirement Allowances to Panchayat employees.

### ***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 Rs.3.92 crore was incurred in three cases as detailed in **Table 2.5** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

<b>Number and Name of Grants</b>	<b>Amount of Expenditure without provision</b>
84- Non-Residential Buildings (01) (051)(42) Buildings	0.10
86- Roads and Bridges (80)(001)(05) Expenditure transferred on Pro rata basis from Major Head 2059	3.32
96-Tribal Area Sub-Plan (01)(313)(13) Revolving Fund for cutting and disposal of Maliki trees in Dangs District	0.50
(Source: Appropriation Accounts of the State Government)	

Reasons for incurring expenditure without provision of funds were called for from the Government but no reply was received (October 2009).

### ***2.3.5 Drawal of funds to avoid lapse of Budget Grant***

As per Rule 283 of the Bombay Treasury Rules, no money should be drawn from the treasury unless it is required for immediate disbursement. For the purchase of hardware/software, Principal Secretary, Agriculture and Cooperation Department had drawn Rs. 86.70 lakh on 28 March 2009 and deposited the amount with the Gujarat State Financial Services. The amount was drawn at the fag end of the year to avoid lapse of grant.

### ***2.3.6 Excess over provisions relating to previous years requiring regularization***

As per Article 205 of the Constitution of India, it is mandatory for a 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, the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. However, excess expenditure amounting to Rs.14,178.23 crore for the years 1993-94 to 2007-08 was still to be regularized as detailed in **Appendix 2.3**.

Non-regularisation of the excess over grant/appropriation over the years is a breach of legislative control over appropriations.

**2.3.7 Excess over provisions during 2008-09 requiring regularization**

**Table 2.6** contains a summary of the total excess over provision of funds in 25 grants amounting to Rs.347.05 crore during 2008-09, requiring regularization under Article 205 of the Constitution.

**Table 2.6: Excess over provisions requiring regularization during 2008-09****(Rupees in crore)**

Sr. No.	Number and Title of Voted Grants	Total grant	Expenditure	Excess
1	5 Co-operation-Revenue	77.12	78.94	1.82
2	8 Education Department –Revenue	4.20	4.33	0.13
3	9 Education- Revenue	6,026.63	6,119.31	92.68
4	13 Energy Projects-Revenue	3,218.54	3,285.53	66.99
5	21 Food, Civil Supplies and Consumer Affairs Department-Revenue	9.72	9.79	0.07
6	22 Civil Supplies-Revenue	181.64	182.25	0.61
7	23 Food- Revenue	20.67	20.86	0.19
8	26 Forests- Revenue	168.21	168.42	0.21
9	38 Health and Family Welfare Department- Revenue	9.36	9.41	0.05
10	39 Medical and Public Health-Revenue	1,043.95	1,060.11	16.16
11	41 Other Expenditure pertaining to Health and Family Welfare Department –Revenue	0.20	0.21	0.01
12	43 Police-Revenue	1,162.18	1,182.62	20.44
13	44 Jails-Revenue	37.09	37.33	0.24
14	55 Other expenditure pertaining to Information and Broadcasting Department –Capital	0.55	2.99	2.44
15	58 Other Expenditure pertaining to Labour and Employment Department-Capital	0.55	0.58	0.03
16	62 Legislative and Parliamentary Affairs Department-Revenue	2.57	2.65	0.08
17	66 Irrigation and Soil Conservation –Revenue	663.48	670.46	6.98
18	73 Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department – Revenue	151.45	229.78	78.33
19	79 Relief on account of Natural Calamities –Revenue	618.67	626.76	8.09
20	80 Dangs District-Revenue	24.19	24.48	0.29
21	81 Compensation and Assignments-Capital Charged	0.02	0.04	0.02
22	86 Roads and Bridges –Revenue	1,374.42	1,422.70	48.28
23	86 Roads and Bridges –Capital	854.39	857.26	2.87
24	87 Gujarat Capital Construction Scheme –Revenue	8.52	8.56	0.04
25	104 Other Expenditure Pertaining to Urban Development and Urban Housing Department- Revenue	1.16	1.16	@
26	106 Other Expenditure Pertaining to Women and Child Development Department - Revenue Charged	0.50	0.50	*
	<b>Total</b>	<b>15,659.98</b>	<b>16,007.03</b>	<b>347.05</b>

@ Rs. 1,000 only \* Rs. 12,000 only. (Source: Appropriation Accounts of the State Government)

The reasons for excess over provision called for from the State Government were awaited (October, 2009).

