

## 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 estimate, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget. The 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 by the Comptroller and Auditor General of India seeks to ascertain whether expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2008-2009 against 56 grants/appropriations was as given in **Table 2.1**:

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

<i>(Rupees in crore)</i>						
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Savings (-)/ Excess (+)
<b>Voted</b>	I. Revenue	3,252.42	261.36	3,513.78	2,912.97	(-) 600.81
	II. Capital	1,622.02	322.52	1,944.54	1,208.10	(-) 736.44
	III. Loans and Advances	2.03	-	2.03	18.08	(+) 16.05
	<b>Total Voted</b>	<b>4,876.47</b>	<b>583.88</b>	<b>5,460.35</b>	<b>4,139.15</b>	<b>(-) 1,321.20</b>
<b>Charged</b>	IV. Revenue	398.31	7.61	405.92	402.71	(-) 3.21
	V. Capital	-	2.39	2.39	-	(-) 2.39
	VI. Public Debt-Repayment	164.28	0.01	164.29	161.12	(-) 3.17
	<b>Total Charged</b>	<b>562.59</b>	<b>10.01</b>	<b>572.60</b>	<b>563.83</b>	<b>(-) 8.77</b>
	<b>Appropriation to Contingency Fund (if any)</b>	-	-	-	-	-
	<b>Grand Total</b>	<b>5,439.06</b>	<b>593.89</b>	<b>6,032.95</b>	<b>4,702.98*</b>	<b>(-) 1,329.97</b>

\*These are gross expenditure including actual recoveries in 6 grants (13, 15, 27, 29, 31 and 51) amounting to Rs.191.94 crore (Revenue: Rs.186.23 crore and Capital: Rs.5.71 crore).

The overall saving of Rs.1,329.97 crore was the result of saving of Rs.1,346.53 crore in 52 grants and 10 appropriations under Revenue Section, 36 grants and five appropriations under Capital Section, offset by excess of Rs.16.56

crore in one grant and two appropriations under Revenue Section and four grants under Capital Section.

Substantial savings occurred mainly in Revenue (Rs.19.30 crore), Home (Police) (Rs.47.51 crore), Public Works (Roads and Bridges) (Rs.77.27 crore), Power (Rs.56.28 crore), Public Works (Water Resources) (Rs.36.78 crore), Health (Rs.22.33 crore), Tribal Welfare (Rs.258.68 crore), Welfare of SC (Rs.156.31 crore), Agriculture (Rs.49.44 crore), Rural Development (Rs.18.86 crore), Planning and Co-ordination (Rs.74.16 crore), Education (Higher) (Rs.19.58 crore), Education (School) (Rs.54.89 crore), Finance (Rs.281.82 crore) and Public Works (Drinking Water and Sanitation) (Rs.46.26 crore) Departments.

Excess expenditure occurred mainly in Relief and Rehabilitation (Rs.2.79 crore), Education (Social) (Rs.10.60 crore) and Finance (Rs.2.51 crore) Departments. Reasons for huge savings / excess had not been intimated by the departments concerned.

The savings/excess (Detailed in the Appropriation Accounts) for 54 grants and 2 appropriations were intimated from 8 July 2009 to 24 August 2009 to the Controlling Officers requesting them to explain the significant variations, out of which 24 (23 grants and 1 appropriation) replies were received from the Controlling Officers. Besides regular reminders, reconciliation were also held with the Finance Department from 25 May 2009 to 29 May 2009 and the Controlling Officers of each department from 1 June 2009 to 12 December 2009 by Accountant General (A & E) in which they were again requested to furnish reasons for excess/savings. Out of 107 Major Heads, explanations for variations were not received ( 31 August 2009) in respect of 61 Major Heads (Savings in 53 Major Heads and excess in 8 Major Heads).

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

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

The outcome of the appropriation audit reveals that in 32 cases, savings exceeded rupees one crore in each case and also by more than 20 *per cent* of total provision (**Appendix 2.1**). Against the total savings of Rs.1,346.53 crore, savings of Rs.1,206.56 crore (90 *per cent*) exceeding Rs.10 crore in each case occurred in 26 cases relating to 17 grants as indicated in **Table 2.2**.

