

CHAPTER – II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

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

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 authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2012-13 against 29 grants/appropriations was as given in **Table 2.1**.

Table-2.1
Summarized Position of Actual Expenditure *vis-à-vis* Original/Supplementary provisions
(₹ in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure ¹	Saving (-)/Excess (+)
Voted	I-Revenue	22637.43	1023.56	23660.99	22648.41	(-) 1012.58
	II-Capital	8218.57	1595.47	9814.04	5939.49	(-) 3874.55
	III-Loans and Advances	69.98	24.69	94.67	93.40	(-) 1.27
Total voted		30925.98	2643.72	33569.70	28681.30	(-) 4888.40
Charged	IV-Revenue	2705.49	0.77	2706.26	2736.68	(+)30.42
	V-Capital	-	-	-	-	-
	VI-Public Debt Repayment	1317.18	-	1317.18	5085.46	(+) 3768.28
Total charged		4022.67	0.77	4023.44	7822.14	(+)3798.70
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		34948.65	2644.49	37593.14	36503.44	(-)1089.70

The overall saving of ₹ 1089.70 crore was the result of saving of ₹ 5831.27 crore in 23 grants and three appropriation under Revenue Section and 22 grants under Capital Section which is offset by excess of ₹ 4741.57 crore in six grants and one

¹ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue (₹ 267.87 crore) and Capital (₹ 715.45 crore)

appropriation under Revenue Section and seven grants and one appropriation under Capital Section.

It has been seen from the above table that the supplementary Grant of ₹ 2643.72 crore proved injudicious in the voted section as the expenditure of ₹ 28681.30 crore did not come even up to the level of original provision of ₹ 30925.98 crore and in the charged section Supplementary Grant of ₹ 0.77 crore proved insufficient in view of the excess expenditure of ₹ 3798.70 crore.

2.3 Financial Accountability and Budget Management

2.3.1 Savings

The outcome of the appropriation audit shows that in 44 cases, savings exceeded ₹ one crore in each case or by more than 20 per cent of the total provision (*Appendix 2.1*). Against the total savings of ₹ 5,831.27 crore, savings of ₹ 5,454.18 crore (94 per cent)² occurred in 21 cases relating to 17 grants as indicated in *Table 2.2*.

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

(₹ in crore)

Sl. No	Name of Grant/ Appropriation/	Original	Supple- mentary	Total grant	Actual expenditure	Savings
I-Revenue voted						
1.	02-Home	3090.18	-	3090.18	2934.90	155.28
2.	03-Planning and Dev. Deptt	160.99	86.55	247.54	158.48	89.06
3.	07- Education	3236.73	-	3236.73	2830.44	406.29
4.	08-Finance	3946.88	-	3946.88	3715.34	231.54
5.	10-Law	172.04	16.10	188.14	126.13	62.01
6.	14-Revenue	638.32	20.96	659.28	469.67	189.61
7.	17-Health & Medical Education	1468.28	-	1468.28	1365.11	103.17
8.	21-Forest	508.03	-	508.03	438.85	69.18
Total-Revenue (Voted)		13221.45	123.61	13345.06	12038.92	1306.14
II-Capital (Voted)						
9.	01-General Administration Department	70.32	1.30	71.62	14.31	57.31
10.	03-Planning and Dev. Deptt.	1578.82	1158.43	2737.25	256.59	2480.66
11.	06-Power Dev. Department	628.24	19.61	647.85	477.26	170.59
12.	07-Education	485.23	-	485.23	275.94	209.29
13.	08-Finance	267.13	-	267.13	18.47	248.66
14.	12-Agriculture	390.25	-	390.25	268.16	122.09
15.	15-Consumer Affairs & Public Distribution	861.28	69.07	930.35	787.12	143.23
16.	17-Health & Medical Edu.	318.85	-	318.85	257.43	61.42
17.	18-Social Welfare	217.80	-	217.80	87.63	130.17
18.	19-Housing & Urban Development	594.53	173.04	767.57	532.52	235.05
19.	22-Irrigation	417.00	-	417.00	328.87	88.13
20.	25-Labour Stationery & Printing	79.74	-	79.74	1.58	78.16
21.	28- Rural Development	407.39	-	407.39	284.11	123.28
Total-Capital (Voted)		6316.58	1421.45	7738.03	3589.99	4148.04
Grand Total		19538.03	1545.06	21083.09	15628.91	5454.18

² Exceeding ₹ 50 crore in each case.

