

# **CHAPTER II**

## **FINANCIAL MANAGEMENT AND BUDGETARY CONTROL**

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### FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

#### 2.1 Introduction

**2.1.1** The Appropriation Accounts are accounts of the expenditure, voted and charged, of the government for each financial year, compared with the amounts of the voted grants<sup>1</sup> and appropriations charged<sup>2</sup> for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations and indicate the actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Acts in respect of both charged and voted items of budget. The Appropriation Accounts, thus, facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

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

#### 2.2 Summary of Appropriation Accounts

There are 37 departments in the State at the Secretariat level headed by Principal Secretaries/Secretaries. Each department is operating one or more than one demand and the demand for grant generally reflects the allocation for a department. For the year 2011-12, there were 54 demands for grants and two appropriations (one each for Debt Charges and Public Debt - Repayment). The summarised position of actual expenditure during 2011-12 against 56 grants/appropriations is given in **Table 2.1**.

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<sup>1</sup> Amounts voted by the State Legislature in respect of demands for grants for specific purposes.

<sup>2</sup> Amounts directly charged to the Consolidated Fund of the State, which are not subjected to the vote of the State Legislature.

**Table 2.1: Position of actual expenditure vis-à-vis original/supplementary provisions**

(₹ in crore)

	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	78,185.92	5944.90	84,130.82	77,496.84	(-) 6,633.98
	II Capital	15,938.03	4,136.42	20,074.45	16,369.38	(-) 3,705.07
	III Loans and Advances	1544.54	4,643.69	6,188.23	5,483.15	(-) 7,05.08
<b>Total Voted</b>		<b>95,668.49</b>	<b>14,725.01</b>	<b>1,10,393.50</b>	<b>99,349.37</b>	<b>(-) 11,044.13</b>
<b>Charged</b>	IV Revenue	9,419.37	9.91	9,429.28	9,236.85	(-) 192.43
	V Capital	2.99	9.06	12.05	11.36	(-) 0.69
	VI Public Debt- Repayment	3,909.52	**	3,909.52	3,829.90	(-) 79.62
<b>Total Charged</b>		<b>13,331.88</b>	<b>18.97</b>	<b>13,350.85</b>	<b>13,078.11</b>	<b>(-) 272.74</b>
	Appropriation to Contingency Fund (if any)	..	..	..	..	..
<b>Grand Total</b>		<b>1,09,000.37</b>	<b>14,743.98</b>	<b>1,23,744.35</b>	<b>1,12,427.48</b>	<b>(-) 11,316.87</b>

\*\* ₹ 15,000 only

(Source: Appropriation Accounts of Government of Tamil Nadu)

Supplementary provisions of ₹ 14,743.98 crore obtained during the year constituted 13.53 per cent of the original provisions. The overall saving of ₹ 11,316.87 crore was the result of savings of ₹ 11,672.44 crore in 51 grants and 55 appropriations under the Revenue Section, 38 grants and three appropriations under the Capital Section and 32 grants and one appropriation under the Loan Section, offset by excess of ₹ 355.57 crore in three grants under the Revenue Section and two grants under the Loans Section.

As against the original provisions of ₹ 1,09,000.37 crore, expenditure of ₹ 1,12,427.48 crore was incurred. The overall savings of ₹ 11,316.87 crore, constituting 76.76 per cent of the Supplementary provisions of ₹ 14,743.98 crore, clearly indicate inaccurate estimation of funds and lack of control mechanism. Cases of supplementary provisions that proved unnecessary are discussed in paragraph 2.3.6. The savings/excesses were intimated (July 2012) to the Controlling Officers, requesting them to state the reasons for significant variations. Out of 906 sub-heads, explanations for the variations were not received (October 2012) in respect of 354 sub-heads (saving: 213 sub-heads and excess: 141 sub-heads).

The trend of savings and surrenders during the period from 2007-08 to 2011-12 is indicated in **Table 2.2**.