### **2.3.8 Unnecessary/Excessive/Inadequate supplementary provision**

Supplementary provisions aggregating Rs.125.03 crore obtained in 17 cases of Rs.50 lakh or more in each case during the year, proved unnecessary as the expenditure did not come up to the levels of the original provisions as detailed in **Appendix 2.4**. In 11 cases, supplementary provisions of Rs. 1,969.21 crore proved insufficient by more than Rs. one crore in each case, leaving an aggregate uncovered excess expenditure of Rs. 345.09 crore (**Appendix 2.5**).

Important cases where supplementary provisions proved unnecessary are discussed below:-

Under Grant No. 98, 112 Celebration of Golden jubilee year of Formation of Gujarat, a supplementary grant of Rs. 18.10 crore was obtained but Rs.16.50 crore was surrendered on account of declaration of the model code of conduct for Lok Sabha elections. Likewise, under Grant No. 95, under 50 Scheduled Castes Sub Plan - Financial Assistance for housing on individual basis- Dr. Ambedkar Awas Yojna, a supplementary grant of Rs.21.95 lakh was obtained but savings of Rs.10.56 crore were surrendered on account of less number of beneficiaries. Similarly, in grant No 60, under (ii) Civil Judges (iii) Magistrate Courts (v) Fast Track Courts and (vii) Law officers, supplementary grants of Rs.1.94 crore, Rs.0.56 crore, Rs.1.93 crore and Rs.9.92 crore respectively were obtained but Rs.5.28 crore, Rs.0.71 crore, Rs.7.55 crore and Rs.6.30 crore respectively were surrendered due to non-receipt of administrative approvals. Under Grant No. 76, a supplementary grant of Rs.0.94 crore was obtained for Khedut Pothi, but Rs.0.95 crore was surrendered due to non-receipt of administrative approval.

Under Grant No 9, under Superannuation & Pension to Primary Panchayat Teachers (v) Maintenance grant for primary education (xiii) EDN -19 Government Secondary Schools, though supplementary grants of Rs.148.88 crore, Rs.264.77 crore, Rs.3.08 crore respectively were obtained, there were excesses of Rs.62.88 crore, Rs.165.32 crore and Rs.1.54 crore respectively for which reasons were awaited. Under Grant No. 13, under Subsidy in fuel price & power purchase adjustment charges, though a supplementary grant of Rs.556.98 lakh was obtained, the final expenditure exceeded the total provision by Rs.189.27 crore. Under Grant No. 73, under (iii) Reimbursement of gratuity to Panchayat employees, though a supplementary grant of Rs.0.55 lakh was obtained, the final expenditure exceeded the total grant by Rs.5.66 crore. Similarly, under Grant No. 86, under Roads & Bridges, though a supplementary grant of Rs.37.50 crore was obtained, the final excess was Rs.314.15 crore due to good progress in budgeted works.

### **2.3.9 Excessive/unnecessary re-appropriation of funds**

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Re-appropriation of funds proved injudicious in view of final excesses and savings over grants. Cases where the excesses/savings totaling Rs. 1,258.23 crore under 124 sub-heads were noticed are detailed in **Appendix 2.6**.



### 2.3.10 Substantial surrenders

Substantial surrenders (where more than 50 per cent of the total provision was surrendered) were made in respect of 216 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to Rs 4,679.95 crore in these 216 sub-heads, Rs. 3,156.37 crore (67 per cent) was surrendered, which included cent per cent surrender in 78 cases (Rs.304.23 crore). The details of selected cases verified by Audit are given in **Appendix 2.7**. Some important cases are discussed in **Table 2.7**:

**Table 2.7 : Details of Cases of Substantial Surrenders**

Sr. No.	Grant No.	Head of account	Provision	Surrender	Reasons
			(Rupees in lakh)		
1	2	2401.800.11 Non-Plan	6,300.00	3,282.79	Less release of grant by GOI.
2	6	2405.103.12 Non-Plan	1,400.00	1,200.00	Less release of grant by GOI on rebate on High Speed Diesel.
3	9.	2202.01.106.14. Plan	6,188.68	3,808.86	State government dropped the project to provide computer laboratories in primary schools under the BOOT programme.
4	9	2202.03.103.1 Plan	2,084.75	1,354.75	Cardex numbers for DDOs of new colleges were not opened.
5	9	2202.04.200.1. Plan	285.68	264.26	GOI terminated the residual literacy programme.
6	19	2048.00.101.Non-Plan	50,000.00	30,000.00	On review of the position of Gujarat State Sinking Fund, the amount available was considered sufficient.
7	19	2075.00.797. Non-Plan	10,000.00	10,000.00	The balance available under Gujarat Guarantee Redemption Fund was considered sufficient.
8	19	2075.00.800.12 Non-Plan	1,60,000.00	1,58,805.00	Provision for payment of dearness allowance was made in the revised estimates of the respective departments.
9	20	6003.00.109.05. Non-Plan	9,700.64	6,758.60	Less demand from HUDCO.
10	49	2851.200.01. Plan	6,150.00	3,729.20	Late sanction of the scheme due to involvement of many departments.
11	70	2515.00.102. Plan	5,000.00	5,000.00	Administrative approval not given.
12	79	2245.02.800.02. Non-Plan	10,000.00	7,800.00	Less expenditure was due to non occurrence of any natural calamity in some parts of the State.
13	79	2245.02.282.2. Non-Plan	4,000.00	4,000.00	Less expenditure was due to non occurrence of any natural calamity in some parts of the State.
14	84	4059.01.051.42. Non-Plan	1,572.51	1,484.52	Delays in allotment of land, preparing plans and estimates, etc.
15	84	4202.01.201.42 Non-Plan	3,406.69	2,501.26	Delays in allotment of land, preparing plans and estimates, etc.

### ***2.3.11 Surrenders in excess of actual savings***

In 19 cases, the amounts surrendered (Rs. 50 lakh or more in each case) were in excess of actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of Rs. 1,076.23 crore, the amount surrendered was Rs. 1,612.94 crore, resulting in excess surrender of Rs.536.71 crore. Details are given in **Appendix 2.8**.

A provision of Rs. 102.97 crore was made under Grant No. 9 – M.H.2236(xxvi) 02.102.01 MDM-1- Mid -day Meal scheme for children in Public Primary classes. Considering that the number of beneficiaries was less, Rs.50.93 crore (as anticipated savings) was surrendered in March 2009. However, the year ended with an excess of Rs. 9.47 crore. This excess expenditure could have been avoided by restricting the amount surrendered in March 2009.

### ***2.3.12 Anticipated savings not surrendered***

As per Para 103 of the Gujarat Budget Manual, spending departments are required to surrender the grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. Sums surrendered by administrative departments after the 15<sup>th</sup> of March are not to be accepted, except in the case of Supplementary grants obtained after 15<sup>th</sup> March. However, two departments surrendered (31 March 2009) grants aggregating Rs. 5.95 crore (Science and Technology Department: Rs. 2.68 crore and Social Justice and Empowerment - Tribal Development Department: Rs. 3.27 crore). At the close of the year 2008-09, there were, however, 10 grants/ appropriations under which savings had occurred but no part of the same had been surrendered by the concerned departments. The total amount involved in these cases was Rs.22.31 crore (**Appendix 2.9**).

Similarly, out of total savings of Rs.905.80 crore under 16 other grants/ appropriations (savings of Rs. one crore and above were indicated in each grant/appropriation), grants aggregating Rs.139.21 crore were not surrendered, details of which are given in **Appendix 2.10**.

### ***2.3.13 Rush of expenditure***

According to Para 109 of the Gujarat Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of the Major Heads listed in **Appendix 2.11**, more than 50 *per cent* of the total expenditure for the year was incurred in March 2009 or during the last quarter. **Table 2.8** represents 27 Major Heads where expenditure exceeded Rs. 10 crore and more than 50 *per cent* expenditure was incurred either during the last quarter or during the last month of the financial year.

