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**Chapter 2**  
Financial Management and Budgetary  
Control

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## CHAPTER 2

### FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

#### 2.1 Introduction

**2.1.1** Appropriation Accounts are accounts of expenditure, voted and charged, of the Government for each financial year compared with amounts of voted grants and appropriations charged for different purposes as specified in schedules appended to the Appropriation Act, 2014. These Accounts list 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 authorised by the Act in respect of both charged and voted items of the budget. Appropriation Accounts are thus a control document facilitating management of finances and monitoring of the 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 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 incurred is in conformity with the law, relevant rules, regulations and instructions.

#### 2.2 Summary of Appropriation Accounts

As per para 141 of the Budget Manual, no amount out of the savings reported in the final statement shall subsequently be utilised by the controlling officer without the prior approval of the Finance Department. All final savings must be surrendered to the Finance Department by 25 March.

The summarised position of Actual Expenditure during 2014-15 against 94 grants/appropriations is as given in **Table 2.1**.

**Table 2.1: Summarised position of Actual Expenditure, vis-à-vis, Original/Supplementary Provision**

(₹ in crore)

Nature of expenditure	Original grant/ Appropriation	Supplementary Grant/ Appropriation	Total Grant/ Appropriation	Actual Expenditure	Savings	Amount surrendered	Amount surrendered on 31 March 2015	Percentage of savings surrendered by 31 March 2015	
									1
<b>Voted</b>	I- Revenue	1,72,264.13	6,611.81	1,78,875.94	1,49,660.00	29,215.94	16,374.84	16,374.84	56
	II -Capital	67,997.14	7,714.66	75,711.80	66,734.54	8,977.26	7,224.75	7,224.75	80
	III -Loans and Advances	1,909.67	514.50	2,424.17	1,872.64	551.53	324.08	324.08	59
<b>Total Voted</b>		<b>2,42,170.94</b>	<b>14,840.97</b>	<b>2,57,011.91</b>	<b>2,18,267.18</b>	<b>38,744.73</b>	<b>23,923.67</b>	<b>23,923.67</b>	<b>62</b>
<b>Charged</b>	IV -Revenue	26,926.14	15.17	26,941.31	23,671.87	3,269.44	320.14	320.14	10
	V- Capital	510.83	0	510.83	454.17	56.66	43.78	43.78	77
	VI- Public Debt- Repayment	19,383.88	0	19,383.88	9,411.21	9,972.67	8,268.15	8,268.15	83
<b>Total Charged</b>		<b>46,820.85</b>	<b>15.17</b>	<b>46,836.02</b>	<b>33,537.25</b>	<b>13,298.77</b>	<b>8,632.07</b>	<b>8,632.07</b>	<b>65</b>
<b>Grand Total</b>		<b>2,88,991.79</b>	<b>14,856.14</b>	<b>3,03,847.93</b>	<b>2,51,804.43</b>	<b>52,043.50</b>	<b>32,555.74</b>	<b>32,555.74</b>	<b>63</b>

Note: Figures of actual expenditure include recoveries adjusted as reduction of expenditure under voted revenue expenditure (₹ 2,304.54 crore) and voted capital expenditure (₹ 13,891.43 crore).

(Source: Appropriation Accounts, Finance Accounts and Budget documents 2014-15)

**Table 2.1** indicates that the overall savings of ₹ 52,043.50 crore is 17 per cent of total grants/ appropriation (₹ 3,03,847.93 crore). Out of overall savings (₹ 52,043.50 crore), ₹ 32,555.74 crore was surrendered, which constitutes 63 per cent of the overall savings. Under Voted Section, the savings (₹ 38,744.73 crore) was 15 per cent of the total grant (₹ 2,57,011.91 crore). Out of this, ₹ 23,923.67 crore was surrendered on 31 March 2015, which constituted 62 per cent of the savings. Under Charged Section, the total savings was ₹ 13,298.77 crore, which constituted 28 per cent of the total Appropriation (₹ 46,836.02 crore). Out of the total savings, ₹ 8,632.07 crore was surrendered on 31 March 2015, which constituted 65 per cent of the savings.

Overall savings of ₹ 52,043.50 crore were the results of savings of ₹ 55,351.80 crore in 125 cases of grants and appropriations under Revenue Section and 76 cases of grants and appropriations under Capital Section including Loan Section (Public Debt-Repayments), offset by excess of ₹ 3,308.30 crore in six grants and appropriations under Revenue Section and six grants under Capital Section.

## 2.3 Financial Accountability and Budget Management

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

Appropriation Audit revealed that savings exceeded ₹ 10 crore in each case or by more than 20 per cent of total provisions in 136 cases (**Appendix 2.1**). Against the savings of ₹ 55,351.80 crore, savings of ₹ 52,902.17 crore (96 per cent) occurred in 47 cases (exceeding ₹100 crore in each case) relating to 33 grants/ appropriations. The details thereof are given in **Table 2.2**.