**Table 2.2 : Trend of savings and surrenders**

(₹ in crore)

Year	Total Provision	Expenditure	Savings	Surrender
2007-08	62,625.64	56,707.43	5,918.21 (9.5)	5,739.36 (9.2)
2008-09	76,523.94	69,212.49	7,311.45 (9.6)	5,257.10 (6.9)
2009-10	82,777.01	73,898.57	8,878.44 (10.7)	8,650.87 (10.5)
2010-11	1,00,467.34	94,218.57	6,248.77 (6.2)	5,904.86 (5.9)
2011-12	1,23,744.35	1,12,427.48	11,316.87 (9.1)	12,408.15 (10.0)

(Source: Appropriation Accounts for the respective years)

(Figures indicated in brackets are percentages to total provision)

It may be observed from the above that in all the years except 2010-11, the savings were about 10 per cent of the total provision, while surrender of total provision varied between 5.9 per cent and 10.5 per cent during 2007-12.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Appropriations vis-à-vis allocative priorities

The outcome of appropriation audit revealed that during 2011-12, savings in 22 cases exceeded ₹ 10 crore in each case and also by more than 20 per cent of the total provision (**Appendix 2.1**). Against the total savings of ₹ 11,316.87 crore, savings of ₹ 10,888.33 crore (96.21 per cent) occurred in 32 cases by ₹ 50 crore and above in each case in 20 grants and two appropriations as indicated in **Table 2.3**.

**Table 2.3: List of Grants having savings of ₹ 50 crore and above**

(₹ in crore)

Sl. No.	No. and Name of the Grant/ Appropriation	Original Grant / Appropriation	Supplementary Grant / Appropriation	Total	Actual Expenditure	Savings
	<b>(A) Revenue – Voted</b>					
1	04 – Adi Dravidar and Tribal Welfare	1,003.39	323.17	1,326.56	1,271.45	55.11
2	05 – Agriculture	2,263.50	80.48	2,343.98	1,831.52	512.46
3	06 – Animal Husbandry	676.49	68.41	744.90	671.62	73.28
4	07 – Fisheries	332.36	13.47	345.83	255.44	90.39
5	14 – Energy	1,911.03	..	1,911.03	1,787.76	123.27
6	19 – Health and Family Welfare	4,413.33	620.13	5,033.46	4,702.20	331.26
7	20- Higher Education	2,162.52	208.12	2,370.64	2,238.12	132.52
8	21 – Highways and Minor Ports	1,674.76	..	1,674.76	1,535.80	138.96
9	22 – Police (Home, Prohibition and Excise)	3,332.32	606.03	3,938.35	3,468.10	470.25
10	26 – Housing and Urban Development	495.83	40.00	535.83	221.72	314.11
11	27 – Industries	1,180.02	..	1,180.02	43.13	1,136.89
12	34 – Municipal Administration and Water Supply	5,087.07	..	5,087.07	4,263.11	823.96
13	41 – Revenue	4,115.59	371.94	4,487.53	4,193.62	293.91
14	42 – Rural Development and Panchayat Raj	7,200.30	87.85	7,288.15	6,566.03	722.12
15	43 – School Education	12,919.91	376.73	13,296.64	12,650.64	646.00
16	45 – Social Welfare and Nutritious Meal Programme	2,928.97	312.95	3,241.92	3,060.32	181.60

(₹ in crore)

