

Financial Management and Budgetary Control

2.1 Introduction

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

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

2.1.3 As per the Maharashtra Budget Manual (Budget Manual), (chapter IX), the Finance Department (FD) is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the FD on prescribed dates. The FD consolidates the estimates and prepares the Detailed Estimates called 'Demand for Grants'. In the preparation of the budget, the aim should be to achieve as close an approximation to the actuals as possible. This demands the exercise of the utmost foresight both in estimating revenue and anticipating expenditure. An avoidable extra provision in an estimate is as much a budgetary irregularity as an excess in the sanctioned expenditure. The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended in the year and neither larger nor smaller. A saving in an estimate constitutes as much of a financial irregularity as an excess in it. The budget estimates of receipts should be based on the existing rates of taxes, duties, fees *etc.*

Deficiencies in management of budget and expenditure and violation of the Budget Manual noticed in audit have been discussed in the subsequent paragraphs.

2.1.4 The grant level deficiencies of all the Departments are commented upon in the **Para 2.3**. Apart from the grant level deficiencies, sub head level deficiencies of grants in respect of Water Resources Department (I-3 and I-5), Social Justice and Special Assistance Department (N-3) and School Education and Sports Department (E-2) are commented upon in **Para 2.4** and in respect of the Planning Department (O-1 to O-13) and District Planning Offices of

Mumbai Suburban (O-15), Thane (O-16), Pune (O-20) and Nashik (O-25) are commented upon in **Para 2.5**.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2011-12 against 248 grants/ appropriations is as given in **Table 2.1**:

Table 2.1: Summarised Position of Actual Expenditure vis-à-vis Original Supplementary Provisions

(₹ in crore)

	Nature of expenditure	Original grant Appropriation	Supplementary grants appropriation	Total	Actual expenditure	Saving (-) Excess (+)
Voted	I Revenue	105516.69	12379.39	117896.08	106952.42	(-)10943.66
	II Capital	26573.74	1411.50	27985.24	21144.95	(-)6840.29
	III Loans and Advances	898.72	235.94	1134.66	836.32	(-)298.34
Total Voted		132989.15	14026.83	147015.98	128933.69	(-)18082.29
Charged	IV Revenue	19500.18	308.65	19808.83	19633.12	(-)175.71
	V Capital	4.60	0.07	4.67	3.84	(-)0.83
	VI Public Debt-Repayment	9341.53	13.61	9355.14	6458.35	(-)2896.79
Total Charged		28846.31	322.33	29168.64	26095.31	(-)3073.33
	Appropriation to Contingency Fund	500.00	...	500.00	500.00	...
	Grand Total	162335.46	14349.16	176684.62	155529.00	(-)21155.62

Note: The expenditure excludes the recoveries adjusted as reduction of expenditure under revenue expenditure ₹ 3,031.34 crore and capital expenditure ₹ 3,269.29 crore.

(Source: Appropriation Accounts).

Supplementary provisions of ₹ 14,349.16 crore obtained during the year constituted 8.84 per cent of the original provision as against 17 per cent in the previous year.

The overall savings of ₹ 21,155.62 crore was the result of savings of ₹ 22,427.90 crore in 133 grants and 57 appropriations under the Revenue Section, 92 grants and 12 appropriations under the Capital Section, offset by excess of ₹ 1,272.28 crore in 28 grants and three appropriations.

As may be seen from **Table 2.1**, against the original provision of ₹ 1,62,335.46 crore, expenditure of only ₹ 1,55,529.00 crore was incurred, thereby requiring no supplementary funds. The actual savings of ₹ 21,155.62 crore constituting 100 per cent of the supplementary budget of ₹ 14,349.16 crore and four per cent of the original provision, clearly indicates inaccurate estimation of funds and lack of control mechanism. Cases where supplementary provisions proved unnecessary as the expenditure did not come up to the level of the original provisions are discussed in **Para 2.3.6**.

The savings and excesses were intimated by the offices of the Accountants General (Accounts and Entitlements)⁴³ regularly to the Controlling Officers through monthly reports on expenditure. They also took up the matter after closure of the preliminary and final accounts in May and June 2012, requesting the Controlling Officers to explain the reasons for the significant variations, but no explanation was received (August 2012). Planning, Public

⁴³ Pr Accountant General (Accounts and Entitlements), Mumbai and Accountant General (Accounts and Entitlements), Nagpur.

Works, Industry, Energy and Labour, Finance, Rural Development and Water Conservation Departments had substantial savings/ excesses.

2.3 Financial Accountability and Budget management

2.3.1 Appropriation vis-à-vis allocative priorities

Appropriation audit revealed that savings in 36 cases exceeded ₹ 10 crore in each case and were more than 20 per cent of the respective budget provisions (Appendix 2.1). Out of the total savings of ₹ 21,155.62 crore, savings of ₹ 20,273.77 crore (96 per cent) occurred in 35 cases relating to 32 grants and three appropriations. The savings in these cases exceeded ₹ 100 crore in each case as detailed in Table 2.2.

Table 2.2 : List of grants with savings of ₹ 100 crore and above

(₹ in crore)

Sr. No.	Number and name of the grant	Original provision	Supplementary provision	Total	Actual expenditure	Savings
Revenue - Voted						
1	A-4 Secretariat and Miscellaneous General Services	312.52	12.97	325.49	201.66	123.83
2	B-1 Police Administration	6524.63	134.40	6659.03	6182.04	476.99
3	C-1 Revenue and District Administration	1096.60	40.02	1136.62	989.17	147.45
4	D-3 Agriculture Services	2451.26	378.27	2829.53	2630.11	199.42
5	D-4 Animal Husbandry	601.07	70.56	671.63	557.65	113.98
6	D-5 Dairy Development	702.63	5.00	707.63	533.43	174.20
7	E-2 General Education	26665.50	124.15	26789.65	25448.67	1340.98
8	F-2 Urban Development and Other Advance Services	5301.53	115.01	5416.54	4365.94	1050.60
9	G-2 Other Fiscal and Miscellaneous Services	2377.95	0.25	2378.20	73.02	2305.18
10	H-5 Roads and Bridges	2795.58	616.01	3411.59	3037.13	374.46
11	H-6 Public Works and Administrative and Functional Buildings	1573.54	107.00	1680.54	1564.11	116.42
12	I-3 Irrigation, Power and Other Economic Services	2147.32	292.23	2439.55	2177.07	262.48
13	J-1 Administration of Justice	860.45	97.52	957.97	829.96	128.01
14	K-7 Industries	643.00	1898.42	2541.42	2419.49	121.93
15	L-3 Rural Development Programmes	2178.76	178.77	2357.52	1965.38	392.14
16	N-2 Secretariat and Other Social Services	882.90	0.10	883.00	743.28	139.72
17	N-3 Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	4755.51	580.55	5336.06	4641.74	694.33
18	O-1 District Administration	375.10	132.50	507.60	324.20	183.40
19	Q-3 Housing	1851.78	0.10	1851.88	969.38	882.50
20	R-1 Medical and Public Health	3324.89	302.82	3627.71	3474.46	153.25
21	S-1 Medical and Public Health	1241.16	143.07	1384.23	1249.41	134.82
22	T-5 Revenue Expenditure on Tribal Areas Development Sub-plan	2653.76	218.53	2872.28	2178.56	693.72
23	X-1 Social Security and Nutrition	2374.68	38.59	2413.27	2269.35	143.92
Capital-Voted						
24	B-10 Capital Expenditure on Economic Services	678.86	18.23	697.09	396.29	300.80
25	H-7 Capital Expenditure on Social Services and Economic Services	2039.79	48.54	2088.33	1842.97	245.36
26	H-8 Capital Expenditure on Public Works, Administrative and Functional Buildings	895.35	170.80	1066.15	741.18	324.97
27	I-5 Capital Expenditure on Irrigation	8937.74	111.48	9049.22	8236.19	813.03
28	K-11 Capital Expenditure on Power Project	1994.73	210.00	2204.73	1577.76	626.97

(₹ in crore)

Sr. No.	Number and name of the grant	Original provision	Supplementary provision	Total	Actual expenditure	Savings
29	M-4 Capital Expenditure on Food, Storage and Warehousing	3910.81	—	3910.81	3529.37	381.44
30	N-4 Capital Expenditure on Social Services	985.80	302.30	1288.10	612.98	675.12
31	O-10 Capital Outlay on Other Rural Development Programmes	3179.83	234.05	3413.88	770.49	2643.39
32	T-6 Capital Expenditure on Tribal Areas Development Sub-Plan	1226.73	170.60	1397.33	922.92	474.41
Capital-Charged						
33	G-8 Public Debt and Inter State Settlement	8569.10	—	8569.10	5673.50	2895.60
Revenue Charged						
34	E-1 Interest Payments	819.39	12.66	832.05	393.11	438.94
35	W-1 Interest Payments	106.71	—	106.71	6.70	100.01
	Total					20273.77

(Source: Appropriation Accounts).

(i) Grant Number “F-2 Urban Development Other Advance Services”

The grant closed with a saving of ₹ 1,050.60 crore. The savings mainly occurred due to surrender/ reappropriation of grants in sub head 192(00) (71,76 and 77) under the major head 2217. The reasons attributed for the savings were receipt of incomplete proposals under a scheme⁴⁴ and non release of funds by the Central Government respectively.

(ii) Grant Number “G-2 Other Fiscal and Miscellaneous Services”

The grant closed with total savings of ₹ 2,305.18 crore. Under the head 2075-103-(00)-(01), an amount of ₹ 72.98 crore was surrendered. Less sale of lottery tickets of Bumper Draw, saving on claim due to leave without pay and less expenditure on printing were the reasons attributed for the surrender of the amount. Though the closure of Two Digit Lottery has come into effect from January 2007, reasons for making budget estimates and surrendering the amounts at the end of the financial year continuously for the last five years from 2007-08 to 2011-12 had not been intimated (August 2012).

Further, the entire budget provision of ₹ 700 crore provided under the head “2075 – Miscellaneous General Services, 800 Other Expenditure” was surrendered in March 2012 as the decision for grants payable to Local Bodies was not taken by the Government. This was the 14th successive year in which the entire budget provision was surrendered. Reasons for making such huge budget provision continuously for the last 14 years had not been intimated (August 2012). The same has been commented upon in the Report on State Finances since 2008-09, but the irregularity still persists.

(iii) Grant Number “I-3 Irrigation, Power and Other Economic Services”

Against the total provision of ₹ 2,439.55 crore, the grant closed with a saving of ₹ 262.48 crore. The savings of ₹ 156.93 crore under the head 2701-80-800-

⁴⁴ Dr. Babasaheb Ambedkar Shram Safalya Awas Yojana.

(11)-(01) 'World Bank assisted, Maharashtra Water Sector Improvement Project' was due to non implementation of the Project work on account of various reasons viz., non availability of sand for construction work, delay in installing of Server Data etc. and saving of ₹ 7.13 crore under the head 2702-01-800-(19)-(01) 'Minor Irrigation Projects' was due to availability of the funds in the last phase of the financial year, which could not be utilized.

(iv) **Grant Number "O-10 Capital Outlay on Other Rural Development Programmes"**

Against the total provision of ₹ 3,413.88 crore, expenditure (₹ 770.49 crore) under the grant was well within the original provision of ₹ 3,179.83 crore. Thus, the supplementary provision (₹ 234.05 crore) proved unnecessary since the expenditure did not even come up to the original provision.