**Table 2.2: Grants with savings of ₹100 crore and above**

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Provision			Actual Expenditure	Savings
			Original Grant	Supplementary	Total Grant		
<b>Revenue Voted</b>							
1	11	Agriculture and other Allied Departments (Agriculture)	2,797.56	224.26	3,021.82	2,596.44	425.38
2	12	Agriculture and other Allied Departments (Land Development and Water Resources)	500.54	0.00	500.54	231.20	269.34
3	13	Agriculture and other Allied Departments (Rural Development)	1,974.09	0.40	1,974.49	1,574.75	399.74
4	14	Agriculture and other Allied Departments (Panchayati Raj)	6,009.48	557.89	6,567.37	4,199.10	2,368.27
5	26	Home Department (Police)	11,641.86	2.12	11,643.98	10,649.89	994.09
6	32	Medical Department (Allopathy)	4,111.43	255.83	4,367.26	3,695.12	672.14
7	33	Medical Department (Ayurvedic and Unani)	597.08	0.00	597.08	491.55	105.53
8	35	Medical Department (Family Welfare)	3,618.60	7.70	3,626.30	3,415.59	210.71
9	36	Medical Department (Public Health)	549.22	0.00	549.22	359.14	190.08
10	37	Urban Development Department	4,978.83	568.61	5,547.44	2,785.32	2,762.12
11	40	Planning Department	305.58	6.32	311.90	161.96	149.94
12	42	Judicial Department	1,427.27	15.00	1,442.27	1,111.62	330.65
13	48	Minorities Welfare Department	1,694.91	0.35	1,695.26	879.86	815.40
14	49	Women and Child Welfare Department	5,069.81	101.10	5,170.91	4,800.87	370.04
15	50	Revenue Department (District Administration)	779.45	1.92	781.37	605.29	176.08
16	51	Revenue Department (Relief on Account of Natural Calamities)	494.81	198.00	692.81	487.31	205.50
17	52	Revenue Department (Board of Revenue and other Expenditure)	2,837.78	60.00	2,897.78	2,560.38	337.40
18	54	Public Works Department (Establishment)	1,806.52	21.00	1,827.52	561.84	1,265.68
19	61	Finance Department (Debt Services and other Expenditure)	11,043.60	0.02	11,043.62	10,933.98	109.64
20	62	Finance Department (Superannuation Allowances and Pensions)	24,296.58	5.15	24,301.73	20,472.20	3,829.53
21	69	Vocational Education Department	416.55	0.40	416.95	247.13	169.82
22	71	Education Department (Primary Education)	27,215.55	74.69	27,290.24	22,899.70	4,390.54
23	72	Education Department (Secondary Education)	7,229.39	25.50	7,254.89	6,467.14	787.75
24	73	Education Department (Higher Education)	2,042.50	18.04	2,060.54	1,638.15	422.39
25	77	Labour Department (Employment)	455.37	0.00	455.37	232.90	222.47
26	79	Social Welfare Department (Welfare of the Handicapped and Backward Classes)	1,509.52	1.45	1,510.97	908.64	602.33
27	80	Social Welfare Department (Social Welfare and Welfare of Scheduled Castes)	5,070.96	0.00	5,070.96	3,458.11	1,612.85
28	83	Social Welfare Department (Special Component Plan for Scheduled Castes)	9,315.95	150.33	9,466.28	6,956.34	2,509.94
29	94	Irrigation Department (Works)	2,522.71	646.39	3,169.10	2,423.15	745.95
30	95	Irrigation Department (Establishment)	3,217.16	0.00	3,217.16	2,477.86	739.30
<b>Total</b>			<b>1,45,530.66</b>	<b>2,942.47</b>	<b>1,48,473.13</b>	<b>1,20,282.53</b>	<b>28,190.60</b>

