

## Chapter 8

### REVIEW OF SELECTED GRANTS

#### Grant No.1- Department of Agriculture and Cooperation (Ministry of Agriculture)

##### Introduction

**8.1** The Department of Agriculture and Cooperation under the Ministry of Agriculture is responsible for formulating and implementing national policies and programmes aimed at achieving rapid agricultural growth and development through optimum utilization of India's land, water, soil and plant resources. The Department essentially supplements and complements the efforts being made by the State Governments to promote agricultural production and productivity as well as to raise farmers' income. It also directly intervenes in matters connected with trade, price policy, credit etc.

##### Budget and expenditure

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

**Table 8.1: Year-wise budget & expenditure**

*(₹ in crore)*

Year	Budget provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2007-08	7840.13	296.32	7765.34	265.84	74.79	30.48
2008-09	10735.62	344.93	10039.00	136.29	696.62	208.64
2009-10	12045.53	92.55	11890.40	44.60	155.13	47.95

##### Surrender of savings

**8.3** Rule 56 (2) of the General Financial Rules provides that savings 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. Savings should also not to be held in reserve for any possible future excess. Test check revealed that contrary to this rule, the Department surrendered savings on the last day of the financial years in all the three years under review from 2007-10 as detailed in **Table 8.2.**

**Table 8.2: Surrender of savings**

(₹ in crore)

Year	Savings		Amount surrendered		Amount not surrendered (%)		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2007-08	74.79	30.48	31.82	25.88	42.97 (57)	4.60 (15)	31.03.2008
2008-09	696.62	208.64	529.22	202.83	167.40 (24)	5.81(03)	31.03.2009
2009-10	155.13	47.95	118.08	42.98	37.05 (24)	4.97(10)	31.03.2010

Had the above savings been surrendered as soon as these were foreseen, the savings could have been fruitfully utilized in other schemes/projects of the Government.

### Unnecessary supplementary grants

**8.4** The Ministry of Finance in its Office Memorandum of August 1996 while taking into consideration the observations made by the Public Accounts Committee of 10<sup>th</sup> Lok Sabha in its 88<sup>th</sup> Report, directed all the Ministries/departments to ensure that supplementary grants were obtained in emergent cases only. It further directed that the supplementary demands should be restricted and confined to genuine unforeseen expenditure which could not be envisaged at the time of preparation of annual budget or to meet the requirements of decisions or developments which have taken place after the approval of the budget i.e. post budget decisions and not for continuing schemes and programmes.

Audit scrutiny of the Appropriation accounts for the years 2007-08 to 2009-10 revealed that the Department obtained supplementary grants under the following sub-heads in anticipation of higher disbursement but entire and/or large portion of which remained unutilized at the end of the year. The fact that, the supplementary grant proved to be unnecessary to the extent it remained unutilized as detailed in **Table 8.3** below indicates that instructions of Ministry of Finance were not followed in spirit.

**Table 8.3: Unnecessary supplementary grants**

(₹ in crore)

Year	Sub-head	Original provision	Supplementary grant	Actual disbursement	Saving
2007-08	2401.00.800.35- Additional Central Assistance Scheme to State Plan for Agriculture	Nil	4.00	Nil	4.00
2008-09	2401.00.105.18- National Project on Promotion of Organic Farming	11.00	1.05	8.41	3.64

**Review of Selected Grants**

Year	Sub-head	Original provision	Supplementary grant	Actual disbursement	Saving
	2401.00.119.08- Grants-in-aid to Coconut Development Board including Technology Mission on Coconut	75.00	1.34	65.26	11.08
2009-10	2435.01.102.01- Strengthening of Agmark Grading Facilities	17.43	1.17	17.22	1.38

**Distortion of budget provision**

**8.5** Based on the observations contained in the 147<sup>th</sup> Report of Public Accounts Committee (Eighth Lok Sabha), Ministry of Finance issued instructions that the delegated powers of re-appropriation of funds should be exercised by the Ministries/departments in such a manner so that the original objective for which the provisions were made under various sub-heads were not substantially altered by exercise of power of re-appropriation. A review of re-appropriation orders issued during 2007-10 revealed that the Department made large re-appropriations of funds between the different primary units of appropriation defeating the original purpose/activity for which the approvals were obtained as detailed below:

**Table 8.4: Distortion of budget provision**

(₹ in crore)

Year	Budget provision	Re-appropriation Orders issued transferring funds from sub-heads		Re-appropriation Orders issued transferring fund to sub-heads		Surrendered amount	Expenditure
		No. of orders	Amount	No. of orders	Amount		
2007-08	O 5947.21 S 2189.24	101	1444.97	36	1387.28	57.69	8031.18
2008-09	O 10734.45 S 346.10	100	1878.59	38	1146.54	732.05	10175.29
2009-10	O 11915.22 S 222.86	102	2018.27	33	1857.21	161.06	11935.00

From **Table 8.4** it could be seen that during the year 2009-10, a total of 135 re-appropriation orders were issued by the Department in the grant involving ₹ 3,875.48 crore thereby distorting the authorization approved by the Parliament. A few sub-heads, where the distortions were apparent are explained in the successive paragraphs:-

- a) In sub-head '2401.00.108.28-National Food Security Mission' against a total provision of ₹ 1,260.00 crore authorized by the Parliament, ₹ 275.82 crore was re-appropriated (splitting in five instances) from this scheme to some other schemes and ₹ 36.16 crore was again re-appropriated (splitting in three instances) into this scheme from other schemes, leaving a net impact of re-appropriation from this scheme to the tune of ₹ 239.66 crore.
- b) In sub-head '2401.00.119.39-National Mission on Bamboo Technology and Trade Development' against a total provision of ₹ 30.00 crore authorised by the Parliament, ₹ 10.00 crore was re-appropriated (splitting in three instances) from this scheme to some other schemes and ₹ 29.90 crore was again re-appropriated (splitting in 20 instances) into this scheme from other schemes, leaving a net impact of re-appropriation into this scheme to the tune of ₹ 19.90 crore.
- c) In sub-head '2401.00.103.25-Development and Strengthening of Seed Infrastructure Facilities for Production and Distribution of Seeds' against a total provision of ₹ 329.00 crore authorised by the Parliament, ₹ 115.00 crore was re-appropriated (splitting in three instances) from this scheme to some other schemes and ₹ 5.16 crore was again re-appropriated (splitting in ten instances) into this scheme from other schemes, leaving a net impact of re-appropriation from this scheme to the tune of ₹ 109.84 crore.
- d) In sub-head '2401.00.109.26-Support to State Extension Services' against a total provision of ₹ 260.25 crore authorized by the Parliament, ₹ 91.17 crore was re-appropriated (splitting in three instances) from this scheme to some other schemes and ₹ 9.51 crore was again re-appropriated (splitting in six instances) into this scheme from other schemes, leaving a net impact of re-appropriation from this scheme to the tune of ₹ 81.66 crore.

### **Unrealistic budgeting**

**8.6** According to Rule 48 (2) of the General Financial Rules 2005 and annual budget circular issued by the Ministry of Finance, Ministries/departments are required to prepare their budget estimates keeping in view the disbursement trends during the previous years and other relevant factors such as the economy instructions issued by the Ministry of Finance from time to time. Scrutiny of the Appropriation accounts for the years 2007-10 revealed that the Department made excessive provisions under various heads resulting in large provisions remaining

unutilized during these years and were either re-appropriated to other heads or surrendered, defeating the very purpose for which the budget provisions were passed by the Parliament. **Appendix-VIII-A** gives the details of 11 such cases where savings of ₹ 10 crore and above constituting more than 40 *per cent* of the budget provision was noticed.