(v) **Grant Number "T-6 Capital Expenditure on Tribal Areas Development Sub-Plan"**

Against the total provision of ₹ 1,397.33 crore, the expenditure was ₹ 922.92 crore, resulting in savings of ₹ 474.41 crore. Thus, augmentation of funds through supplementary grants (₹ 170.60 crore) proved unnecessary as the total expenditure (₹ 922.92 crore) was less than even the original estimates (₹ 1,226.73 crore). Reasons for the savings have not been intimated though called for (August 2012).

2.3.2 Persistent savings

In 32 cases, during the last five years, there were persistent savings of more than ₹ 10 crore in each case, as shown in **Table 2.3**.

Table 2.3: List of grants indicating persistent savings during 2007-12

Sr. No.	Number and name of the grant	Amount of savings (Per cent to total grant)				
		2007-08	2008-09	2009-10	2010-11	2011-12
(₹ in crore)						
Revenue-Voted						
1	A-5 Social Services	15.80 (14.29)	39.97 (28.58)	35.63 (25.76)	22.00 (17.23)	33.67 (20.59)
2	B-3 Transport Administration	21.74 (5.64)	10.40 (1.34)	36.03 (3.87)	17.35 (3.13)	23.06 (3.16)
3	C-1 Revenue and District Administration	50.24 (9.13)	48.31 (7.62)	116.16 (12.88)	173.43 (16.22)	147.45 (12.97)
4	D-3 Agriculture Services	126.84 (19.74)	284.77 (17.09)	215.96 (10.03)	388.56 (14.66)	199.42 (7.05)
5	D-4 Animal Husbandry	77.73 (7.22)	10.12 (2.98)	18.82 (4.27)	29.10 (5.49)	113.98 (16.97)
6	D-6 Fisheries	291.45 (32.76)	34.62 (19.41)	60.60 (35.74)	35.40 (25.80)	18.65 (15.65)
7	G-1 Sales Tax Administration	54.83 (24.30)	59.14 (20.50)	29.34 (8.87)	29.91 (8.64)	25.51 (6.52)
8	G-2 Other Fiscal and Miscellaneous Services	3039.87 (99.22)	10436.74 (98.34)	4640.25 (98.00)	1624.95 (95.98)	2305.18 (96.93)
9	H-6 Public Works and Administrative and Functional Buildings	56.45 (5.43)	51.16 (4.13)	228.15 (13.95)	133.57 (7.74)	116.42 (6.93)
10	I-3 Irrigation, Power and Other Economic Services	408.12 (22.81)	14.26 (0.83)	180.55 (8.45)	239.37 (10.68)	262.48 (10.76)

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(₹ in crore)

Sr. No.	Number and name of the grant	Amount of savings (Per cent to total grant)				
		2007-08	2008-09	2009-10	2010-11	2011-12
11	J-1 Administration of Justice	26.39 (7.83)	10.90 (2.82)	52.78 (9.36)	172.89 (19.94)	128.01 (13.36)
12	L-3 Rural Development Programme	329.95 (18.94)	379.93 (22.03)	457.94 (20.40)	20.05 (1.19)	392.15 (16.63)
13	O-3 Rural Employment	99.67 (9.99)	221.79 (28.00)	180.70 (19.04)	66.99 (10.25)	32.72 (3.68)
14	Q-3 Housing	162.67 (16.06)	1228.61 (66.27)	1564.67 (61.52)	1039.17 (56.49)	882.50 (47.65)
15	T-5 Revenue Expenditure on Tribal Areas Development Sub-plan	184.38 (14.48)	188.26 (13.24)	200.34 (12.50)	860.32 (32.39)	693.72 (24.15)
16	W-2 General Education	71.84 (5.06)	28.05 (1.76)	110.97 (6.14)	59.97 (2.16)	13.96 (0.51)
17	W-4 Art and Culture	19.74 (4.88)	12.48 (3.20)	85.36 (14.87)	17.51 (3.13)	46.96 (8.00)
18	X-1 Social Security and Nutrition	92.75 (9.16)	150.60 (0.14)	410.00 (23.35)	338.43 (17.19)	143.92 (5.96)
19	Y-2 Water Supply and Sanitation	170.30 (9.25)	67.01 (11.47)	151.08 (21.12)	19.75 (3.30)	38.25 (5.03)
20	ZD-2 Art and Culture	14.90 (20.05)	11.29 (16.66)	20.03 (19.03)	35.30 (25.29)	58.27 (40.33)
Capital-Voted						
21	C-12 Loans to Government Servants, etc.	32.10 (58.65)	12.49 (20.68)	23.32 (34.16)	32.67 (43.20)	58.77 (68.23)
22	H-7 Capital Expenditure on Social Services and Economic Services	19.97 (2.11)	16.26 (1.26)	375.79 (13.70)	70.83 (3.92)	245.36 (11.75)
23	H-9 Capital outlay on Removal of Regional Imbalance	64.14 (14.93)	33.82 (16.28)	19.91 (24.25)	28.74 (25.80)	60.55 (31.51)
24	I-5 Capital Expenditure on Irrigation	49.97 (0.70)	16.45 (0.14)	1,032.96 (11.13)	331.91 (3.47)	813.03 (8.98)
25	I-7 Loans to Government Servants etc.	21.21 (39.55)	13.27 (22.74)	33.42 (50.16)	31.54 (46.36)	41.86 (55.94)
Capital-Voted						
26	K-11 Capital Expenditure on Power Project	644.40 (71.28)	454.16 (32.05)	563.46 (29.31)	238.86 (12.06)	626.97 (28.44)
27	L-7 Capital Expenditure on Rural Development	29.17 (6.31)	36.42 (10.56)	470.84 (61.91)	204.96 (33.08)	91.04 (14.97)
28	O-10 Capital Outlay on Other Rural Development Programmes ⁴⁵	760.87 (62.45)	987.61 (68.26)	11590.54 (96.13)	1769.54 (71.86)	2643.39 (77.43)
29	T – 6 Capital Expenditure on Tribal Areas Development Sub-Plan	78.17 (12.41)	156.04 (15.94)	97.35 (10.73)	339.30 (37.05)	474.41 (33.95)
30	V-3 Capital Expenditure on Social Services	160.88 (58.41)	32.42 (12.32)	59.27 (26.35)	49.23 (31.72)	62.77 (34.96)
31	V-5 Capital Expenditure on Economic Services	163.33 (26.04)	36.16 (10.83)	30.60 (7.68)	87.69 (18.16)	44.74 (18.07)
Capital Charged						
32	G-8 Public Debt and Inter State Settlement	1000.40 (20.13)	2098.77 (38.38)	3004.59 (49.63)	3014.75 (42.92)	2895.60 (33.79)

(Source: Appropriation Accounts).

The persistent savings indicated that the budgetary controls in the departments were not effective and previous years' trends were not taken into account

⁴⁵ This Grant was O-9 till 2010-11 and renumbered as O-10 during 2011-12.

while allocating funds for the year. A detailed analysis of this aspect in the selected grants is included in **Para 2.4.2**.

2.3.3 Excess expenditure

During 2011-12, excess expenditure was incurred in 31 grants/appropriations aggregating ₹ 1,272.28 crore over the grants/appropriations authorized by the legislature. The excess expenditure requires regularisation under Article 205 of the Constitution. The details are given in **Appendix 2.2**. A detailed analysis of this aspect in the selected grants is included in **Para 2.4.3**

2.3.4 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although, no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussions on the Appropriation Accounts by the Public Accounts Committee. However, the excess expenditure amounting to ₹ 6,117.57 crore in respect of 142 grants and 46 appropriations for the period from 2006-07 to 2010-11 was yet to be regularised as detailed in **Appendix 2.3**. The year-wise excess expenditure pending regularisation is summarised in **Table 2.4**:

Table 2.4 : Excess over provisions relating to previous years requiring regularisation

Year	Number of		Amount of excess over provision
	Grants	Appropriations	
2006-07	16	13	956.30
2007-08	11	11	587.41
2008-09	38	9	2,389.37
2009-10	42	6	1,717.58
2010-11	35	7	466.91
Total	142	46	6,117.57

(Source: Appropriation Accounts).

2.3.5 Expenditure without provisions

As per the Budget Manual, no expenditure is to be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 151.15 crore was incurred in 33 cases as detailed in **Appendix 2.4** without any provision in the original estimates/supplementary demand and without any reappropriation orders to this effect. The reasons for incurring expenditure without budget provision had not been intimated by the various administrative departments (August 2012).

In 17 cases⁴⁶ out of the 33 cases, it was observed that the entire provision of ₹ 44.07 crore was reduced to 'Nil' through reappropriation. The decision proved injudicious in view of excess expenditure of ₹ 13.98 crore under various heads. A detailed analysis of this aspect in the selected grants is included in **Para 2.4.4**.

⁴⁶ Sr.Nos. 2,3,6, 7, 11 to 13,17,21to 24,26,29,31 to 33 of Appendix 2.4.

2.3.6 Unnecessary & excessive inadequate supplementary provisions

A supplementary grant or appropriation is an addition to the original authorized grant or appropriation. Para 170 of the Budget Manual specifies that great care should be taken in submitting proposals for supplementary appropriations, as the procedure for obtaining them involves considerable labour. After the close of the financial year, the supplementary appropriations found to be unnecessary or excessive will be commented as an irregularity in the Appropriation Accounts. Supplementary provisions aggregating ₹ 3,413.81 crore obtained in 68 cases involving ₹ 10 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provision as detailed in **Appendix 2.5**.

In 12 cases, supplementary provision totaling ₹ 895.19 crore proved insufficient by more than ₹ one crore in each case, leaving an aggregate uncovered excess expenditure of ₹ 1,158.71 crore (**Appendix 2.6**). A detailed analysis of this aspect in the selected grants is included in **Para 2.4.6** and **Para 2.5.1.5**.

2.3.7 Excessive unnecessary reappropriation of funds

Reappropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Reappropriation proved injudicious in view of excessive surrenders or insufficient augmentation and resulted in savings/excesses of ₹ one crore and above in 55 sub-heads as detailed in **Appendix 2.7**. In 13⁴⁷ cases, reduction of provisions through reappropriation proved injudicious as the excess expenditure was more than the provisions reduced through reappropriation. Similarly, in six⁴⁸ cases, the reappropriation of funds proved excessive as the savings were more than the funds provided through reappropriation. A detailed analysis of this aspect in the selected grants is included in **Para 2.4.5** and **Para 2.5.1.7**.

2.3.8 Unexplained reappropriations

According to Paragraph 165 of the Budget Manual, the orders sanctioning reappropriation of funds of ₹ 500 and above and those which involve some novel or special feature should briefly specify reasons for the additions to and deductions from the sub-heads affected by them. However, during scrutiny of reappropriation orders issued by the administrative departments, it was revealed that the reasons given for additional provision/withdrawal of provision in reappropriation in respect of 228 (8.55 per cent) out of 2,666 items commented in the Appropriation Accounts were of general nature such as 'actual requirement', 'revised estimates, release of 90 per cent grants by the FD' etc. Besides, in 105 items (4 per cent), no specific reasons for additional provision/withdrawal of provision were furnished. This also goes against the principle of transparency stipulated in Section 6 of the Fiscal Responsibility and Budgetary Management Act.

