

Financial Management and Budgetary Control

2.1 Introduction

Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and 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 summarized position of actual expenditure during 2010-2011 against 49 grants/appropriations (48 Grants and one Appropriation) are given in **Table-2.1**.

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

						(₹ in crore)
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual Expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	2641.25	820.93	3462.18	3122.82	(-) 339.36
	II Capital	528.28	365.61	893.89	752.95	(-)140.94
	III Loans and Advances	25.00	7.15	32.15	29.86	(-) 2.29
	Total Voted	3194.53	1193.69	4388.22	3905.63	(-) 482.59
Charged	IV Revenue	272.73	15.12	287.85	134.08	(-) 153.77
	V Capital	-	-	-	-	-
	VI Public Debt-Repayment	252.20	177.20	429.40	272.55	(-) 156.85
	Total Charged	524.93	192.32	717.25	406.63	(-) 310.62
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		3719.46	1386.01	5105.47	4312.26	(-) 793.21 (Net)

The overall savings of ₹ 793.21 crore was the result of savings of ₹ 797.90 crore in 46 grants and one appropriations under Revenue Section, 18 grants and one appropriation under Capital Section offset by excess of ₹ 4.69 crore in two grants under Revenue Section and one grant under Capital Section.

The Appropriation accounts of 2010-11 included 48 Grants and one Appropriation. Major savings occurred in Planning and Programme Implementation Department (₹ 109.03 crore), Environment and Forest Department (₹ 49.21 crore), Finance Department (₹ 32.59 crore), School Education (₹ 17.48 crore), Soil and Water Conservation Department (₹ 15.11 crore), Agriculture Department (₹ 13.88 crore), Medical and Public Health Department (₹ 12.77 crore), Home Department ₹ 10.82 crore) Power Department (₹ 10.43 crore) and Public Debt (₹ 153.18 crore) under Revenue Section. There were also substantial savings occurred in Urban Development and Poverty Alleviation Department (₹ 66.61 crore), Power Department (₹ 32.81 crore), Public Works Department (₹ 31.29 crore), Home Department (₹ 4.73 crore) and Public Debt (₹ 156.85 crore) under Capital Section. Excess occurred in Transport Department (₹ 1.01 crore) under Revenue Section and Food, Civil Supplies and Consumer Affairs Department (₹ 3.36 crore) under Capital Section.

The reasons for savings/excess were called for from the concerned Departments. However, no reply was received (January 2012).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit revealed that savings aggregating ₹ 486.59 crore in 27 cases (Revenue voted and charged) and ₹ 302.27 crore in 11 cases (Capital voted and charged), exceeded ₹ one crore in each case (**Appendix-2.1**). Also savings aggregating ₹ 722.19 crore in 15 cases (Revenue and Capital voted), exceeded ₹ 10 crore and above (**Appendix-2.1 A**). Against the overall savings of ₹ 797.90 crore during 2010-11, savings of ₹ 485.67 crore (60.87 per cent) occurred in four cases relating to three grants where savings were more than ₹ 50 crore and above as indicated in **Table-2.2**.

Table-2.2: List of Grants with savings of ₹ 50 crore and above

							(₹ in crore)
Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings	
Revenue-Voted							
1.	14-Planning and Programme Implementation	134.68	5.20	139.88	30.85	109.03	
2.	Public Debt (Charged)	263.01	12.75	275.77	122.58	153.19	

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Capital-Voted						
3.	46-Urban development and Poverty Alleviation	103.66	5.11	108.77	42.17	66.61
4.	<i>Public Debt (Charged)</i>	<i>252.20</i>	<i>177.20</i>	<i>429.40</i>	<i>272.55</i>	<i>156.85</i>
Total		753.55	200.26	953.82	468.15	485.68

2.3.2 Persistent Savings

In two cases, during the last six years there were persistent savings of more than ₹ one crore in each case and also by more than 20 per cent or more of the total grant (Table-2.3).