Revenue – Charged							
31	61	Finance Department (Debt Services and other Expenditure)	26,228.78	0.00	26,228.78	23,016.99	3,211.79
<b>Total</b>			<b>26,228.78</b>	<b>0.00</b>	<b>26,228.78</b>	<b>23,016.99</b>	<b>3,211.79</b>
Capital – Voted							
32	7	Industries Department (Heavy and Medium Industries)	3,279.78	141.66	3,421.44	2,964.56	456.88
33	9	Power Department	11,096.18	2,295.56	13,391.74	11,776.74	1,615.00
34	11	Agriculture and other Allied Departments (Agriculture)	809.00	156.75	965.75	679.58	286.17
35	13	Agriculture and other Allied Departments (Rural Development)	9,025.66	1,398.02	10,423.68	8,405.78	2,017.90
36	21	Food and Civil Supplies Department	7,776.51	0.00	7,776.51	5,584.47	2,192.04
37	26	Home Department (Police)	757.80	107.97	865.77	754.93	110.84
38	35	Medical Department (Family Welfare)	1,059.01	0.00	1,059.01	6.24	1,052.77
39	42	Judicial Department	725.63	13.50	739.13	585.24	153.89
40	48	Minorities Welfare Department	999.98	0.00	999.98	359.54	640.44
41	49	Women & Child Welfare Department	169.66	0.00	169.66	69.53	100.13
42	50	Revenue Department (District Administration)	274.14	0.00	274.14	144.73	129.41
43	61	Finance Department (Debt Services & other Expenditure)	2,221.40	0.00	2,221.40	2,104.65	116.75
44	72	Education Department (Secondary Education)	648.11	11.00	659.11	302.40	356.71
45	83	Social Welfare Department (Special Component Plan for Scheduled Castes)	6,691.20	1,181.43	7,872.63	6,237.87	1,634.76
46	94	Irrigation Department (Works)	5,044.86	316.05	5,360.91	4,696.28	664.63
<b>Total</b>			<b>50,578.92</b>	<b>5,621.94</b>	<b>56,200.86</b>	<b>44,672.54</b>	<b>11,528.32</b>
Capital – Charged							
47	61	Finance Department (Debt Services & other Expenditure)	19,331.17	0.00	19,331.17	9,359.71	9,971.46
<b>Total</b>			<b>19,331.17</b>	<b>0.00</b>	<b>19,331.17</b>	<b>9,359.71</b>	<b>9,971.46</b>
<b>Grand Total</b>			<b>2,41,669.53</b>	<b>8,564.41</b>	<b>2,50,233.94</b>	<b>1,97,331.77</b>	<b>52,902.17</b>

(Source: Appropriation Accounts 2014-15)

**Table** shows that savings exceeding ₹ 500 crore occurred (14 Grants) under Grant numbers 14- Agriculture and other Allied Department (Panchayati Raj), 26- Home Department (Police), 32 – Medical Department (Allopathy), 37- Urban Development Department, 48- Minorities Welfare Department, 54- Public Works Department (Establishment), 62-Finance Department (Superannuation Allowances and Pensions), 71-Education Department (Primary Education), 72-Education Department (Secondary Education), 79- Social Welfare Department (Welfare of the Handicapped and Backward Classes), 80- Social Welfare Department (Social Welfare and Welfare of Scheduled Castes), 83- Social Welfare Department (Special Component Plan for Scheduled Castes), 94-Irrigation Department (Works) and 95- Irrigation Department (Establishment) pertaining to Revenue voted. Similarly, savings exceeding ₹ 500 crore also occurred (seven Grants) under Grant numbers 9- Power Department, 13- Agriculture and other Allied Departments (Rural Development), 21-Food and Civil Supplies Department, 35- Medical Department (Family Welfare), 48- Minorities Welfare Department, 83- Social Welfare Department (Special Component Plan for Scheduled Castes) and 94-Irrigation Department (Works) pertaining to Capital voted. Likewise,

savings exceeding ₹ 500 crore also occurred under Grant number 61-Finance Department (Debt Services and other Expenditure) pertaining to Revenue Charged as well as under Capital Charged.

During 2014-15, savings (exceeding ₹ 500 crore) occurred in 19 grants namely Grant no. 9 (Power), 13 (Agriculture & other Allied Departments - Rural Development), 14 (Agriculture & other Allied Departments - Panchayati Raj), 21 (Food and Civil Supplies Department), 26 (Home Department - Police), 32 (Medical Department- Allopathy), 35 (Medical Department - Family Welfare), 37 (Urban Development Department), 48 Minorities Welfare, 54 (Public Works Department - Establishment), 61 (Finance Department - Debt Services and other Expenditure), 62 (Finance Department - Superannuation Allowances and Pensions), 71 (Education Department - Primary Education), 72 (Education Department - Secondary Education), 79 (Social Welfare - Welfare of the Handicapped and Backward Classes), 80 (Social Welfare - Social Welfare and Welfare of Scheduled Castes), 83 (Social Welfare Department - Special Component plan for Scheduled Castes), 94 (Irrigation Department - Works) and 95 (Irrigation Department Establishment).

When compared with the savings occurring during 2013-14, we noticed that the savings (exceeding ₹ 500 crore) occurred in 13 out of these 19 grants as detailed in **Table 2.3**.