Sl. No.	No. and Name of the Grant/ Appropriation	Original Grant / Appropriation	Supplementary Grant / Appropriation	Total	Actual Expenditure	Savings
17	51 – Relief on account of Natural Calamities	704.79	1,685.91	2,390.70	2,340.11	50.59
18	53 – Special Programme Implementation	1,252.94	..	1,252.94	832.48	420.46
	<b>(A) Revenue - Charged</b>					
19	56 - Debt Charges	9,263.36	0.01	9,263.37	9,089.92	173.45
	<b>(B) Capital - Voted</b>					
20	05 – Agriculture	273.92	..	273.92	218.47	55.45
21	19 – Health and Family Welfare	92.36	2.00	94.36	30.84	63.52
22	21 – Highways and Minor Ports	3,540.25	5.50	3,545.75	3,431.82	113.93
23	22 - Police (Home, Prohibition and Excise)	159.00	40.50	199.50	116.92	82.58
24	26 - Housing and Urban Development	954.21	.	954.21	401.74	552.47
25	34 - Municipal Administration and Water Supply	3,195.52	156.34	3,351.86	2,338.58	1,013.28
26	39 - Buildings (Public Works)	785.01	0.20	785.21	388.33	396.88
27	40 - Irrigation (Public Works)	1,735.04	2.58	1,737.62	1,541.97	195.65
28	43 – School Education	413.65	--	413.65	268.34	145.31
29	53 - Special Programme Implementation	912.00	--	912.00	29.00	883.00
	<b>(C) Loans - Voted</b>					
30	27 - Industries	457.32	35.00	492.32	67.44	424.88
31	34 - Municipal Administration and Water Supply	381.06	41.96	423.02	231.85	191.17
	<b>(C) Public Debt - Charged</b>					
32	57 - Public Debt - Repayment	3,909.52	--	3,909.52	3829.90	79.62
	<b>Total</b>	<b>79,727.34</b>	<b>5,079.28</b>	<b>84,806.62</b>	<b>73,918.29</b>	<b>10,888.33</b>

(Source: Appropriation Accounts of Government of Tamil Nadu)

The departments that had major savings were Industries, Municipal Administration and Water Supply, Rural Development and Panchayat Raj, Housing and Urban Development and Special Programme Implementation.

### 2.3.2 Persistent Savings

In 13 grants and two appropriations, under Revenue Section, there were persistent savings of more than five *per cent* of the total grant during the last five years as indicated in **Table 2.4**.

Table 2.4: List of Grants having Persistent Savings during 2007-12

(₹ in crore)

Sl. No.	No. and Name of the Grant / Appropriation	Amount of Savings				
		2007-08	2008-09	2009-10	2010-11	2011-12
<b>Revenue - Voted</b>						
1.	1 - State Legislature	1.12 (5.60)	2.29 (9.33)	3.22 (10.33)	2.89 (7.95)	3.78 (10.00)
2.	2 - Governor and Council of Ministers	1.32 (6.94)	2.99 (13.38)	4.43 (17.90)	3.76 (14.44)	6.91 (22.55)
3.	3 - Administration of Justice	29.32 (12.97)	16.50 (5.91)	17.87 (5.40)	60.06 (12.78)	40.97 (7.26)
4.	5 - Agriculture	168.51 (14.97)	113.43 (7.62)	138.05 (6.93)	159.95 (8.02)	512.46 (21.86)
5.	7 - Fisheries	28.67 (29.64)	36.69 (32.99)	37.53 (19.51)	11.74 (8.62)	90.39 (26.14)
6.	9 - Backward Classes, Most Backward Classes and Minorities Welfare	36.74 (9.91)	31.18 (7.70)	37.37 (8.58)	56.75 (11.06)	48.02 (8.44)
7.	15 - Environment	24.59 (13.42)	19.13 (9.08)	14.24 (5.84)	14.30 (5.04)	3.60 (19.42)
8.	21- Highways and Minor Ports	165.71 (13.78)	155.90 (12.35)	155.29 (11.85)	143.91 (12.37)	138.97 (8.30)
9.	27 - Industries	45.05 (56.29)	161.25 (46.17)	658.18 (94.44)	158.09 (19.10)	1136.89 (96.34)
10.	35 - Personnel and Administrative Reforms	3.69 (10.71)	3.17 (8.12)	4.51 (10.06)	4.07 (8.08)	3.89 (6.70)
11.	36 - Planning, Development and Special Initiatives	6.01 (15.16)	4.86 (11.12)	5.66 (11.12)	7.99 (13.75)	8.24 (12.49)
12.	39 - Buildings (Public Works)	25.49 (19.32)	18.97 (12.55)	12.44 (8.23)	9.39 (5.26)	13.42 (6.72)
13.	46 - Tamil Development	4.08 (14.49)	4.19 (14.98)	2.76 (8.86)	24.97 (11.17)	3.80 (12.29)
<b>Revenue - Charged</b>						
14.	4 - Adi- Dravidar and Tribal Welfare	1.17 (29.24)	3.15 (64.58)	4.00 (100.00)	2.10 (50.03)	1.95 (21.19)
15.	19 - Health and Family Welfare	0.06 (18.92)	0.20 (31.15)	0.06 (9.62)	0.51 (51.42)	0.60 (54.20)