Table-2.3: List of Grants indicating Persistent Savings during 2005-11

(₹ in crore)

Sl. No.	No. and Name of the grant	Amount of savings					
		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue-Voted							
1.	14 - Planning and Programme Implementation Department.	72.40 (79)	64.56 (85)	50.77 (61)	112.39 (80)	8.85 (21)	109.03 (77.95)
2.	9 - Finance	5.00 (100)	5.00 (100)	3.27 (65)	4.97 (50)	200.23 (91)	32.59 (10.67)

Figures in the parentheses indicate percentage to total provision of that grant

2.3.3 Excess Expenditure

Revenue expenditure aggregating ₹ 295.00 crore in 12 cases exceeded the approved provisions (₹ 179.54 crore) by ₹ 115.46 crore and also by more than one crore in each case representing percentages ranging between 15.77 per cent to 285.48 per cent over the total provisions (Appendix-2.2). In eight cases, expenditure exceeded more than 50 per cent over the approved provisions. Details are given in Table-2.4:

Table-2.4: Grants/Appropriations where expenditure exceeded more than 50 per cent over the approved provisions during 2010-11

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/ Appropriation with Major or Minor heads	Total Grant/ Appropriation	Expenditure	Excess Expenditure	Percentage
Revenue (Voted)						
1.	9	Finance 2071-01-101(01)Pension	7500.00	11270.42	3770.42	50.27

Sl. No.	Grant No.	Name of the Grant/ Appropriation with Major or Minor heads	Total Grant/ Appropriation	Expenditure	Excess Expenditure	Percentage
		2071-01-115(01) Leave Encashment	1200.00	2812.34	1612.34	134.36
		2071-01-104(01) Pension/ Gratuities	2352.00	3866.36	514.36	64.38
		2071-01-102(01) Commuted Value of Pension	1300.00	2755.89	1455.89	111.99
2.	21	Higher & Technical Education Department. 2202-03-107(01) Mizoram Scholarship	56.47	217.68	161.21	285.48
3.	34	Animal Husbandry 2403-001(01) Direction	187.80	302.79	114.99	61.23
4.	39	Power 2801-01-001(02) Administration	878.66	2283.34	1404.68	159.87
5.	48	Information & Comm. 06-EAP-3275-800-(02) Capacity Building Under E-Gov (EAP)	73.10	207.50	134.40	86.86
Total			13548.03	23716.32	9168.29	67.67

2.3.4 Unutilised provision of Fund

Appropriation of fund for a work/scheme during a financial year is approved by the Legislature through budget for implementation of the work/scheme. During the year 2010-11, a provision of ₹ 5.50 crore including supplementary grant for implementation of CSS, NEC, NLCPR schemes under seven departments was approved. The departments, however, could not utilise the funds as approved and resulted in savings. The details are given in **Appendix-2.3**.

2.3.5 Excess over provisions relating to previous years requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularized by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, but 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 ₹ 409.02 crore for the years 2004-05 to 2009-10 was yet to be regularised. The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table-2.5**.

Table-2.5: Excess over provisions relating to previous years requiring regularisation

(₹ in crore)

Year	Number of grants/appropriations	Grant/Appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2004-05	6	1, 2, 4, 38, 39 & Public Debt	308.98	-
2005-06	5	4, 12, 16, 33 & Public Debt	29.78	-
2006-07	2	38 & Public Debt	25.30	-
2007-08	4	4, 33, 36 & 38	13.92	-
2008-09	4	8, 9, 20, 30	30.13	-
2009-10	3	29, 33 (Capital)	0.91	-
Total	24		409.02	

2.3.6 Excess over provision during 2010-11 requiring regularisation

Table-2.6 contains the summary of total excess in three grants amounting to ₹ 4.69 crore over authorization from the Consolidated Fund of the State (CFS) during 2010-11 and requires regularisation under Article 205 of the Constitution.