Due to unrealistic budgeting of the Department, a programme on “Rainfed Area Development” could not take off as entire provision remained unutilized due to non-approval of scheme, which has been dealt in detail in para 8.9.

### **Saving of ₹ 100 crore or more under a sub-head**

**8.7** Scrutiny of Appropriation accounts revealed that under the grant, saving of ₹ 100 crore or more under a sub-head was noticed which are indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Department. Necessary steps need to be taken by the Department to make its budgetary exercise more robust not only to minimise large scale variations between estimates and actual to gainfully utilise the scarce resources but also to ensure that intended objectives are achieved as planned. The Department is thus required to review its system of budgetary assumptions or/and efficiency of its programme management. **Appendix VIII-B** gives the details of 11 such saving of ₹ 100 crore or more under sub-heads.

### **Persistent savings**

**8.8** As per Para 3.2.4 of the budget circular issued by Ministry of Finance for the year 2007-08, while framing the estimates, due note was to be taken of the past performance, the stage of formulation/ implementation of various schemes, the institutional capacity of the implementing agencies to implement the scheme as scheduled, the constraints on spending by the spending agencies and, most importantly, the quantum of government assistance lying with the recipients unutilized/ unaccounted for etc. with a view to minimizing the scope for funds available for surrender at a later stage.

Scrutiny of the Appropriation accounts for the years 2007-10 revealed that there were savings under the revenue section of the grant during the last three years as detailed in **Table 8.5**. Entire/large savings under the grant reflected that the guidance provided by the budget division was not being assigned due weightage in actual practice.

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**Table 8.5: Persistent savings**

(₹ in crore)

Sl. No.	Sub-head	Year	Budget provision	Actual expenditure	Savings	Reasons given by the Ministry
1.	2401.00.108.27 – Rainfed Area Development Programme	2007-08	40.00	Nil	40.00	Entire provision remained unutilized due to non-approval of the schemes
		2008-09	25.00	Nil	25.00	-do-
		2009-10	25.00	Nil	25.00	-do-
2.	3601.04.436.12- Rainfed Area Development Programme	2008-09	282.00	Nil	282.00	-do-
		2009-10	112.00	Nil	112.00	-do-
3.	2401.00.109.26- Support to State Extension Services	2007-08	206.00	149.38	56.62	Unspent balance of previous years was available with States
		2008-09	257.00	185.80	71.20	-do-
		2009-10	260.25	178.59	81.66	-do-
4.	2401.00.119.40- National Horticulture Mission	2007-08	1150.00	919.18	230.82	-do-
		2008-09	1100.00	1010.50	89.50	-do-
		2009-10	1100.00	800.00	300.00	-do-

### Rainfed Area Development Programme

**8.9** The Department has accorded very high priority to the holistic and sustainable development of rainfed areas through an integrated watershed development approach. The key attributes of the water-shed approach are conservation of rainwater and optimisation of soil and water resources in a sustainable and cost effective mode. In the Budget speech of the Union Finance Minister for 2007-08, a new scheme, the Rainfed Area Development Programme was announced and a provision of ₹ 100.00 crore also made during 2007-08. Though the scheme was to be launched in the beginning of the XI Plan, starting from 2007-08, it could not be launched. Furthermore, provisions of ₹ 348.00 crore and ₹ 153.00 crore have been made during 2008-09 and 2009-10 respectively, but the entire provision remained unutilized due to non approval of the scheme. This indicated that the budgetary authorisation for this scheme was

obtained without ensuring that the scheme has got the approval of the competent authority. In absence of clear approval of the scheme, the Department should have obtained token authorisation.

### Deficient internal audit control

**8.10** The Internal Audit Wing of the Ministry of Agriculture under the administrative control of Chief Controller of Accounts (CCA) is responsible for conducting internal audit of the units under the Department. The details of internal audit conducted during the last three years against the targets fixed by the CCA in respect of the Department are given below:

**Table 8.6: Deficient internal audit control**

Year	Total no of units under audit jurisdiction	No. of units planned to be audited	Actual no. of unit audited	Percentage shortfall
2007-08	183	104	55	47
2008-09	183	114	72	37
2009-10	182	111	106	05

The above table indicates that the internal control mechanism of the Department was not satisfactory as there was shortfall of 47 *per cent* and 37 *per cent* against the targeted units to be audited during the years 2007-08 and 2008-09 respectively.

### Rush of expenditure

**8.11** Ministry of Finance issued instructions in September 2007 to all Ministries/departments to restrict their expenditure during the last quarter of the financial year to 33 *per cent* of the budget amount. Further, as per Rule 56 (3) of General Financial Rules, rush of disbursement, particularly in the closing months of the financial year, is to be regarded as a breach of financial propriety and should be avoided. It was, however, noticed that the Department did not follow the rules and instructions of the Ministry of Finance and incurred heavy expenditure of ₹ 1,238.77 crore (21 *per cent*) in March 2008 and ₹ 2,724.48 crore (46 *per cent*) during the last quarter of the financial year 2007-08 against the total original budget allocation of ₹ 5,947.21 crore in the voted/charged sections of the Revenue and Capital Section.

### Outstanding utilization certificates

**8.12** As per Rule 212 (1) of the General Financial Rules 2005, the certificates of actual utilization of the grants received for the purpose for which they were sanctioned are required to be submitted within 12 months of the closure of the financial year by the institution or organization concerned. Where the certificate is not received within the prescribed period, the Ministry/departments will be at

liberty to blacklist such institution or organization for the purpose of release of any future grant. Test check of the records in the Department revealed that 373 utilization certificates involving ₹ 1,757.70 crore were outstanding in respect of grants-in-aid released by the Department upto 31.03.2009 from this grant.

## Grant No. 29: Ministry of Earth Sciences

### Introduction

**8.13** To achieve the objectives in meteorology, ocean science and technology, seismology and related earth sciences, the Government of India in July 2006, established the Ministry of Earth Sciences (MoES) by putting together Department of Ocean Development, India Meteorological Department, Indian Institute of Tropical Meteorology (IITM) and National Centre for Medium Range Weather Forecast (NCMRWF). The Ministry also deals with science and technology for exploration and exploitation of ocean resources (living and non-living), and play nodal role for Antarctic/Arctic and Southern Ocean research. It also strives to provide applications such as forecasting weather/ocean state, future climate scenarios, natural hazards like earthquakes, tsunami, coastal erosion and landslides, assessment of macro resources, macro assessment of ground water potential, interplay of weather elements in evolution of continental morphology etc.

### Budget & expenditure

**8.14** The overall position of budget provisions, actual disbursements and saving under the grant for the last three years is as under:

**Table 8.7: Year-wise budget & expenditure**

*(₹ in crore)*

Year	Budget provisions		Actual disbursements		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
<b>Voted</b>						
2007-08	614.62	273.52	524.66	38.17	89.96	235.35
2008-09	624.63	424.89	593.97	157.72	30.66	267.17
2009-10	923.39	290.40	882.60	197.93	40.79	92.47

### Surrender of savings

**8.15** Contrary to the General Financial Rules, the Ministry surrendered the savings on the last day of the financial year. The details of amounts surrendered during 2007-10 are given in **Table 8.8**.

**Table 8.8: Surrender of savings**

(₹ in crore)

Year	Savings		Amount surrendered		Amount not surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2007-08	89.96	235.35	82.01	232.37	7.95	2.98	31.3.2008
2008-09	30.66	267.17	19.10	258.10	11.56	9.07	31.3.2009
2009-10	40.79	92.47	32.12	81.61	8.67	10.86	31.3.2010

Had the above savings been identified and necessary action for surrender been taken at an early stage, these could have been fruitfully utilised in other schemes/projects of the government.