(Source: Appropriation Accounts for the respective years)

(Figures in brackets indicate *per cent* of savings)

From the above table, it may be seen that the savings continued over the years indicating unrealistic estimation of the anticipated expenditure or poor control over expenditure. Savings in the “Grant 27 – Industries” during 2011-12 were mainly under the sub-head “Value Added Tax input subsidy for promotion of industries”, the payments of which were deferred to the subsequent financial years. On a specific analysis of reasons for saving in the year 2011-12, it was noticed that the entire provision of ₹ 1,100 crore and ₹ 7.50 crore made in the budget under the heads of account “2852.80.800.BC - Value Added Tax refund subsidy for promotion of industries” and “2852.08.600 JB - Implementation of Structured package of assistance for industrial projects” were withdrawn through re-appropriation, resulting in a total saving of ₹ 1,107.50 crore in these two heads. Further, test check of records of Pay and Accounts Office, East in Chennai (PAO) and reply received (October 2012) from the PAO revealed that the bills for ₹ 505 crore and ₹ 3 crore presented to the PAO on 2 March 2012 for drawal of the amount under the above mentioned heads of account respectively, were returned as per the oral

instructions of the Deputy Secretary (Budget), Finance Department, with instructions to the Commissioner and Director of Industries and Commerce to prefer the claims during the financial year 2012-13.

### 2.3.3 Expenditure without provision of funds

As per Paragraph 14 (ii) of the Tamil Nadu Budget Manual Volume I, expenditure should not be incurred on a scheme or service without provision of funds. It was, however, noticed that in 17 cases as detailed in **Table 2.5**, though the provisions made in the original and supplementary stages were fully withdrawn by re-appropriations, expenditure of ₹ 18.63 crore was incurred under the heads.

**Table 2.5: Expenditure without provision**

(In ₹)

Sl. No	Grant No	Name of the Grant	Head of Account	Original Provision	Supplementary Provision	Re-appropriation	Actual Expenditure
1.	07	Fisheries	2405.00.103.JL (V)	1,000	0	-1,000	10,596
2.	21	Highways and Minor Ports	3054.80.004.AC (V)	14,000	0	-14,000	93,17,208
3.	29	Tourism-Art and Culture	2205.00.105.JC (V)	1,000	0	-1,000	3,000
4.	38	Public	2015.00.105.AA (V)	16,000	0	-16,000	16,74,834
5.	38	Public	2015.00.106.AB (V)	22,14,000	0	-22,14,000	17,81,373
6.	38	Public	2075.00.800.AK (V)	18,000	0	-18,000	18,000
7.	38	Public	2075.00.800.BQ (V)	74,000	1,000	-75,000	5,21,936
8.	38	Public	2075.00.800.GY (V)	8,80,000	0	-8,80,000	3,21,012
9.	40	Irrigation (Public Works)	2059.01.053.CS (V)	1,00,000	0	-1,00,000	97,700
10.	40	Irrigation (Public Works)	4701.03.245.JB (V)	1,000	0	-1,000	22,37,672
11.	40	Irrigation (Public Works)	4701.03.345.JA (V)	1,000	0	-1,000	16,93,44,529
12.	41	Revenue	2070.00.800.AT (V)	11,09,000	0	-11,09,000	4,218
13.	41	Revenue	3604.00.200.AA (V)	1,000	0	-1,000	1,177
14.	41	Revenue	3604.00.200.AF (V)	50,000	0	-50,000	37,320
15.	41	Revenue	3604.00.200.AG (V)	1,10,30,000	0	-1,10,30,000	7,89,991
16.	46	Tamil Development	2202.05.102.AF (V)	84,000	0	-84,000	1,73,396
17.	56	Debt Charges	2049.01.305.AD (C)	2,000	0	-2,000	116
<b>Total</b>				<b>1,55,96,000</b>	<b>1,000</b>	<b>-1,55,97,000</b>	<b>18,63,34,078 (or) ₹ 18.63 crore</b>