Reasons for substantial savings (shortfall in utilization) against each grant were not assigned (September 2013) by the State Government.

2.3.2 Persistent Savings by certain Departments

In eleven cases, persistent savings of more than ₹ one crore in each case and also by nine per cent or more of the total grant were noticed during the last five years as indicated in Table 2.3.

Table-2.3
List of Grants indicating Persistent Savings during 2008-13

(₹ in crore)

Sl. No	Grant number and name	Amount of Savings				
		2008-09	2009-10	2010-11	2011-12	2012-13
Revenue (Voted)						
1.	03-Planning and Development	41.74 (43)	98.31 (72)	38.88 (56)	20.48(14)	89.06(36)
2.	04-Information	3.78 (18)	3.21 (12)	6.04 (19)	6.13(15)	10.43(25)
3.	10-Law	25.34 (19)	43.00 (38)	22.31 (17)	77.17(38)	62.01(33)
4.	11-Industries & Commerce	9.16(9)	19.14(14)	20.06(13)	36.84(18)	32.34(15)
Revenue charged						
5.	10-Law	1.97 (19)	5.32 (29)	2.18 (14)	6.51(28)	12.54(39)
Capital (Voted)						
6.	07-Education	57.59(30)	121.95(43)	317.82(59)	128.18(27)	209.29(43)
7.	08-Finance	432.23 (82)	222.22 (27)	387.82 (74)	207.67(92)	248.65(93)
8.	14-Revenue	145.22 (88)	72.05 (53)	45.64 (42)	52.71(51)	41.76(75)
9.	19-Housing and Urban Development	279.90 (63)	96.10 (26)	156.78 (38)	262.38(43)	235.05(31)
10.	21-Forest	24.00 (35)	47.94 (50)	50.69 (52)	39.41(46)	16.36(18)
11.	25-Labour, Stationery and Printing	74.44 (95)	69.80 (97)	140.44 (99)	71.84(97)	78.16(98)

Reasons for persistent savings under these heads were not intimated (September 2013) by the State Government.

2.3.3 Anticipated savings not surrendered

As per the State Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2012-13, there were, however, 27 grants and three appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The savings in these cases was of the order of ₹ 5831.27 crore which includes ₹ 5,829.35 crore in 42 cases (involving 27 grants and two appropriation) where savings involved were ₹ one crore and above. Relevant details are indicated in Appendix-2.2. Non-surrender of funds (savings) deprived the Government to transfer these funds to other needy sectors.

2.3.4 Expenditure in Excess of legislative approval by certain Departments

In 15 cases, expenditure aggregating ₹ 12,543.29 crore exceeded by ₹ 4,741.57 crore the total approved provisions of ₹ 7801.72 crore, and in each case by ₹ one crore or by more than 20 per cent of the provision. Details are given in Appendix 2.3. Of

these, excess expenditure by more than 17 per cent has been observed consistently for the last five years in respect of one grant and one appropriation as given in **Table 2.4**.

Table-2.4
List of Grant indicating Persistent Excess expenditure during 2008-13

Grant number and name	Years				
	2008-09	2009-10	2010-11	2011-12	2012-13
<i>(₹ in crore)</i>					
Capital (Charged)					
08-Finance	2740.40 (448)	2765.44 (342)	4820.49 (503)	4473.35 (381)	3768.28 (286)
Revenue (Voted)					
25-Labour Stationery & Printing	9.73 (30)	47.69 (132)	15.74 (17)	42.74 (63)	85.41 (118)

Reasons for persistent excesses under the head were not explained (September 2013) by the State Government.

2.3.5 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 1325.73 crore was incurred in 74 Major heads of account (detailed in **Appendix-2.4**) without any provision in the original estimates/ supplementary demand and without any re-appropriation orders to this effect.

