

## CHAPTER II

### FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

#### 2.1 Introduction

**2.1.1** The 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 estimate, supplementary grants, surrenders and re-appropriation 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 the 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 so incurred is in conformity with the law, relevant rules and regulations and instructions.

#### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2008-2009 against 53 grants/appropriations was as given in **Table 2.1**:

**Table 2.1: Summarised 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 (+)
<b>Voted</b>	I Revenue	45,915.01	6,099.41	52,014.42	48,496.30	(-) 3,518.12
	II Capital	9,379.40	1,980.87	11,360.27	9,143.73	(-) 2,216.54
	III Loans and Advances	1,658.28	1,171.47	2,829.75	2,829.94	(+) 0.19
<b>Total Voted</b>		<b>56,952.69</b>	<b>9,251.75</b>	<b>66,204.44</b>	<b>60,469.97</b>	<b>(-) 5,734.47</b>
<b>Charged</b>	IV Revenue	6,509.83	107.08	6,616.91	6,522.11	(-) 94.80
	V Capital	6.00	8.41	14.41	4.66	(-) 9.75
	VI Public Debt- Repayment	3,688.18	0.00	3,688.18	2,215.75	(-) 1,472.43
<b>Total Charged</b>		<b>10,204.01</b>	<b>115.49</b>	<b>10,319.50</b>	<b>8,742.52</b>	<b>(-) 1,576.98</b>
<b>Appropriation to Contingency Fund (if any)</b>		..	..	..	..	..
<b>Grand Total</b>		<b>67,156.70</b>	<b>9,367.24</b>	<b>76,523.94</b>	<b>69,212.49</b>	<b>(-) 7,311.45</b>

(Source: Appropriation Accounts of Government of Tamil Nadu)

The overall savings of Rs 7,311.45 crore was the result of savings of Rs 7,465.10 crore in 50 grants and 47 appropriations under the Revenue Section, 36 grants and one appropriation under the Capital Section and 16 grants and one appropriation (Public Debt-Repayments) under the Loan Section, offset by excess of Rs 153.65 crore in one grant and one appropriation each under the Revenue Section and the Capital Section and two grants under the Loans Section.

The savings/excesses were intimated (July 2009) to the Controlling Officers, requesting them to explain the significant variations. Out of 736 sub-heads, explanations for variations were not received (July 2009) in respect of 593 sub-heads (Saving: 409 sub-heads and Excess: 184 sub-heads).

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

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

The outcome of appropriation audit revealed that in 16 cases, savings exceeded Rs 10 crore in each case and also by more than 20 *per cent* of the total provision (**Appendix 2.1**). Against the total savings of Rs 7,311.45 crore, savings of Rs 6,753.03 crore (92.36 *per cent*) occurred in 25 cases relating to 23 grants and two appropriations as indicated in **Table 2.2**.

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

(Rupees in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
<b>Revenue-Voted</b>						
1	05 Agriculture Department	1,357.07	131.33	1,488.40	1,374.98	113.42
2	16 Finance Department	527.31	1.26	528.57	403.72	124.85
3	17 Handlooms and Textiles (Handlooms, Handicrafts, Textiles and Khadi Department)	573.50	3.32	576.82	480.09	96.73
4	19 Health and Family Welfare Department	2,586.40	205.33	2,791.73	2,608.49	183.24
5	20 Higher Education Department	1,192.64	47.74	1,240.38	1,087.71	152.67
6	21 Highways Department	1,245.10	16.85	1,261.95	1,106.06	155.89
7	22 Police (Home, Prohibition and Excise Department)	2,204.94	21.96	2,226.90	2,049.30	177.60
8	26 Housing and Urban Development Department	307.22	594.00	901.22	732.77	168.45
9	27 Industries Department	305.26	44.02	349.28	188.04	161.24
10	34 Municipal Administration and Water Supply Department	2,206.45	882.22	3,088.67	2,880.27	208.40
11	41 Revenue Department	2,494.87	6.37	2,501.24	2,185.3	315.94
12	42 Rural Development and Panchayat Raj Department	3,551.62	546.32	4,097.94	3,672.66	425.28
13	43 School Education Department	7,690.36	86.31	7,776.67	7,406.15	370.52
14	45 Social Welfare and Nutritious Meal Programme Department	1733.1	148.50	1,881.60	1,744.64	136.96
15	50 Pension and Other Retirement Benefits	7,932.14	50.00	7,982.14	7,775.83	206.31
16	51 Relief on account of Natural Calamities	437.61	1976.02	2,413.63	2,229.87	183.76