⁴⁷ Sr.Nos. 9,14,25,26,27,34,35,36,39,41,42,45 and 46 of Appendix 2.7

⁴⁸ Sr.Nos. 7,15,20,23,30 and 32 of Appendix 2.7

2.3.9 Surrender in excess of actual savings unnecessary surrenders

In 33 cases, the amounts surrendered (₹ 50 lakh or more in each case) were in excess of the actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of ₹ 6,954.77 crore, the amount surrendered was ₹ 7,621.30 crore, resulting in excess surrender of ₹ 666.53 crore. Details are given in **Appendix 2.8**.

In 22 cases, it was noticed that a total amount of ₹ 395.13 crore was surrendered though excess expenditure of ₹ 538.70 crore was incurred under these grants. Instead of surrendering, the amounts should have been reappropriated to the heads where excess expenditure was incurred. This indicated lack of proper budgetary control. Details are given in **Table 2.5**.

Table 2.5: Surrender of grants in cases of excess expenditure

(₹ in crore)				
Grant number	Name of the grant Appropriation	Total grant	Excess	Amount surrendered
C-11	Internal Debt of the State Government	0.05	0.02	0.04
G-3	Interest Payments and Debt Servicing	16,729.15	80.38	386.95
H-3	Housing	272.41	40.73	0.10
K-5	Social Security and Welfare	0.15	0.02	0.0014
K-8	Secretariat-Economic Services	9.78	0.04	0.02
L-1	Interest Payments	425.24	360.44	1.66
O-19	District Plan – Sindhudurg (Revenue Section)	62.28	0.71	0.08
O-20	District Plan – Pune (Revenue Section)	180.27	3.85	1.44
O-22	District Plan – Sangli (Capital Section)	32.60	5.66	0.0008
O-26	District Plan – Dhule (Revenue Section)	62.71	1.00	0.14
O-27	District Plan – Jalgaon (Revenue Section)	120.69	7.30	0.65
O-29	District Plan – Nandurbar (Capital Section)	12.99	0.09	0.10
O-30	District Plan – Aurangabad (Revenue Section)	118.80	1.28	0.16
O-31	District Plan – Jalna (Capital Section)	25.99	1.70	0.87
O-35	District Plan – Latur (Capital Section)	23.09	2.95	0.11
O-36	District Plan – Osmanabad (Revenue Section)	69.96	1.50	0.45
O-38	District Plan – Nagpur (Revenue Section)	110.90	11.07	0.25
O-39	District Plan – Wardha (Revenue Section)	50.17	0.77	0.48
O-41	District Plan – Chandrapur (Revenue Section)	76.90	0.51	0.25
O-45	District Plan – Akola (Revenue Section)	52.50	2.79	0.22
O-46	District Plan – Yavatmal (Revenue Section)	105.67	14.31	0.11
O-47	District Plan – Buldhana (Revenue Section)	80.41	1.58	1.05
	Total	18,622.70	538.70	395.13

(Source: Appropriation Accounts).

A detailed analysis of this aspect in the selected grants is included in **Para 2.4.7**.

2.3.10 Anticipated savings not surrendered

As per Para 173 of the Budget Manual, spending departments are required to surrender grants/appropriations or portions thereof to the FD as and when savings are anticipated. Further, surrender of funds should be done as soon as these are foreseen without waiting for the end of the financial year, to enable

the FD to utilise the funds on other schemes.

At the close of the year 2011-12 no part of the savings, which occurred in 31 cases (₹ 732.50 crore), had been surrendered by the departments concerned (**Appendix 2.9**). Similarly, out of total savings of ₹ 10,035.19 crore under 44 other grants/appropriations, with savings of ₹ one crore and above in each grant/appropriation, ₹ 8,792.06 crore only were surrendered, leaving a balance of ₹ 1,243.13 crore (12 per cent of total savings) which were not surrendered at all (**Appendix 2.10**).

Besides, in 79 cases, savings in excess of ₹ 10 crore, aggregating ₹ 21,220.01 crore (**Appendix 2.11**) were surrendered on the last two working days of March 2012, indicating inadequate financial control as well as non-utilisation of these funds for other development purposes.

A detailed analysis of this aspect in the Planning Department is indicated in **Para 2.5.1.2**.

2.3.11 Rush of expenditure

According to the Bombay Financial Rules, 1959, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 175 sub-heads, expenditure exceeding ₹ 10 crore and also more than 50 per cent of the total expenditure for the year was incurred in March 2012. **Table 2.6** presents eight Major Heads where 52 to 100 per cent expenditure was incurred during the last quarter. In all these Major Heads, expenditure incurred in March 2012 was also to the extent of 52 to 100 per cent.

Table 2.6 : Rush of expenditure during the last quarter and last month of 2011-12

(₹ in crore)

Sr. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2012	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	3452 Tourism	418.52	257.20	61.45	242.02	57.83
2	4217 Capital Outlay on Urban Development	40.04	25.00	62.44	25.00	62.44
3	4225 Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	877.75	652.02	74.28	527.49	60.10
4	4402 Capital Outlay on Soil and Water Conservation	624.99	427.86	68.46	331.04	52.97
5	4404 Capital Outlay on Dairy Development	0.04	0.04	100.00	0.04	100.00
6	4236 Capital Outlay on Nutrition	65.86	65.86	100.00	65.86	100.00
7	5475 Capital Outlay on Other General Economic Services	4.07	2.13	52.33	2.13	52.33
8	6216 Loans for Housing	0.56	0.41	73.21	0.41	73.21

(Source: Appropriation Accounts, Monthly Civil Accounts for March 2012 and Information from Accountant General (Accounts & Entitlements)).

Uniform flow of expenditure is the primary requirement of proper budgetary control which is lacking in the major heads as above, indicating deficient financial management. A detailed analysis of this aspect in the selected grants

is included in **Para 2.4.9**.

2.3.12 Other observations

2.3.12.1 Absence of budget provisions for aid material

During 2011-12, there were debit items amounting to ₹ 128.42 crore which represent the Central Assistance in the form of grant or loan of Aid Materials for Externally Aided Project and which are directly paid to the Implementing Agencies. Such expenditure/debit is passed by Reserve Bank of India, CAS Nagpur by way of back to back loans or Additional Central Assistance, for accounting to the final Head of the Project or Scheme. These amounts were kept under Major Head 8658-110 Reserve Bank Suspense-Central Accounts Office for final adjustment in the accounts of GoM.

Though the State Planning Department/FD was asked (September 2011) by Principal Accountant General (Accounts and Entitlement)-I, Maharashtra, Mumbai, to make budget provisions under the Scheme or Project and to intimate the final head of accounts for booking the expenditure to which the debit is required to be passed on for final accounting, it was not done till September 2012.

As these amounts cannot be kept under suspense, the amounts have been temporarily transferred to minor head 502 – Expenditure Awaiting Transfer under four service revenue heads.

Thus, the absence of budget provisions for Central assistance in the form of grant or loan of aid material for externally aided project, which is a routine feature of budget, resulted in booking expenditure in transitory head without booking it specifically against the projects.

2.3.12.2 Negative Budget Provision

In two instances, unexplained negative budgeting and final excess expenditure of ₹ 38.47 crore were noticed as given in **Table 2.7** below

Table 2.7: Instances of unexplained negative budget provisions

(₹ in crore)				
Grant No	Sub-head	Total Grant	Actual Expenditure	Excess (4)-(3)
(1)	(2)	(3)	(4)	(5)
H3	2216-80-052-(00)-(01) Machinery and Equipment (Inter Account Transfers prorata from 2059)	(-) 6.35	3.13	(+) 9.48
H5	3054-80-052(00)(01) Machinery and Equipment (Inter Account Transfers prorata from 2059)	(-) 23.84	5.14	(+) 28.99

(Source: Appropriation Accounts).

2.3.12.3 Double provision

It was noticed from the surrender order of Higher and Technical Education Department that ₹ 0.80 crore was provided under 2203-800-Other

expenditure- Buildings (00) (01) under Grant H6 Public Works and Administrative and Functional Buildings and also under Grant W-3 Technical Education respectively. Due to this double provision, the amount under one grant had to be surrendered. However, Technical Education Department surrendered the provision on the last day of the financial year only.

2.4 Outcome of Review of selected Grants

Audit conducted (August 2012) a review of budgetary procedure and control over expenditure of four grants i.e. I-3 “Irrigation, Power and other Economic Services”, I-5 “Capital Expenditure on Irrigation”, N-3 “Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes” and “E-2 General Education”. Important points noticed during the audit are detailed in the following paragraphs:

2.4.1 Budget speech analysis

2.4.1.1 Grant Number N-3 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes

In the budget speech for the year 2011-12, Government announced the “Yashwantrao Chavan Mukta Vasahat Yojana” for upliftment of Vimukta Jati and Nomadic Tribes. The scheme aimed to provide stability, raise their living standards and to bring them in the main stream of society. An outlay of ₹ 20 crore was also proposed during 2011-12. However, it was noticed in audit that no provision was made for the scheme in the year 2011-12. The Social Justice and Special Assistance Department could finalize the details of the scheme only by the end of December 2011 and a new budget head could be opened only in May 2012 i.e. in the next financial year. Further, the provision for the subsequent year 2012-13 was made under Grant N-3 for ₹ 10 crore only as against the budget speech proposal of ₹ 20 crore.

2.4.1.2 Grant Number E-2 General Education

(i) Sports and Youth Policy of the State

In the budget speech for the year 2011-12, it was declared that the State’s policies regarding sports and youth was in the final stage and would be finalized after taking into account the suggestions of the public through the website. The fund proposed for the said purpose was ₹ 25 crore. However, it was noticed that the policy could be finalized only in June 2012 i.e. after the financial year and further progress of drafting of the scheme was in progress (September 2012).

(ii) Increase in the wrestlers’ monthly honorarium and to build a monument in memory of Hindkesari late Maruti Mane

It was announced in the budget speech for the year 2011-12 that provision would be made in 2011-12, for the increase in monthly honorarium to wrestlers who have obtained “Hind Kesari” and “Maharashtra Kesari” awards and for the erection of a monument in memory of late Hindkesari Maruti Mane. However, it was noticed that the proposals are still under process and no provision had been made in the budget of 2011-12.

2.4.2 Persistent Saving

2.4.2.1 Grant Number I-3 Irrigation, Power and other Economic Services

Under the Grant No.I-3, total grant of ₹ 2,439.56 crore was allotted for Irrigation, Power and other Economic Services whereas the total expenditure incurred was only of for ₹ 2,177.07 crore. This resulted in a saving of ₹ 262.48 crore. Further it was noticed that, there was a constant trend of saving during the previous years i.e. 2009-10 and 2010-11 amounting to ₹ 180.55 crore against the total grant of ₹ 2,135.55 crore and ₹ 239.37 crore against total grant of ₹ 2,241.39 crore respectively.

Two sub-head/units where persistent saving occurred are given in **Table 2.8**.

Table 2.8 - Persistent saving in the sub-heads

(₹ in crore)					
Sr. No.	Description of the Head of Account	Year	Final grant	Actual expenditure	Saving
1	2701.80.001. (02)(06) Major and Medium Irrigation, General, Direction and Administration, Technical Control and Supervision, Secretary Irrigation Department, Mantralaya	2010-11	8.28	3.15	5.13
		2011-12	10.20	8.88	1.32
2	2701.80.800. (11)(01) Major and Medium Irrigation, General, Other Expenditure, Maharashtra Water Sector Improvement Project (Plan) Residential Buildings, World Bank assisted, Maharashtra Water sector Improvement Project	2009-10	320.44	319.98	0.46
		2010-11	293.95	289.09	4.86
		2011-12	315.36	313.39	1.97

(Source: Appropriation Accounts and detailed accounts⁴⁹).