Table 2.2: List of Grants with savings of Rs 10 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.	10 – Home Police Department	387.07	27.95	415.02	377.96	37.06
2.	13 - Public Works (Roads and Bridges) Department	221.17	52.48	273.65	248.91	24.74
3.	14 – Power Department	0.89	24.96	25.85	1.74	24.11
4.	15 – Publics Works (Water Resources) Department	64.11	5.09	69.20	46.23	22.97
5.	19 – Tribal Welfare Department	295.02	44.50	339.52	296.74	42.78
6.	20 – Welfare of Schedule Castes Department	117.25	14.40	131.65	101.37	30.28
7.	27 – Agriculture Department	76.73	9.31	86.04	66.34	19.70
8.	31 - Rural Development Department	94.00	5.64	99.64	80.78	18.86
9.	40 – Education (School) Department	515.19	11.15	526.34	489.57	36.77
10.	43 – Finance Department	622.19	-	622.19	379.44	242.75
11.	52 – Family Welfare and Preventive Medicine	69.49	-	69.49	58.97	10.52
<b>Capital-Voted</b>						
12.	6- Revenue Department	27.34	10.55	37.89	27.23	10.66
13.	10 – Home (Police) Department	25.64	19.51	45.15	34.70	10.45
14.	13 – Public Works (Roads and Bridges) Department	199.18	44.94	244.12	197.58	46.54
15.	14 – Power Department	104.82	19.80	124.62	92.45	32.17
16.	15 – Public Works (Water Resources) Department	32.51	0.03	32.54	19.51	13.03
17.	16 – Health Department	43.46	8.85	52.31	38.83	13.48
18.	19 – Tribal Welfare Department	457.27	100.83	558.10	342.20	215.90
19.	20 – Welfare of Scheduled Castes Department	249.31	55.19	304.50	178.49	126.01
20.	24 – Industries and Commerce Department	18.22	16.05	34.27	17.06	17.21
21.	27 – Agriculture Department	48.05	-	48.05	18.76	29.29
22.	34 – Planning and Coordination Department	78.18	-	78.18	5.04	73.14
23.	39 – Education (Higher) Department	15.15	7.21	22.36	6.39	15.97
24.	40 – Education (School) Department	53.34	1.81	55.15	37.03	18.12
25.	43 – Finance Department	37.00	-	37.00	1.08	35.92
26.	51 – Public Works (Drinking Water and Sanitation) Department	96.72	6.37	103.09	64.96	38.13
	<b>Total :</b>	<b>3949.30</b>	<b>486.62</b>	<b>4,435.92</b>	<b>3,229.36</b>	<b>1,206.56</b>

It was also seen that in 22 cases actual expenditure was less than even the original provision of which in 17 cases supplementary provision were also made. There were savings of more than Rs.100 crore in two cases under Capital-Voted viz. (i) Welfare of Scheduled Castes (Rs.126.01 crore) and (ii) Tribal Welfare Department (Rs.215.90 crore) and in one case under Revenue-Voted viz. Finance (Rs.242.75 crore) Department, which ranged from 39 to 41 per cent over their provision.

Abnormal savings indicated that the basis for assessment of original as well as supplementary requirements were not realistic, coupled with liability of the departments in executing their schemes / programmes.