2.3.6 Regularisation of excess expenditure

As per Section 82 of the Constitution of Jammu and Kashmir, it is mandatory for the State Government to get the excess over a grant/ appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Section, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As the Appropriation Accounts (1980-81) had not been discussed in PAC, the excess expenditure aggregating to ₹ 90,198.17 crore for the years 1980-2012 is yet to be regularised by the State Legislature as detailed in **Appendix 2.5**. After including further excess expenditure of ₹ 4,741.57 crore during 2012-13 as brought out in the succeeding Sub-Section, the aggregate excess expenditure requiring regularization by the Legislature stands at ₹ 94,939.74 crore as on 31st March 2013.

2.3.7 Excess over provisions requiring regularisation

Table 2.5 contains the summary of total excess in 15 cases comprising of 11 grants and one appropriation amounting to ₹ 4,741.57 crore over authorization from the Consolidated Fund of the State during 2012-13 and requires regularization under Section 82 of the Constitution of Jammu and Kashmir.

Table-2.5
Excess over provisions requiring regularisation during 2012-13

				(₹ in crore)
Sl. No	Grant/Appropriation number and name	Total Grant/Appropriation	Expenditure	Excess
I- Revenue (Voted)				
1.	01-General Administration	245.85	258.50	12.65
2.	16-Public Works	825.87	835.86	9.99
3.	18-Social Welfare	318.53	745.79	427.26
4.	25-Labour Stationery & Printing	72.34	157.75	85.41
5.	26-Fisheries	45.77	47.31	1.54
6.	27-Higher Education	492.37	519.67	27.30
Total Revenue (Voted)		2000.73	2564.88	564.15
II-Revenue (Charged)				
7	08-Finance Department	2662.03	2706.76	44.73
Total Revenue (Charged)		2662.03	2706.76	44.73
Total Revenue (Section)		4662.76	5271.64	608.88
III-Capital (Voted)				
8	5-Ladakh Affairs	308.62	310.96	2.34
9	11-Industries & Commerce	142.23	157.41	15.18
10	13-Animal Husbandry	34.88	36.83	1.95
11	16-Public Works	880.84	1041.26	160.42
12	20-Tourism	134.09	220.87	86.78
13	23-Public Health Engineering	150.00	163.95	13.95
14	27-Higher Education	171.13	254.92	83.79
Total Capital (Voted)		1821.79	2186.20	364.41
IV-Capital (Charged)				
15	08-Finance	1317.18	5085.46	3768.28
Total Capital (Charged)		1317.18	5085.46	3768.28
Total Capital (Section)		3138.97	7271.66	4132.69
Grand Total		7801.73	12543.30	4741.57

As can be seen, in the Revenue section, there was excess expenditure of ₹ 608.88 crore in six grants and one appropriation while in the Capital section, excess expenditure amounted to ₹ 4132.69 crore in seven grants and one appropriation. The excess expenditure of ₹ 4741.57 crore was mainly due to repayment of Public Debt of ₹ 3768.28 crore and ₹ 44.73 crore of interest payments in excess of budget provisions. A similar excess expenditure of ₹ 4473.34 crore was incurred on repayment of Public Debt in 2011-12 also, indicating that it is not one-off occurrence. Although repayment of Public Debt and interest payments is an expenditure charged on the Consolidated Fund of the State, the Legislative approval is nevertheless required for any outgo from the Consolidated Fund.

2.3.8 Unnecessary/ Excessive/ Inadequate supplementary provisions

In 14 cases, involving 10 grants and two appropriations (*Appendix-2.6*), supplementary Grant of ₹ 1555.16 crore was obtained in excess of the original provision in anticipation of expenditure. However, the final expenditure of ₹ 2,909.42 crore was even less than the original grant of ₹ 4,843.43 crore. The

savings of ₹ 3489.17 crore thus, exceeded the entire supplementary provision indicating inefficient system of Fund projection leading to unnecessary allotment of additional funds.

In eight other cases relating to eight grants, supplementary grants aggregating ₹ 814.12 crore were obtained against the requirement of ₹ 755.70 crore resulting in saving of ₹ 58.42 crore (*Appendix-2.7*).