2.4.3 Excess expenditure

2.4.3.1 Grant Number I-3 Irrigation, Power and other Economic Services

The Grant I-3 'Irrigation, Power and Other Economic Services' showed an excess expenditure of ₹ 68.83 crore in 139 sub-heads though it closed with an overall saving of ₹ 262.48 crore during the year 2011-12. Some sub-heads under which major excesses occurred are detailed in **Table 2.9**:

⁴⁹ Detailed accounts are the detailed compilation of vouchers indicating gross expenditure against budget provision. This forms the basis of Appropriation Accounts.

Table 2.9 Details of major excesses during 2011-12

(₹ in crore)

Sr. No.	Description of the Head of Account	Total Grant	Actual Expenditure	Excess
1	2701.80.001(04)(03) – Major and Medium Irrigation, General, Direction and Administration, Maintenance Establishment, Superintending Engineer, Chandrapur Irrigation Project Circle, Chandrapur	12.56	13.05	0.49
2	2701.03.02(02)(10) – Major and Medium Irrigation, Medium Irrigation - Commercial, Expenditure transferred from Converted Regular/Temporary Permanent Establishment by way of book adjustment, Superintending Engineer, Nanded Irrigation Circle, Nanded	0.58	1.75	1.17
3	2701.80.001(04)(15) – Major and Medium Irrigation, General, Direction and Administration, Maintenance Establishment, Superintending Engineer and Administrator, CADA, Nasik	82.13	84.30	2.17
4	2701.80.001(01)(04) – Major and Medium Irrigation, General, Direction and Administration, Technical Control and Supervision, Secretary, Irrigation Department, Mantralaya	0.80	2.06	1.26
5	2701.08.001(04)(01) – Major and Medium Irrigation, General, Direction and Administration, Maintenance Establishment, Superintending Engineer, Akola Irrigation Circle, Akola	26.00	26.59	0.59

(Source: Appropriation Accounts).

2.4.3.2 Grant Number I-5 Capital Expenditure on Irrigation

The Grant I-5 'Capital Expenditure of Irrigation' showed an excess expenditure of ₹ 20.87 crore in 54 sub-heads though it closed with an overall saving of ₹ 813.03 crore during the year 2011-12. Some of the sub-heads where excess expenditure occurred are detailed in **Table 2.10**:

Table 2.10 Excess expenditure during 2011-12

(₹ in crore)

Sr. No.	Description of the Head of Account	Total Grant	Actual Expenditure	Excess
1	4701.80.001(03)(01) Capital Outlay on Major and Medium Irrigation, General, Direction and Administration, Charges transferred from Other heads, Establishment Share	0.27	3.24	2.97
2	4701.80.001.(03)(02) Capital Outlay on Major and Medium Irrigation, General, Direction and Administration, Charges transferred from other heads, Pensionary Charges	0.16	3.53	3.37
3	4701.01.439.(02)(23) Capital Outlay on Major and Medium Irrigation, Major Irrigation – Commercial Nandur Madhmeshwar (State Share)	6.26	6.78	0.52
4	4801.01.813(30)(05) Capital Outlay on Power Projects, Hydrel Generation, Ghatghar pump storage scheme, S E Koyna Construction Circle, Satara	16.98	19.32	2.34
Total		23.67	32.87	9.20

(Source: Appropriation Accounts and detailed accounts).

2.4.3.3 Grant Number N-3 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes

The Grant Number N-3 “Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes” showed an excess expenditure of ₹ 21.90 crore in 35 sub heads though it closed with an overall saving of ₹ 694.33⁵⁰ crore during 2011-12. Sub heads under which major excesses occurred are detailed in Table 2.11 below

Table: 2.11 Details of major excesses during 2011-12

(₹ in crore)				
Sr. No.	Description of the Head of Account	Total Grant	Expenditure	Excess
1	2225-01-102(01)(01) Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes, Welfare of Scheduled Castes, Direction and Administration, Training in Motor Car Driving	0.0069	8.51	8.50
2	2235-02-101(08)(05) Social Security and Welfare, Social Welfare, Welfare of handicapped, Assistance to Non Government Institutes for Mentally Deficient	64.51	66.72	2.21
3	2235-02-104(08)(07) Social Security and Welfare, Social Welfare, Welfare of Aged, Infirm and Destitute, Shravan Bal Seva Rajya Nivruti Vetan Yojana	561.76	567.87	6.11
4	2235-60-110(00)(01) Social Security and Welfare, Other Social Security and Welfare Programmes, Other Insurance Schemes, Aam Adami Vima Yojana	11.00	13.50	2.50

(Source: Appropriation Accounts).

Timely review and proper planning in the above three mentioned grants could have avoided these excesses through reappropriation.

2.4.4 Expenditure without provision

2.4.4.1 Grant Number I-3 Irrigation, Power and other Economic Services

As per the Budget Manual, no expenditure is to be incurred on a scheme/service without provision of funds. It was, however, noticed that during 2011-12 in respect of Grant No. I-3, under the head 2701-80-799(01) (03) ‘Major and Medium Irrigation, General, Suspense (Debits), Common and Maintenance Establishment, Superintending Engineer, Konkan Irrigation Circle, Ratnagiri’, an expenditure of ₹ 6.91 lakh was incurred, though no provision was made.

2.4.4.2 Grant Number I-5 Capital Expenditure on Irrigation

It was noticed that during the year 2011-12 in respect of Grant Number I-5,

⁵⁰ Savings were mainly in (i) ₹ 208.71 crore on ‘Lump-sum Provision for Unbudgeted Revenue Outlay, (ii) ₹ 29.75 crore on ‘Post Matric Scholarship to other Backward Classes Student’ and (iii) ₹ 9.99 crore on Indira Gandhi National Old Age Pension Scheme.

the Department had incurred the expenditure without budget provision in the following sub heads as detailed in **Table 2.12**.

Table 2.12 Expenditure without provision

(₹ in crore)			
Sr. No.	Description of the Head of Account	Total Grant	Expenditure
1	4701.80.799(4)(D) Capital Outlay on Major and Medium Irrigation, General, Suspense, Workshop Suspense/S.E, Mechanical Circle (Gates), Pune	0	3.28
2	4701.80.799(07)(03) Capital Outlay on Major and Medium Irrigation, General, Suspense, Workshop Suspense/S.E, Mechanical Circle, (CP), Nanded	0	0.31
3	4701.80.799(6)(D) Capital Outlay on Major and Medium Irrigation, General, Workshop Suspense/ SE, Mechanical Circle (CP), Kolhapur	0	4.98

(Source: Detailed accounts).

2.4.4.3 Grant Number I-3 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes

It was noticed that during 2011-12 in respect of Social Justice and Special Assistance Department (Demand No. N-3), under the head 2235-02-104(08) (01)-Grants of old age pension to destitute and old people, an expenditure of ₹ 2.49 lakh was incurred, though no provision was made.

The reasons for incurring expenditure without budget provision in all the above three cases had not been intimated by the Department (September 2012).

2.4.5 Excessive and unnecessary reappropriation of funds

2.4.5.1 Grant Number I-3 Irrigation, Power and other Economic Services

Scrutiny of reappropriation orders issued by the Water Resource Department (WRD) under I-3 grant during the year 2011-12, revealed that the WRD issued reappropriation order for ₹ 451.14 crore under sub heads where excess expenditure was incurred. Cases where substantial excesses were noticed are given in **Table 2.13**.

Table 2.13 Irregular reappropriation where excess expenditure was incurred

(₹ in crore)					
Sr. No.	Description of the Head of Account	Grant before reappropriation	Amount Reappropriated	Actual expenditure	Excess expenditure
1	2701.01.874. Major and Medium Irrigation, Major Irrigation - Commercial, Pench Project, M & R, Administration, CADA, Nagpur	4.39	(-) 0.63	4.05	0.29
2	2701.03.800(01)(14) Major and Medium Irrigation, Medium Irrigation - Commercial, Other Expenditure, SE Administration, CADA, Jalgaon	5.46	(-) 0.44	5.44	0.42

(₹ in crore)

Sr. No	Description of the Head of Account	Grant before reappropriation	Amount Reappropriated	Actual expenditure	Less expenditure
3	2701.80.001(01)(04) Major and Medium Irrigation, General, Direction and Administration, Technical Control and Supervision, Secretary, Irrigation Department, Mantralaya	1.42	(-) 0.62	2.06	1.26
4	2701.80.001(03)(09) Major and Medium Irrigation, General, Direction and Administration SE, Administration, CADA, Solapur	12.22	(-) 1.56	10.95	0.29
5	2701.80.001(3)(3) Major and Medium Irrigation, General, Direction and Administration SE, Chandrapur Irrigation Project Circle, Chandrapur	20.30	(-) 7.74	13.05	0.49

(Source: Detailed accounts).

This led to substantial altering of the initial authorization made by the Legislature.

2.4.6 Unnecessary & Excessive Inadequate Supplementary Grants

2.4.6.1 Grant Number I-3 Irrigation, Power and other Economic Services

It was noticed that under 2701-08-001(03) (01) 'Major and Medium Irrigation, General, Direction and Administration, Common Establishment, Superintending Engineer, Akola Irrigation Circle, Akola' WRD obtained a supplementary provision of ₹ 0.10 crore which proved unnecessary, as the expenditure of ₹ 1.44 crore did not come up even to the original provision of ₹ 1.69 crore.

2.4.6.2 Grant Number N-3 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes

It was noticed that department obtained a supplementary provision of ₹ 580.55⁵¹ crore which proved unnecessary, as the expenditure of ₹ 4,641.74 crore did not come up even to the original provision of ₹ 4,755.51 crore.

During scrutiny of Grant Number N-3, it was observed that the expenditure did not come up even to the original provision in one sub-head as given in **Table 2.14**.

⁵¹ Supplementary provisions were taken in order to provide additional funds for 13 schemes under Supplementary -I, two schemes under Supplementary -II and six schemes under Supplementary -III for the welfare of SC/ST and backward classes.

Table 2.14: Statement showing supplementary grant proved unnecessary

(₹ in crore)

Description of the Head of Account	Original Provision (₹) Supplementary Provision (S) Reappropriation (R)	Expenditure	Surplus (₹) Saving (-)
2235-02-101(01)(02) Social Security and Welfare, Social Welfare, Welfare of handicapped, Assistance to Non- Government Institutions for Blind	O 5.04 S 1.33 R (-) 0.25	4.79	(-)1.33

(Source: Appropriation Accounts).

2.4.6.3 Grant Number E-2 General Education

During scrutiny of Grant Number E-2, it was noticed that the department obtained a supplementary provision of ₹ 124.16⁵² crore which proved unnecessary, in view of the expenditure of ₹ 25,448.67 crore which did not come up even to the original provision of ₹ 26,665.50 crore. During the previous year i.e. 2010-11 also the supplementary provision of ₹ 1,299.55 crore proved unnecessary.

Further, it was also seen that the expenditure in the sub-heads mentioned in **Table 2.15**, did not come up even to the original provision.