### 2.3.2 Persistent Savings

In 15 cases, during the last five years there were persistent savings of more than rupees one crore each and 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)

Sl. No.	Number and name of grant	Amount of savings				
		2004-05	2005-06	2006-07	2007-08	2008-09
<b>Revenue-Voted</b>						
1.	20 – Welfare of Scheduled Castes Department	6.26	18.14	10.51	19.89	30.28
2.	31 – Rural Development Department	16.29	30.37	20.52	25.96	18.86
3.	43 - Finance Department	68.59	173.68	178.04	154.19	242.75
4.	52 – Family Welfare and Preventive Medicine	8.69	6.17	6.30	14.73	10.52
<b>Capital-Voted</b>						
5.	5 – Law Department	1.01	0.96	2.51	4.09	3.56
6.	10 – Home (Police) Department	3.00	17.18	13.27	16.77	10.45
7.	15 – Public Works (Water Resources) Department	11.45	9.35	11.81	15.34	13.03
8.	16 – Health Department	15.46	37.77	30.40	33.04	13.48
9.	19 – Tribal Welfare Department	62.69	93.41	139.03	183.09	215.90
10.	20 – Welfare of Scheduled Castes Department	23.76	44.32	95.30	85.00	126.01
11.	27 – Agriculture Department	11.81	9.60	13.47	15.35	29.29
12.	29 – Animal Resources Development Department	3.78	6.17	5.49	1.43	3.63
13.	34 – Planning and Coordination Department	31.75	42.62	45.03	116.82	73.14
14.	36 – Jail Department	3.83	4.22	9.02	3.01	2.21
15.	52 – Family Welfare and Preventive Medicine	5.32	6.53	5.10	5.37	4.33

Analysis of the savings revealed that in most of the departments, there was increasing trend of savings in capital account. The savings in Tribal Welfare Department (Grant No. 19) increased from Rs.62.69 crore in 2004-05 to Rs.215.90 crore in 2008-09 mainly due to flaw in the process of budgeting *vis-à-vis* actual requirement.

Reasons for huge savings have not been intimated (October 2009) by most of the departments while some of the departments stated that the savings mainly occurred due to late receipt / late release of funds under Centrally Sponsored Schemes.

Persistent savings is indicative of poor budgeting and inadequate control over allocation thereagainst.

### 2.3.3 Excess Expenditure

In 7 cases, expenditure aggregating Rs.16.56 crore exceeded the approved provision that occurred in five grants and two appropriations during the year 2008-09 which are required to be regularised by the State Legislature under Article 205 of the

Constitution. Details are given in **Appendix 2.2**. Of these, in the following grants / heads (**Table 2.4**), excess expenditure by more than 10 *per cent* has been observed.

**Table 2.4: List of Grants indicating Excess expenditure by more than 10 *per cent* over the total provision during 2008-09**

*(Rupees in crore)*

Sl. No.	Number and name of grant	Total provision	Total expenditure	Amount of excess expenditure	Percentage of excess expenditure to total provision
<b>Revenue-voted</b>					
1.	22 – Relief and Rehabilitation Department	18.50	21.29	2.79	15
<b>Capital-voted</b>					
2.	35 - Urban Development Department	0.79	1.28	0.49	61
3.	41 - Education (Social) Department	12.79	23.39	10.60	83

The excess was stated to be due to enhancement of ration facilities and price of rice in case of Relief and Rehabilitation Department and release of additional funds by the Government of India and the State Finance Department in case of Education (Social) Department. Though reasons for expenditure in excess of provision were not intimated by the Urban Development Department, it occurred mainly due to obtaining inadequate Supplementary Provision.

### **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.10.36 crore was incurred in 2 grants / appropriations (**Table 2.5**) without any provision in the original estimates/supplementary demands and without any re-appropriation orders to this effect. Details of the scheme / service where expenditure were incurred without any provision of funds are detailed in **Appendix 2.3**.

**Table 2.5: Expenditure incurred without provision during 2008-09**

*(Rupees in crore)*

Number and Name of Grants/Appropriations	Amount of Expenditure without provision	Reasons/Remarks
19 - Tribal Welfare Department	6.15	Reasons for expenditure without budget provision were not intimated by the Department (September 2009).
20 - Welfare of Scheduled Castes Department	4.21	Reasons for expenditure without budget provision were not intimated by the Department (September 2009).