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
<b>Capital-Voted</b>						
17	21 Highways Department	2,933.96	2.34	2,936.30	2,692.02	244.28
18	22 Police (Home, Prohibition and Excise Department)	219.43	0.00	219.43	105.60	113.83
19	26 Housing and Urban Development Department	695.47	0.00	695.47	221.8	473.67
20	34 Municipal Administration and Water Supply Department	876.47	19.95	896.42	803.33	93.09
21	39 Buildings (Public Works Department)	501.26	1.32	502.58	234.17	268.41
22	40 Irrigation (Public Works Department)	950.54	111.52	1062.06	515.88	546.18
23	43 School Education Department	161.65	164	325.65	55.35	270.3
<b>Revenue-Charged</b>						
24	53 Debt Charges	6,426.16	76.41	6,502.57	6,412.99	89.58
<b>Loans-Charged</b>						
25	54 Public Debt-Repayment	3688.18	0.00	3,688.18	2,215.75	1,472.43
<b>Total</b>		<b>52,798.71</b>	<b>5,137.09</b>	<b>57,935.80</b>	<b>51,182.77</b>	<b>6,753.03</b>

(Source: Appropriation Accounts of Government of Tamil Nadu)

### 2.3.2 Persistent Savings

In 17 cases, during the last five years, there were persistent savings of more than five per cent of the total grants as indicated in **Table 2.3**.

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

(Rupees in lakh)

Sl. 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	2 Governor and Council of Ministers	24.44 (18.49)	3.08 (17.45)	2.54 (14.23)	1.32 (6.94)	2.99 (13.38)
2	5 Agriculture Department	55.21 (5.94)	69.72 (8.58)	69.51 (7.16)	168.51 (14.97)	113.43 (7.62)
3	7 Fisheries (Animal Husbandry, Dairying and Fisheries Department)	8.37 (11.12)	20.88 (25.18)	35.30 (32.92)	28.67 (29.64)	36.69 (32.99)
4	9 Backward Classes, Most Backward Classes and Minorities Welfare Department	23.79 (10.65)	23.31 (7.69)	38.35 (11.44)	36.74 (9.91)	31.18 (7.70)
5	11 Stamps and Registration (Commercial Taxes on Registration Department)	26.28 (23.84)	11.38 (11.23)	22.04 (17.11)	11.34 (7.81)	14.79 (9.99)
6	19 Health and Family Welfare Department	84.16 (6.22)	96.80 (6.47)	235.33 (12.57)	355.30 (14.98)	183.24 (6.56)
7	21 Highways Department	108.42 (12.67)	172.47 (18.56)	142.30 (12.44)	165.71 (13.78)	155.90 (12.35)
8	22 Police (Home, Prohibition and Excise) Department	65.06 (5.20)	98.09 (7.17)	192.65 (11.46)	301.63 (15.65)	177.61 (7.98)
9	23 Fire and Rescue Services (Home, Prohibition and Excise Department)	9.89 (14.62)	26.82 (29.08)	27.51 (26.04)	32.09 (27.89)	23.00 (17.92)
10	27 Industries Department	3.16 (10.56)	23.63 (46.23)	21.76 (25.56)	45.05 (56.29)	161.25 (46.17)
11	28 Information and Publicity ( Tamil Development, Religious Endowment and Information Department)	2.03 (7.42)	8.54 (21.95)	3.13 (8.60)	2.29 (6.43)	2.85 (6.54)
12	33 Law Department	2.14 (23.74)	2.19 (22.73)	2.44 (23.04)	4.89 (35.85)	3.66 (25.73)
13	35 Personnel and Administrative Reforms Department	2.01 (8.34)	1.69 (6.81)	3.35 (11.29)	3.69 (10.71)	3.17 (8.12)
14	38 Public Department	17.25 (13.65)	37.00(23.36)	36.12 (18.49)	20.58 (13.64)	25.59 (15.70)
15	44 Micro, Small and Medium Enterprises Department	27.92 (41.02)	30.46 (35.58)	8.36 (17.71)	28.10 (44.51)	42.74 (45.44)
16	46 Tamil Development ( Tamil Development, Religious Endowments and Information Department)	3.53 (9.40)	2.77 (7.08)	2.94 (6.50)	4.08 (14.49)	4.19 (14.98)
17	47 Hindu Religious and Charitable Endowments (Tamil Development, Religious Endowments and Information Department)	1.72 (6.04)	2.37 (8.22)	3.86 (11.37)	4.86 (11.16)	10.45 (19.09)