Table-2.6: Excess over provisions requiring regularisation during 2010-11

(₹ in crore)

Sl. No.	Number and title of grant/appropriation	Total grant/appropriation	Expenditure	Excess
Voted Grants				
1.	17 – Food, Civil Supplies and Consumer Affairs (Capital)	240.21	243.57	3.36
2.	28 – Labour and Employment (Revenue)	6.61	6.93	0.32
3.	42 – Transport (Revenue)	26.70	27.71	1.01
Total (Voted)		273.52	278.21	4.69

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating ₹ 36.04 crore obtained in 14 cases, ₹ 10 lakh or more in each case, during the year proved unnecessary as the original provision was not fully utilised as detailed in **Appendix-2.4**. Out of the above 14 cases, ₹ 33.83 crore proved unnecessary in eight cases and were more than one crore and above in each case as detailed in **Table-2.7**.

Table-2.7: Statement showing unnecessary Supplementary Provision of ₹ one crore and above

(₹ in lakh)

Sl. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary Provision
A. Revenue (Voted)					
1.	6 Land Revenue and Reforms	1471.29	1457.81	13.48	152.49
2.	14 Planning and Programme Implementation	13468.21	3084.72	10383.49	519.58
3.	17 Food, Civil Supplies and Consumer Affairs	5231.81	5010.15	221.66	210.22
4.	Public Debt (Charged)	26301.36	12258.13	14043.23	1275.17
Total for Revenue (Voted)		46472.67	21810.81	24661.86	2157.46
B. Capital (Voted)					
5.	10 Mizoram Public Service Commission	---	---	---	113.68
6.	16 Home	1066.22	975.86	90.36	382.28
7.	21 Higher and Technical Education	---	---	---	218.53
8.	46 Urban Development and Poverty Alleviation	10366.00	4216.82	6149.18	511.46
Total for Capital (Voted)		11432.22	5192.68	6239.54	1225.95
Grand Total		57904.89	27003.49	30901.40	3383.41

Further, in 42 cases Supplementary Provisions aggregating ₹ 392.01 crore, ₹ 20.00 lakh and above in each case proved excessive/inadequate as detailed in **Appendix-2.5**. Out of these, where supplementary provision proved excessive by more than ₹ one crore in each case are detailed in **Table-2.8**.

Table-2.8: Statement showing excessive supplementary provision (₹ 1 crore and above)

(₹ in lakh)

Sl. No.	Number and Name of the Grant	Original Provision	Supplementary Provision	Total Provision	Expenditure	Sup. Pro. Excess(+)/ Less(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A. Revenue (Voted)						
1.	4 Law and Judicial	1248.70	373.41	1622.11	1336.79	+285.32
2.	9 Finance	25742.50	4804.21	30546.71	27287.90	+3258.81
3.	11 Secretariat Administration	5267.45	524.35	5791.80	5480.95	+310.85