Apart from these cases, supplementary provision of ₹ 274.77 crore proved insufficient in six cases relating to five grants leaving an uncovered aggregate excess expenditure of ₹ 228.04 crore (*Appendix-2.8*).

2.3.9 Rush of expenditure

According to Jammu and Kashmir Financial Code, rush of expenditure in the closing month of a financial year should be avoided. Contrary to this, in respect of 12 demands listed in **Table 2.6**, expenditure exceeding ₹ 10 crore for the year was incurred during the last quarter of the financial year 2012-13. The percentage of expenditure in the last quarter ranged between 46 and 98 per cent of the total expenditure.

Table-2.6
Cases of rush of expenditure towards the end of the financial year 2012-13

(₹ in crore)

Sl. No.	Grant number and name	Total expenditure during the year	Expenditure during the last quarter of the year	
			Amount	Percentage of total expenditure
1	03-Planning and Development	415.07	300.13	72
2	05-Ladakh Affairs	729.34	712.71	98
3	08-Finance	11526.04	7246.13	63
4	11-Industries and Commerce	336.34	189.38	56
5	12-Agriculture	893.91	406.76	46
6	18-Social Welfare Department	833.42	416.06	50
7	19-Housing & Urban Development	894.41	435.02	49
8	20-Tourism	319.80	162.61	51
9	24-Hospitality & Protocol	195.40	95.07	49
10	27-Higher Education	774.59	466.32	60
11	28-Rural Development	479.95	241.85	50
12	29-Transport	80.50	55.26	69
	Total		10727.30	

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent (DC) Bills against Abstract Contingent (AC) Bills

As per rules (Chapter-VIII of the Jammu and Kashmir Financial Code Volume-I), every drawing officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective Controlling Officers for countersignature and

transmit the same to the Accountant General (A&E), Jammu and Kashmir. In contravention thereto, against a total amount of ₹ 2667.61 crore (*Appendix-2.9*) drawn on AC bills by various Drawing and Disbursing Officers (DDOs) during 1995-2013, corresponding DC bills were not submitted (June 2013) to the Accountant General (A&E), Jammu and Kashmir. Non-remission of DC bills for such a huge amount over a very long period is fraught with the risk of misappropriation.

Further, reasons for non-settlement of the outstanding AC bills that are more than two years old may be investigated and action may be initiated for their immediate settlement.

The matter has continually been brought to the notice of the Government/ Finance Department from time to time. Despite issuance of instructions in this regard by the State Finance Department, the DDOs did not furnish the pending DC bills to the Accountant General (A&E).

2.4.2 Un-reconciled Expenditure

To enable Controlling Officers of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate that expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E), Jammu and Kashmir. Though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapse on the part of Controlling Officers in this regard continued to persist. Out of 345 Controlling Officers, 50 Controlling Officers did not reconcile expenditure amounting to ₹ 4532.74 crore which constituted 15 *per cent* of the total net Revenue and Capital expenditure and ₹ 6375.23 crore of Receipts which constitutes 25 *per cent* of Total Receipts.

2.5 Errors in budgeting process

Scrutiny of Demand of Grants for the year 2012-13 showed following inherent flaws in preparation:

- Lump sum budgetary provisions of ₹ 7108.33 crore which constitute 18.91 *per cent* of total provision of ₹ 37593.14 crore are being placed with Controlling Officers in various Demands for Grants instead of detailed head-wise/ scheme-wise provisions which are in contravention of the State Financial Rules.
- Detailed head 'subsidy' is not being provided under relevant major/ minor head/ sub head of accounts in the Demand for Grants.
- The Capital heads of accounts are being closed at sub-head level in the demand for grants. No detailed breakup below thereto up to object head level is available in the approved demand for grants.

These deficiencies make the budgeting process erroneous thereby, making reconciliation of departmental figures with those compiled by the Accountant General (A&E), Jammu and Kashmir difficult. The above matter had been reported to the State Government from time to time. Further action in the matter is awaited (September 2013).