### Persistent savings

**8.16** As per instructions of the Ministry of Finance, while framing the estimates, due note is to be taken of the past performance, the stages of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme as scheduled, the constraints on spending by the spending agencies and most importantly the quantum of government assistance lying with the recipients unutilised/unaccounted for etc. with a view to minimise the scope for avoidable surrenders at a later stage.

Scrutiny of the Appropriation accounts revealed that there were persistent unspent provisions under revenue as well as capital sections of the grant during the last three years. Large unspent provisions under the grant reflected deficient budgeting by the Ministry as per details given in **Appendix-VIII-C**. A few schemes affected by large persistent savings are discussed below:

#### a) Development of Manned Submersible

The project envisaged development of a tool, which will put India at par with developed nations having under-water intervention capabilities. The system (manned submersible) would help in scientific research in the areas of hydrothermal sulphides, cobalt crust, gashydrates, marine living resources and inspection of offshore installation, pipelines, platforms etc.

Audit scrutiny revealed that the Ministry failed to finalize the selection of collaborative partner for technology transfer under the above project and the entire budget provision of ₹ 5.00 crore allocated for each year, aggregating to ₹ 15.00 crore remained un-utilised during the years 2007-10.

**b) National Oceanarium**

The main objective of this programme is to make learning about the oceans a family experience by means of promoting science tourism so that young children are motivated to opt for an ocean career as adults. The government would provide seed capital and the expertise to the interested parties under this scheme.

The entire allocated budget provision for three years (2007-10) amounting to ₹ 3.41 crore remained unutilised due to delay in approval of the programme and non-acquisition of land.

**c) National Centre for Medium Range Weather Forecasting (NCMRWF, NOIDA)**

The aim of the programme was to develop global circulation model for preparing weather forecasts upto three days in advance. To achieve the intended objective a National Centre for Medium Range Weather Forecasting with super-computing facilities has been established. This institute works on various atmospheric modeling aspects such as Global Modeling and Data Assimilation System, Mesoscale Prediction System, Extended-Range/Seasonal Prediction System, Computer/Network Infrastructure, etc. The major activity proposed for implementation during the year 2008-09 was to conduct assimilation experiments on satellite data for improvement in the operational weather forecast.

The large portion of the budget provision amounting to ₹ 17.11 crore remained unutilised during the years 2007-10 due to delay in approval of programme for installation of Super Computer and repair/furnishing of auditorium at NCMRWF, NOIDA.

**d) Modernization of IMD**

For the improvement of weather forecast and climate prediction including the Indian monsoon, it was proposed to break the project of Modernization of IMD into various sub projects such as Doppler Weather Radars, Automatic Rain Gauge Network, Automatic Weather System, MFI, etc.

Scrutiny of Appropriation accounts of the Ministry disclosed that heavy savings under the scheme ranging from ₹ 219.66 crore to ₹ 222.22 crore during 2007-08 to 2008-09 in capital sections and from ₹ 3.20 crore to ₹ 16.00 crore under revenue sections occurred due to delayed approvals of the schemes, delays in procurement, construction and tendering and also slow initiation of the project activities. In 2009-10, under capital section, the funds amounting to ₹ 22.21 crore remained unutilised due to delay in procurement of equipment and less utilisation of funds by the Central Public Works Department.

### Unrealistic Budgeting

**8.17** Scrutiny of the Appropriation accounts revealed that under the following sub-heads, large provisions remained unutilised during 2007-10 which were re-appropriated to other heads/surrendered at the fag end of the year, defeating the purpose for which the budget provisions were passed by the Parliament:

**Table 8.9: Unrealistic budgeting**

(₹ in crore)

Sub-Head	Budget provision	Actual Expenditure	Savings	Percentage of saving to budget provision
<b>2007-08</b>				
3455.00.800.03-Modernization of IMD	16.00	--	16.00	100
5455.00.800.01-Earthquake Risk Evaluation Centre	8.45	--	8.45	100
<b>2008-09</b>				
3403.00.103.03-Seafront facility	10.00	--	10.00	100
3403.00.200.19-Desalination Plant	10.00	--	10.00	100
5403.00.800.01-Headquarer's Building	20.00	--	20.00	100
<b>2009-10</b>				
5425.00.800.06-National Centre for Medium Range Weather Forecasting	8.00	--	8.00	100
5455.00.102.01-Operation & Maintenance	32.01	18.31	13.70	43
5455.00.102.02-Aviation Metrology	14.00	--	14.00	100
5455.00.800.01 – Seismic Hazard and Risk Evaluation	17.00	3.26	13.74	81

### Rush of expenditure

**8.18** Ministry of Finance issued instruction in September 2007 to all Ministries/departments to restrict their expenditure during the last quarter of the financial year to 33 per cent of the budget amount. Further, as per Rule 56 (3) of General Financial Rules, rush of disbursement, particularly in the closing months of the financial year, is to be regarded as a breach of financial propriety and should be avoided. It was, however, noticed that the Ministry did not follow the rules and instructions of the Ministry of Finance and incurred expenditure amounting to ₹ 369.62 crore (38 per cent) during the last quarter of the financial year 2008-09 and ₹ 209.26 crore (22 per cent) in March 2009 alone against the budget allocation of ₹ 973.00 crore.

### Outstanding utilisation certificates

**8.19** The certificates of actual utilisation of the grants received for the purpose for which these were sanctioned are required to be submitted within twelve months of the closure of the financial year by the Institution/Organisation concerned. The purpose of furnishing the utilisation certificates is to ensure that the grants had been utilised properly for the purpose for which these were sanctioned and where the grants were released with certain conditions, the prescribed conditions had been fulfilled. Where the certificate is not received within the prescribed period, the Ministry/department will be at liberty to blacklist such Institutions for any future grant, subsidy or other financial support. Scrutiny of records revealed that Utilisation Certificates for the grants-in-aid amounting to ₹ 128.80 crore released by the Ministry up to 31st March 2009 in 1,230 cases were not furnished by the grantee institutions though these were over due to be received in the Ministry. The earliest period of the grants sanctioned for which utilisation certificate is outstanding pertains as back as to the year 1983-84 as per details given in **Appendix-VIII-D**.

The Ministry has neither taken any step to obtain the UCs from defaulting institution/organisations nor blacklisted them from future grants where the certificate has not been received within the prescribed period.

### Deficient internal audit control

**8.20** The Internal Audit Wing of the Ministry came into existence in 2007 and started functioning directly under the Controller of Accounts with the overall responsibility for internal audit remaining with the Financial Adviser of the Ministry. The details of internal audit planned /conducted during the last three years are as under:

**Table 8.10: Deficient internal audit control**

Year	Total No. of units	No. of units planned	No. of units actually inspected
2007-08	29	Nil	Nil
2008-09	29	Nil	Nil
2009-10	29	Nil	Nil

The above table indicates that there was complete absence of internal control mechanism in the Ministry as not even a single unit out of 29 could be taken up for internal audit during the last three years. Further, the Ministry did not have any Internal Audit Manual till date.

The Ministry while accepting the facts stated (August 2010) that no audit could be conducted till 2009-10 due to the fact that proposal for creation of posts was under consideration of Ministry of Finance. The Ministry further stated that

Internal Audit manual is under preparation and, that necessary standards would be incorporated in Manual.