(Source: Appropriation Accounts of Government of Tamil Nadu)

### 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 discussion of the Appropriation Accounts by the Public Accounts Committee. Excess expenditure amounting to ₹ 6,247.51 crore for the years 1998-2011 was yet to be regularised as detailed in **Appendix 2.2**. Non-regularisation of the excess expenditure, for many years is a breach of Legislative control over appropriation.

### 2.3.5 Excess over provisions during 2011-12 requiring regularisation

Table 2.6 contains a summary of the excess expenditure under five grants amounting to ₹ 355.57 crore from the Consolidated Fund of the State over the amounts authorised by the State Legislature during 2011-12, which requires regularisation under Article 205 of the Constitution.

Table 2.6: Excess over provisions during 2011-12 requiring regularisation

(₹ in crore)

Sl. No.	Grant Number and Description		Total grant	Expenditure	Excess
<b>Voted Grants</b>					
1.	11	Stamps and Registration (Commercial Taxes and Registration) – Revenue	184.21	186.48	2.27
2.	12	Cooperation (Co-operation, Food and Consumer Protection) – Loans	20.05	20.05	0.00 <sup>3</sup>
3.	16	Finance – Loans	68.82	69.06	0.24
4.	37	Prohibition and Excise (Home, Prohibition and Excise) – Revenue	73.33	73.69	0.36
5.	50	Pension and Other Retirement Benefits – Revenue	12,334.11	12,686.81	352.70
<b>Total</b>			<b>12,680.52</b>	<b>13,036.09</b>	<b>355.57</b>

(Source: Appropriation Accounts of Government of Tamil Nadu)

### 2.3.6 Unnecessary/Inadequate supplementary provisions

Supplementary provisions aggregating ₹ 1070.44 crore obtained in 31 cases of ₹ 50 lakh or more in each case during the year, proved unnecessary as the expenditure did not come up to the levels of the original provisions as detailed in Appendix 2.3. On the other hand, in two cases, supplementary provisions of ₹ 23.00 crore proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 354.97 crore as detailed in Table 2.7.

Table 2.7: Cases where supplementary provisions (₹ 1 crore or more in each case) proved insufficient

(₹ in crore)

Sl. No.	Grant Number and Description	Original Provision	Supplementary Provision	Total Provision	Actual Expenditure	Excess Expenditure
<b>Voted</b>						
1.	11 – Stamps and Registration - Revenue	171.48	12.73	184.21	186.48	2.27
2.	50 – Pension and Other Retirement Benefits - Revenue	12,323.84	10.27	12,334.11	12,686.81	352.70
<b>Total</b>		<b>12,495.32</b>	<b>23.00</b>	<b>12,518.32</b>	<b>12,873.29</b>	<b>354.97</b>

(Source: Appropriation Accounts of Government of Tamil Nadu)

### 2.3.7 Excessive/insufficient re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional

<sup>3</sup> ₹ 1,600 only



funds are needed. Injudicious re-appropriations proved excessive or insufficient and resulted in savings/excess of over ₹ 10 lakh under 698 sub-heads. The excess/savings of more than ₹ 2 crore each, resulting from the injudicious re-appropriations was ₹ 1,149.73 crore (62 items under savings) and ₹ 1,533.93 crore (74 items under excess) in 136 sub-heads as detailed in **Appendix 2.4**.

### **2.3.8 Inadequate reasons for re-appropriations**

According to paragraph 151 (ii) of the Tamil Nadu Budget Manual, Volume I, reasons for the additional expenditure and the savings should be explained in the re-appropriation statement and vague expressions such as “based on actuals”, “based on progress of expenditure”, etc., should be avoided. However, scrutiny of re-appropriation orders issued by the Finance Department revealed that in respect of 9,998 out of 18,244 items (54.80 *per cent*), no reasons were given for additional provisions/withdrawal of provisions in the re-appropriation orders.