**Table 2.3: Grants indicating Savings**

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Savings occurred (₹ 500 crore and above) during	
			2013-14	2014-15
1	21	Food and Civil Supplies Department- Capital Voted	4,664.82	2,192.04
2	26	Home Department (Police) -Revenue Voted	982.88	994.09
3	37	Urban Development Department – Revenue Voted	654.69	2,762.12
4	54	Public Works Department (Establishment) - Revenue Voted	1,041.27	1,265.68
5	61	Finance Department (Debt services and other Expenditure) - Capital Charged	9,840.02	9,971.46
6	62	Finance Department (Superannuation Allowances and Pensions) – Revenue Voted	1,833.47	3,829.53
7	71	Education Department (Primary Education)-Revenue Voted	2,567.23	4,390.54
8	72	Education Department (Secondary Education)- Revenue voted	874.11	787.75
9	83	Social Welfare Department (Special Component Plan for Scheduled Castes)- Revenue Voted	1,315.74	2,509.94
10	83	Social Welfare Department (Special Component Plan for Scheduled Castes)- Capital Voted	524.04	1,634.76
11	94	Irrigation Department (Works) – Revenue Voted	738.76	745.95
12	94	Irrigation Department (Works) – Capital Voted	1,756.34	664.63
13	95	Irrigation Department (Establishment) – Revenue Voted	597.47	739.30

(Source: Appropriation Accounts 2013-14 & 2014-15)

Savings of substantial amounts occurring during 2014-15, out of the budgeted grants/ appropriations indicated incorrect estimation of funds required.

### 2.3.2 Persistent Savings

In 18 cases involving 16 grants, there were persistent savings (₹ 100 crore and above) during the preceding five years. The details are given in **Table 2.4**. During 2014-15, the savings ranged between ₹ 110.84 crore (Capital Voted section of grant no. 26 – Home Department -Police) and ₹ 9,971.46 crore (Capital Charged section of grant no. 61- Finance Department - Debt Services and other Expenditure).

**Table 2.4: Grants indicating Persistent Savings**

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Amount of Savings				
			2010-11	2011-12	2012-13	2013-14	2014-15
<b>Revenue - Voted</b>							
1	11	Agriculture and other Allied Departments (Agriculture)	217.67	766.36	644.92	596.10	425.39
2	13	Agriculture and other Allied Departments (Rural Development)	148.94	134.32	103.79	201.09	399.75
3	14	Agriculture and other Allied Departments (Panchayati Raj)	226.92	211.62	907.53	462.21	2,368.27
4	32	Medical Department (Allopathy)	203.62	145.70	403.79	471.31	672.14
5	37	Urban Development Department	711.79	625.51	238.51	654.69	2,762.12
6	42	Judicial Department	230.59	172.36	178.52	223.31	330.65
7	49	Women and Child Welfare Department	180.62	636.10	372.97	271.58	370.04
8	54	Public Works Department (Establishment)	396.56	238.54	681.45	1,041.27	1,265.68
9	72	Education Department (Secondary Education)	785.84	582.87	1,276.77	874.11	787.75
10	73	Education Department (Higher Education)	571.89	745.76	816.09	348.28	422.39
11	83	Social Welfare Department (Special Component Plan for Scheduled Castes)	110.33	792.46	1,762.10	1,315.74	2,509.94
<b>Total</b>			<b>3,784.77</b>	<b>5,051.60</b>	<b>7,386.44</b>	<b>6,459.69</b>	<b>12,314.12</b>
<b>Capital - Voted</b>							
12	21	Food & Civil Supplies Department	3,963.00	1,811.79	1,039.49	4,664.82	2,192.04
13	26	Home Department (Police)	356.13	488.36	363.24	126.51	110.84
14	48	Minorities Welfare Department	165.56	373.36	164.73	148.22	640.44
15	61	Finance Department (Debt Services and other Expenditure)	153.04	401.78	222.64	190.59	116.75
16	83	Social Welfare Department (Special Component Plan for Scheduled Castes)	103.62	415.46	588.84	524.04	1,634.76
17	94	Irrigation Department (Works)	1,086.27	734.86	805.77	1,756.34	664.63
<b>Total</b>			<b>5,827.62</b>	<b>4,225.61</b>	<b>3,184.71</b>	<b>7,410.52</b>	<b>5,359.46</b>
<b>Capital - Charged</b>							
18	61	Finance Department (Debt Services and other Expenditure)	9,288.06	9,999.25	9,934.16	9,840.02	9,971.46
<b>Total</b>			<b>9,288.06</b>	<b>9,999.25</b>	<b>9,934.16</b>	<b>9,840.02</b>	<b>9,971.46</b>

(Source: Appropriation Accounts of the respective years)

**Table** revealed that the cases of persistent savings occurred (₹ 100 crore and above) during the preceding five years; under Revenue Voted Section, the saving increased from ₹ 6,459.69 crore in 2013-14 to ₹ 12,314.12 crore (₹ 5,854.43 crore; 91 *per cent*) in 2014-15. The increases were mainly under Grant number 14 - Agriculture and other Allied Departments (Panchayati Raj)- ₹ 1,906.06 crore (412 *per cent*), Grant number 37 – Urban Development Department - ₹ 2,107.43 crore (322 *per cent*) and grant number 83 - Social Welfare Department (Special Component Plan for Scheduled Castes) – ₹ 1,194.20 crore (91 *per cent*).