Chapter-II: Financial Management and Budgetary Control

Sl. No.	Number and Name of the Grant	Original Provision	Supplementary Provision	Total Provision	Expenditure	Sup. Pro. Excess(+)/ Less(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
4.	15 General Administration	4115.34	1018.26	5133.60	4775.58	+358.02
5.	16 Home	32200.38	6421.47	38621.85	37539.53	+1082.32
6.	19 Local Administration	3661.22	570.29	4231.51	4064.26	+167.25
7.	20 School Education	42892.07	7437.89	50329.96	48581.93	+1748.03
8.	21 H & T E	6911.13	1210.08	8121.21	7500.88	+620.33
9.	24 Medical and Public Health Services	15938.45	2744.87	18683.32	17406.59	+1276.73
10.	25 Water Supply and Sanitation	8554.49	2372.61	10927.10	10556.81	+370.29
11.	29 Social Welfare	7081.92	4754.05	11835.97	10823.92	+1012.05
12.	31 Agriculture	8468.80	10159.92	18628.72	17241.16	+1387.56
13.	33 Soil and Water Conservation	1392.50	2840.00	4232.50	2721.02	+1511.48
14.	34 Animal Husbandry	3227.88	3247.05	6474.93	5943.34	+531.59
15.	38 Rural Development	7755.83	1470.40	9226.23	8888.19	+338.04
16.	39 Power	17480.09	3365.68	20845.77	19802.94	+1042.83
17.	40 Industries	2844.17	2058.59	4902.76	4765.12	+137.64
18.	41 Sericulture	886.67	1072.00	1958.67	1434.53	+524.14
19.	42 Transport	2468.93	201.00	2669.93	2770.92	-100.99
20.	45 Public Works	9158.50	667.72	9826.22	9500.61	+325.61
21.	46 UD & PA	2130.39	1084.12	3214.51	3027.04	+187.47
Total for Revenue (Voted)		209427.41	58397.97	267825.38	251450.01	16375.37
B. Capital (Voted)						
22.	9 Finance	1975.00	500.00	2475.00	2271.80	+203.20
23.	17 Food, Civil Supplies and Consumer Affairs	17836.60	6184.02	24020.62	24356.97	-336.35
24.	25 Water Supply and Sanitation	1273.00	3269.20	4542.20	4441.57	+100.63
25.	39 Power	4020.76	6570.27	10591.03	7309.70	+3281.33
26.	45 Public Works	8929.00	16038.96	24967.96	21838.83	+3129.13
27.	47 Minor Irrigation	5315.00	655.00	5970.00	5776.91	+193.09
Total for Capital (Voted)		39349.36	33217.45	72566.81	65995.78	6571.03
C. Capital (Charged)						
28.	Public Debt	25220.24	17720.05	42940.29	27254.74	+15685.55
Total for Capital (Charged)		25220.24	17720.05	42940.29	27254.74	15685.55
Grand Total		273997.01	109335.47	383332.48	344700.53	38631.95

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 in 23 sub-heads and resulted in savings/excess of over ₹ 10 lakh and above as detailed in **Appendix-2.6**.

2.3.9 Substantial surrenders

Substantial surrenders (the cases where more than 50 per cent of total provision was surrendered) were made in respect of 38 sub-heads on account of either non-implementation or slow implementation of schemes/programmes or late receipt of sanction from Government. Out of the total provision amounting to ₹ 275.41 crore in these 38 Schemes, ₹ 229.06 crore were surrendered (**Appendix-2.7**) which included 100 per cent surrender in 18 Schemes (₹ 28.00 crore).

2.3.10 Surrenders in excess of actual savings

As against savings of ₹ 250.28 crore, an amount of ₹ 262.53 crore was surrendered resulting in excess surrender of ₹ 12.25 crore as detailed in **Appendix-2.8**. There were two cases where the surrender in excess (₹ 10.32 crore) were more than ₹ 50 lakh as shown in **Table-2.9**.

Table-2.9: Surrenders in excess of actual savings (₹ 50 lakh or more)

(₹ in lakh)					
Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Savings	Amount surrendered	Amount surrendered in excess
Revenue – Voted					
1.	20-School Education	50329.96	1748.03	2677.88	929.85
2.	48-Information and Communication Technology	662.10	224.16	326.53	102.37
Grand Total		50992.06	1972.19	3004.41	1032.22

In 53 cases, an amount of ₹ 208.39 crore were surrendered without furnishing any reason (March 2011) as detailed in **Appendix-2.9**. The amount surrendered in excess of actual savings indicated lack of budgetary control in these departments.

2.3.11 Anticipated savings not surrendered

As per extant Financial Rules, 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 financial year 2010-2011, there were, however, eight grants/ appropriations in which savings of ₹ 316.88 crore (39.70 per cent of the total savings)

occurred but no part of the available savings was surrendered by the concerned Departments as shown in **Table-2.10**.