### **2.3.5 Drawal of funds to avoid lapse of budget grant**

As per provision of the Central Treasury Rules (CTRs), Volume-I no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or prevent the lapse of budget grants. During 2008-09, an amount of Rs.61.54 crore drawn on AC Bills by the three departments, *viz.*, (i) Tribal Welfare Department (Rs.30.96

crore), (ii) Revenue Department (Rs.17.11 crore) and (iii) Welfare of SC and OBC Department (Rs.13.47 crore), remained unadjusted as on 31 March 2009, though adjustments were required to be submitted to the Accountant General (A&E) within three months of drawal. As per records, an amount of Rs.41.95 crore was drawn in 8,165 AC bills in the month of March 2009 which indicated that money was drawn on AC bills to avoid lapse of budget grant.

### **2.3.5.1 Procurement of materials without assessment of requirement**

CPWD Manual, Volume-II provides that due consideration should be given to the anticipated requirement of the stores according to nature and quantum of work to be executed in each division during a year and estimate prepared on the basis of these figures. CTRs, Volume-I provides that no money shall be drawn from treasury unless it is required for immediate requirement.

Scrutiny (October 2008 to March 2009) of records of seven Divisions<sup>1</sup> revealed that in violation of the existing accepted procedure, the working Divisions obtained *pro forma* bills from the Stores Division (PWD), Agartala for construction materials (steel, bitumen and GCI sheets) to be supplied by the Stores Division and placed funds of Rs. 11.72 crore between January 2005 to August 2008, debiting to different works. The EE, Stores Division issued sale orders to the Divisions between January 2005 and August 2008 to lift the materials within one to three months from the date of sale orders. Against the requisitioned quantity, the Divisions had lifted materials worth Rs. 1.10 crore as of March 2009. The balance materials of Rs. 10.62 crore are yet to be lifted (May 2009), blocking the amount for seven to 50 months. On the contrary, the works for which the costs of materials were debited during 2005-08 were either not taken up or were in progress.

Khowai Division stated (July 2009) that materials were booked to avoid lapse of available funds, while Dharmanagar Division stated (July/September 2009) that materials were booked in advance to avoid hindrance to work and Longtharai Valley Division stated (June 2009) that it would take up the matter with the higher authorities. The EE, Stores Division stated (October 2009) that as of September 2009 five divisions<sup>2</sup> had lifted materials worth Rs. 3.22 crore.

While accepting the fact, Government stated (September 2009) that the expenditure were debited in advance as the materials were booked on anticipated requirement of ongoing works and payments were made through *pro forma* bills to avoid hindrance to work due to shortage of materials and full quantities might not have been lifted due to security problems, heavy rainfall, contractual obligations etc.

The fact however, remains that materials worth Rs. 10.62 crore remained blocked for periods ranging from seven to 50 months, which led to inaccurate depiction of the Divisional accounts. Besides, mis-utilisation and deterioration of the materials with passage of time cannot be ruled out.

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<sup>1</sup> Dharmanagar Division; Kumarghat Division; Agartala Division; Khowai Division; Ambassa Division; Longtharai Valley Division, Manu and Amarapur Division.

<sup>2</sup> Dharmanagar Division (Rs. 1.19 crore), Kumarghat Division (Rs. 0.79 crore), Agartala Division I (Rs. 0.78 crore), Ambassa Division (Rs. 0.08 crore), LTV Division (Rs. 0.38 crore).

### 2.3.6 Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to Rs.1,231.80 crore for the years 2001-08 was yet to be regularised. The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.6**.

**Table 2.6: Excess over provisions relating to previous years requiring regularisation**

*(Rupees in crore)*

Year	Number of		Amount of excess over provision	Status of regularisation
	Grants	Appropriations		
2000-01	5 (5, 10, 31, 45, 51)	4 (13, 14, 25, 43)	81.92	NA
2001-02	10 (5, 7, 10, 14, 17, 22, 24, 31, 41, 45)	4 (13, 35, 43, 49)	275.57	NA
2002-03	6 (6, 7, 10, 36, 45, 47)	4 (12, 14, 31, 43)	266.77	NA
2003-04	3 (5, 28, 36)	2 (31, 43)	233.55	NA
2004-05	11 (2, 4, 6, 14, 18, 22, 33, 36, 40, 54, 55)	3 (1, 31, 43)	321.67	NA
2005-06	5 (6, 15, 39, 45, 56)	2 (1, 43)	14.58	NA
2006-07	3 (22, 41, 42)	3 (13, 20, 43)	14.85	NA
2007-08	3 (23, 28, 36)	2 (43, 48)	22.89	NA
<b>Total</b>			<b>1,231.80</b>	