Similarly, under Capital Voted Section, cases of persistent savings (₹ 100 crore and above) during the preceding five years, savings in Grant number 48- Minorities Welfare Department, increased from ₹ 148.22 crore in 2013-14 to ₹ 640.44 crore in 2014-15 (₹ 492.22 crore ; 332 *per cent*) and in Grant number 83- Social Welfare Department (Special Component Plan for Scheduled Castes), savings increased from ₹ 524.04 crore in 2013-14 to ₹ 1,634.76 crore (₹ 1,110.72 crore; 212 *per cent*).

Persistent savings in substantial number of grants over the years is indicative of improper assessment of the requirement of fund by the State Government repeatedly without proper scrutiny of the need and the flow of expenditure.

### 2.3.3 Excess Expenditure

Expenditure amounting to ₹ 19,773.49 crore exceeded the provision by ₹ 3,288.28 crore where expenditure was more than ₹ 10 crore or more in seven cases involving six grants in each case or more than 20 *per cent* of the total provision. Details are given in **Appendix 2.2**.

Substantial excess expenditure was noticed in the following grants consistently for preceding five years ending 2014-15 as detailed in **Table 2.5**.

**Table 2.5: Grants indicating Persistent Excess Expenditure**

(₹ in crore)

Sl. No.	Number and name of the Grant	Excess Expenditure				
		2010-11	2011-12	2012-13	2013-14	2014-15
<b>Revenue-Voted</b>						
1	58-Public Works Department (Communications -Roads)	121.37	106.77	166.12	204.95	310.73
<b>Capital-Voted</b>						
2	55- Public Works Department (Buildings)	144.20	54.55	71.97	70.68	47.23
3	58- Public Works Department (Communications -Roads)	1,152.14	1,068.66	2,152.37	3,131.34	2,430.21

(Source: Appropriation Accounts of the respective years)

Persistent excess expenditure in Public Works Department during 2010-15 under Revenue section of Grant number 58 - Public Works Department

(Communications -Roads) and Capital section of grant numbers 55- Public Works Department (Buildings) and 58 - Public Works Department (Communications -Roads) indicated underestimation of demands at the time of preparation of budget.

### 2.3.4 Excess of expenditure over grants/appropriations relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excess expenditure over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to ₹ 20,352.17 crore pertaining to the years 2005-14 was yet to be regularised. The year-wise break-up of the amount of excess expenditure awaiting regularisation under 84 grants and 33 appropriations is given in **Table 2.6**.

**Table 2.6: Excess of expenditure over grants/appropriations relating to previous years requiring regularisation**

Year	Number of Grants/ Appropriations	Details of Grants/ Appropriations	Amounts of excess (₹ in crore)
2005-06	25- Grants 4-Appropriations	Revenue Voted - 8,12,19,53,55,57,58,72; Capital Voted - 15,16,18,23, 24, 33, 34,37,38,40, 55,56, 57, 58, 73,75,96; Revenue Charged - 1,52; Capital Charged - 52,55;	1,026.78
2006-07	18-Grants 6-Appropriations	Revenue Voted - 9,13,55,58,61,62,73,91,95; Capital Voted - 3,16,31, 37, 55,57,58,89,96; Revenue Charged - 2,3,10,52,62,89;	2,484.47
2007-08	12-Grants 2-Appropriations	Revenue Voted - 51,55,57,58,62; Capital Voted - 13,16,55,58,63,83,96; Revenue Charged - 51,66	3,610.65
2008-09	5-Grants 1-Appropriations	Revenue Voted - 62,96; Capital Voted - 55,58,96; Revenue Charged - 52;	3,399.42
2009-10	6-Grants 6-Appropriations	Revenue Voted - 58; Capital Voted - 1,16,55,58,59; Revenue Charged - 3,10,16,48,52,66;	1,250.16
2010-11	6-Grants 4-Appropriations	Revenue Voted - 30,51,91; Capital Voted - 10,55,58; Revenue Charged - 10,23,61,82;	1,702.62
2011-12	6-Grants 6-Appropriations	Revenue Voted - 21,62,91; Capital Voted - 1,55,58; Revenue Charged - 13,18,23,61,62,82;	1,889.66
2012-13	4-Grants 3-Appropriations	Revenue Voted - 51,57; Capital Voted - 55,58; Revenue Charged - 55,62,89;	2,380.23
2013-14	2- Grants 1- Appropriation	Capital Voted - 55, 58; Capital Charged - 52;	2,608.18
<b>Total</b>			<b>20,352.17</b>