### **2.3.9 Substantial surrenders**

Substantial surrenders (the cases where more than ₹ 10 crore and 50 *per cent* of the total provision was surrendered) were made in 248 sub-heads on account of either non-implementation or slow implementation of the schemes/programmes. Out of the total provisions of ₹ 14,852.93 crore made in 248 sub heads, ₹ 11,571.34 crore (77.91 *per cent*) were surrendered, which included *per cent* surrender in 74 sub heads (₹ 4359.78 crore). Details are given in **Appendix 2.5**. Some of the departments which surrendered huge amounts are Agriculture, Health and Family Welfare, Housing and Urban Development, Industries, Municipal Administration and Water Supply, Rural Development and Panchayat Raj, School Education and Forests (Environment and Forests).

### **2.3.10 Surrender in excess of actual savings**

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 ₹ 4,404.54 crore, the amount surrendered was ₹ 5,685.70 crore, resulting in excess surrender of ₹ 1281.16 crore. Details are given in **Appendix 2.6**. Some of the departments which surrendered funds in excess of savings are Adi Dravidar and Tribal Welfare, Municipal Administration and Water Supply, Special Programme Implementation, Highways and Minor Ports, Irrigation (Public Works) and Finance (Public Debt - Repayment).

### **2.3.11 Anticipated savings not surrendered**

As per Paragraph 140 of the Tamil Nadu Budget Manual Volume I, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2011-12, in six cases, no part of the savings was surrendered by the concerned departments. The amount involved in these cases was ₹ 11.03 crore as indicated in **Table 2.8**.

**Table 2.8: Statement of grants/appropriations in which savings occurred but not surrendered at all**

(₹ in crore)

Sl. No.	Grant Number	Name of grant/appropriation	Savings
		<b>Revenue - Charged</b>	
1.	21	Highways and Minor Ports	0.11
		<b>Capital - Charged</b>	
2.	21	Highways and Minor Ports	0.11
		<b>Loans - Voted</b>	
3.	06	Animal Husbandry	0.42
4.	15	Environment	10.02
5.	41	Revenue	0.24
6.	52	Welfare of Differently Abled Persons	0.13
		<b>Total</b>	<b>11.03</b>

(Source: Appropriation Accounts of Government of Tamil Nadu)

The details of 24 cases, where savings of ₹ 1 crore and above noticed against each grant/appropriation, but not surrendered, are given in **Appendix 2.7**. Out of the total savings of ₹ 4,061.28 crore in the 24 cases, savings of ₹ 733.07 crore (6.48 *per cent* of the total savings of ₹ 11,316.87 crore) was not surrendered. In 48 cases of surrender of funds in excess of ₹ 10 crore, ₹ 5,520.10 crore (**Appendix 2.8**), were surrendered on the last working day of March 2012, indicating inadequate financial control and denying of utilisation of the funds elsewhere.

### 2.3.12 Rush of expenditure

According to Article 39 of the Tamil Nadu Financial Code, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of the 81 sub-heads listed in **Appendix 2.9**, expenditure exceeding ₹ 10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in March 2012 in violation of codal provisions.

## 2.4 Review of a selected Grant

A review of budgetary procedure and control over expenditure was conducted (June-July 2012) in respect of Grant number 23 - Fire and Rescue Services. The Director of Fire and Rescue Services is the Chief Controlling Officer for this Grant. There were nine sub-heads operated under this Grant, which included seven non-plan sub-heads, one plan sub-head and one sub-head for the Centrally Sponsored Scheme. The grant was selected for specific review due to persistent savings noticed in five years as discussed below:

(i) There were persistent savings under the Grant during 2007-12 as shown in **Table 2.9**.