Table-2.10: Statement of various grants/appropriations in which savings occurred but no part of which had been surrendered

			(₹ in lakh)
Sl. No.	Grant No.	Number and Name of grant/appropriation	Saving
1.	27	District Council (Revenue Voted)	80.00
2.	10	Mizoram Public Service Commission (Revenue Charged)	32.74
3.		Public Debt (Revenue Charged)	15318.40
4.	9	Finance (Capital Voted)	203.20
5.	10	Mizoram Public Service Commission (Capital Voted)	113.68
6.	21	Higher and Technical Education (Capital Voted)	218.53
7.	33	Soil and Water Conservation (Capital Voted)	35.84
8.		Public Debt (Capital Charged)	15685.55
Total Revenue (Voted and Charged)			15431.14
Total Capital (Voted and Charged)			16256.80
Total			31687.94

Similarly, out of total savings of ₹ 89.47 crore (savings of ₹ one crore and above), under eight other grants/appropriations, savings amounting to ₹ 43.17 crore (48.25 per cent) were not surrendered as shown in **Table-2.11** below. Besides, out of total savings of ₹ 104.41 crore under 22 grants/appropriations, savings of ₹ 3.68 crore remained to be surrendered as shown in **Appendix-2.10**.

Table-2.11: Details of savings of ₹ one crore and above not surrendered

					(₹ in crore)
Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Saving which remained to be surrendered	
Revenue (Voted)					
1.	4 – Law and Judicial	2.85	1.78	1.08	
2.	9 – Finance	32.59	0.33	32.26	
3.	11 – Secretariat Administration	3.11	1.23	1.88	
4.	21 – Higher and Technical Education	6.20	4.86	1.34	
5.	34 – Animal Husbandry and Veterinary	5.32	4.07	1.25	
6.	38 – Rural Development	3.38	1.60	1.78	
Capital (Voted)					
7.	16 – Home	4.73	2.60	2.12	
8.	45 – Public Works	31.29	29.83	1.46	
Total		89.47	46.30	43.17	

2.3.12 Rush of Expenditure

According to Financial Rules, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 9 Grants listed in **Appendix-2.11**, expenditure exceeding ₹ 10 crore (in seven cases out of 10 Major Heads)¹ of the total expenditure for the year was incurred in March 2011. **Table-2.12** also presents four major head where more than 50 per cent expenditure was incurred either during the last quarter or during the last month of the financial year.

Table-2.12: Cases of Rush of Expenditure towards the end of the financial year 2010-11

(₹ in crore)

Sl. No.	Grant Number	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2011	
				Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	29, 30 and 16	2235	81.55	56.68	69.50	43.44	53.27
2.	31	2401	243.86	199.08	81.64	115.64	47.42
3.	34	2403	56.64	36.11	63.75	22.14	39.09
4.	40 and 41	2851	57.82	32.61	56.40	19.49	33.71
Total			439.87	324.48	73.77	200.71	45.63

Source: Information furnished by A.G (A&E)

2.4 Reconciliation of Departmental figures

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

As per Central Treasury Rules, Abstract Contingent (AC) bills must be regularized by Detailed Countersigned Contingent (DCC) bills. An AC bill should not be encashed without a certificate to the effect that DCC bills in respect of earlier AC bills drawn more than a month before the date of that bill have been submitted to the Controlling Officer. The Controlling Officers must submit the DCC bills to the Accountant General (A&E) within one month from the date of receipt of the DCC bills in his office.

It was noticed that against the total amount (₹ 1,155.55 crore) drawn in AC bills during the period 2000-01 to 2010-11, DCC bills for ₹ 1090.65 crore have been received by the Principal Accountant General (A&E) as of 31 March 2011. Thus, an amount ₹ 64.90 crore (5.62 per cent) drawn in AC bills remained outstanding as of March 2011 due to non-submission of DCC bills to that extent. The year wise details are given in **Table-2.13**.