(Source: Appropriation Accounts of the respective years)

### 2.3.5 Excess of expenditure over grants/appropriations during 2014-15 requiring regularisation

Table 2.7 presents summary of excesses in eight cases of grants/appropriations amounting to ₹ 2,225.32 crore<sup>1</sup> over and above the authorisation from the Consolidated Fund of the State during 2014-15.

Table 2.7: Excess over provision requiring regularisation during 2014-15

(₹ in crore)

Sl. No.	Number and name of grant/appropriation	Total grant/appropriation	Expenditure	Excess expenditure	Adjustment of amounts during the year	Excess expenditure requiring regularisation
1	2	3	4	5	6	7
<b>Revenue Voted</b>						
1	57-Public Works Department (Communication - Bridges)	17.00	19.03	2.03	1.73	0.30
2	91- Institutional Finance Department (Stamps and Registration)	234.63	239.33	4.70	0.00	4.70
<b>Total</b>		<b>251.63</b>	<b>258.36</b>	<b>6.73</b>	<b>1.73</b>	<b>5.00</b>
<b>Capital Voted</b>						
3	1- Excise Department	2.43	3.08	0.65	0.00	0.65
4	40-Planning Department	2,234.44	2,600.69	366.25	0.00	366.25
5	55- Public Works Department (Buildings)	40.90	88.13	47.23	4.08	43.15
6	57- Public Works Department (Communications - Bridges)	1,297.46	1,430.56	133.10	130.05	3.05
7	58- Public Works Department (Communications - Roads)	8,761.46	11,191.67	2,430.21	623.10	1,807.11
<b>Total</b>		<b>12,336.69</b>	<b>15,314.13</b>	<b>2,977.44</b>	<b>757.23</b>	<b>2,220.21</b>
<b>Revenue Charged</b>						
8	13-Agriculture and other Allied Departments (Rural Development)	0.16	0.27	0.11	0.00	0.11
<b>Total</b>		<b>0.16</b>	<b>0.27</b>	<b>0.11</b>	<b>0.00</b>	<b>0.11</b>
<b>Grand Total</b>		<b>12,588.48</b>	<b>15,572.76</b>	<b>2,984.28</b>	<b>758.96</b>	<b>2,225.32</b>

(Source: Appropriation Accounts 2014-15)

It would be seen from the Table that ₹ 2,225.32 crore was awaiting regularisation under Article 205 of the Constitution, as of March 2015.

### 2.3.6 Unnecessary/ Inadequate Supplementary Provision

During 2014-15, supplementary provision amounting to ₹ 6,543.41 crore obtained in 51 cases, (₹ one crore or more in each case) proved unnecessary as the expenditure was not even up to the level of the original provision as detailed in Appendix 2.3. However, Supplementary provision of ₹ 1,974.24 crore in Grant number 40- Planning Department, 55- Public Works Department (Buildings), 57- Public Works Department (Communications -

<sup>1</sup>Remaining excess amount (i.e. ₹ 3,308.30 crore- ₹ 2,225.32 crore) does not require separate regularisation being *pro-rata* / suspense adjustment in relevant grants.

Bridges), 58- Public Works Department (Communications - Roads) and 91-Institutional Finance Department (Stamps and Registration) proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 3,252.70 crore (*Appendix 2.4*). Unnecessary and inadequate supplementary provisions indicated that the provision made in the supplementary budget was not based on actual estimated requirement.

### **2.3.7 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 where additional funds are needed<sup>2</sup>.

Injudicious re-appropriations proved excessive or insufficient and resulted in savings of ₹ 1,892.82 crore in 114 sub-heads involving 41 grants and excess of ₹ 913.90 crore occurred in 49 sub-heads involving 25 grants as detailed in *Appendix 2.5*.

### **2.3.8 Substantial Surrenders**

Substantial surrenders (50 *per cent* or more of the total provision) amounting to ₹ 18,900.92 crore were made in respect of 254 sub-heads mainly due to economy measures and non-approval of administrative and financial approval of different schemes/ projects. Out of total provision amounting to ₹ 24,135.61 crore in 254 schemes/ programmes, ₹ 18,900.92 crore (78 *per cent*) was surrendered during 2014-15, which included cent *per cent* surrenders in 115 schemes/ programmes (₹ 3,285.24 crore). The details *viz.* names of the grants, heads of accounts, amounts surrendered together with the reasons for surrender as intimated by the Government are given in *Appendix 2.6*. Substantial surrender of amounts indicated that the budgeting was not done with due prudence.