Table 2.15: Statement showing supplementary grant proved unnecessary

(₹ In crore)

Sr. No.	Description of the Head of Account	Original Provision (₹) Supplementary Provision (S) Reappropriation (R) (-)	Expenditure	Surplus (₹) Saving (-)
1	2202-01-103-(01)(15) General Education, Elementary Education, Assistance to Local Bodies for Primary Education School Nutrition Programme other than Mumbai Mahanagar Palika (Central Share).	O 1015.31 S 82.61 R (-)148.62	943.13	(-) 6.16
2	2202-01-103-(01)(16) General Education, Elementary Education, Assistance to Local Bodies for Primary Education School Nutrition Programme other than Mumbai Mahanagar Palika (State Share).	O 288.90 S 28.53 R (-)50.08	265.42	(-) 1.93
3	2202-80-003-(01)(03) General Education, General, Training, Training of Teachers (Centrally Sponsored Scheme)	O 26.50 S 1.66 R (-)7.52	20.54	(-) 0.10

(Source: Appropriation Accounts).

Thus, there is a need for scrupulous adherence to the Budget Manual while raising supplementary demands in all such cases.

⁵² Supplementary provisions were taken in order to provide additional funds for two schemes under Supplementary -I, six schemes under Supplementary -II and one scheme under Supplementary -III for the schemes related to primary education.

2.4.7 Surrender in excess of actual savings unnecessary surrenders

2.4.7.1 Grant Number I-3 Irrigation, Power and other Economic Services

Scrutiny of records for the year 2011-12 revealed that under I-3 grant, out of the total grant of ₹ 2,439.56 crore, there was saving of ₹ 262.48 crore. However, an amount of ₹ 281.16 crore was surrendered which was more than the saving.

It was further noticed that in two sub heads, the surrender of funds had resulted in excess expenditure, which made the surrender unnecessary. The details are given in Table 2.16:

Table 2.16 Sub heads where amount surrendered in spite of excess expenditure

(₹ in crore)					
Sr. No.	Description of the Head of Account	Total Grant	Amount surrendered	Expenditure incurred	Excess expenditure
1	2701.01.800.(02)(10) Major and Medium Irrigation, Major Irrigation-Commercial Other Expenditure, Expenditure transferred from converted Regular/Temporary /Permanent Establishment by way of book adjustment, Superintending Engineer, Nanded Irrigation Circle, Nanded	1.00	0.67	0.52	0.18
2	2701.03.800.(02)(10) Major and Medium Irrigation, Medium Irrigation-Commercial Other Expenditure, Expenditure transferred from converted Regular/Temporary /Permanent Establishment by way of book adjustment, Superintending Engineer, Nanded Irrigation Circle, Nanded	1.75	1.17	1.75	1.17

(Source: Detailed accounts).

2.4.8 Non-utilization and reappropriation of entire budget provision

2.4.8.1 I-3 Irrigation, Power and other Economic Services

Scrutiny of records revealed that under Grant I-3, in four sub heads involving amount of ₹ 1.43 crore, the entire budget provision was reappropriated as detailed in Table 2.17.

Table 2.17: Details of non-utilisation of entire budget provision and funds surrendered through reappropriation

(₹ in crore)

Sr. No.	Major head / Sub heads	Original Provision (₹)	Reappropriation (₹)
1	2701.80.003(06)(03) Major and Medium Irrigation, General, Training, Grant-in-aid to Walmi Superintending Engineer and Director Irrigation Research and Development Pune (CSS)	O 0.50 R (-)0.50	
2	2701.80.800(12)(01) Major and Medium Irrigation, General, Other Expenditure, Grant-in-aid to Maharashtra Water Resources Regularity Authority	O 0.05 R (-)0.05	
3	2702.01.800(08)(10) Minor Irrigation, Surface Water, Other Expenditure, Expenditure transferred from converted Regular/Temporary /Permanent Establishment by way of book adjustment, Superintending Engineer, Sangli Irrigation Circle, Sangli	O 0.80 R (-)0.80	
4	2705.800(07)(05) Command Area Development, Other Expenditure, Superintending Engineer and Administrator, CADA, Solapur, Irrigation Extension Units Establishment	O 0.08 R (-)0.08	
	Total	O 1.43 R (-)1.43	

(Source: Appropriation Accounts).

2.4.8.2 I-5 Capital Expenditure on Irrigation

Scrutiny of records revealed that under Grant I-5, in ten cases of sub heads involving an amount of ₹ 116.73 crore, the entire budget provision was reappropriated as detailed in Table 2.18.

Table 2.18: Details of non-utilisation of entire budget provision and funds surrendered through reappropriation

(₹ in crore)

Sr. No.	Major head / Sub heads	Original Provision (₹)	Reappropriation (₹)
1	4701.01.02.(02)(22) Capital Outlay on Major and Medium Irrigation, Major Irrigation-Commercial, Major Project under Command Area Development (CSS) - Upper Penganga	O 3.10 R (-)3.10	
2	4701.01.02(02)(19) Capital Outlay on Major and Medium Irrigation, Major Irrigation-Commercial, Major Project under Command Area Development (CSS)- Chaskman	O 1.75 R (-)1.75	
3	4701.01.03(01)(10) Capital Outlay on Major and Medium Irrigation, Medium Irrigation-Commercial, Medium Irrigation Commercial Secretary Water Resources	O 23.39 R (-)23.39	
4	4701.80.800(01)(01) Capital Outlay on Major and Medium Irrigation, General, Other Expenditure, Extension and Improvement, Secretary, CADA, Water Resources Department	O 2.10 R (-)2.10	
5	4702.80.190.(00)(06) Capital Outlay on Minor Irrigation, General, Investment in Public Sector and other Undertaking, Share Capital Contribution to Maharashtra Krishna Valley Development Corporation	O 10.01 R (-)10.01	

(₹ in crore)

Sr. No.	Major head / Sub heads	Original Provision (₹)	Reappropriation (R)
6	4701.80.190.(00)(07) Capital Outlay on Minor Irrigation, General, Investment in Public Sector and other Undertaking, Share Capital Contribution to Godavari Marathwada Irrigation Development Corporation	O 25.00 R (-)25.00	
7	4702.80.190.(00)(08) Capital Outlay on Minor Irrigation, General, Investment in Public Sector and other Undertaking, Share Capital Contribution to Maharashtra Krishna Valley Development Corporation	O 20.00 R (-)20.00	
8	4702.80.190.(00)(09) Capital Outlay on Minor Irrigation, General, Investment in Public Sector and other Undertaking, Share Capital Contribution to Konkan Irrigation Development Corporation	O 2.17 R (-)2.17	
9	4702.80.190.(00)(10) Capital Outlay on Minor Irrigation, General, Investment in Public Sector and other Undertaking, Share Capital Contribution to Tapi Irrigation Development Corporation	O 12.80 R (-)12.80	
10	4702.80.190.(00)(12) Capital Outlay on Minor Irrigation, General, Investment in Public Sector and other Undertaking, Share Capital Contribution to Vidarbha Irrigation Development Corporation	O 16.41 R (-)16.41	
	Total	O 116.73 R (-)116.73	

(Source: Appropriation Accounts).

2.4.8.3 N-3 Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes

Scrutiny of records revealed that under Grant N-3, in case of six sub heads involving ₹ 45.96 crore, the entire budget provision was reappropriated as detailed in Table 2.19. This led to defeating the original purpose/activity for which the approvals were obtained.

Table 2.19: Details of non-utilization of entire budget provision and funds surrendered through reappropriation

(₹ in crore)

Sr. No.	Major head / Sub head	Original Provision (₹)	Reappropriation (R)
1.	2225-01-102(03)(03) Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes, Welfare of Scheduled Castes, Economic Development, Grant-in-aid to Maharashtra State Commission for Safai Karmacharies (SCP)	O 0.10 R (-)0.10	
2.	2225-01-102(03)(09) Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes, Welfare of Scheduled Castes, Economic Development, Financial Assistance to Provide Power Tiller on 100 per cent grant basis to backward class farmers below poverty line.	O 30.00 R (-)30.00	
3.	2225-01-277(01)(15) Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes, Welfare of Scheduled Castes, Education, Grant-in-aid to Zilla Parishad under Section 187 of the Maharashtra Zilla Parishad and Panchayat Samitis Act, 1961 for construction of Backward class Boys and Girls aided hostels (CSP 50 per cent)	O 0.11 R (-)0.11	

(₹ in crore)

Sr. No.	Major Head / Sub Head	Original Provision (₹)	Reappropriation (R)
4.	2225-03-102(01)(03) Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes, Welfare of Backward Classes, Economic Development, Vasantao Naik Sabalakaran and Swabhiman Yojana	O 14.20 R (-)14.20	
5.	2225-80-800(01)(07) Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes, General, Other Expenditure, Shahu, Phule, Ambedkar Award (SCP)	O 1.05 R (-) 1.05	
6.	2235-02-101(05)(17) Social Security and Welfare, Social Welfare, Welfare and handicapped, Organisation of Sports Competition for Physically Handicapped	O 0.50 R (-) 0.50	
	Total	₹ 45.96 R. (-)45.96	

(Source: Appropriation Accounts).

It was observed in audit that in case of Grant-in-aid to Maharashtra State Commission for Safai Karmacharis, the budget provision made continuously for four years from 2008-09 to 2011-12 remained unutilized. The Social Justice and Special Assistance Department (September 2012) attributed the non-utilisation to non-appointment of officials of the commission. Similarly, a budget provision of ₹ 24 crore under the sub-head Financial Assistance to Provide Power Tiller on 100 per cent grant basis to backward class farmers below poverty line, was fully reappropriated during the previous year i.e. 2010-11 also (refer Sr No. 2 of Table 2.19). While accepting the facts, Social Justice and Special Assistance Department stated that (September 2012) as the scheme could not be implemented successfully, it was modified and converted into another scheme.

This indicates improper planning and budgeting that defeated the original purpose/activity for which the approvals were obtained in all above three cases.

2.4.8.4 E-2 General Education

Scrutiny of records revealed that under Grant E-2 General Education, 01- Elementary Education, 103 – “Assistance to Local Bodies for Primary Education, 103(01)(13) Arrears to Zilla Parishad according to Assessment” involving ₹ 1.90 crore, the entire budget provision was reappropriated. This led to defeating the original purpose for which the approvals were obtained.

Incidentally, it was observed that budget provision of ₹ 1.90 crore under the same sub head was fully re appropriated during the previous year also i.e. 2010-11.

2.4.9 Rush of expenditure

Contrary to the provisions of Bombay Financial Rules, 1959, it was noticed that significant expenditure was incurred in the last month of the financial year in all the four grants reviewed as given in Table 2.20. The sub head wise details under each grant are indicated in Appendix 2.12.

Table 2.20: Per cent of expenditure in March 2012

Sr. No.	Details of Grant	Expenditure incurred in March 2012 in range of percent of total provision	Number of sub heads in which entire provision was spent in March 2012
1	I-3 "Irrigation, Power and other Economic Services"	60 to 100	3
2	I-5 "Capital Expenditure on Irrigation"	60 to 100	Nil
3	N-3 "Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes"	59 to 100	9
4	E-2 "General Education"	61 to 100	6

(Source: Appropriation Accounts, Monthly Civil Accounts for March 2012 and Information from Accountant General (Accounts and Entitlements)).

2.4.10 Other Observations

2.4.10.1 Unrealistic Budget Provisions I-3 Grant

Scrutiny of the Appropriation Accounts revealed that in respect of Grant No. I-3, under the head 2801.80.004.005(01)(03) Superintending Engineer, Hydro Circle Kalwa, Thane, the provision of ₹ 104.27 lakh was made and no expenditure was incurred. An amount of ₹ 18.19 lakh was surrendered and balance amount of ₹ 86.08 lakh remained unutilized till the end of the financial year.

This shows incorrect estimation of budget under the sub head.