## Grant No.57 - Department of School Education and Literacy

### (Ministry of Human Resource Development)

#### Introduction

**8.21** The Ministry of Human Resource Development was established in 1985 with a view that the people of the country are a valuable resource and the growth process shall be based on integrated development of the citizen. It was also realized that the instruments and agencies responsible for this growth shall be integrated in order to ensure all round development of human resources. The Ministry has two departments viz. Department of Higher Education and Department of School Education and Literacy.

#### Budget and expenditure

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

**Table 8.11: Year-wise budget and expenditure**

*(₹ in crore)*

Year	Total provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2007-08	33584.37	Nil	30916.08	Nil	2668.29	Nil
2008-09	40960.93	761.54	36054.05	750.00	4906.88	11.54
2009-10	43090.62	750.00	38321.99	250.00	4768.63	500.00

#### Persistent savings

**8.23** Scrutiny of Appropriation accounts revealed that there remained persistent unspent provisions under the revenue section of the grant during the last three years. Large unspent provisions under the grant reflected deficient budgeting by the Department. Details of sub-heads where unspent provisions were noticed are given in **Appendix VIII-E**. Schemes affected by large persistent savings are discussed below:-

**a) National Programme of Midday meals in school**

National Programme of Nutritional Support to elementary education (Mid-Day Meal Scheme) was launched on 15 August 1995 as a centrally sponsored scheme with a view to enhance enrollment, retention and attendance and simultaneously improving nutritional levels among children. In October 2007, the scheme was extended to cover children of upper primary classes (i.e. class VI to VIII) and the name of the scheme was changed to National Programme of Midday Meal in school. Under this scheme cooked midday meal with a minimum of 300 calorie and 8-12 gram protein per day for a minimum of 200 days was provided to every child in every Government and Government assisted primary schools. During the years 2007-08, 2008-09 and 2009-10, the savings under various components of the scheme during these years amounting to ₹ 726.60 crore, ₹ 668.48 crore and ₹ 974.24 crore respectively, had occurred and are detailed below:

**Table 8.12: National programme of Mid-day Meals in school**

*(₹ in crore)*

Year	Total provision	Actual disbursement	Savings	Reasons
2007-08	6535.60	5809.00	726.60	Delay in receipt of cabinet approval for extension of scheme, non-receipt of lifting figures from States/UTs for payment of transportation cost of food grains, non-release of funds for conduct of evaluation studies of the scheme, etc.
2008-09	7200.00	6531.52	668.48	Non-receipt of viable/less proposals from UTs/States and economy instructions issued by MoF.
2009-10	7905.10	6930.86	974.24	Non-finalisation of proposals received from States and FCI, non-receipt of reimbursement claims from UTs, non-finalisation of programme for launch of media campaign and receipt of insufficient proposals from States.

**b) National Means-cum-Merit Scholarship Scheme**

Under this scheme which was launched in 2008-09, scholarship is granted to meritorious students whose parental income is not more than ₹ 1.50 lakh per annum from all sources. Each State /UT has a fixed quota of scholarship decided on the basis of enrolment of students in class VII and VIII. The scholarship is provided quarterly to the students of government, local body and government aided schools from class IX till class XII for a maximum period of four years. The amount of scholarship is ₹ 6,000 per annum @ ₹ 500 per month. The scheme was launched after getting the approval of Cabinet Committee on Economic Affairs on 9<sup>th</sup> March 2008. As per the provision of scheme, the

Department created a corpus fund of ₹ 750 crore in 2008-09 and a like amount was to be added every year over the next three years. The interest from the fund was to be used for payment towards scholarship. The first tranche of the corpus of ₹ 750 crore for the year 2008-09 was deposited by the Department with the State Bank of India in December 2008 for keeping it as a fixed deposit for a duration of five years at the interest rate of 9.5 *per cent*. When a further sum of ₹ 250 crore was added to the corpus in June 2009 for the year 2009-10, the Department noticed that the bank's interest rate had fallen to 5 *per cent*. Due to fall in the interest rates, the corpus fund was wound up after taking the approval from Ministry of Finance and a decision was taken that budget provision for the required amount would be made on annual basis to run the scheme. The remaining budget provision of ₹ 500 crore for the year 2009-10 was surrendered to Government in March 2010.

Thus, during the years 2008-09 and 2009-10, the Government funds amounting to ₹ 1,000 crore remained blocked in the bank due to winding up of Corpus fund, besides non-implementation of the scheme during these two years. The Ministry stated (May 2010) that action is being taken to wind up the Corpus Fund and to take back ₹ 1,000 crore from the bank along with the interest thereon and to deposit the same in the Consolidated Fund of India.

### **c) Information and Communication Technology in Schools**

National Task Force on Information Technology and Software Development (IT Task Force) constituted by the Prime Minister in 1998 made specific recommendations on introduction of IT in the education sector including schools through Vidyanthi Computer Scheme, Shikshak Computer Scheme and School Computer Schemes. In January 2010, the scheme was revised as Information and Communication Technology in Schools. The main components of the scheme are (i) partnership with State Governments for providing computer aided education to secondary and higher secondary governments schools, (ii) establishment of smart schools, (iii) engagement of exclusive teacher and capacity enhancement of all teachers in ICT; and (iv) development of e-content through Central Institute of Education Technologies (CIET). The Union Government was to provide 75 *per cent* assistance and the balance 25 *per cent* was to be provided by the States. During the years 2007-08, 2008-09 and 2009-10 substantial portion of allocated grants i.e. ₹ 21 crore out of ₹ 28 crore (75 *per cent*), ₹ 17.31 crore out of ₹ 20 crore (87 *per cent*) and ₹ 15 crore out of ₹ 18.50 crore (81 *per cent*) respectively remained unspent due to non-receipt of concrete/viable proposals from State Institutes of Educational Technology.

#### **d) Strengthening of Teachers Training Institutions**

The Centrally Sponsored Scheme of Teacher Education was initially launched in 1987-88 and was revised in 2003 with the main objective of (i) Speedy completion of DIET/CTE/IASE/SCERT<sup>1</sup> projects sanctioned but not completed upto the end of IX Plan period, (ii) Making DIETs, IASEs sanctioned and SCERTs strengthened upto IX Plan period, optimally functional and operational, (iii) Sanction and implementation of fresh DIET/ CTE/IASE/SCERT projects and (iv) Improvement in the quality of programmes to be undertaken by DIETs, etc.

During the years 2007-08, 2008-09 and 2009-10, a sum of ₹ 133.77 crore (30 *per cent*), ₹ 195.34 crore (44 *per cent*) and ₹ 122.94 crore (27 *per cent*) respectively under the scheme remained unspent. Scrutiny of head-wise Appropriation accounts revealed that the reason for saving recorded was ‘Scheme being under revision’ and ‘non-receipt of sufficient proposals from Union Territory Governments’. However, scrutiny of relevant files in the Department revealed that a comprehensive proposal of the department for continuation/revision of the scheme was considered by the EFC at its meeting held in November 2007. The EFC recommended for evaluation and continuation of the scheme without any change in the norms and parameters of the existing scheme. Thus the reason of saving mentioned in the Accounts was not established from the relevant files.

#### **Unrealistic budgetary assumptions**

**8.24** Scrutiny of the Appropriation accounts revealed that under various sub-heads, the entire/large part of the provisions remained unutilised during the period 2007-10 and were surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Savings of ₹ 10 crore and above constituting more than 40 *per cent* of the budgeted provision are given in **Appendix-VIII- F**.

#### **Non-utilisation of the entire provision**

**8.25** Scrutiny of the Appropriation accounts for the year 2007-10 revealed that in 13 cases the entire provision under the sub-heads remained unutilized as detailed in **Appendix VIII-G**. Most of the reasons recorded for 100 *per cent* surrender under various sub-heads revealed that proposed schemes could not be finalized or implemented. This suggests over-ambitious projections without adequate planning.