(Source: Appropriation Accounts of Government of Tamil Nadu)

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

### 2.3.3 Expenditure without Provision

As per Para 14 (ii) of the Tamil Nadu Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs 4.81 crore was incurred in 32 cases as detailed in **Table 2.4** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

**Table 2.4: Expenditure incurred without provision during 2008-09**

(In Rupees)

Sl.No	Grant No	Head of Account	Actual Expenditure
1.	05	2401.00.119.KW (V)	2,200
2.	07	4405.00.101.JL (V)	100
3.	20	2202.03.102.JO (V)	99,80,500
4.	40	4701.03.292.JB (V)	50,992
5.	40	4701.03.356.PA (V)	20,38,345
6.	40	4701.03.357.PA (V)	1,17,80,830
7.	40	4701.03.358.PA (V)	1,37,80,471
8.	40	4701.03.361.PA (V)	1,25,523
9.	40	4701.03.362.PA (V)	1,51,497
10.	40	4701.03.363.PA (V)	5,19,720
11.	40	4701.03.364.PA (V)	3,77,988
12.	40	4701.03.365.PA (V)	1,88,998
13.	40	4701.03.366.PA (V)	1,41,769
14.	40	4701.03.369.PA (V)	2,07,134
15.	40	4701.03.370.PA (V)	6,62,037
16.	40	4701.03.371.PA (V)	2,30,129
17.	40	4701.03.372.PA (V)	3,42,175
18.	40	4701.03.373.PA (V)	1,41,670
19.	40	4701.03.377.PA (V)	18,804
20.	45	2235.60.102.AP (V)	83,100
21.	50	2235.60.102.AL (V)	4,820
22.	53	2049.01.101.AB (C)	9,10,297
23.	53	2049.60.101.AD (C)	42,22,106
24.	53	2049.60.101.AR (C)	89,931
25.	53	2049.60.101.AS (C)	74,003
26.	53	2049.60.101.AT (C)	6,304
27.	53	2049.60.101.AV (C)	11,135
28.	53	2049.60.101.BC (C)	2,175
29.	53	2049.60.101.CR (C)	15,61,519
30.	53	2049.60.101.EB (C)	4,52,209
31.	53	2049.60.101.ED (C)	17,797
32.	53	2049.60.101.EG (C)	198
<b>Total</b>			<b>4,81,76,476</b> <b>or Rs 4.81 crore</b>

(Source: Appropriation Accounts of Government of Tamil Nadu)

### 2.3.4 Drawal of funds to avoid lapse of budget grant

As per Article 39 of the Tamil Nadu Financial Code Volume-I, all appropriations lapse at the close of the financial year. No money should be drawn from the treasury in order to prevent it from lapsing and use it for

expenditure after the end of year. However, under “Sathiavani Muthu Ammaiyar Ninaivu free supply of sewing machine scheme” for supply of free sewing machines to widows, 28 District Social Welfare Officers were permitted to withdraw Rs 1.32 crore in March 2009 in order to avoid lapse of the budget grant.

### 2.3.5 *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 grants/appropriations regularised 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 5,793.63 crore for the years 1999-2008 was still to be regularized as detailed in **Appendix 2.2**.

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

### 2.3.6 *Excess over provisions during 2008-09 requiring regularization*

**Table 2.5** contains a summary of the total excess over provision of funds in six grants amounting to Rs 153.65 crore during 2008-09, requiring regularization under Article 205 of the Constitution.

**Table 2.5: Excess over provisions requiring regularization during 2008-09**

(Rupees in crore)

Sl. No.	Number and title of grant/appropriation		Total grant/appropriation	Expenditure	Excess
<b>Voted Grants -</b>					
1.	12	Co-operation ( Co-operation, Food and Consumer Protection Department) – (Loans)	218.55	218.56	0.01
2.	26	Housing and Urban Development Department – Loans	554.63	588.13	33.50
3.	40	Irrigation (Public Works Department) – (Revenue)	739.32	857.98	118.66
4.	48	Transport Department (Capital)	165.17	165.54	0.37
<b>Total</b>		<b>Voted</b>	<b>1,677.67</b>	<b>1,830.21</b>	<b>152.54</b>
<b>Charged Appropriations -</b>					
5.	03	Administration of Justice (Revenue)	61.14	62.21	1.07
6.	21	Highways Department – Capital	3.12	3.16	0.04
<b>Total</b>		<b>Charged</b>	<b>64.26</b>	<b>65.37</b>	<b>1.11</b>
<b>Grand Total</b>			<b>1,741.93</b>	<b>1,895.58</b>	<b>153.65</b>