2.4.10.2 Reconciliation of expenditure I-3 Grant

According to the provisions (Para 157) of the Budget Manual, the consolidated accounts of the controlling officer have to be reconciled Monthly/ Quarterly with the accounts of the Accountant General. The object of this procedure is to ensure the accuracy of departmental accounts and such accuracy is necessary in order to make departmental control really effective and to prevent misclassification and other errors in accounts. It was observed that due to misclassification at taluka level, an expenditure of ₹ 45.28 lakh was booked under 2225-03-277(01)(02) resulting in depiction of excess expenditure. While accepting the remark, the department (September 2012) stated that the district administration will be directed to reconcile the expenditure with Principal Accountant General (Accounts and Entitlements) I, Maharashtra, Mumbai and Accountant General (Accounts and Entitlements) II, Maharashtra, Nagpur and propose Note of Error for the same.

2.5 Audit of Budgetary Process- Planning Department

The main functions of the Planning Department (Department) are (i) Coordinating with the Planning Commission, and (ii) Preparation of the annual and five year Plan as well as perspective plans for the State and Districts,

keeping watch on the implementation of these plans and review thereof from time to time. These functions are carried out through the respective Heads of Departments/Heads of offices under this department. The planned programmes are implemented on the basis of the policy decisions taken at the Government level.

Government of Maharashtra (GoM), Planning Department, introduced (vide Resolution of 16 February 2008) the system of District Plan, under which provisions approved by the District Planning Committee (DPC) for District Schemes would be budgeted in the Budget Publication of Planning Department with District-wise demand and submitted to the Legislature. A certain part of the funds earmarked for Plan Schemes would be set aside for district schemes. Separate Grant Number is allotted to each District, comprising different Major/Minor Head-wise details of provisions made. On approval of the Draft Plan by the Government, grants are placed under direct control of the District Collector. District Planning Officer (DPO) is functioning under the control of District Collector and is responsible for preparing draft for District Plan, budgeting funds, reappropriations, revised estimates and surrender of funds and also for distribution of grants to the Drawing and Disbursing Officers (DDOs) concerned.

2.5.1 Review of grants

Audit was conducted for the year 2011-12 by test check of records of Principal Secretary to the GoM, Planning Department, Mantralaya, Mumbai (Grant Numbers O01 to O13) and four DPOs, Mumbai Suburban, Thane, Pune and Nashik (Grant Numbers O15, O16, O20 and O25 respectively) with reference to budget allocation, expenditure, surrenders, savings/excesses and reappropriations thereof. Deficiencies noticed have been discussed in the subsequent paragraphs.

2.5.1.1 Unrealistic budgetary assumptions

Scrutiny of records and Appropriation Accounts for the year 2011-12 in respect of the Department and the four DPOs revealed that under 49 heads, savings of ₹ 10 lakh and above from the final modified grant (FMG)⁵³ remained unutilized (Appendix 2.13) and under 38 heads (Appendix 2.14), expenditure incurred were in excess of ₹ five lakh and above. Further, the savings were either not surrendered or surrendered/reappropriated to other heads to meet the excess expenditure, defeating the purpose for which the budget provisions were passed by the Legislature.

Thus, savings or excesses under so many heads indicate unrealistic budgeting.

2.5.1.2 Surrender of savings on the last working day of the financial year

On scrutiny of records of the Department and the DPOs, it was noticed that the department had surrendered savings of ₹ 386.11 crore (Appendix 2.15) under 88 heads on the last working day of the financial year, in contravention of the provisions of the Budget Manual.

⁵³ This is the net of Original and Supplementary provisions after the surrender and reappropriations.

The reasons given by the Department (refer **Appendix 2.15**) are not acceptable as many of the reasons given could have been foreseen and surrenders made in time.

The matter was reported (October 2012) to the Principal Secretary, GoM Planning Department. In reply, the Department stated (November 2012) that all the officials would be instructed to surrender the funds as and when the funds were not required instead of at the end of the year.

2.5.1.3 Funds not released by the Government

Scrutiny of records of DPO, Thane revealed that 15 *per cent* (₹ 4.71 crore) of the total grants (₹ 31.85 crore) had not been released by the Department till the end of 2011-12. Details are given in **Table 2.21**:

Table 2.21 : Details of funds not released by the Government

(₹ in lakh)			
Sr. No.	Head	Fund as per Appropriation Accounts	Amount not released by the Government
1	2215-02-107(33)(02)	46.87	3.12
2	2236-02-196(33)(01)	562.50	37.50
3	2406-02-110(33)(01)	60.00	40.00
4	2425-00-107(33)(02)	16.00	4.00
5	2515-00-198(33)(01)	212.50	137.50
6	2515-00-800(33)(01)	55.63	5.03
7	2702-80-196(33)(01)	492.19	32.81
8	2702-80-196(33)(02)	445.31	29.69
9	3054-04-800(33)(02)	918.75	131.25
10	3452-01-101(33)(02)	187.50	37.50
11	3604-00-200(33)(01)	187.50	12.50
	Total	3,184.75	470.90 (14.79%)

(Source: Detailed accounts and information furnished by department).

About 65 *per cent* of the total grants of ₹ 60 lakh were not released under the heads 2406 – Forestry and Wild Life, 02 – Environmental Forestry and Wild Life, 110 – Wild Life Preservation, (33)(01) – Construction of protection wall in Sanjay Gandhi National Park (Refer **Sr No. 3 of Table 2.21**); and 2515 – Other Rural Development Programmes, 198 – Assistance to Gram Panchayats, (33)(01) – Grants to Village Panchayats for providing civic facilities (Refer **Sr No.5 of Table 2.21**).

The matter was referred (August 2012) to the Government, their reply was awaited (September 2012).

2.5.1.4 Rush of Disbursement

During the scrutiny of records of four DPOs test checked, it was noticed that funds ranging between 15 and 55 *per cent* of FMG were disbursed by the DPOs to the DDOs during the month of February and March 2012 (**Appendix 2.16**). District-wise details of funds released in February and March 2012 are given in **Table 2.22**:

Table 2.22: Disbursement of funds during February and March 2012

(₹ in laCh)

Grant No.	District Plan	Funds as per Appropriation Accounts	Funds disbursed during February and March 2012	Percentage of funds disbursed
O15	Mumbai Suburban	13,144.00	3,301.18	25
O16	Thane	7,322.92	1,096.57	15
O20	Pune	18,884.83	10,381.35	55
O25	Nashik	2,417.69	882.30	36
	Total	41,769.44	15,661.40	37

(Source: Detailed accounts and information furnished by department).

It was further noticed that fund release orders for distribution of funds to DDOs during February/March 2012 were not released by the DPO, Mumbai Suburban and Thane.

On this being pointed out in audit, the DPO, Mumbai Suburban replied (August 2012) that it was not possible to release the funds available through reappropriation, unless entire grants were made available especially for purchase of machinery and equipments. Hence, funds were released during February/March 2012. He also stated that fund release orders would be issued in future. The DPO, Thane replied (July 2012) that funds were released during February and March 2012 to the DDOs, due to cut imposed by the Government and release of these funds by the Government in the month of February/March 2012. The DPO, Pune replied (July 2012) that the funds were released to the DDOs as per cash flow available with them. However, due to delay in finalisation of tender procedure, works were mostly completed in February and March and accordingly funds were released. The DPO, Nashik stated (July 2012) that funds were released during February/March, after giving administrative approval and as per demand raised by the DDOs.

The replies were not tenable since the funds were released to the various DDOs at the end of the year and it was not possible to ascertain whether these funds were constructively spent and applied for the purpose for which they were authorised. Release of funds at the very end of the financial year was indicative of deficient financial management.

The Department stated (September 2012) that all the DPOs would be instructed to release the funds on time. Further, all the DDOs would also be instructed to submit their proposals for administrative approval to DPCs within time.

2.5.1.5 Unnecessary supplementary provisions

Mention of Grant wise position of the unnecessary/excessive/inadequate supplementary provisions is made in **Para 2.3.6** of this report. The details of the same in the Department are given below:

On scrutiny of records of the Department, it was noticed that supplementary provision of ₹ 122.51 crore (**Table 2.23**) proved to be unnecessary as the entire or the large part of the provision was surrendered under 10 heads.

Table 2.23 : Statement showing cases where supplementary provision proved unnecessary

(₹ in crore)

Grant No.	Head	Supplementary provision	Surrender
O-1	2053-00-800(01)(01)	50.00	12.50
O-7	3451-00-101(00)(01)	0.97	0.93
O-7	3451-00-090(01)(10)	0.10	0.10
O-7	3451-00-101(02)(00)	0.16	0.12
O-8	3452-01-101(00)(04)	2.90	1.81
O-10	4515-00-102(01)(41)	5.00	2.75
O-10	4515-00-102(00)(01)	222.05	69.48
O-11	4551-60-800(00)(01)	18.10	17.82
O-8	3452-01-101(00)(06)	10.00	10.00
O-10	4515-00-102(00)(41)	7.00	7.00
	Total	316.28	122.51

(Source: Detailed accounts and information furnished by Department).

On this being pointed out in audit, the Department replied (September 2012) that due to (i) increase in the funds made available to each MLA under Local Area Development programme in May 2011, supplementary provision was made under 4515-00-102(00)(01), (ii) Though funds of ₹ 10 lakh were provided under the head 3451-00-090(01)(10) by the General Administration Department, instructions for utilisation thereof were not given and finally the grant was surrendered and (iii) as the grants provided under the head 2053-00-800(01)(01) were released in October 2011 and also due to election code of conduct, entire funds could not be expended.

The reply of the Department is not acceptable as unnecessary or excessive supplementary provisions indicated lack of due diligence in submitting the proposals for supplementary provisions.

The matter was reported (October 2012) to the Principal Secretary, GoM Planning Department. In reply, the Department stated (November 2012) that all the officials would be instructed to obtain the supplementary provision only when original budget provision were fully expended.

2.5.1.6 Irregularities in reappropriation orders

(i) Reappropriations not explained

Scrutiny of records in respect of reappropriations made by the DPO, Mumbai Suburban (Grant Number O-15) revealed that though reappropriation of ₹ 4.86 crore in 24 heads was made during the year 2011-12 in February and March 2012 from one head to another head, the DPO had not specified the reasons for additions and deductions from the sub-heads affected.

On this being pointed out in audit, the DPO furnished (August 2012) the reasons for reappropriation to audit which, however, as per the Budget Manual, should have been incorporated in the reappropriation order passed by the DPO.

(ii) *Reappropriation order not issued*

Para 188 of the Budget Manual specifies that the revised estimates do not constitute any authority for expenditure and they do not supersede the budget estimates as the basis for regulation of the expenditure. Revised estimates only serve as a guide for further action and the responsibility of the departments and their officers does not end with the submission of revised estimates to the Government. Steps to obtain supplementary grants or appropriations or to reappropriate or surrender savings indicated in the revised estimates should be taken promptly. Further, as per Para 186 of the Budget Manual, explanations of all important variations in the revised estimates as compared with the budget estimates should be given.

On scrutiny of records of DPO, Thane, it was noticed that DPO had revised the estimates and issued the reappropriation orders on 20 March 2012. The estimates were further revised by the DPO on 31 March 2012, (as detailed in **Appendix 2.17**) but did not issue any reappropriation order. As the revised estimates do not supersede the budget estimates, reappropriation order was required to be issued. Hence, it was not possible to conclude whether these reappropriations were made with the approval of competent authority. Further, DPO had not given explanations of all important variations in the revised estimates.