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<sup>1</sup> District Institute of Education & Training (DIET); Colleges of Teacher Education (CTE); Institutes of Advance Study in Education (IASE), State Council of Educational Research & Training (SCERT).

### Surrender of savings

**8.26** Rule 56 (2) of the General Financial Rules emphasized that provisions that cannot be profitably utilized should be surrendered to Government immediately they are foreseen without waiting till the end of the year. No savings should be held in reserve for possible future excesses. It was, however, observed that in the following cases savings during the years 2007-10 were surrendered to the Government on the last day of financial year and as such these savings could not be utilized elsewhere by the Government.

**Table 8.13: Surrender of savings**

(₹ in crore)

Year	Savings		Amount surrendered		Amount not surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2007-08	2668.29	Nil	2637.25	Nil	31.04	Nil	31.03.2008
2008-09	4906.88	11.54	4748.56	11.54	158.32	Nil	31.03.2009
2009-10	4768.63	500.00	4032.70	500.00	753.93	Nil	31.03.2010

### Rush of expenditure

**8.27** As per Rule 56 (3) of the General Financial Rules 2005, 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. Further, the Ministry of Finance issued instructions to all Ministries/departments in September 2007 to restrict expenditure during the last quarter of the financial year to 33 per cent and during March of the financial year to 15 per cent of the budget estimates. Scrutiny of head-wise Appropriation accounts, however, revealed that the Department incurred expenditure ranging from 40 per cent to 45 per cent of their budgeted allocation in the last quarter and 27 per cent to 36 per cent in March alone during the years 2007-08 to 2009-10 as detailed below:

**Table 8.14: Rush of expenditure**

(₹ in crore)

Year	Budget Estimates	Expenditure during last quarter		Expenditure during March	
		Amount	per cent	Amount	per cent
2007-08	33535.22	13499.28	40	9139.61	27
2008-09	40667.00	18395.93	45	14690.64	36
2009-10	42069.58	18933.47	45	15211.84	36

### Outstanding utilisation certificates

**8.28** Certificates of utilisation of grants-in-aid were required to be furnished by the Ministries/departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-government organisations etc. to ensure

that the grants had been properly utilised for the purpose for which these were sanctioned. Test check revealed that as on 31<sup>st</sup> March 2010, 1,373 utilisation certificates were outstanding involving an amount of ₹ 1,049.52 crore in respect of grants-in-aid released by the Department up to 2008-09. From year-wise details given in **Appendix-VIII-H**, it would be seen that the earliest period to which the outstanding utilization certificate relates pertained to the year 1982-83 and 60 *per cent* of the total UCs pending related to periods five to 26 years back (from 1982-83 to 2003-04).

The Department has neither taken any step to obtain the UCs from defaulting institution/organizations nor blacklisted them from future grants where the certificate has not been received within the prescribed period.

## **Grant No. 64- Ministry of Micro, Small and Medium Enterprises**

### **Introduction**

**8.29** Ministry of Micro, Small and Medium Enterprises (MSME) assists the States in their efforts in promoting growth and development of Micro, Small and Medium Enterprises, for enhancing their competitiveness in an increasingly market-led economy and to enabling the enterprises to generate additional employment opportunities. Besides, the Ministry also attempts to address common concerns of these enterprises and undertakes policy advocacy on behalf of the sector on issues critically affecting their sustenance and growth.

### **Budget and expenditure**

**8.30** The overall position of budget provisions, actual expenditures and disbursements under the grant during the last three years is given below:

**Table 8.15: Year-wise budget and expenditure**

*(₹ in crore)*

Year	Budget provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2007-08	589.49	1.90	486.35	0.86	103.14	1.04
2008-09	1984.76	8.31	1848.40	6.53	136.36	1.78
2009-10	2023.04	10.43	1684.60	4.58	338.44	5.85

### **Unnecessary supplementary grant**

**8.31** While obtaining a supplementary grant, the Ministry/department has to keep in view the resources available or likely to be available during the financial year and exercise due caution while forecasting its additional budgetary requirement of funds. Resorting to supplementary demands should be in exceptional and urgent cases only. During 2008-09, under sub-head

2851.00.102.75 – “Quality of Technology Support Institution & Programme”, the Ministry obtained supplementary provision of ₹ 6.40 crore in anticipation of higher expenditure; however, finally there was saving of ₹ 46.45 crore under the scheme and ultimately no expenditure was incurred out of supplementary grant of ₹ 6.40 crore. Thus, not only the entire amount of supplementary grant but a part of the original grant remained unutilized during the year, which fruitfully could have been utilized on another scheme/programme of the Government.

### Surrender of savings

**8.32** Scrutiny of head-wise Appropriation accounts revealed that contrary to the provision of General Financial Rules 56 (2), the Ministry surrendered its savings on the last day of the financial years 2007-08 to 2009-10 as detailed below:

**Table 8.16-Surrender of savings**

(₹ in crore)

Year	Savings		Amount surrendered		Amount not surrendered		Date of surrender of savings
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2007-08	103.14	1.04	83.81	Nil	19.33	1.04	31.3.2008
2008-09	136.36	1.78	109.60	1.01	26.76	0.77	31.3.2009
2009-10	338.44	5.85	318.19	5.68	20.25	0.17	31.3.2010

Had savings been surrendered as soon as these were foreseen, these could have been fruitfully utilized in other schemes/projects of the Government.

### Excess expenditure over available provision

**8.33** In terms of Appendix-14 to Rule 57 and 63 of the General Financial Rules 2005, the Pay and Accounts Office is required to ensure that no payment is made in excess of the budget allotment under any sub-head or primary unit of appropriation. In case where the existing budget provision is not sufficient to cover the payment, the Pay and Accounts Office 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 for in time by issue of re-appropriation order, etc.

Scrutiny of head-wise Appropriation accounts for the years 2008-09 and 2009-2010 disclosed that in the following cases, the PAO had made payment in excess of budget provision without any re-appropriation order to accommodate the final excess expenditure and also without receipt of assurance in writing from the Head of Department controlling the grant that necessary funds to accommodate the disbursement will be provided for in time by issue of re-appropriation order. This shows ineffective expenditure control at the level of PAO as well as on the part of Head of Department controlling the grant.

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**Table 8.17: Excess expenditure over available provision**

*(₹ in crore)*

Year	Sub-head	Budget Provisions	Available provision	Actual expenditure	Excess amount
2008-09	3601.03.727.03- Upgradation of Data Base State Government	O 16.80 R 10.75	27.55	28.64	1.09
2009-10	2851.00.200.16-Prime Minister's Employment Generation Programme	O 547.80 R (-) 140.17	407.63	409.68	2.05

**Persistent savings**

**8.34** Scrutiny of head-wise Appropriation accounts disclosed that under various sub-heads as detailed below, large provisions remained unutilised persistently during the period 2007-10 and were re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament.