### **2.3.9 Surrender in Excess of Actual Savings**

As against savings of ₹ 5,598.54 crore, the amount surrendered was ₹ 6,023.92 crore resulting in excess surrender of ₹ 425.38 crore during 2014-15 in 10 grants (₹ 50 lakh or more in each case) as detailed in *Appendix 2.7*. The surrender in excess of actual savings indicated that the Departments did not exercise adequate budgetary controls by watching flow of expenditure through monthly expenditure statements.

### **2.3.10 Anticipated Savings not surrendered**

As per para 139 of the Budget Manual, spending Departments are required to surrender grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the end of 2014-15, it was noticed that under 21 cases of grants/ appropriations in which savings occurred but

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<sup>2</sup>Budget Manual, Section II.

no part of it was surrendered by the spending Departments. The amount involved was ₹ 8,543.35 crore. The details are given in **Appendix 2.8**.

Similarly, out of total savings of ₹ 45,742.98 crore under 63 cases (savings of ₹ one crore and above), an amount of ₹ 23,118.61 crore (51 *per cent*) was not surrendered (**Appendix 2.9**), which forms 42 *per cent* of total savings of ₹ 55,351.80 crore. This is indicative of inadequate financial control and resultant blocking of funds thereby resulting in non-availability of funds for alternative purposes of development.

### **2.3.11 Advances from the Contingency Fund**

The State Government maintains Contingency Fund under the Contingency Fund Act, 1962 with a corpus amount of ₹ 600 crore for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting expenditure to the concerned functional major head in the Consolidated Fund of the State.

The transaction relating to the Contingency Fund is depicted under the Major Head 8000 – Contingency Fund in Statement number 21 of the Finance Accounts. It revealed that ₹ 203.15 crore, drawn from the Contingency Fund during 2014-15, was not recouped to the Contingency Fund during the same year and was lying unrecouped at the close of March 2015.

### **2.3.12 Rush of Expenditure**

In terms of Paragraph 211 (e) of the Budget Manual, the rush of expenditure in the closing month of the financial year should be avoided.

During 2014-15, 20.59 *per cent* of the total Revenue Expenditure and 46.78 *per cent* of the total Capital expenditure was incurred during the month of March 2015 alone. Such expenditure constituted a significant portion (21 *per cent*) of the budget for the year of the Departments. Details are given in **Appendix 2.10**.

### **2.3.13 Draws of funds to avoid lapse of budgetary provision**

The Thirteenth Finance Commission recommended that the Public Accounts should not be treated as an alternative to the Consolidated Fund of the State and the Government expenditure should be directly incurred from the Consolidated Fund, avoiding transfer from Consolidated Fund to the Public Accounts. Further, Rule 162 of FHB Volume V, Part I forbids draws of money from the treasury unless it is required for immediate disbursement.

However, we in test check of sanction orders of the Social Welfare and Women and Child Welfare Department, noticed that funds amounting to ₹ 82.56 crore were drawn from the treasury and deposited in Personal Ledger Account (PLA) to avoid lapse of funds as per details given in **Table 2.8**.

**Table 2.8: Drawls of funds to avoid lapse of budgetary provision**

Sl. No.	Number, name of Grant, Department and Major Head	Budget Provision (₹ in crore)	Amount deposited in PLA (₹ in crore)	Audit Observations involving financial repercussions
1	Grant No. 49 – Women and Child Welfare Department MH 2235	5,171.01	77.56	<ul style="list-style-type: none"> <li>• Rupees 17.70 crore sanctioned (March 2015) for purchase of Medicine Kits was drawn from the treasury on (March 2015) and deposited (March 2015) in PLA of U.P. Social Welfare Construction Corporation (UPSWCC) Lucknow.</li> <li>• Rupees 6.91 crore was sanctioned (March 2015) for purchase of MIS register was drawn (March 2015) from the treasury and deposited (March 2015) in PLA of UPSWCC, Lucknow.</li> <li>• Rupees 52.95 crore sanctioned (March 2015) for purchase of Pre-school Kits was drawn (March 2015) from the treasury and deposited (March 2015) in PLA of UPSWCC, Lucknow.</li> </ul>
2	Grant No. 80 – Social Welfare Department (Social Welfare and Welfare of Scheduled Castes) MH 2235	4,075.05	5.00	<ul style="list-style-type: none"> <li>• Rupees five crore was sanctioned (January 2015) for assistance to Voluntary Organisations for residential houses to aged and infirmed persons and drawn (March 2015) from the treasury and deposited (March 2015) in PLA of UP State Construction and Infrastructure Development Corporation, Lucknow.</li> </ul>
<b>Total</b>		<b>9,246.06</b>	<b>82.56</b>	

(Source: Concerned Departments)

Thus, moneys to the extent of ₹ 82.56 crore were drawn from the treasury during 2014-15 and parked in PLAs in disregard to the recommendations made by the Thirteenth Finance Commission and in violation of the provisions contained in FHB Volume V, Part I by the Departments to avoid lapse of budgetary provisions.