2.5.1 Drawal of Funds to avoid lapse of Budgetary Grants

According to the provisions of Jammu and Kashmir Financial Code Vol-I [Rule 2.16(5)] no money should be drawn from the treasury unless it is required for immediate disbursement. Besides, it is not permissible to draw money from treasury for keeping in Banks or under civil deposits to prevent the lapse of Budgetary Grants. The 13th Finance Commission also recommended that the Public Accounts should not be treated as an alternative to the Consolidated Fund and Government expenditure should be directly incurred from the Consolidated Fund avoiding transfer from Consolidated Fund to the Public Account.

As per Finance Account for the year 2012-13, the Minor Head 800-Other Deposits subordinate to Major Head 8443-Civil Deposits had accumulated balance of ₹ 360.36 crore at the close of the year (March 2013). During the year ₹ 16.67 crore was added to the Minor Head against mere withdrawal of ₹ 61.96 crore. The accumulated balance at the close of the year should have been written back to the respective Major Heads of account under the Consolidated Fund from which these were originally transferred, as the drawals from the above Minor Head of account in the subsequent years neither require Legislative approval nor were the expenditure incurred subjected to Legislative scrutiny through the Appropriation Account mechanism.

2.5.2 Unrealistic forecasting of resources

The Jammu and Kashmir State Budget Manual stipulates that the Budget of the State is based on the departmental estimates submitted by the Controlling Officers. Both the departmental and the district estimate should always receive careful personal attention of the officers who submit them. These should neither be inflated nor under-pitched, but should be accurate as possible. However, it was noticed that the revised estimates for 2012-13 for Non-Tax revenue projection was ₹ 2819 crore while actual realization was ₹ 2160 crore resulting in downward variation of ₹ 659 crore corresponding to 23 *per cent* below the original forecast. Similarly, Tax Revenue for the year 2012-13 was projected at ₹ 5975 crore while actual realization was ₹ 5832 crore resulting again in variation of ₹ 143 crore below the projection. In this connection projections for the last four years are appended in **Table 2.7**.

Table 2.7
Projections of Tax Revenue and Non-Tax Revenue vis-à-vis Actuals

<i>(₹ in crore)</i>				
Year	Description	Revised estimates	Actuals	Difference
2009-10	Tax revenue	3075	3027	48
	Non-Tax revenue	1294	955	339
2010-11	Tax revenue	3643	3483	160
	Non-Tax revenue	1475	1093	382
2011-12	Tax revenue	4791	4745	46
	Non-Tax revenue	1851	2002	(-)151
2012-13	Tax revenue	5975	5832	143
	Non-Tax revenue	2819	2160	659

2.5.3 Misclassification of Grants-in-aid and subsidy

Grants-in-aid to any Institution/ Body must constitute the Revenue Expenditure of the Government. But during the year 2012-13 a sum of ₹ 59.31 crore and subsidy of ₹ 80.07 crore has been disbursed under the following Capital Major Heads of expenditure in violation of Indian Government Accounting Standards (IGAS-2) as tabulated in **Table 2.8**.

Table 2.8
Disbursement of Grants-in Aid and Subsidy under Capital Heads

<i>(₹ in crore)</i>		
Classification	Grant-in-Aid	Subsidy
4202-CO on Education Sports Art & Culture	58.49	-
4401-CO on Crop Husbandry	-	59.97
4402-CO on Soil & Water Conservation	-	0.05
4217-CO on Urban Development	0.57	-
4403-CO on Animal Husbandry	0.25	-
4851-CO on Village & Small Industries	-	20.01
5452-CO on Tourism	-	0.04
Total	59.31	80.07

2.6 Outcome of inspection of Treasuries

2.6.1 Excess payment of pension

During inspection of Treasuries/ Sub-Treasuries for the year ended 31 March 2013 by the office of the Accountant General (A&E) excess payment of pension amounting to ₹ 0.88 crore was noticed due to reasons like wrong calculation (arithmetical inaccuracies) of pension, delayed commencement of reduced pension on account of commuted value of pension, payment of enhanced rate of pension beyond stipulated date, non-adjustment/ non-regularisation of commuted value of pension and other miscellaneous reasons.