On this being pointed out in audit, DPO, Thane replied (July 2012) that revised estimates of 31 March 2012 were prepared in the form prescribed by the Government.

Reply of the DPO is not acceptable in view of provisions specified in Para 188 of the Budget Manual.

2.5.1.7 Excessive/unnecessary reappropriation of funds

Excessive/unnecessary reappropriation of funds is contrary to Para 170 of the Budget Manual. Instances noticed during the test check of selected grants of the Department are discussed below.

(i) *Non-utilisation of entire funds provided through reappropriation*

Scrutiny of records of DPO, Pune revealed that under the head 2403 – Animal Husbandry, 102 – Cattle and Buffalo Development, (37)(03) – Kamdhenu Dattak Gram Yojana, no budget provision was made. However, funds of ₹ 45.50 lakh were provided through reappropriation which were not utilized at all and reappropriated again to another head.

The reasons for non-utilisation of reappropriated funds were, however, not furnished to audit by DPO, Pune.

Augmentation of funds through reappropriation under this head proved injudicious in view of further reappropriation of funds to another head.

(ii) *Reappropriation of entire budget provision*

(a) Scrutiny of records of DPO, Pune revealed that under the head 4059 – Capital Outlay on Public Works, 01 – Office Buildings, 051 – Construction, (37)(04) – Taluka Level Office Building Complex, though budget provision of ₹ 705 lakh was available, the funds were not utilized at all and reappropriated to other head.

The DPO stated (July 2012) that as the scheme was closed, funds of ₹ 705 lakh were reappropriated. In contrast, the Department stated that the scheme was not closed, but the expenditure was incurred by transferring the funds to the head “Government office buildings”.

Reply of the department is not acceptable as the head “Government office building” was not provided under District Plan, Pune during 2011-12.

(b) Scrutiny of records of the DPO, Thane and Appropriation Accounts revealed that under the head 2505 – Rural Employment, 60 – Other Programmes, 001 Employment Guarantee Scheme, 001(33)(03) – Construction of Farm Ponds, entire budget provision of ₹ 760 lakh and ₹ 200 lakh was reappropriated during the year 2010-11 and 2011-12 to other head of appropriation.

The DPO stated (July 2012) that as per Planning Department’s instructions (January 2011), entire funds were reappropriated for Accelerated Watershed Development works under the head 4402 – Soil and Water Conservation.

The reply of the DPO is not acceptable as the Planning Department had permitted (January 2011) to reappropriate the grants for the year 2010-11 only. On reporting the matter to the Planning Department (August 2012), no specific comments were furnished as regards reappropriation made during 2011-12.

(iii) Reappropriation of major portion of budget provision

Scrutiny of records of DPO, Mumbai Suburban revealed that more than 90 per cent of the grants were reappropriated under two heads as detailed in **Table 2.24**:

Table 2.24 : Details of cases of reappropriation of more than 90 per cent grants

(₹ in lakh)

Sr. No.	Head of Account	Total Provision	Reappropriated	
			Amount	Percentage of total provision
1	4250 Capital Outlay on Other Social Services, 201 Labour, (32)(03) Tools and Plant charges	100.00	94.50	95
2	3451 Secretariat – Economic Services, 101 Planning Commission/Planning Board, (32)(02) Evaluation, Monitoring and Data Entry of Schemes	66.50	59.85	90

(Source: Detailed accounts and information furnished by department).

The DPO stated (August 2012) that funds could not be spent under Sr.No. 1 above due to change in the DDO carrying out the work of residential building at Malvani Hospital, Malad. For Sr.No. 2, it was stated that since the Government did not issue any guidelines for incurring expenditure, the funds were reappropriated.

The reply is not acceptable as reappropriating major portion of grants indicated defective planning.

2.5.1.8 Non-reconciliation of Final Modified Grant and expenditure

As per Para 157 of the Budget Manual, the consolidated accounts of the Controlling Officer have to be reconciled monthly/quarterly with the accounts of the Accountant General (Accounts and Entitlements). This would ensure

the accuracy of departmental accounts and prevent misclassification and other errors in the Accounts. Timely reconciliation is also necessary for purposes of Annual Appropriation Accounts and Audit Report thereon. Instances noticed during the test check of selected grants of Planning Department are discussed below:

Cross-verification of records maintained by the four test-checked DPOs with the Appropriation Accounts 2011-12 revealed that in 35 heads (**Appendix 2.18**), there was difference between the figures of FMG as shown in the Appropriation Accounts and the departmental records in respect of two DPOs. Further, in 48 heads (**Appendix 2.19**), there was difference in the expenditure booked by the Accountant General (Accounts and Entitlements) offices and the departmental records.

The DPOs stated (July/August 2012) that all the DDOs would be instructed to reconcile the expenditure with the Accountant General (Accounts and Entitlements) offices.

2.5.2 Other Audit Observations

Instances of mismanagement/non-adherence to provisions/unrealistic budget are discussed in the succeeding paragraphs:

2.5.2.1 Delay in utilisation of Central Assistance

Scrutiny of records of the Department revealed that GoI, Planning Commission (Commission) had released (March 2010) grant of ₹ 82.50 crore as One Time Additional Central Assistance (OTACA) for construction of anganwadi buildings under Maharashtra Human Development Mission (Grant Number O01, 2053-093(04)(01) and 800(01)(01)). Due to release of funds at the end of the financial year, the expenditure could not be incurred during the year 2009-10. As per request (June 2010) of the Department, the Commission permitted (July 2010) to utilise these funds during 2010-11. Accordingly, the Department requested (January 2011) the FD to release the funds. While the FD sought to know (January 2011) the procedure for distribution of these funds under District Plan, it, however, forwarded the file to the Department only in June 2011. As a result, funds could not be expended even during 2010-11 also and the Department again requested (July/September 2011) the Commission for revalidation of OTACA, which was accepted by the Commission in September 2011. However, of the total release (₹ 82.50 crore), funds amounting to ₹ 69.63 crore were only made available to the Women and Child Development Department (W&CDD) on Budget Distribution System till March 2012.

Thus, there was delay of two years in utilization of assistance received from the Central Government. It was observed that after receipt of Central assistance, W&CDD in March 2012 sanctioned construction of 1,833 anganwadi buildings. Apparently, timely release of Central assistance would have ensured construction of a large number of anganwadi buildings in 2009-10 itself.

The matter was referred to the Planning Department (May and September 2012) and Finance Department (August 2012). The Planning Department did not furnish any specific reply and reply of Finance Department was awaited (October 2012).

2.5.2.2 Annual Assessment of Human Development Index Delay in surrender of funds

On scrutiny of records of the Department, Appropriation Accounts and surrender orders, it was noticed that under Grant Number O08/O09, 3454 – Census, Surveys and Statistics, 02 – Surveys and Statistics, 112 – Economic Advice and Statistics, 112(03)(16) – Scheme for Annual Assessment of Human Development Index, budget/supplementary provision was made during 2009-10 to 2011-12 as given in **Table 2.25** below.

Table 2.25: Provision made during 2009-10 to 2011-12

(₹ in lakh)				
Year	Provision	Supplementary provision	Total provision	Surrender
2009-10	0.01	500.00	500.01	500.01
2010-11	500.00	0.01	500.01	500.01
2011-12	50.00	—	50.00	50.00
Total	550.01	500.01	1,050.02	1,050.02

(Source: Detailed accounts and information furnished by Department).

It could be seen that funds of ₹ 10.50 crore provided during the years 2009-10 to 2011-12 were surrendered in March every year, as the procedure for establishment of Human Development and Social Justice Cell under the Planning Department was not finalised.

It was also noticed that the proposal for establishment of Social Justice Cell under the Planning Department was withdrawn in the Cabinet meeting of August 2010. The Department should have surrendered the grants of ₹ five crore in view of the Cabinet decision of August 2010 immediately and no provision should have been made during 2011-12.

The matter was reported (October 2012) to the Principal Secretary, GoM Planning Department. In reply, the Department stated (November 2012) that due care would be taken in future to surrender the funds before year end.

2.5.2.3 Evaluation of schemes Non-implementation of the project

While augmenting the pace of development of the State, the Government considered it paramount to evaluate the schemes being implemented by it for the benefit of general public in order to ensure that the benefits were in fact reaching the targeted groups. For this purpose, GoM decided (March 2010) to start a new project to evaluate all the schemes and a provision of ₹ 26 crore and ₹ two crore was made during the years 2010-11 and 2011-12 (Grant Number O09, 3454-02-112(03)(18)). To change the methodology of Monitoring and Evaluation (M&E) of the Government schemes, NABARD Consultancy Services Private Limited, Mumbai (NABCONS) was appointed (June 2010), with the total payment of ₹ 58.38 lakh to be made in next three years equally. Accordingly, an agreement was signed (January 2011) with NABCONS and a total expenditure of ₹ 15 lakh and ₹ eight lakh was incurred during 2010-11 and 2011-12 respectively. However, it was observed that an amount of ₹ 25.85 crore and ₹ 1.92 crore was surrendered during 2010-11 and 2011-12 respectively.

The Department stated (September 2012) that NABCONS could not submit its report within time frame. It was further stated that supplementary provisions

of ₹ 26 crore was made as per budget speech of 2010-11 and ₹ two crore was made in anticipation of completion of work in 2012, as specified in the agreement.

The reply of the Department is not acceptable as even after lapse of two years and despite an expenditure of ₹ 23 lakh and availability of funds for implementation of the project, Government could not take concrete steps for evaluation of the schemes. Thus, the objective of evaluation of schemes was not achieved due to the delay in completion of the reports.

2.5.2.4 Non-release of financial assistance to Remote Sensing Application Centre

Scrutiny of departmental records, Appropriation Accounts 2011-12, surrender orders revealed that under the head Grant Number O-6 – Other Scientific Research, 3425 – Other Scientific Research, 60 – Others, 200 – Assistance to Other Scientific bodies, 200(00)(01) – Financial Assistance to Remote Sensing Application Centre at Nagpur, of the total budget provision of ₹ 500 lakh made during the year 2011-12, funds of ₹ 395.50 lakh were released to the Remote Sensing Application Centre, Nagpur (₹ 194 lakh on 20 September 2011 and ₹ 201.50 lakh on 14 February 2012). The Department submitted (March 2012) the demand for release of the balance fund of ₹ 104.50 lakh to FD. However, the balance fund was not released by the FD as the plan for utilisation of the amount was not provided by the Department resulting in the grant finally being surrendered on 31 March 2012.

Thus, the failure on the part of the Department to provide detailed plan to the FD for utilisation of funds resulted in non-use of budget provision and its surrender. The Department also did not furnish any specific reply to audit in this regard.

2.5.2.5 Strengthening of Training Branch of Directorate of Economics and Statistics – Non-implementation of the Programme

In order to increase the capability of the employees and to bring uniformity in training imparted by various administrative departments, scheme for strengthening of training branch of the Directorate of Economics and Statistics was introduced during 2010 by GoM. Accordingly, supplementary provision of ₹ 107.79 lakh and original provision ₹ 50 lakh were made during 2010-11 and 2011-12 respectively under grant Number O08/O09, 3454-02–112(01)(03).