**Table 2.9: Persistent savings under Grant number 23 - Fire and Rescue Services**

(₹ in crore)

Year	Provision	Expenditure	Savings
2007-08	115.96	86.00	29.96
2008-09	134.18	109.17	25.01
2009-10	180.56	135.79	44.77
2010-11	182.95	160.05	22.90
2011-12	171.94	160.23	11.71

(Source: Appropriation Accounts for the respective years)

Failure to utilise the entire provisions indicated that the budget provisions were unrealistic.

(ii) As per the Appropriation Accounts for the year 2011-12, there was a saving of ₹ 12.41 crore under the sub-head “2070 00 108 AB – Protection and control – fire stations including workshops and mobile repair squads”. The saving was partly offset by the excess (₹ 2.72 crore) under the sub-head “2070 00 108 SA – Strengthening of fire and emergency services”, and the net saving of ₹ 9.69 crore mainly contributed to the overall saving of ₹ 11.71 crore under the grant.

When reasons for the savings were called for (June 2012), the Director of Fire and Rescue Services stated (July 2012) that the budget provision was made on the basis of minimum pay and allowances for the personnel anticipated to be recruited by the Tamil Nadu Uniformed Services Recruitment Board (Board) and since recruitment for the post of firemen could not be made against the vacancies, the funds had to be surrendered.

The reply of the Director is not acceptable as test check of records revealed that in the number statement prepared by the Director and sent to Government, for preparation of the Budget for 2011-12, the entire sanctioned strength of 3,996 under the category of “Firemen” including vacant posts of 1,207 was taken into account for budgeting in contravention to the guidelines issued (July 2010) by the Finance Department that pay corresponding to the posts which were likely to remain vacant during 2011-12 must be excluded from the pay arrived as per the number statement. It was, however, noticed that a proposal (July 2011) to fill-up only 879 posts of Firemen out of 1,207 posts to be filled, was sent to the Board. Further, while arriving the budget provision for salary, the anticipated retirement vacancies of 170 under various posts during 2011-12 were not taken into account. Thus, the unrealistic budgeting resulted in significant savings under the Grant. Savings occurred under the sub-head in the preceding four years also.

## 2.5 Advances from the Contingency Fund

The Contingency Fund of the State has been established under the Tamil Nadu Contingency Fund Act, 1954 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.

During the year 2011-12, it was noticed that in 62 out of 105 sanctions issued by Government for drawal of advances from the Contingency Fund, ₹ 78.63 crore, were not drawn indicating that the funds were not required to meet urgent expenditure, as detailed in **Appendix 2.10**. In respect of three other sanctions, the actual expenditure was less than 50 *per cent* of the sanctioned amount as detailed in **Appendix 2.11**.

## 2.6 Conclusion

During 2011-12 expenditure of ₹ 1,12,427.48 crore was incurred against the total grants and appropriations of ₹ 1,23,744.35 crore, resulting in savings of ₹ 11,316.87 crore. This overall savings were the net result of savings of ₹ 11,672.44 crore offset by excess expenditure of ₹ 355.57 crore. There were persistent savings of more than five *per cent* of the total grant in 16 cases. Excess expenditure of ₹ 6,247.51 crore pertaining to the period 1998 to 2011 was pending for regularization. Supplementary provisions of ₹ 1,070.44 crore obtained in 31 cases of ₹ 50 lakh or more in each case during 2011-12 proved unnecessary as the expenditure was less than the original provisions. In 33 cases, the amounts surrendered (₹ 50 lakh or more) were in excess of the actual savings. As against savings of ₹ 4,404.54 crore, the amount surrendered was ₹ 5,685.70 crore, resulting in excess surrender of ₹ 1281.16 crore. In 48 cases of surrender of funds in excess of ₹ 10 crore, ₹ 5,520.10 crore were surrendered on the last working day of March 2012. In 62 out of 105 sanctions issued by Government for drawal of advances from the Contingency Fund, advances to the tune of ₹ 78.63 crore were not drawn implying no urgency for the advances.

## 2.7 Recommendations

- The budgetary controls need to be strengthened especially in those departments where there were huge savings, persistent savings, non-surrender of funds and expenditure incurred without provision of funds.
- The excess expenditure pending for regularisation since 1998 need to be regularised.