The control at the level of Treasury Officer should be stricter in so far as pension related payments are concerned may be through introducing Computer and automatic arithmetical calculations in the Treasuries.

2.6.2 Non reimbursement of pension etc. by Pay & Accounts Offices/ Defence

Transactions which initially arise in the State Treasuries but are adjustable by the PAO/ Defence are placed under suspense for eventual adjustments. In this context an amount of ₹ 159.65 lakh, ₹ 2.12 lakh and ₹ 180 lakh paid by the State Treasuries on behalf of the Principal Controller of Defence Accounts (Western Command) Chandigarh, Controller of Defence Accounts (Army), Meerut and Northern Railway, Baroda House, New Delhi respectively are still adjustable in the accounts of the State Government due to either wrong booking of accounts by the State Treasuries or non-submission of vouchers to the respective quarters.

2.7 Review of Grant

2.7.1 Grant No. 25 - Review of Grant for Labour, Stationery & Printing

A review of Grant No: 25 (Labour, Stationery and Printing) for the year 2012-13 showed the following.

Composition

**Table-2.9
Grant No. 25-Labour, Stationery and Printing**

MAJOR HEADS	DEPARTMENT
2058	Stationery & Printing
2230	Labour & Employment
4058 Capital Outlay	Stationery & Printing
4250 Capital Outlay on Other Social Services	Labour & Employment

2.7.2 Financial Outlay

The financial outlay during the year 2012-13 and expenditure incurred there against are given in **Table 2.10**.

Table-2.10

(₹ in crore)

	Nature of Expenditure	Original Grant /Appropriation	Supplementary Grant/Appropriation	Total	Actual Expenditure	Excess (+)/ Savings (-)
Voted	Revenue	72.34	Nil	72.34	157.75	(+) 85.41
Voted	Capital	79.75	Nil	79.75	1.58	(-) 78.17

From above it could be seen that under Revenue Section there has been excess expenditure of ₹ 85.41 crore as original grant proved to be inadequate and needs regularisation. Similarly under Capital section there have been significant savings of ₹ 78.17 crore for which reasons were not furnished (September 2013).

A comparative position of the allocation/ expenditure under the Grant for the last three years is tabulated in **Table 2.11**.

Table-2.11
Comparative position of Actual Expenditure vis-à-vis Total Grant

		(₹ in crore)		
		Total Grant	Actual expenditure	Excess (+) / Savings (-)
Year 2008-09				
Revenue Voted				
Original	32.07	32.07	41.80	(+) 9.73
Supplementary	-			
Capital Voted				
Original	78.04	78.04	3.61	(-) 74.43
Supplementary	-			
Year 2009-10				
Revenue Voted				
Original	36.03	36.03	83.72	(+) 47.69
Capital Voted				
Original	69.65	71.76	1.96	(-) 69.80
Supplementary	2.11			
Year 2010-11				
Revenue Voted				
Original	94.22	94.22	109.96	(+) 15.74
Supplementary	-			
Capital Voted				
Original	141.48	141.48	1.04	(-) 140.44
Supplementary	-			
Year 2011-12				
Revenue Voted				
Original	67.51	67.51	110.25	(+) 42.74
Supplementary	-			
Capital Voted				
Original	74.11	74.11	2.26	(-) 71.85
Supplementary	-			
Year 2012-13				
Revenue Voted				
Original	72.34	72.34	157.75	(+) 85.41
Supplementary	-			
Capital Voted				
Original	79.74	79.74	1.58	(-) 78.16
Supplementary	-			

As can be seen from the above, there is persistent excess during the last five years under Revenue voted section and persistent savings under Capital Voted section. The excess expenditure is mainly under Major Head 2230-Labour and Employment. The Controlling Officers are also kept informed about the excess/ shortfall of expenditure noticed under any Head/ activity by the Accountant General (A&E), Jammu and Kashmir through issue of monthly expenditure statement

2.7.3 Excess expenditure

As per Para 12.10.04 (03) of the Jammu and Kashmir Budget Manual when the need for additional funds arises due to some unforeseen emergency, under estimation or due to any other factor, immediate action is required to be taken to obtain additional funds and unless additional funds are provided by competent authority, no additional expenditure should be authorized or incurred.