**Table 2.8: Cases of Rush of Expenditure towards the end of the financial year 2008-09**

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage of Total Expenditure	Amount	Percentage of Total Expenditure
1	2054	76.22	38.16	50.07	29.83	39.13
2	2058	45.95	26.99	58.73	20.69	45.02
3	2205	42.13	24.23	57.51	13.56	32.19
4	2220	50.04	25.93	51.83	16.77	33.52
5	2401	693.13	360.93	52.07	296.62	42.79
6	2404	32.95	29.51	89.56	28.3	85.9
7	2405	133.71	67.11	50.19	55.62	41.6
8	2425	84.5	43.51	51.49	18.78	22.22
9	2501	240.18	133.9	55.75	64.26	26.75
10	2515	841.93	498.95	59.26	396.43	47.09
11	2702	363.32	199.89	55.02	118.21	32.54
12	2711	42.19	32	75.86	24.07	57.06
13	2851	245.55	129.36	52.68	98.52	40.12
14	2852	313.48	272.43	86.9	200.62	64
15	2853	52.78	34.92	66.15	25.4	48.13
16	3475	50.2	26.5	52.79	5.54	11.03
17	3604	167.21	106.28	63.56	100.05	59.83
18	4059	71.19	42.25	59.35	24.56	34.5
19	4210	172.59	112.54	65.21	77.84	45.1
20	4216	120.85	92.29	76.37	59.73	49.43
21	4217	46.89	30.02	64.02	21.5	45.85
22	4700	5,327.62	3,622.15	67.99	1,065.9	20.01
23	5055	15	15	100	1.25	8.33
24	6225	23.03	12.11	52.59	5.29	22.97
25	6885	20	20	100	0	0
26	7055	145.5	115.25	79.21	115.25	79.21
27	7615	34.99	17.58	50.22	13.88	39.68

Appropriate action needs to be taken to regulate and systematize the procedure to avoid heavy expenditure during the last quarter of the year.

## 2.4 Audit of Abstract and Detailed Contingent Bills

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

As per Rule 302 of the Gujarat Financial Rules, 1971 read with the Government Resolution dated 5 February 1976, every drawing officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General.

Between 2003 and 2009, 61 AC bills amounting to Rs 5.18 crore were drawn by six departmental officers for which DC bills were not furnished (August 2009). Year-wise details are given in **Table 2.9**.

**Table 2.9: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills**

Year	Amount of AC bills (Rupees in crore)	Outstanding AC bills
2002-03	0.01	1
2005-06	3.05	11
2006-07	1.35	18
2007-08	0.76	30
2008-09	0.01	1
<b>Total</b>	<b>5.18</b>	<b>61</b>

Department-wise details of pending DC bills for the years up to 2008-09 are given in **Appendix 2.12**.

## **2.5 Advances from Contingency Fund**

The Contingency Fund of the State has been constituted under the Gujarat Contingency Fund Act, 1960 in terms of the provisions of Articles 267(2) and 283(2) of the Constitution of India. The fund is in the nature of an imprest and its corpus is Rs. 200 crore. During the year, Rs 33.97 crore was spent out of the Contingency Fund which was not recouped during the year.

## **2.6 Personal Deposit Accounts**

Personal Deposit (PD) accounts are created for parking of funds and are required to be closed at the end of each financial year. There were 1541 PD accounts in four District Treasuries in operation. These PD accounts were not closed as of March 2009 and the balance of Rs 63.25 crore in these accounts was not transferred back to the respective service heads. Of these 1541 accounts, 78 accounts were found to be inoperative. During test check of records of treasuries, two PD accounts viz, Gujarat Textile Corporation Limited and Gujarat Power Corporation Limited involving Rs. 46.49 crore were not operated during the last five years.

## **2.7 Conclusion and Recommendations**

### **Conclusion**

During 2008-09 expenditure of Rs.52,587.14 crore was incurred against total grants and appropriations of Rs.56,945.43 crore, resulting in savings of Rs.4,358.29 crore. The overall savings were the net result of savings of Rs.4,705.34 crore offset by excess of Rs.347.05 crore. This excess requires regularization under Article 205 of the Constitution of India. In 19 cases the amounts surrendered (Rs.50 lakh or more) were in excess of the actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of Rs.1,076.23 crore, the amount surrendered was Rs.1,612.94 crore resulting in excess surrender of Rs.536.71 crore. There

were 10 grants/appropriations in which total savings of Rs.22.31 crore were observed but the same were not surrendered by the concerned departments. Similarly, out of the total saving of Rs.905.80 crore (saving of Rs. one crore and above) under 16 other grants/appropriations, Rs.766.59 crore only were surrendered leaving Rs.139.21 crore as un-surrendered.

### **Recommendations**

Budgetary controls should be strengthened in all the Government departments, specially in those departments where savings/excesses had been observed for the last five years regularly. Last minute fund releases and issuance of re-appropriation/surrender orders at the end of the year should be avoided.