### 2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating Rs.380.40 crore obtained in 44 cases (Rs.10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.4**. In 2 cases, supplementary provision of Rs.13.67 crore proved insufficient, by more than rupees one crore in each case, leaving an aggregate excess expenditure of Rs.5.29 crore over the supplementary provision (**Appendix 2.5**). In 12 cases, supplementary provision of Rs.156.79 crore was obtained against actual requirement of Rs.39.07 crore, resulting in excess supplementary provision of Rs.117.72 crore, as detailed in **Appendix 2.6**.

### 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 in each sub-head of 36 grants/appropriations as detailed in **Appendix 2.7**.



In 103 out of 243 Sub-heads of 36 grants/appropriations referred to above, savings/excess of Rs.50 lakh and above in each case, occurred due to injudicious, insufficient or excessive re-appropriation of funds during the year 2008-09. This indicated that reappropriations were done without proper assessment of actual requirement.

### ***2.3.9 Unexplained re-appropriation***

According to Budget Manual, 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. Scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of few cases reasons given for additional provision/withdrawal of provision in the re-appropriation orders were release of additional funds by the Government of India for major works, non-receipts of funds from the Finance Department, non-completion of construction works in time etc., while in most of the cases vague expression like, ‘based on actual requirement’ etc., was shown as reasons for reappropriation.

### ***2.3.10 Substantial surrenders***

Substantial surrenders (the cases where savings were more than 50 *per cent* of total provision) were not made in respect of 11 grants/appropriations. Out of the total provision of Rs.185.37 crore in these 11 cases, Rs.135.46 crore (73 *per cent*) was available for surrender. Of this, only Rs. 47.98 crore was surrendered during the year. The details of such cases are given in **Appendix 2.8**. Reasons for not surrendering the balance amount were not stated.

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

In 4 cases, the amounts surrendered were in excess of actual savings which indicated inadequate budgetary control in these departments. As against savings of Rs.106.65 crore, the surrendered amount was Rs.118.40 crore resulting in excess surrender of Rs.11.75 crore. Details are given in **Appendix 2.9**. In 3 out of 4 cases, the amount of excess surrender was above rupees two crore.

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

As per Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2008-09, there were 28 grants/appropriations in which savings occurred (Rs. 10 lakh and above in each case) but no amount was surrendered by the departments concerned. The amount involved in these cases was Rs.186.03 crore (**Appendix 2.10**). Out of 28, in 16 cases the savings were more than rupees one crore.

Similarly, out of total savings of Rs.1,050.79 crore under 51 grants/appropriations (where savings of Rs.10 lakh and above occurred in each grant/appropriation), amount aggregating Rs.473.08 crore (45 *per cent* of total savings) was not surrendered, details of which are given in **Appendix 2.11**. Besides, in 2 cases,



Rs.20.86 lakh was surrendered (**Appendix 2.12**) though there were no savings, and instead there were excess expenditure, indicating poor financial management.

### **2.3.13 Rush of expenditure**

According to the Financial Rules, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 38 grants/appropriations as detailed in **Appendix 2.13**, more than 50 per cent of the total expenditure during the year was incurred in the last month of the financial year. The departments were Education (Higher) (95 per cent), Revenue (94 per cent), Animal Resources Development (76 per cent), Education (Social) (65 per cent), Home (Police) (62 per cent), Power (61 per cent), Public Works (Drinking Water Supply and Sanitation) (53 per cent), Education (School) (52 per cent) and Public Works (Water Resources) (51 per cent). This indicated poor expenditure management in those departments.

Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill planned expenditure. The departments should follow that the expenditure may flow uniformly throughout the year as far as practicable without parking for clearance at the end of the financial year.

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

### **2.4.1 Pendency in submission of Detailed Countersigned Contingent (DCC) Bills against Abstract Contingent (AC) Bills**

As per sub-rules 2 (ii) and 14 of Delegation of Financial Powers Rules, Tripura, 2007, drawal of the amount in AC Bills should be adjusted in DCC Bills submitted to countersigning officer within 60 (sixty) days from the date of the drawal of the amount, and the Head of the Department/Drawing and Disbursing Officer (DDO) shall countersign all DCC Bills and forward them to the Accountant General (A&E), Tripura within 90 (ninety) days from the date of the drawal of the AC Bill.

During the years from 2006-07 to 2008-09, Rs.122.87 crore was drawn on AC bills by various departments/DDOs of the State, out of which only Rs.35.79 crore was adjusted through DCC bills leaving Rs.87.09 crore un-adjusted as of March 2009. Besides, an amount of Rs.21.88 crore pertaining to the years prior to 2006-07 remained unadjusted from various DDOs. The year-wise break-up from the years 2006-07 to 2008-09 is given in **Table 2.7**:

**Table 2.7: Year-wise break-up of outstanding AC Bills**

*(Rupees in crore)*

Year	Amount of AC bills	Amount of DCC bills	DCC bills as percentage to AC bills	Outstanding AC bills
2006-07	4.22	1.23	29	2.99
2007-08	39.28	15.00	40	24.28
2008-09	79.37	19.56	26	59.81
<b>Total</b>	<b>122.87</b>	<b>35.79</b>	<b>29</b>	<b>87.08</b>

Year-wise break-up of substantial amounts drawn on AC Bills by the departments during 2006-07 to 2008-09 are given below:

**Table 2.8: Year-wise break-up of AC Bills**

*(Rupees in crore)*

Sl. No.	Name of Department	Year	Amount of AC Bills	Amount of DCC Bills	Outstanding AC Bills
1.	Home (Police) Department	2006-07	1.56	0.91	0.65
		2007-08	9.20	3.80	5.40
		2008-09	-	-	-
2.	Tribal Welfare Department	2006-07	0.95	0.57	0.38
		2007-08	20.34	10.39	9.95
		2008-09	30.96	-	30.96
3.	Revenue Department	2006-07	0.94	0.31	0.63
		2007-08	-	-	-
		2008-09	17.11	-	17.11
4.	Welfare of SC and OBC Department	2006-07	-	-	-
		2007-08	3.30	0.39	2.91
		2008-09	13.47	-	13.47
5.	Animal Resources Development Department	2006-07	-	-	-
		2007-08	1.44	-	1.44
		2008-09	2.76	-	2.76
<b>Total :</b>			<b>102.03</b>	<b>16.37</b>	<b>85.66</b>

Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs.

### **2.4.2 Reconciliation of 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, financial rules (GFR-66) stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (A&E).

During 2008-09, all the 60 Controlling Officers of the State reconciled 100 *per cent* receipts and expenditure amounting to Rs.4,288.72 crore and Rs.4,511.04 crore respectively leaving no balance for further reconciliation.

### **2.4.3 Lapsed Deposit**

As per Treasury Rule 635, at the close of March every year, all deposits on balances in excess of rupees twenty five unclaimed for more than three complete accounting years, shall be credited to the Government under the Consolidated Fund. During 2008-09, Rs.0.36 lakh was credited to the Government Accounts as unclaimed deposits under major head 0075–Miscellaneous General Services.

## 2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established in terms of provision of Articles 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. During 2008-09, no advances were made from this fund of the State.

## 2.6 Personal Deposit Accounts

Personal Deposit (PD) Account is created for parking funds by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by *minus* debit to the relevant service heads. At the end of 2008-09, Rs.26.37 crore was lying in the Personal Deposit Accounts after transferring back Rs.26.05 crore to the respective service heads operated during the year in the State.