During the check of Grant No. 25 it was seen that there has been significant excess expenditure under Major/ Sub-heads as detailed in **Table 2.12**.

Table-2.12
Excess expenditure under Grant No. 25

(₹ in crore)

Sl. No.	Major/Minor/Sub-Head	Grant	Expenditure	Excess
1	2058/01/1627 Stationery Depot Srinagar	2.46	2.81	0.35
2	2230/01/1633 Labour Commissioner	1.27	6.21	4.94
3	2230/02/1642 Employment Exchange	3.00	23.43	20.43
4	2230/02/1643 Self Employment	0.75	51.10	50.35
5	2230/02/1641 Director Employment	28.51	44.91	16.40

The expenditure has not been regularised through obtaining supplementary Grant or Re-appropriation.

2.7.4 Un-utilised Grants

As per Para 4.1.2 of Jammu and Kashmir Budget Manual, the estimates of expenditure are required to be prepared by Head of offices and Controlling Officers according to their assessment of requirement for ensuing year keeping in view the actual expenditure in past, current years trend of expenditure or any new decision taken by the Government which have bearing as funding requirement.

It was noticed during check of Grant No. 25 that the appropriation/ grants remained un-utilised in full during 2012-13 indicating that these were not required as indicated in **Table 2.13**.

Table-2.13
Statement showing un-utilised Appropriation/ Grants

(₹ in crore)

Sl. No.	Major /Sub-head	Total Grant	Expenditure	Saving
1.	2058/1631 Government Press Srinagar	0.08	0.00	0.08
2.	4058/1625 Director Stationery & Supplies	0.24	0.00	0.24
3.	4250/1903 Labour	1.50	0.00	1.50
4.	4250/1642 Employment Exchange	4.55	0.00	4.55
5.	4250/1904 Employment/Medical Aid Trust	72.00	0.00	72.00

2.7.5 Significant savings not surrendered

As per the provisions of the Budget Manual all the anticipated savings should be surrendered to the Government immediately as and when they are foreseen without

waiting till the end of the year, unless they are required to meet excesses under some other units which are definitely foreseen at that time. However, significant savings were noticed under various schemes where provisions were distinctly/ separately placed in approved Demand for Grants as detailed in *Appendix 2.10*. Thus, the significant savings in the above mentioned schemes must have deprived the beneficiaries/ areas of the benefits for which the amount were provided.

2.8 Conclusion

The overall savings of ₹ 1089.70 crore was the result of saving of ₹ 5831.27 crore in various grants and appropriations offset by excess of ₹ 4741.51 crore in six grants and one appropriation.

Excess expenditure of ₹ 94939.74 crore till 31 March 2013 over the approved provision during 2013-13 requires regularisation under Section 82 of the Constitution of Jammu and Kashmir.

Planning and Development, Information, Law, Industries and Commerce, Education, Finance, Revenue, Housing and Urban Development, Forest, Labour, Stationery and Printing Grants posted large savings persistently during the last five years. In many cases, the anticipated savings were not surrendered at the end of the year in the month of March leaving no scope for utilisation of these funds for other development purposes. There were also instances of inadequate provisions and unnecessary/ excessive Supplementary Grants besides Rush of Expenditure in the last quarter of the financial year indicating inadequate budgetary control in the departments. Further, in contravention of Financial Rules, DC bills of the amount of ₹ 2667.61 crore drawn on AC bills by various Drawing and Disbursing Officers since 1995 till 31 March 2013 have not been furnished to the Accountant General (A&E).

2.9 Recommendations

The Government may consider:

- preparing realistic annual budget estimates to avoid large savings/ excesses;
- surrendering of savings by stipulated date for their effective utilization by needy departments;
- regularisation of excess expenditure incurred;
- monitoring of expenditure against the allocations by all departments;
- speedy submission of DC bills against the amount drawn on Abstract Contingent Bills within the timeframe as stipulated in the extant rules.