

# Chapter 2 Financial Management and Budgetary Control

## 2.1 Introduction

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

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

## 2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2012-2013 against 49 grants/appropriations (48 Grants and one Appropriation) are given in **Table-2.1**.

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

(₹ in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	3,894.30	507.06	4,401.36	4,198.51	(-)202.85
	II Capital	1,012.30	225.62	1,237.92	670.03	(-)567.89
	III Loans and Advances	57.64	57.22	114.86	108.61	(-)6.25
	<b>Total Voted</b>	<b>4,964.24</b>	<b>789.90</b>	<b>5,754.14</b>	<b>4,977.15</b>	<b>(-)776.99</b>
<b>Charged</b>	IV Revenue	281.79	0.88	282.67	320.77	38.10
	V Capital	-	-	-	-	-
	VI Public Debt Repayment	87.59	169.92	257.51	286.05	28.54
	<b>Total Charged</b>	<b>369.38</b>	<b>170.80</b>	<b>540.18</b>	<b>606.82</b>	<b>66.64</b>
	<b>Appropriation to Contingency Fund (if any)</b>	-	-	-	-	-
	<b>Grand Total</b>	<b>5,333.62</b>	<b>960.70</b>	<b>6,294.32</b>	<b>5,583.97</b>	<b>(-)710.35</b>

The overall savings of ₹ 710.35 crore was the result of savings of ₹ 829.24 crore in 46 grants under Revenue Section, 18 grants and one appropriation under Capital Section offset by excess of ₹ 118.89 crore in one grants and one appropriation under Revenue Section and one grant and one appropriation under Capital Section.

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The Appropriation accounts of 2012-13 included 48 Grants and one Appropriation. Major savings occurred in Home Department (₹ 29.51 crore), Planning and Programme Implementation Department (₹ 29.40 crore), Environment and Forest (₹ 23.61 crore), School Education (₹ 19.71 crore) and Agriculture (₹ 14.70 crore) under Revenue section. Substantial savings also occurred in Public Works Department (₹ 310.40 crore), Minor Irrigation (₹ 135.60 crore) and Urban Development and Poverty Alleviation (₹ 77.09 crore) under Capital Section (**Appendix-2.1 A**).

The reasons for savings/excess were called for from the concerned Departments. However, no reply was received (February 2014).

### 2.3 Financial Accountability and Budget Management

#### 2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit revealed that savings aggregating ₹ 244.33 crore in 30 cases (Revenue voted) and ₹ 572.29 crore in 11 cases (Capital voted), exceeded ₹ one crore in each case (**Appendix-2.1**). Also savings aggregating ₹ 3,005.07 crore in 15 cases (Revenue and Capital voted), exceeded ₹ 10 crore and above (**Appendix-2.1 A**). Against the overall savings of ₹ 829.24 crore during 2012-13, savings of ₹ 523.09 crore (63.08 per cent) occurred in three cases relating to three grants where savings were more than ₹ 50 crore and above as indicated in **Table-2.2**.

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

(₹ in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
<b>Capital-Voted</b>						
1.	45-Public Works	431.30	84.95	516.25	205.84	<b>310.41</b>
2.	47-Minor Irrigation	135.60	-	135.60	-	<b>135.60</b>
3.	46-Urban Development and Poverty Alleviation	122.79	13.53	136.32	59.24	<b>77.08</b>
<b>Total</b>		<b>689.69</b>	<b>98.48</b>	<b>788.17</b>	<b>265.08</b>	<b>523.09</b>

#### 2.3.2 Persistent Savings

In one case, during the last six years there were persistent savings of more than ₹ one crore (**Table-2.3**).

**Table-2.3: List of Grants indicating Persistent Savings during 2007-13**

(₹ in crore)

Sl. No.	No. and Name of the grant	Amount of savings					
		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1.	14 - Planning and Programme Implementation Department	50.77 (61)	112.39 (80)	8.85 (21)	109.03 (77.95)	50.00 (61.12)	29.40 (40.51)

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

### 2.3.3 Excess Expenditure

Revenue expenditure aggregating ₹ 432.30 crore in 9 cases exceeded the approved provisions (₹ 269.33 crore) by ₹ 162.96 crore and also by more than one crore in each case representing percentages ranging between 33.08 *per cent* to 126.25 *per cent* over the total provision. Also Capital expenditure of ₹ 111.44 crore in three cases exceeded the approved provisions (₹ 71.95 crore) by ₹ 39.49 crore and also by more than one crore in each case representing percentages ranging between 40.61 *per cent* to 361.23 *per cent* over the total provision (**Appendix-2.2**). In *seven* cases, expenditure exceeded more than 50 *per cent* over the approved provisions. Details are given in **Table-2.4**:

**Table-2.4: Grants/Appropriations where expenditure exceeded more than 50 per cent over the approved provisions during 2012-13**

(₹ in lakh)

Sl. No.	Grant No	Name of the Grant/ Appropriation with Major or Minor heads	Total Grant/ Appropriation	Expenditure	Excess Expenditure	Percentage
<b>Revenue (Voted)</b>						
1.	4	Law and Judicial 2014-105-09 Family Courts (voted)	1.80	3.66	1.86	103.33
2.	9	Finance	9,500.00	17,331.67	7,831.67	82.44
		2071-01-101(01) Pension	4,350.00	6,922.32	2,572.32	59.13
		2071-01-104(01) Pension/ Gratuities	2,800.00	4,398.70	1,598.70	57.10
		2071-115(01) Leave encashment	150.00	339.37	189.37	126.25
3.	14	Planning and Programme Implementation	34.00	68.00	34.00	100.00
		3454-02-201-01 National Sample Survey (CSS)				
<b>Total</b>			<b>16,835.80</b>	<b>29,063.72</b>	<b>12,227.92</b>	<b>---</b>
<b>Capital (Voted)</b>						
1.	45	Public Works 4217-01-051-04 Construction (SCA)	277.27	1,280.66	1,003.39	361.23
<b>Total</b>			<b>277.27</b>	<b>1,280.66</b>	<b>1,003.39</b>	<b>---</b>

### 2.3.4 Unutilised provision of Fund

Appropriation of fund for a work/scheme during a financial year is approved by the Legislature through budget for implementation of the work/scheme. During the year 2012-13, a provision of ₹ 356.11 crore including supplementary grant for implementation of CSS, NLCPR schemes under seven departments was approved. The departments, however, could not utilise the funds as approved and resulted in savings. The details are given in **Appendix-2.3**.

**2.3.5 Excess over provisions relating to previous years requiring 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, but the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to ₹ 124.17 crore for the years 2004-05 to 2009-10 was yet to be regularised. The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table-2.5**.

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

(₹ in crore)

Year	Number of grants/ appropriations	Grant/Appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2010-11	3	17, 28 & 42	4.69	-
2011-12	3	27,16 & 25	0.59	-
2012-13	2	9 & 49	118.89	-
<b>Total</b>	<b>8</b>		<b>124.17</b>	

**2.3.6 Excess over provision during 2012-13 requiring regularisation**

**Table-2.6** contains the summary of total excess in one grant and one appropriation amounting to ₹ 118.89 crore over authorization from the Consolidated Fund of the State (CFS) during 2012-13 and requires regularisation under Article 205 of the Constitution.

**Table-2.6: Excess over provisions requiring regularisation during 2012-13**

(₹ in crore)

Sl. No.	Number and title of grant/ appropriation	Total grant/ appropriation	Expenditure	Excess
<b>Voted Grants</b>				
1.	9-Finance (Revenue)	345.24	395.81	50.57
<b>Total (Voted)</b>		<b>345.24</b>	<b>395.81</b>	<b>50.57</b>
<b>Charged Grants</b>				
2.	Public Debt (Revenue)	267.77	307.55	39.78
3.	Public Debt (Capital)	257.51	286.05	28.54
<b>Total (Charged)</b>		<b>525.28</b>	<b>593.60</b>	<b>68.32</b>
<b>Total</b>		<b>870.52</b>	<b>989.41</b>	<b>118.89</b>

**2.3.7 Unnecessary/Excessive/Inadequate supplementary provision**

Supplementary provision aggregating ₹ 163.62 crore obtained in 23 cases, ₹ 10 lakh or more in each case, during the year proved unnecessary as the original provision was not fully utilised as detailed in **Appendix-2.4**. Out of the above 23 cases, ₹ 159 crore proved unnecessary in 12 cases and were more than one crore and above in each case as detailed in **Table-2.7**.