**Table 8.18: Persistent savings**

*(₹ in crore)*

Sub-head	Year	Budget provision	Actual expenditure	Savings	Reasons attributed by the Ministry
2851.00.102.80- Up gradation of Data base	2007-08	18.00	5.64	12.36	Late exemption from MoF for conducting of evaluation study/non-approval by EFC for conducting 'Evaluation study for sub-scheme Collection of Statistics' and lack of demand from States/Union Territories owing to administrative reasons
	2008-09	10.65	1.52	9.13	
	2009-10	2.50	0.56	1.94	
2851.00.796.01- Quality of Technology Support Institution & Programme-Tribal sub plan	2008-09	11.25	1.61	9.64	Receipt of less proposals from the tribal groups
	2009-10	8.05	2.71	5.34	
2851.00.102.79- Marketing Development Assistance Programme	2008-09	9.05	2.42	6.63	Due to receipt of less proposals.
	2009-10	9.60	4.38	5.22	
2851.00.102.75- Quality of Technology Support Institution & Programme	2008-09	216.50	170.06	46.44	Due to Non-approval of some of the National Common Minimum Programme Schemes and receipt of fewer proposals for implementation.
	2009-10	239.21	213.70	25.51	

### Non-utilization of entire provision

**8.35** Scrutiny of head-wise Appropriation accounts for 2007-08 to 2009-10 revealed that in the following cases, the entire budget provisions under different sub-heads remained unutilized as detailed below:

**Table 8.19: Non-utilisation of entire provision**

(₹ in crore)

Year	Sub-head	Budget provision	Savings	Reasons
2007-08	3601.03.727.01-Collection of Statistics of Small Scale Industries	13.30	13.30	Due to late issue of sanction and consequently non-payment of bills preferred
2008-09	2851.00.789.03-MSME cluster Development Programme and MSME Growth Poles-SC Plan	11.50	11.50	Due to non-receipt of the proposals
	2851.00.796.03-MSME Cluster Development Programme and MSME Growth Poles-Tribal sub-plan	5.75	5.75	Due to non- receipt of the proposals
2009-10	2851.00.102.82-National Fund for Unorganized Sector	1.00	1.00	Due to Non- approval of the Scheme
	2851.00.789.03- MSME Cluster Development Programme and MSME Growth Poles-Tribal sub-plan	6.00	6.00	Due to non-receipt of proposals

Savings of entire provision reflect that the budget estimates/supplementary demands were not prepared after adequate pre-budget scrutiny of projects and schemes.

### Distortion of budget provision

**8.36** While the delegations of powers for re-appropriation has been made for augmenting provision within the delegated powers, large scale re-appropriation followed by heavy surrenders renders the original intent of the Parliamentary approval of the budget significantly distorted. **Table 8.20** indicates such distortions during the last three years.

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**Table 8.20: Distortion of budget provision**

(₹ in crore)

Year	Budget provision	Re-appropriation Orders issued transferring fund from sub-heads		Re-appropriation Orders issued transferring fund to sub-heads		% up to which the original provision was reduced in the Sub-heads	% up to which the original provision was increased in the Sub-heads	Amount Surrendered
		No. of orders	Amount	No. of orders	Amount			
2007-08	591.39	20	124.71	6	40.90	21	07	83.81
2008-09	1993.07	45	286.29	18	175.68	14	09	110.61
2009-10	2033.49	58	460.61	13	136.74	23	07	323.87

From **Table 8.20** it could be seen that during the year 2009-10, a total of 71 re-appropriations orders were issued by the Ministry in the grant involving ₹ 597.35 crore thereby distorting the authorization approved by the Parliament. A sub-head, where the distortions were apparent is explained in the successive paragraph.

In sub-head '2851.00.102.75-Quality of Technology Support Institution and Programme' against a total provision of ₹ 239.20 crore authorized by the Parliament, ₹ 72.93 crore was re-appropriated (splitting in four instances) from this scheme to some other schemes and a sum of ₹ 49.34 crore was again re-appropriated (in one instance) into this scheme from other schemes leaving a net impact of re-appropriation from this scheme to the tune of ₹ 23.59 crore.

### Unrealistic budgetary assumptions

**8.37** Scrutiny of head-wise Appropriation accounts revealed that under various sub-heads, large part of the budget provisions remained unutilised during the period 2007-10 and were either surrendered or re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Savings of ₹ ten crore and above of the budgeted provision are given in **Table 8.21**.

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**Table 8.21: Unrealistic budgetary assumptions**

(₹ in crore)

Year	Sub-head	Budget provision	Actual expenditure	Savings (Percentage)	Reasons for savings
2007-08	2851.00.102.60-MSME cluster Development Programmes & MSME Growth Poles.	61.20	16.95	44.25 (72)	Due to Non-setting up of Common Facility Centers by the State Governments
	2851.00.102.63-Up-gradation of Database	18.00	5.64	12.36 (69)	Due to late exemption from Ministry of Finance for conducting of Evaluation Study for sub-scheme "Collection of Statistics".
2008-09	2851.00.102.75-Quality of Technology Support Institution and Programme	216.50	170.06	46.44 (21)	Due to non-approval of some of the Scheme relating to National Minimum Common Programme for implementation.
	2851.00.102.77-MSME Cluster Development Programme & MSME Growth Poles	28.55	18.08	10.47 (37)	Due to Non-completion of requirements for setting up of the common facility centre by the State Governments and late approval of scheme by Planning Commission.
	2851.00.789.01-Quality of Technology Support Institution Programme-SC Sub Plan	23.00	7.76	15.24 (66)	Due to non-approval of some of the Scheme relating to National Minimum Common Programme for implementation.
2009-10	2851.00.789.08-Prime Minister Employment Generation Programme-SC Sub-Plan	123.45	87.94	35.51 (29)	Due to receipt of fewer proposals from Scheduled Tribes and delay in holding of District Level Task Force Committees meeting.
	2851.00.796.08-Prime Minister Employment Generation Programme-SC Sub-Plan	67.50	48.09	19.41 (29)	Due to delay in holding of District Level Task Force Committees meeting.

Large savings affected the objective for which the budget provisions were passed by the Parliament. Had the Ministry correctly assessed the expenditure in these sub heads while formulating budget proposals, large savings could have been avoided.

### Outstanding utilization certificates

**8.38** Scrutiny of records revealed that 184 Utilization Certificates (UCs) were outstanding for the grants-in-aid released by the Ministry up to 31<sup>st</sup> March 2009 involving ₹ 408.29 crore as of June 2010, though these were required to be received in the Ministry by 31st March 2010. Year-wise details of outstanding UCs are as under:

**Table 8.22: Outstanding utilization certificates**

Year	No. of Utilization Certificates outstanding	Amount
2005-06	07	0.30
2006-07	08	0.66
2007-08	05	0.54
2008-09	164	406.79
<b>Total</b>	<b>184</b>	<b>408.29</b>

(₹ in crore)

The Ministry has neither taken any step to obtain the UCs from defaulting institution/organizations nor blacklisted them from future grants where the certificate has not been received within the prescribed period.

### Deficient Internal Audit control

**8.39** The Internal Audit wing of the Ministry functions under the administrative control of the Chief Controller of Accounts of the Ministry of Industry and is responsible for conducting internal audit of the units under the Ministry of MSME. Sanctioned strength of the internal audit wing is one Sr. Accounts Officer, one Assistant Accounts Officer and 7 Senior Accountant/Accountants. The targets fixed by the internal audit wing and the achievement made during the years 2007-2010 are indicated below:

**Table 8.23: Deficient internal audit control**

Year	Total Units	Unit targeted	Units actually audited	% of Shortfall
2007-08	61	61	16	74
2008-09	61	61	31	49
2009-10	61	61	16	74

Scrutiny of the records in the Ministry revealed that internal control mechanism in the Ministry was deficient as no annual audit plan based on risk analysis has been prepared. The shortfall in the targets ranged between 49 per cent to

74 per cent as evident from above table. A large number of internal audit paragraphs were pending for final settlement as on 31<sup>st</sup> March 2010.