(Source: Appropriation Accounts of Government of Tamil Nadu)

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

Supplementary provisions aggregating Rs 773.88 crore, obtained in 35 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 provision as detailed in **Appendix 2.3**. In three cases, supplementary provisions of Rs 460 crore proved insufficient by more than Rupees one crore in each case, leaving an aggregate uncovered excess expenditure of Rs 153.00 crore (**Appendix 2.4**).

### **2.3.8 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. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of over Rs 10 lakh under 911 sub-heads. The excess/savings were more than Rupees two crore under 163 sub-heads as detailed in **Appendix 2.5**.

### **2.3.9 Unexplained re-appropriations**

According to paragraph 151 (ii) of the Tamil Nadu Budget Manual, Volume-I, reasons for the additional expenditure and the savings should be explained in the re-appropriation statement and vague expressions such as “based on actual requirements”, “based on trend of expenditure”, etc., should be avoided. However, a scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 2,255 items out of 13,277 items (17 per cent), reasons given for additional provision/withdrawal of provision in re-appropriation orders were of general nature like “actual requirement”, “based on latest assessment” and “restriction of expenditure”.

### **2.3.10 Substantial surrenders**

Substantial surrenders, where more than 50 per cent of the total provision was surrendered, were made in respect of 174 sub-heads on account of either non-implementation or slow implementation of schemes/ programmes. Out of the total provision amounting to Rs 6,585.04 crore in these 174 schemes, Rs 5,708.31 crore (87 per cent) was surrendered, which included cent per cent surrender in 37 schemes (Rs 2,282.85 crore).

### **2.3.11 Surrender in excess of actual saving**

In 13 cases, the amounts surrendered (Rs 50 lakh or more in each case) were in excess of the actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of Rs 1,192.46 crore, the amount surrendered was Rs 1,286.77 crore, resulting in excess surrender of Rs 94.31 crore. Details are given in **Appendix 2.6**.

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

As per Para 140 the Tamil Nadu Budget Manual, spending departments are required to surrender the grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. At the close of the year 2008-09, there were, however, 14 grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The total amount involved in these cases was Rs 538.34 crore (7.21 per cent of the total savings) (**Appendix 2.7**).

Similarly, out of the total savings of Rs 5,203.01 crore under other grants/appropriations (savings of Rupees one crore and above were indicated in each grant/appropriation) grants aggregating Rs 1,758.56 crore (23.56 per cent of the total savings) were not surrendered, details of which are given in **Appendix 2.8**. Besides, in 17 cases, (surrender of funds in excess of Rs 10 crore), Rs 1,483.35 crore (**Appendix 2.9**) were surrendered on the last two working days of March 2009 indicating inadequate financial control and the fact that these funds could not be utilized for other development purposes.

### **2.3.13 Rush of expenditure**

According to Article 39 of the Tamil Nadu Financial Code, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of the 41 sub-heads listed in **Appendix 2.10**, expenditure exceeding Rs 10 crore and also more than 50 per cent of the total expenditure for the year was incurred in March 2009.

Appropriate action needs to be taken to regulate and systematise the procedure to avoid heavy expenditure in the closing month of the financial year.

## **2.4 Non-reconciliation of Departmental Figures**

### **2.4.1 Unreconciled expenditure**

To enable Controlling Officers of departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, the Tamil Nadu Financial Code stipulates that expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Accountant General.

Even though non-reconciliation of departmental figures is pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard persisted during 2008-09 also. Sixteen Controlling Officers did not reconcile expenditure amounting to Rs 604.98 crore as of September 2009.

Out of the 16 Controlling Officers, amounts exceeding Rs 10 crore in each case remained unreconciled during 2008-2009 in respect of the following six Controlling Officers as given in **Table 2.6**.