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

(₹ in lakh)

Sl. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary Provision
(1)	(2)	(3)	(4)	(5)	(6)
<b>A. Revenue (Voted)</b>					
1.	4 Law & Judicial	1,688.70	1,449.63	239.07	121.30
2.	6 Land Revenue and Reforms	2,123.22	1,994.67	128.55	192.56
3.	11 Secretariat Administration	7,151.39	6,779.64	371.75	157.67
4.	14 Planning and Programme Implementation	6,857.39	4,316.43	2,540.96	399.16
5.	16 Home	41,758.58	41,353.95	404.63	2,546.54
6.	17 Food, Civil Supplies and Consumer Affairs	5,884.65	5,721.38	163.27	489.12
7.	19 Local Administration	3,847.13	2,987.11	860.02	522.48
8.	36 Environment and Forest	9,625.85	8,217.81	1,408.04	952.75
9.	38 Rural Development	8,308.73	7,620.33	688.40	555.73
10.	42 Transport	4,186.10	3,059.94	1,126.16	115.23
<b>Total for Revenue (Voted)</b>		<b>91,431.74</b>	<b>83,500.89</b>	<b>7,930.85</b>	<b>6,052.54</b>
<b>B. Capital (Voted)</b>					
11.	45 Public Works	43,130.19	20,584.44	22,545.75	8,494.67
12.	46 Urban Development and Poverty Alleviation	12,279.37	5,923.89	6,355.48	1,353.02
<b>Total for Capital (Voted)</b>		<b>55,409.56</b>	<b>26,508.33</b>	<b>28,901.23</b>	<b>9,847.69</b>
<b>Grand Total (A+B)</b>		<b>1,46,841.30</b>	<b>1,10,009.22</b>	<b>36,832.08</b>	<b>15,900.23</b>

Further, in 49 cases, Supplementary Provisions aggregating ₹ 634.31 crore, ₹ 20 lakh and above in each case proved excessive/inadequate as detailed in **Appendix-2.5**. Out of these, there were 35 cases where supplementary provision proved excessive by more than ₹ one crore as detailed in **Table-2.8**.

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

(₹ in lakh)

Sl. No.	Number and Name of the Grant	Original Provision	Supplementary Provision	Total Provision	Expenditure	Sup. Pro. Excess (+)/ Less (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>A. Revenue (Voted)</b>						
1.	3 Council of Ministers	560.70	43.65	604.35	451.65	152.70
2.	4 Law and Judicial	1,688.70	121.30	1,810.00	1,449.63	360.37
3.	6 Land Revenue & Reforms	2,123.22	192.56	2,315.78	1,994.67	321.11
4.	9 Finance	34,231.99	292.36	34,524.35	39,580.73	(-) 5,056.38
5.	11 Secretariat Administration	7,151.39	157.67	7,309.06	6,779.64	529.42
6.	14 Planning and Programme Implementation	6,857.39	399.16	7,256.55	4,316.43	2,940.12
7.	15 General Administration Department	5,054.55	925.57	5,980.12	5,686.89	293.23
8.	16 Home	41,758.58	2,546.54	44,305.12	41,353.95	2,951.17
9.	17 Food, Civil Supplies & Consumer Affairs	5,884.65	489.12	6,373.77	5,721.38	652.39
10.	18 Printing and Stationery	1,396.78	53.42	1,450.20	1,145.35	304.85
11.	19 Local Administration Department	3,847.13	522.48	4,369.61	2,987.11	1,382.50
12.	20 School Education	57,820.90	5,230.85	63,051.75	61,081.24	1,970.51
13.	24 Medical & Public Health Services	18,276.86	3,961.42	22,238.28	22,026.35	211.93
14.	25 Water Supply & Sanitation	10,674.25	3,137.00	13,811.25	13,475.72	335.53
15.	27 District Councils	24,316.85	3,532.13	27,848.98	26,547.98	1,301.00
16.	29 Social Welfare	6,747.64	5,312.43	12,060.07	10,698.12	1,361.95
17.	30 Disaster Management and Rehabilitation	1,678.38	916.07	2,594.45	1,698.62	895.83
18.	31 Agriculture	19,963.58	5,617.59	25,581.17	24,111.19	1,469.98
19.	32 Horticulture	11,871.60	567.00	12,438.60	12,320.88	117.72
20.	33 Soil and Water Conservation	5,990.52	75.23	6,065.75	5,746.95	318.80
21.	34 Animal Husbandry & Veterinary	11,395.08	1,523.09	12,918.17	12,608.52	309.65
22.	36 Environment & Forest	9,625.85	952.75	10,578.60	8,217.81	2,360.79
23.	37 Co-operation	1,199.69	77.16	1,276.85	1,126.44	150.41
24.	38 Rural Development	8,308.73	555.73	8,864.46	7,620.33	1,244.13
25.	39 Power	27,546.44	3,099.78	30,646.22	30,120.39	525.83
26.	40 Industries	9,756.70	851.82	10,608.52	10,239.97	368.55
27.	42 Transport	4,186.10	115.23	4,301.33	3,059.94	1,241.39
28.	45 Public Works	14,220.56	1,291.20	15,511.76	15,363.50	148.26
29.	46 Urban Development and Poverty Alleviation	4,122.36	479.36	4,601.72	4,421.33	180.39
30.	47 Minor Irrigation	1,155.93	24.49	1,180.42	952.44	227.98
<b>Total for Revenue (Voted)</b>		<b>3,59,413.10</b>	<b>43,064.16</b>	<b>4,02,477.26</b>	<b>3,82,905.15</b>	<b>19,572.11</b>