## Grant No. 105: Ministry Of Youth Affairs and Sports

### Introduction

**8.40** The Ministry of Youth Affairs and Sport owes its origin to the Department of Sports which was set up in the year 1982 at the time of IXth Asian Games in New Delhi. During the International Youth Year 1985 it was upgraded to the Department of Youth Affairs & Sports and in May 2000 it became a full-fledged Ministry. The Ministry pursues the twin objectives of personality building and nation building that is, developing the personality of youth and involving them in various nation-building activities. Sports promotion is primarily the responsibility of the various National Sports Federations, which are autonomous. The role of the Government is to create the infrastructure and promote capacity-building for broad-based sports as well as for achieving excellence in various competitive events at the national and international levels. The Ministry's schemes are geared towards achieving these objectives.

### Budget and expenditure:

**8.41** The overall position of budget provisions, actual expenditure and savings under the grant for the last three years is given in **Table 8.24**.

**Table 8.24: Year-wise budget and expenditure**

(₹ in crore)

Year	Budget provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2007-08	828.26	97.00	719.97	96.63	108.29	0.37
2008-09	1528.39	171.02	1394.55	170.96	133.84	0.06
2009-10	2891.75	844.28	2856.99	813.92	34.76	30.36

### Surrender of savings

**8.42** Test check of head-wise Appropriation accounts for the period 2007-10 revealed that contrary to the General Financial Rules, the Ministry surrendered its savings on the last day of the financial year. The details of amounts surrendered during 2007-10 are given below:

**Table 8.25: Surrender of savings**

(₹ in crore)

Year	Savings		Amount surrendered		Amount not surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2007-08	108.29	0.37	88.78	0.00	19.51	0.37	31.03.2008
2008-09	133.84	0.06	106.39	0.00	27.45	0.06	31.03.2009
2009-10	34.76	30.36	20.21	30.00	14.55	0.36	31.03.2010

Had the above savings been surrendered as soon as these were foreseen, these could have been fruitfully utilised in other schemes/projects of the Government.

### Rush of expenditure during March and last quarter of the financial year

**8.43** In terms of 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 shall be avoided. Further, the Ministry of Finance, Department of Expenditure also issued instructions to all Ministries/departments in September 2007 to restrict their expenditure during the last quarter of the financial year to 33 per cent and during March 15 per cent of the budget estimates.

However, the Ministry did not follow the GFR and instructions of the Ministry of Finance and incurred very significant expenditure in the month of March/during last quarter of the financial years 2007-10 as detailed in **Table 8.26**.

**Table 8.26: Rush of expenditure during the month of March/last quarter of the financial year**

<i>(₹ in crore)</i>						
Sl. No.	Year	Budget Estimate	Expenditure incurred in March	Percentage of expenditure incurred in March	Expenditure incurred during last quarter of the financial year	Percentage of expenditure incurred during last quarter of financial year
1.	2007-08	780.00	239.88	31	287.37	37
2.	2008-09	1111.81	421.07	38	620.06	56
3.	2009-10	3073.00	1288.86	42	1559.79	51

Since the funds released in March cannot be constructively spent during the year, which closes on the last day of the same month/quarter, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.

### Persistent savings

**8.44** Scrutiny of head-wise Appropriation accounts disclosed that under various sub-heads, large budget provisions remained unutilised persistently during the period 2007-10 and were re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. A test check of records pertaining to schemes having persistent savings during 2007-10 disclosed that in spite of persistent unspent provisions in the previous years; the Ministry had made no efforts to make the budget estimates more realistic to avoid large savings in the subsequent years leading to unrealistic budgeting, deficient financial management besides shortfall in performance of the schemes.

‘National Service Scheme’ of the Ministry witnessed the persistent savings in the functional head as well as in the head through which grants are released to the States as detailed in **Table 8.27**.

**Table 8.27: Persistent savings**

(₹ in crore)

Sub-head	Year	Budget provision	Actual disbursement	Savings	Reasons
2204.00.001.02- National Service Scheme	2007-08	6.73	4.27	2.46	Due to non-receipt of demand from various regional centers.
	2008-09	10.38	5.99	4.39	Due to receipt of less proposals from various regional centers for reimbursement of salary and other claims.
	2009-10	9.65	7.23	2.42	Due to economy instructions issued by the Ministry of Finance, less expenditure under domestic travel, office expenses, medical & OTA etc.
3601.01.187.01- National Service Scheme	2007-08	2.76	0.67	2.09	Due to non-receipt of demands from various State Governments.
	2008-09	2.60	0.54	2.06	Due to receipt of fewer demands from the state government and fewer proposals from various regional centers for conducting regular and special programmes in states.
	2009-10	2.31	0.61	1.70	Due to less number of claims submitted by the State Governments for reimbursement.
3601.03.156.01- National Service Scheme	2008-09	76.88	47.33	29.55	Due to receipt of few numbers of viable proposals from the State Governments.
	2009-10	76.88	54.34	22.54	Due to non-implementation of enhanced rate of stipend owing to delay in receipt of approval from Expenditure Finance Committee.

### Non-utilisation of entire/large funds

**8.45** Scrutiny of head-wise Appropriation accounts for the years 2007-10 disclosed that the entire/large provisions under the sub-heads as discussed below remained unutilised. The Ministry attributed these savings to non-approval/finalisation of the schemes.

**a) Nagar Palika Yuva Krida aur khel Abhiyan**

The scheme was to be initiated for providing basic sports infrastructure in urban areas, particularly smaller towns and within those, the poorer areas. The test check of head-wise Appropriation accounts revealed that the entire budget provision of ₹ 9 crore and ₹ 4 crore remained unutilized during the years 2008-09 and 2009-10 due to non finalization of scheme.

**b) Scheme for promotion of Sports and Games in Schools, Colleges and Universities**

The Scheme for promotion of sports and games in Schools and Colleges and Universities was formulated with the aims at giving a critical thrust to broad-basing of sports and games in schools, colleges and universities and encouraging excellence in sports in educational institution with a view to encouraging mass participation in sports as well as increasing the base of talented sports person.

A review of Appropriation accounts revealed that during the year 2007-08 out of the allocated fund of ₹ 5.40 crore, ₹ 5.29 crore was spent leaving an unspent balance of ₹ 0.11 crore. The Ministry did not furnish the purpose for which the expenditure was incurred as during the subsequent two years, i.e. 2008-09 and 2009-10, the entire budget provision of ₹ 12 crore (₹ 8 crore and ₹ 4 crore respectively) remained unutilised due to 'non-finalisation of the scheme'. Since the scheme was not finalised during 2008-10, purpose on which ₹ 5.29 crore was incurred during the year 2007-08 was not known to Audit in absence of non-furnishing of reply to audit memo issued in August 2010.

**c) Promotion of sports among person with disability**

The scheme was introduced to provide focused support to the physically and intellectually challenged. Under the scheme special coaching and training requirements of the target groups, organizing competitions at District, State and National level, participation in international competitions, and other need-based specialised support were to be provided.

A review of head-wise Appropriation accounts revealed that out of total budget provision of ₹ 15 crore during 2007-10, ₹ 10 crore remained unutilised during 2007-08 and 2008-09 due to non-finalization of scheme and conduction of programmes by the external agencies respectively and during 2009-10 only a sum of ₹ 0.74 crore was spent due to delay in finalization of scheme, leaving unspent balance of ₹ 4.26 crore surrendered by the Ministry at the end of the year.