**Table 2.6: Unreconciled expenditure during 2008-09**

(Rupees in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1.	Registrar of Co-operatives (Housing)	206.06
2.	Commissioner of Transport	91.83
3.	Secretary, Information and Technology	29.35
4.	Managing Director, TWAD	21.59
5.	Commissioner, Land Reforms	233.95
6.	Director of Social Defence	10.50

(Source: Office of the Accountant General (A&E))

**2.4.2** As per Para 109 of the Tamil Nadu Budget Manual, the Chief Controlling Officers should arrange to obtain from their subordinates, monthly accounts and returns in suitable forms claiming credit for remittances made into the Treasury or otherwise accounted for and compare these with the statements of treasury credits furnished by the Accountant General, Tamil Nadu, to see that the amounts reported as collected have been duly credited to the Government account. Paragraph 128 of the Budget Manual also stipulates that all disbursing officers and subordinate controlling officers should reconcile their departmental figures including receipts with the treasury figures.

Fifteen Controlling Officers did not reconcile receipts amounting to Rs 250.40 crore as of September 2009.

### **2.4.3 Non-adjustment of Temporary Advances**

Drawing and Disbursing Officers (DDOs) draw temporary advances for the purpose of meeting contingent expenditure either on the authority of standing orders or specific sanctions of the State Government. According to Article 99 of the Tamil Nadu Financial Code, the advances should be adjusted by presenting detailed bills and vouchers as soon as possible.

Scrutiny of information furnished by three Pay and Accounts officers<sup>1</sup> and 12 District Treasury Officers<sup>2</sup> disclosed that as of March 2009, an aggregate amount Rs 79.48 crore was pending adjustment in respect of 2,955 advances by DDOs. An age-wise analysis of pending advances is given in **Table 2.7**.

**Table 2.7 Age-wise Analysis of Pending Advances**

Sl. No.	Pendency	No. of Advances	Amount (Rs in crore)
1	More than 10 years	13	0.13
2	More than five years, upto 10 years	66	0.89
3	More than one year but less than five years	541	16.09
4	Less than one year	2,335	62.37
<b>Total</b>		<b>2,955</b>	<b>79.48</b>

(Source: Data furnished by Pay and Accounts Officers/Treasury Officers)

<sup>1</sup> Chennai (North), Secretariat and Madurai.

<sup>2</sup> Cuddalore, Dindugul, Erode, Krishnagiri, Perambalur, Pudukkottai, Salem, Sivaganga, Thanjavur, Thiruvallur, Thiruvavur and Tiruchirappalli.

These instances would prove that laxity in enforcing codal provisions has resulted in pendency of a large number of advances involving substantial amounts.

## 2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established under The Tamil Nadu Contingency Fund Act, 1954 in terms of the provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature would be undesirable. The Fund is in the nature of an imprest and its corpus is Rs 150 crore. However, Rs 72.44 lakh were drawn in April 2008 from the Contingency Fund to make payments for works done by the Public Works Department in connection with the visit of the President of India to the State in September 2006, citing the work as a 'new service'. As the works were carried out in September 2006, the department could have sought the required funds either in the revised estimate of 2006-07 or in the budget estimate of 2007-08 or 2008-09, instead of resorting to drawal of an advance from the Contingency Fund.

Further, in 48 out of 91 cases wherein funds amounting to Rs 31.62 crore were drawn from the Contingency Fund, as detailed in **Appendix 2.11**, the amounts were not fully utilised indicating that the funds were not drawn to meet unforeseen expenditure/urgent expenditure. In respect of six cases, the actual expenditure was less than 50 *per cent* of the funds sanctioned as detailed in **Appendix 2.12**.

## 2.6 Personal Deposit Accounts

Personal Deposit (PD) Accounts are created for parking of funds by debit to the Consolidated Fund of the State and are required to be closed at the end of the financial year by minus debit to the relevant service heads. There were 1,291 PD accounts in 30 District Treasuries and five Pay and Accounts Offices in operation. Of these accounts, 1,200 PD accounts were not closed as of March 2009 and the balance of Rs 201.42 crore with these accounts was not transferred back to the respective service heads. Out of 1,200 accounts, 681 accounts were not operated during 2007-09 also.

**2.6.1** As per the list of major and minor heads of accounts prescribed by the Controller General of Accounts (CGA), amounts received for land acquisition should be accounted under 8443 – Civil Deposits – 101 – Revenue Deposits. Instead, nine<sup>3</sup> Land Acquisition Officers kept Rs 1.39 crore received towards land acquisition costs, including establishment charges, from various departments for land acquisition, in their PD accounts. The amount received towards establishment charges was to be credited to the revenue receipt head of account and not under PD accounts.