This practice of retaining funds in the PD Account after the close of the financial year is fraught with the risk of misuse of funds and therefore, needs to be avoided.

## 2.7 Outcome of Review of Selected Grants

A review of Grant No. 9-Statistical Department, whose summarised position of actual expenditure against grants during 2008-09 is given below, was conducted in the Statistical Department in October 2009.

**Table 2.9: Budget provision and actual expenditure in respect of Grant No.9**

(Rupees in lakh)

Major Head	Original provision	Supplementary provision	Total provision	Expenditure	Savings (-) / Excess (+)	Surrender
<b>Revenue (Voted)</b> 3454-Census Surveys and Statistics	265.14	61.62	326.74	278.92	(-) 47.84	2.38
<b>Capital (Voted)</b> 4070-Capital outlay on other Administrative Services	20.00	-	20.00	-	(-) 20.00	5.00

The findings of the review are discussed below:

- i) There were savings of Rs. 47.84 lakh (15 *per cent*) in Revenue Account and 100 *per cent* in Capital Account. The supplementary provision of Rs. 61.62 lakh obtained under Revenue Account proved excessive in view of the overall savings. The provision for Capital Account remained fully unutilised during the year. Only Rs. 2.38 lakh out of Rs. 47.85 lakh (5 *per cent*) under Revenue Account and Rs. 5 lakh out of Rs. 20 lakh (25 *per cent*) of the savings under Capital Account were surrendered. Thus, supplementary provision under Revenue Account and original provision under Capital Account was fully unjustified.

The Department stated (August 2009) that savings occurred under Revenue Account due to non-filling up of regular National Sample Survey (NSS) posts and

retirement of NSS officials. The fact, however, remains that as the provision should have been made after considering the retirement of the officials well in advance. This indicated that the Department did not exercise adequate budgetary control.

- ii) During 2008-09, the Department received Rs.107.50 lakh from the Government of India as grants-in-aid for NSS works in the State. As per the reconciliation statement, expenditure of Rs.100.15 lakh (Plan: Rs.2.52 lakh and Non-plan: Rs.97.63 lakh) was incurred for the purpose of NSS works. Of this, Rs.75.11 lakh (75 per cent) was reimbursable from the GOI as per NSS guidelines. Hence, the Department had received Rs.32.39 lakh from the GOI in excess of the entitled reimbursable amount and kept it unutilised/unspent till the date of Audit (October 2009).

On being pointed out, the Department admitted the fact and stated (October 2009) that the unutilised amount of Rs.32.39 lakh would be adjusted against the reimbursable amount due from the GOI relating to the period from 1984-05 to 2007-08.

It can thus, be concluded that the Budget Estimates were prepared by the Department as per monetary limit fixed by the Finance Department. However, the provision of supplementary grant, re-appropriation and surrender were done by the Finance Department which led to inappropriate provision of supplementary grants with consequential savings and inadequate surrender.

## **2.8 Conclusion and Recommendation**

There was an overall saving of Rs. 1,329.97 crore and excess expenditure of Rs. 16.56 crore against 56 grants/appropriations during 2008-09. This excess expenditure in 2008-09 compounded with an excess expenditure amount of Rs. 1,231.80 crore pertaining to 2001-08, require regularisation by the Legislature under Article 205 of the Constitution of India. A rush of expenditure was also observed towards the end of the year. In respect of 38 grants/appropriations, more than 50 per cent of the total expenditure during the year was incurred in the last month of the financial year, despite clear directions to the contrary. The Abstract Contingent Bills were not adjusted for long periods and therefore was fraught with the risk of mis-appropriation.

Budgetary controls should be strengthened in all the Government departments, particularly in the departments where savings/excesses persisted for last five years. Issuance of Re-appropriation/surrender orders at the end of the year should be avoided. A close and rigorous monitoring mechanism should be put in place by the DDOs to adjust the Abstract Contingent Bills within sixty days from the date of drawal of the amount.