### Large supplementary grants due to unrealistic budgetary projections

**8.46** Under Article 114 of the Constitution of India, the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India. Parliament can also sanction supplementary or additional grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution. While preparing the estimates of expenditures, Ministries/departments are required to keep in view the trends of disbursements during the previous years and take due care so that provision for all inescapable and foreseeable expenditures is made in the estimates before they are submitted to the Ministry of Finance. The Ministry of Finance after due deliberations and pre-budget meetings/scrutiny finalises the budget proposals. A scrutiny of the Appropriation accounts for the years 2007-08 and 2008-09 revealed that the Ministry obtained supplementary grants much in excess of the original provisions. The supplementary provisions ranged from 227 per cent to 281 per cent of the original provisions as detailed in **Table 8.28**. This indicated that the Ministry did not prepare its estimates of expenditure on a realistic basis and that the mechanism of holding pre-budget meetings and scrutiny by Ministry of Finance for ensuring realistic budgetary projections did not have the desired effect.

**Table 8.28: Large supplementary grants due to unrealistic budgetary projections**

(₹ in crore)

Sub-head	Year	Original provision	Supplementary grant	Percent of supplementary grants (%)
6202.03.800.01- Commonwealth Games	2007-08	25.00	70.21	281
2204.00.104.42- Commonwealth Games	2008-09	224.00	509.00	227

### Outstanding utilisation certificates

**8.47** Scrutiny of records revealed that utilization certificates involving grants-in-aid of ₹ 177.51 crore released by the Ministry up to 31<sup>st</sup> March 2009 in 6133 cases were not furnished by the grantee institutions and were outstanding though these were due to be received by 31<sup>st</sup> March 2010. Some of these relate to the year 1987-88 onwards as detailed in **Appendix VIII-I**.

The Ministry has neither taken any step to obtain the UCs from defaulting institution/organizations nor blacklisted them from future grants where the certificate has not been received within the prescribed period.

### Deficient Internal Control Mechanism

**8.48** The Internal Audit Wing of the Ministry is working under the administrative control of Controller of Accounts and is responsible for conducting internal audit of the units under the Ministry. The details of internal audit conducted during the last three years are as under:

**Table 8.29: Deficient internal audit control**

Year	Target fixed (No. of divisions / units planned for audit)	No. of divisions / units actually audited	% of Shortfall
2007-08	12	09	25
2008-09	05	03	40
2009-10	04	01	75
<b>Total</b>	<b>21</b>	<b>13</b>	

The above table indicates that the internal control mechanism in the Ministry was not satisfactory as the shortfall ranged from 25 to 75 *per cent* during the years 2007-10 and the reason for shortfall has been attributed to shortage of staff.

### Conclusion

**8.49** As per the Allocation of Business Rules, Finance Ministry is responsible for overall financial Management of Government of India including budget and expenditure control. In terms of Rule 64 of General Financial Rules, 2005, Secretary of a Ministry/Department in his capacity as the Chief Accounting Authority of the Ministry/Department is responsible and accountable for the financial management of his Ministry/Department and has to ensure that the public funds appropriated are used for the purpose for which they were meant. He is also responsible for effective, efficient, economical and transparent use of resources of the Ministry/Department in achieving the stated programme/project objectives of that Ministry/Department while complying with performance standards. Budget Manual lists out, in detail, the role of Ministries and Departments in control of expenditure against budget.

**8.50** We, however noted that inspite of introduction of zero-based budgeting, followed by Output Budget and then moving from output to outcome budget

from the fiscal year 2006-07, desired results could not be obtained. Year after year we have reported serious budgetary transgressions such as , unrealistic and defective budgeting leading to entire/large amounts being saved; unnecessary supplementary grants reflecting in whole of it getting saved; indiscriminate use of delegated powers of re-appropriation of funds, diluting the process of Parliamentary authorization; rush of expenditure during the last quarter of the financial year etc. The fact that despite specific provisions laid down in General Financial Rules and Budget Manual and successive reporting to Parliament through our Report on Finance and Appropriation Account, such deficiencies persist; indicates that the budgetary control by Ministry of Finance and the Chief Accounting Authorities in the Ministries/Departments suffer from serious systemic deficiencies which have remained unaddressed over the years vitiating the entire process.

**8.51** As brought out in para 6.4 (**Table: 6.1**) of this Report, there has been an overall saving of ₹ 2,48,791 crore as against total authorisation for expenditure of ₹ 46,91,095 crore obtained from the Parliament. Considering that major portion of the Government resources comes from borrowing (Receipt of Public Debt in 2009-10 was ₹ 33,93,269 crore) at a high cost, need for realistic budgeting and efficient utilisation of resources need not be overemphasized. Appropriation Audit, of the Demands for Grants for the year 2009-10 revealed several instances of surrender of savings on the last day of the financial year. Budget allocations were made without adequate planning and approval for incurring expenditure resulting in surrenders as the schemes for which allocations were obtained could not be launched or were not approved/pending approval. Grants of D/o Agriculture and Cooperation; M/o Earth Sciences; D/o School Education & Literacy (DoSEL); M/o Small & Medium Enterprises; and M/o Youth Affairs & Sports, were selected for detail scrutiny in Audit. Glaring instances were noted in DoSEL which provided for ₹ 43,840.62 crore in budget for Universal education but many schemes could not be cleared and an amount of ₹ 5,268.63 crore remained unspent which were eventually surrendered/lapsed. Further, in case of Rain-fed Area Development Programme administered by Ministry of Agriculture, without seeking approval to the scheme, appropriated funds in three successive years and the entire budget provision remained unutilised for all the three years and was surrendered in the last quarter. To avoid recurrence of such instances, the concerned Ministry should obtain only token provision until planning stages are over and approvals of competent authority obtained. Ministry of Finance should introduce suitable checks and methodology to prevent ministries from making full provisions prematurely in such cases.

**8.52** An important tool for monitoring 'Outcome' of the funds appropriated and spent through agencies other than Government Departments is by obtaining Utilisation certificates. The grants released to Bodies/Authorities have to be supported by UCs within the prescribed time frame which should govern any future release of funds/grants to that agency. Non-receipt of UCs have been reported every year and this year also no improvement was noted. End use of funds appropriated in such cases remained unverified. The Ministries, more specifically the CAOs, should pay adequate attention to this issue.

**8.53** As described in Chapter 8, weak Internal Audit regime was noted in the ministries, grants of which were examined by us in detail. Internal Audit is an important management tool to keep the executive informed of the weaknesses in controls thus bringing deviations to notice and enabling timely intervention. An effective Internal Audit system should be put in place to prevent repeated lapses and improve accountability towards a more efficient budgetary control and expenditure management which would encourage efficient and optimum utilisation of available financial resources.

**8.54** Chapter-2 of this Report highlights systemic deficiencies regarding the completeness and accuracy of the Union Government Accounts. Some of the observations contained in this Chapter was brought to the notice of the Government way back in the year 2000 and also followed up through successive Audit Reports but no perceptible progress has since been made. The response of the Ministry of Finance on such issues has throughout remained same that the 'matter has been referred to the concerned Ministry/Department for clarification'. The result of such reference/investigation is never intimated to Audit and the same deficiencies persist.

**8.55** This Chapter also highlights issues relating to inadequate disclosures in the Union Accounts with respect to the recommendations of the Finance Commission, which have also not been complied with despite being principally agreed to by the Government.

**8.56** It is recommended that continuous follow up and monitoring mechanism may be established by Ministry of Finance and in the Ministries/Departments with regard to audit observations contained in this Audit Report and action taken note thereon may be promptly submitted.

**New Delhi**

**Dated**

**(ROY MATHRANI)**

**Director General of Audit,  
Central Expenditure**

**Countersigned**

**New Delhi**

**Dated**

**(VINOD RAI)**

**Comptroller and Auditor General of India**