Scrutiny of surrender orders revealed that ₹ 107.79 lakh and ₹ 47.39 lakh was surrendered in March 2011 and 2012 respectively, as no expenditure was incurred on salaries and travel expenses due to non-creation of posts and non-conducting of training of officers/employees. In fact, no proposal for creation of posts for the purpose was routed through the Directorate of Economics and Statistics and the Department. It was further noticed that Yashwantrao Chavan Academy of Development Administration (YASHADA) was appointed only in September 2011 as nodal Agency for the planning and evaluation of the training programme.

Making budget provision for posts without completing the procedure for their creation was injudicious. Further, the Department could have surrendered the

funds of ₹ 47.39 lakh in September 2011 itself on appointment of YASHADA. This resulted in unnecessary provisions and delayed surrenders.

2.5.2.6 Personal Ledger Account

According to Rule 494 of Maharashtra Treasury Rules, 1968 (MTR) and Rule 12 of Bombay Financial Rules 1959, Personal Deposit Account / Personal Ledger Account (PLA) can be opened with Treasury Officer for specified purpose on the basis of approval of Government in consultation with Accountant General of the State.

During the scrutiny of the records, it was noticed that the Department accorded administrative approval (June 2009) of ₹ 434.73 crore for undertaking various development works for the benefit of pilgrims at five⁵⁴ talukas in Pune district. The development works were to be completed within a period of three years (2009-10 to 2011-12). The provision was further revised (June 2011) to ₹ 756.31 crore.

The Government approved (March 2010) a proposal to park these funds in PLA in the name of Divisional Commissioner, Pune as a special case for a period of three years in order to avoid lapse of yearly grant. The Principal Accountant General (Accounts and Entitlements)-I, Mumbai, also accorded consent (April 2010) with a condition for closure of the PLA each year along with regularization to the carry forward the previous year's balance. During the period 2009-10 to 2011-12, grant of ₹ 352⁵⁵ crore was disbursed for the development works and credited to PLA by debit to Consolidated fund.

Audit observed that the PLA in this regard was not closed annually and the stipulated regularization to carry forward the unutilized balance of the previous year was not taken from Principal Accountant General (Accounts and Entitlements)-I, Mumbai. Further, out of ₹ 352 crore, expenditure of only ₹ 18 crore was incurred till June 2012. The works which were scheduled for completion in three years were not yet completed (June 2012) and funds of ₹ 334 crore were lying unspent in PLA.

According to Rule 282 (2) of MTR, no money shall be drawn from the treasury unless it is required for immediate disbursement. As only ₹ 18 crore was spent during April 2011 to June 2012 and no expenditure was incurred during 2009-10 and 2010-11, it showed that the funds were not required for immediate disbursement, and therefore, the money drawn was against the provisions of MTR.

GoM granted (May 2012) extension of two years (2012-13 and 2013-14) for completing the works. It also accorded sanction (June 2012) for operating PLA upto 31 March 2013 without consulting Principal Accountant General (Accounts and Entitlements)-I, Mumbai in violation of Rule 494(c) of MTR.

The utilization certificate for the amount spent was also not available with the Department.

Department stated (September 2012) that Principal Accountant General (Accounts and Entitlements)-I, Mumbai had called (July 2012) for documents

⁵⁴ Alandi, Bhandaradongar, Dehu, Palkhi and Pandharpur.

⁵⁵ 2009-10 – ₹ 140 crore, 2010-11 – ₹ 140 crore, 2011-12 – ₹ 72 crore.

relating to extension of PLA by GoM, which would be sent shortly and that utilisation certificates had been called for from the Collector, Pune.

The PLA needs to be monitored closely at Government level to ensure timely completion of the programme. Further continuation of PLA beyond the stipulated period may be granted only after assessing the satisfactory progress of the programme and in consultation with Principal Accountant General (Accounts and Entitlements)-I, Mumbai.

2.6 Advances from Contingency Fund

The Contingency Fund of the State has been established under the Bombay Contingency Fund Act, 1956, in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature, would be undesirable. The Fund is in the nature of an imprest and its corpus is ₹ 150 crore, which was temporarily raised to ₹ 300 crore with effect from 14 November 2011 vide Ordinance No. XXI of 2011 and again raised to ₹ 500 crore with effect from 1 February 2012 vide Ordinance No II of 2012. The balance at the beginning of the year (2011-12) was ₹ 988.80 crore with an unrecouped balance of ₹ 11.20 crore. During the year 2011-12, advances drawn from contingency fund have been recouped fully. The closing balance of the fund as on 31 March 2012 was ₹ 500 crore.

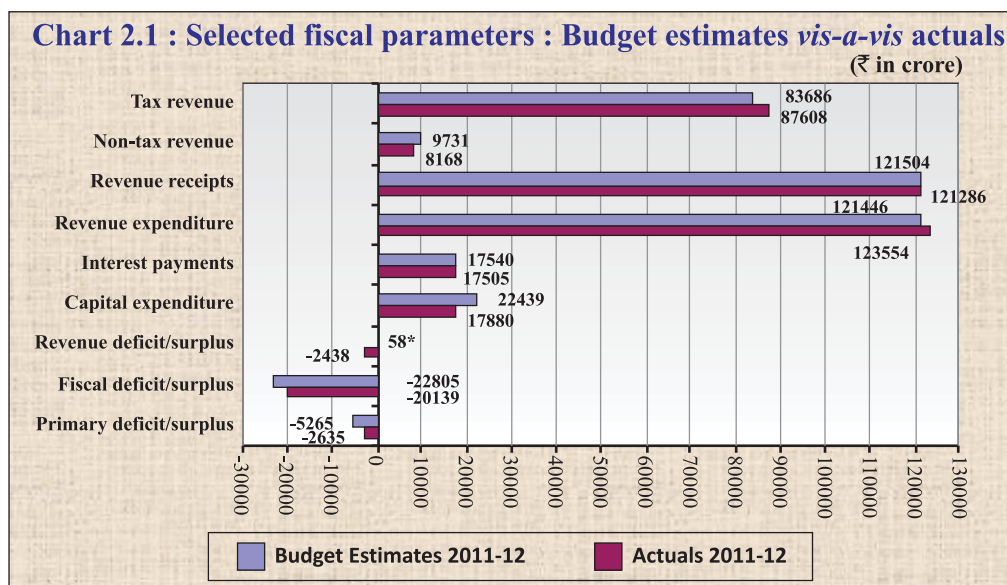
During 2011-12, 43 sanctions were issued for withdrawal of ₹ 731.41 crore from the Contingency Fund. A few illustrative cases listed in **Appendix 2.20** show that the character of expenditure for which the department obtained advances from Contingency Fund was foreseeable. Therefore, the drawal of funds from the Contingency Fund was irregular. A case scrutinized in detail is given below.

An advance of ₹ 18.34 crore was sanctioned in August 2011 from the Contingency Fund towards sanction of loan to the Maharashtra State Farming Corporation Limited, Pune on the basis of an interim order of the Hon. Supreme Court. There was an existing budget provision of ₹ 10 crore in budget 2011-12 under Grant No. C 10 (Revenue and Forest Department) for this purpose. This provision was not taken into consideration while sanctioning the advance of ₹ 18.34 crore from the Contingency Fund on the ground that the same would be required to meet the expenditure for the rest of the year. However, it was observed that the original provision of ₹ 10 crore was surrendered on 31 March 2012 without assigning any reason. Hence, the department could have limited the usage of contingency fund to ₹ 8.34 crore. However, entire requirement as per the court order of ₹ 18.34 was withdrawn from contingency fund in October 2011 resulting in excess drawal from the fund.

2.7 Outcome of Analysis of Budgetary Assumptions

During 2011-12, the actual revenue receipts being less than the budget estimates by 0.18 per cent, while revenue expenditure being more than the budget estimates by 1.74 per cent, converted the forecasted revenue surplus into an actual revenue deficit. The capital expenditure decreased by 20.32 per cent and interest payments decreased by 0.2 per cent over the budget

estimates. The budgeted and actual figures under revenue receipts and expenditure are given in **Chart 2.1** and **Appendix 2.21**.



*As per Budget estimates revenue surplus was ₹ 58 crore

(Source: Finance Accounts and Budget documents)

As may be observed from **Chart 2.1** (also see **Appendix 2.21**), there was considerable variation between budget estimates and actuals in the case of several key parameters. Revenue receipts had a negative variation (₹ 218 crore: -0.18 *per cent*) over budget estimates and almost all categories of revenue receipts (with the exception of Miscellaneous General Services, Interest Receipts, Taxes and Duties on Electricity, Taxes on Vehicles, State Excise and Taxes on Sale, Trade, *etc*) were lower than the budget estimates. Revenue expenditure however showed a positive variation of 1.74 *per cent* over the budget estimates, mainly because of more expenditure under General Services, Social Welfare and Nutrition, Industry and Minerals, Power and Transport and Communication.

The decrease in revenue receipts was the net result of decrease in non-tax revenue by 16 *per cent*, share in Central taxes by three *per cent* and grants-in-aid from Government of India by 15 *per cent*, set off by an increase in tax revenue by five *per cent*.

The actual capital expenditure was less by ₹ 4,559 crore (20 *per cent*) compared to the original budget estimates during 2011-12. The decrease was mainly under Rural development (₹ 2,451 crore), Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (₹ 719 crore), Power (₹ 461 crore), Irrigation and Flood Control (₹ 235 crore) and Transport and Communication (₹ 144 crore).

The actual revenue deficit was more than the budget estimates by ₹ 2,496 crore[#], mainly because of increase in revenue expenditure by 1.74 *per*

[#] Excludes write-off of central loans (₹ 170.23 crore) from the Revenue Receipts.

cent and decrease in revenue receipts by 0.18 per cent over the budget estimates.

Actual fiscal deficit⁵⁶ was less than the assessment made in the budget estimates by 12 per cent (₹ 2,666 crore), mainly due to decrease in capital expenditure.

2.8 Conclusion

(a) The overall savings of ₹ 21,155.62 crore were the net result of savings of ₹ 22,427.90 crore, set off by excess of ₹ 1,272.28 crore. This excess expenditure requires regularisation by the State Legislature. Anticipated savings of ₹ 25,198.82 crore were surrendered on the last two working days of the financial year. In 33 cases, ₹ 7,621.30 crore was surrendered against the actual savings of ₹ 6,954.77 crore, which resulted in excess surrender of ₹ 666.53 crore. There was rush of expenditure (52 to 100 per cent) under eight major heads. Persistent excess expenditure, erroneous budgeting, injudicious reappropriations and delay in surrender of savings were noticed in the Planning Department.

(b) Audit of budgetary Process Planning Department

Supplementary provision of ₹ 122.51 crore proved to be unnecessary as the entire/large part of the provision was surrendered. District Planning Officers (DPO) released only 37 per cent of the funds to the DDOs during February and March 2012. There was difference in the Final Modified Grant (35 cases) and the expenditure figures (48 cases) as per Appropriation Accounts and the departmental records, which requires reconciliation with Principal Accountant General (Accounts and Entitlements)-I, Mumbai office. Instances of delay in utilisation of Central Assistance, delay in surrender of funds and unnecessary budget provision were also noticed. Extension granted by the Government for operating Personal Ledger Account maintained for the specific purpose without consulting Principal Accountant General (Accounts and Entitlements), Mumbai was irregular.

2.9 Recommendations

- All departments should closely monitor the expenditure against the allocations and incurring of excess expenditure over the grants should be strictly avoided.
- Surrender of funds should be done much before close of the year so as to enable the Government to utilize the funds on other schemes.
- Release of funds at the end of the year should be avoided.
- Due care should be taken in submitting proposals for supplementary appropriations.

⁵⁶ see glossary at page 175.