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(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>C. Capital (Voted)</b>						
31.	16 Home	2,466.00	2,079.96	4,545.96	2,510.47	2,035.49
32.	25 Water Supply & Sanitation	2,605.53	5,631.97	8,237.50	7,717.03	520.47
33.	39 Power	6,143.24	2,782.38	8,925.62	7,255.13	1,670.49
34.	45 Public Works	43,130.19	8,494.67	51,624.86	20,584.44	31,040.42
35.	46 Urban Development & Poverty Alleviation	12,279.37	1,353.02	13,632.39	5,923.89	7,708.50
<b>Total for Capital (Voted)</b>		<b>66,624.33</b>	<b>20,342.00</b>	<b>86,966.33</b>	<b>43,990.96</b>	<b>42,975.37</b>
<b>Grand Total</b>		<b>4,26,037.43</b>	<b>63,406.16</b>	<b>4,89,443.59</b>	<b>4,26,896.11</b>	<b>62,547.48</b>

### 2.3.8 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient in 25 sub-heads and resulted in savings/excess of over ₹ 10 lakh and above as detailed in **Appendix-2.6**.

### 2.3.9 Substantial surrenders

Substantial surrenders (the cases where more than 50 per cent of total provision was surrendered) were made in respect of 40 sub-heads on account of either slow implementation of schemes/programmes or late receipt of sanction from Government or non-receipt/misclassification of expenditure statement. Out of the total provision amounting to ₹ 405.93 crore in these 40 Schemes, an amount of ₹ 268.32 crore was surrendered (**Appendix-2.7**) which included 100 per cent surrender in 16 Schemes (₹ 69.93 crore).

### 2.3.10 Surrenders in excess of actual savings

As against savings of ₹ 148.58 crore, an amount of ₹ 165.74 crore was surrendered resulting in excess surrender of ₹ 17.16 crore as detailed in **Appendix-2.8**. There were seven cases where the surrender in excess (₹ 15.47 crore) were more than ₹ 50 lakh as shown in **Table-2.9**.

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

(₹ in lakh)					
Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
<b>Revenue (Voted)</b>					
1.	6- Land Revenue and Reform	2,315.78	321.11	378.36	57.25
2.	11- Secretariat Administration Department	7,309.06	529.42	623.11	93.69
3.	20- School Education	63,051.75	1,970.51	2,275.75	305.24
4.	21- Higher and Technical Education	17,617.92	60.82	165.70	104.88
5.	24- Medical and Public Health Services	22,238.28	211.93	879.56	667.63
6.	42- Transport	4,301.33	1,241.39	1,429.53	188.14
7.	45- Public Works	15,511.76	148.26	278.91	130.65
<b>Grand Total</b>		<b>1,32,345.88</b>	<b>4,483.44</b>	<b>6,030.92</b>	<b>1,547.48</b>

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In 31 cases, an amount of ₹ 167.23 crore was surrendered without furnishing any reason as detailed in **Appendix-2.9**. The amount surrendered in excess of actual savings indicated lack of budgetary control in these departments.

### 2.3.11 Anticipated savings not surrendered

As per extant Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the financial year 2012-13, there were, however, eight grants/appropriations in which savings of ₹ 105.39 crore (14.83 *per cent* of the total savings) occurred but no part of the available savings was surrendered by the concerned Departments as shown in **Table-2.10**.

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

(₹ in lakh)		
Sl. No.	Number and Name of Grants/Appropriation	Saving which remained to be surrendered
<b>Revenue (Voted)</b>		
1.	27-District Councils	1,301.00
<b>Revenue (Charged)</b>		
2.	Public Debt	3,978.54
<b>Capital (Voted)</b>		
3.	4-Law and Judicial	185.00
4.	16-Home	2,035.49
5.	21-Higher and Technical Education	3.46
6.	34-Animal Husbandry and Veterinary	44.44
7.	43-Tourism	137.62
<b>Capital (Charged)</b>		
8.	Public Debt	2,853.66
<b>Total</b>		<b>10,539.21</b>

Besides, out of total savings of ₹ 391.41 crore (savings of ₹ one crore and above), under seven other grants/appropriations, savings amounting to ₹ 55.58 crore (14.20 *per cent*) were not surrendered as shown in **Table-2.11** below. Besides, out of total savings of ₹ 573.82 crore under 41 grants/appropriations, savings of ₹ 164.56 crore remained to be surrendered as shown in **Appendix-2.10**.