## 2.7 Review of School Education Grant

A review of budgetary procedures adopted by the School Education Department disclosed that as against the savings of Rs 370.51 crore, only a

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<sup>3</sup> Special Tahsildar (Land Acquisition) – Tiruparankundram, Coimbatore, Tirumalaipatti, Tiruvadanai, Pattukottai, NHS Erode, RDO (LA) – Trichy, Nagarcoil and Tiruppur.

sum of Rs 4.19 crore was surrendered during the first and the last weeks of March 2009, thereby blocking the availability of Rs 366.32 crore for needy schemes under other grants.

### **Receipts**

As per the list of major and minor heads of accounts prescribed by CGA, grants-in-aid and contributions received from GOI were to be classified under the head "1601-Grants-in-aid from Central Government". Instead, Rs 245.75 crore received from GOI towards reimbursement of teachers' salaries under the Sarva Shiksha Abhiyan Scheme was treated as revenue receipts of the State and classified under the following heads in the budget, thereby inflating the non-tax revenue receipts of the State:

Sl.No.	Heads of Account	Amount of grant treated as Non-Tax Revenue (Rs in crore)
1	0202.01.101.AA.1204	150.00
2	0202.01.101.AK.0001	95.75
	<b>Total</b>	<b>245.75</b>

(Source: Director of School Education)

### **Expenditure**

As per Para 37 of the Tamil Nadu Budget Manual, budget estimates for salaries of staff should be prepared on the basis of the expenditure likely to be incurred on pay and allowances of the staff on duty irrespective of the sanctioned strength. Instead, the department prepared budget estimates based on sanctioned strength, including the vacant posts, which resulted in savings of Rs 196.23 crore as given in **Table 2.8**.

**Table 2.8: Savings due to budgeting based on sanctioned strength**

(Rupees in crore)

Sl. No.	Head of Account	Original	Supplementary	Re-appropriation	Total	Actual expenditure	Saving
<b>Directorate of Elementary Education</b>							
1.	2202.01.101.AA	197.35	*	(-) 0.12	197.23	177.46	19.77
2.	2201.01.101.AC	2075.45	*	(-) 50.82	2024.62	1877.72	146.90
3.	2202.01.101.AA	98.71	0.06	6.49	105.26	94.74	10.52
<b>Directorate of School Education</b>							
4.	2202.02.101.AA	40.91	Nil	1.67	45.28	42.02	3.26
5.	2202.02.101.AB	147.32	Nil	(-) 1.13	146.19	146.04	0.15
6.	2202.02.101.AZ	145.93	Nil	(-) 29.66	116.27	100.64	15.63
<b>Savings</b>							<b>196.23</b>

\* Rupees one thousand only

(Source: Appropriation Accounts of Government of Tamil Nadu)

## 2.8 Conclusion

During 2008-09 expenditure of Rs 69,212.49 crore was incurred against total grants and appropriations of Rs 76,523.94 crore, resulting in savings of Rs 7,311.45 crore. The overall savings were the net result of savings of Rs 7,465.10 crore offset by excess of Rs 153.65 crore. Inaccuracies in budgeting resulted in persistent savings of five per cent or more in 17 grants during 2004-09. In 13 cases, the amounts surrendered (Rs 50 lakh or more) were in excess of the actual savings. As against savings of Rs 1,192.46 crore, the amount surrendered was Rs 1,286.77 crore, resulting in excess surrender of Rs 94.31 crore. There were 14 grants/appropriations in which total savings of Rs 538.34 crore were observed but the same were not surrendered by the concerned departments. Similarly, out of the total savings of Rs 5,203.01 crore in other grants/appropriations (savings of Rupees one crore and above), Rs 1,758.56 crore were not surrendered.

## 2.9 Recommendations

- Budgetary controls should be strengthened in all the Government departments, especially in those departments where savings have been observed for the last five years regularly.
- Rush of expenditure during the fag end of the financial year should be avoided.
- Heads of departments should reconcile their expenditure figures every month during the financial year with those in the books of the Accountant General (Accounts and Entitlements).
- Government should initiate action to clear the pendency in adjustment of temporary advances and advances drawn from the Contingency Fund.
- All Personal Deposit Accounts should be closed at the end of every financial year and the unspent balances be credited to the concerned Heads of Account.