¹ Expenditure exceeding ₹ 10 crore in the Major Heads – 2055, 2202, 2210, 2235, 2401, 2403 and 2851

Table-2.13: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

(₹ in crore)

Year	Amount drawn in AC bills	Amount adjusted through DCC bills	Amount outstanding as of 31 March 2011	Percentage of outstanding amount
2000-01 to 2003-04	164.19	156.96	7.23	4.40
2004-05	88.06	88.06	--	0.00
2005-06	86.25	86.25	--	0.00
2006-07	86.13	86.13	--	0.00
2007-08	172.06	172.05	0.01	0.01
2008-09	228.38	223.61	4.77	2.09
2009-10	167.38	165.00	2.38	1.42
2010-11	163.10	112.59	50.51	30.97
Total	1155.55	1090.65	64.90	5.62

Source: Finance Account 2010-11(Vol-I)

Non-adjustment of advances for long period is fraught with risk of misappropriation and therefore, requires close monitoring by the respective Drawing and Disbursing Officers (DDOs).

2.4.2 Un-reconciled Expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budgetary grants and to ensure accuracy of their accounts, Financial Rules 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). Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers continued to persist during 2010-11 also.

It was noticed that during the year 2010-11, out of 79 Controlling Officers, 52 Controlling Officers (65.82 per cent) reconciled the expenditure of ₹ 1,780.68 crore (42.68 per cent) against the total expenditure of ₹ 4,173.36 crore. Similarly, out of 52 Controlling Officers under Receipt Heads, 13 Controlling Officers (25.00 per cent) reconciled receipts of ₹ 66.75 crore (1.95 per cent) against the total receipts of the Government amounting to ₹ 3,418.56 crore. As a result, expenditure of ₹ 2,392.68 crore and receipts of ₹ 3,351.81 crore remained un-reconciled with the Books of Accounts of the Principal Accountant General (A&E) during the year 2010-11.

2.5 Conclusion and Recommendations

Conclusion

The estimates of receipts and expenditure under Consolidated Fund, Contingency Fund and Public Account were prepared without adequate due diligence in observing prescribed budgetary regulations.

Non-maintenance of Budget calendar, poor verification of departmental figures etc., indicates absence of financial control. Besides, failure to exercise control mechanism huge excess expenditure over budget provisions, non-utilization of budget provisions and persistent savings etc. were noticed.

During 2010-11, an expenditure of ₹ 4,312.26 crore was incurred against the total grants and appropriations of ₹ 5,105.47 crore, resulting in savings of ₹ 793.21 crore. The overall savings were the net result of savings of ₹ 797.90 crore which were offset by excess of ₹ 4.69 crore. The excess requires regularization under Article 205 of the Constitution of India. At the close of the year 2010-11, there were five (5) grants/appropriations in which savings of ₹ 316.88 crore (39.70 per cent of the total savings) occurred but no surrenders were made by the concerned departments.

Out of total provisions amounting to ₹ 278.04 crore in 38 Schemes, ₹ 230.84 crore were surrendered which included 100 per cent surrender in 18 Schemes amounting to ₹ 28.00 crore.

In 20 cases, as against savings of ₹ 250.28 crore, an amount of ₹ 262.53 crore was surrendered resulting in excess surrender of ₹ 12.25 crore. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of over ₹ 10 lakh and above in 34 sub-heads.

Recommendations

- ❖ ***Government should put in place an effective mechanism to ensure financial discipline and prepare realistic budget. Budgetary controls should be strengthened in all the Government Departments where savings/excesses persisted for last three years. Issuance of Re-appropriation/surrender orders at the end of the year should be avoided. Provision of funds through supplementary provisions should be used as an instrument to fine-tune the flow of expenditure and should be applied in a judicious manner so that budget provisions and actual expenditure are convergent to each other as nearest as possible.***

A close and rigorous monitoring mechanism should be put in place by the DDOs to adjust the Abstract Contingent Bills within thirty days from the date of drawal of the amount.