**Table-2.11: Details of savings of ₹ one crore and above other than totally not surrendered**

(₹ in lakh)

Sl. No.	Number and Name of Grants/ Appropriation	Saving	Surrender	Saving which remained to be surrendered
<b>Revenue (Voted)</b>				
1.	4-Law and Judicial	360.37	225.82	134.55
2.	9-Finance	5,056.38	2,126.58	2,929.80
3.	25-Water Supply & Sanitation	335.53	200.00	135.53
4.	34-Animal Husbandry and Veterinary	309.65	153.35	156.30
5.	40-Industries	368.55	256.70	111.85
<b>Capital (Voted)</b>				
6.	39-Power	1,670.49	0.06	1,670.43
7.	45-Public Works	31,040.42	30,620.78	419.64
<b>Total</b>		<b>39,141.39</b>	<b>33,583.29</b>	<b>5,558.10</b>

### 2.3.12 Rush of Expenditure

According to Financial Rules, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 29 Grants listed in **Appendix-2.11**, expenditure of more than 25 per cent of the total expenditure for the year was incurred in March 2013. Of these, in 19 cases involving ₹ 61.13 crore, the whole amount was incurred in March, indicating there was no control over the flow of expenditure.

## 2.4 Reconciliation of Departmental figures

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

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

It was noticed that against the total amount (₹ 1217.81 crore) drawn in AC bills during the period 2000-01 to 2012-13, DCC bills for ₹ 1141.07 crore have been received by the Accountant General (A&E) as of 31 March 2013. Thus, an amount ₹ 76.74 crore (6.30 per cent) drawn in AC bills remained outstanding as of March 2013 due to non-submission of DCC bills to that extent. The year-wise details are given in **Table-2.12**.

**Table-2.12: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills**

(₹ in crore)

Year	Amount drawn in AC bills	Amount adjusted through DCC bills	Amount outstanding (as of 31 March 2013)	Percentage of outstanding amount
Upto 2010-11	1,155.55	1,100.96	54.59	4.72
2011-12	61.98	40.11	21.87	35.29
2012-13	0.28	0.00	0.28	100.00
<b>Total</b>	<b>1,217.81</b>	<b>1,141.07</b>	<b>76.74</b>	<b>6.30</b>

Source: Finance Account 2012-13(Vol-I)

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

#### 2.4.2 Un-reconciled Expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budgetary grants and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (A&E). Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers continued to persist during 2012-13 also.

It was noticed that during the year 2012-13, out of 79 Controlling Officers, 67 Controlling Officers (84.81 per cent) reconciled the expenditure of ₹ 3,966.70 crore (77.52 per cent of the total expenditure). Similarly, out of 13 Controlling Officers under Receipt Heads, 13 Controlling Officers (100 per cent) reconciled receipts of ₹ 339.67 crore (7.49 per cent against the total receipts). As a result, expenditure of ₹ 1,150.30 crore and receipts of ₹ 4,195.31 crore remained un-reconciled with the Books of Accounts of the Principal Accountant General (A&E) during the year 2012-13.

## 2.5 Conclusion and Recommendations

### *Conclusion*

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

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

During 2012-13, an expenditure of ₹ 5,583.97 crore was incurred against the total grants and appropriations of ₹ 6,294.32 crore, resulting in savings of ₹ 710.35 crore. The overall savings of ₹ 710.35 crore were the net result of savings of ₹ 829.24 crore which were offset by excess of ₹ 118.89 crore. The excess requires regularisation under Article 205 of the Constitution of India. At the close of the financial year 2012-13, there were, however, eight grants/appropriations in which savings of ₹ 105.39 crore (14.83 *per cent* of the total savings) occurred but no part of the available savings was surrendered by the concerned Departments.

Out of total provisions amounting to ₹ 405.93 crore in 40 Schemes, an amount of ₹ 268.32 crore was surrendered which included 100 *per cent* surrender in 16 Schemes amounting to ₹ 69.93 crore.

In 19 cases, as against savings of ₹ 148.58 crore, an amount of ₹ 165.74 crore was surrendered resulting in excess surrender of ₹ 17.16 crore. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of over ₹ 10 lakh and above in 25 sub-heads.

*Recommendations*

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

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