#### **2.4 Outcome of the Review of Selected Grants**

After voting of all Demands for Grants is completed in Legislative Assembly, an Appropriation Bill is introduced for appropriation of the Consolidated Fund of the State all moneys required to meet (a) Grants made by the Assembly and (b) expenditure charged on the Consolidated Fund. The Governor's assent to the Bill is obtained; and when that has been given, the amounts shown in the Act assented to by the Governor and the Schedule thereto become sanctioned Grants for expenditure under various demands.

Out of 94 Grants as per the Appropriation Act, 2014, Grant No. 21- Food and Civil Supplies Department was reviewed in audit in October 2015. The details of amount budgeted, expenditure and savings etc. for 2014-15 under the Grant are summarised in **Appendix 2.11**. The results of review are set out below:

### Grant No. 21- Food and Civil Supplies Department

The Government made a budget provision of ₹ 7,059.14 crore under the head 4408-01-101-03-Food Grain Supply Scheme for purchase of 16.75 lakh metric tons (MT) of Food grains from the farmers during 2014-15. Against the budgeted amount of ₹ 7,059.14 crore, only ₹ 5,171.48 crore was spent on the procurement of food grains and ₹ 1,887.66 crore remained unspent. The food grains wise targets and achievement is given in **Table 2.9**.

**Table 2.9: Targets and Achievements for procurement of food grains during 2014-15**

Sl. No	Particulars	Target fixed for procurement	Actual procurement	Excess (+)/ Shortfall (-) (per cent in bracket)
In lakh MT				
1	Wheat	10.25	0.55	(-) 9.70 (95 per cent)
2	Paddy	6.50	11.30	(+) 4.80 (74 per cent)
<b>Total</b>		<b>16.75</b>	<b>11.85</b>	<b>(-) 4.90 (29 per cent)</b>

(Source: Concerned Departments)

**Table 2.9** revealed that not only the food grains (wheat and paddy) were not procured as per targets fixed for each, there was overall shortfall in their procurement by 29 per cent. As a result of shortfalls in procurement and inter-food grains variations in procurement in terms of quantity, savings of ₹ 1,887.66 crore occurred during 2014-15. The savings were surrendered at the close of the financial year.

## 2.5 Outcome of Treasury Inspection Report

There are 79 treasuries and 207 sub treasuries in the State. During 2014-15, inspection of 76 treasuries and 207 sub treasuries was carried out by the Office of the Accountant General (Accounts & Entitlement), Uttar Pradesh, Allahabad. Outcomes of the Treasury Inspection Report are discussed below.

### 2.5.1 Non-recovery of undisbursed pension of deceased pensioner

In case of death of pensioners, undisbursed amount of pension with interest accrued thereon should be recovered from the concerned banks and to be deposited under the receipt head of the Government Account through challan.

However, scrutiny of pension records available in treasuries revealed that in 52 treasuries, undisbursed amount of ₹ 120.65 lakh pertaining to 612 cases was not recovered from the banks and was lying with the concerned banks as of 2014-15. Treasury wise non-recovery of undisbursed amount is detailed in **Appendix 2.12**.

### **2.5.2 Excess/under payment of gratuity/ commutation**

Scrutiny of the records revealed that during 2014-15, in six treasuries<sup>3</sup>, ₹ 3.62 lakh was paid in excess and in 11 treasuries<sup>4</sup> less payment of ₹ 35.10 lakh was made against retirement gratuity. Similarly, in two treasuries<sup>5</sup> ₹ 3.19 lakh was paid in excess and in eight treasuries<sup>6</sup> less payment of ₹ 4.22 lakh was made against commutation of pension.

### **2.5.3 Non-allotment of PRAN**

According to Contributory Pension Scheme, every employee appointed in Government/ Semi-government Service, on or after 01 April, 2005 was allotted PRAN (Permanent Retirement Account Number). During test check of Treasury Inspection, it is revealed that in 22 treasuries, 14,123 employees, covered under New Pension Scheme, allotment of PRAN is awaited, as of 31 March 2015 (*Appendix 2.13*).

## **2.6 Conclusion and Recommendations**

### **Financial Accountability and Budget Management**

- There were overall savings of ₹ 52,043.50 crore which were the result of savings of ₹ 55,351.80 crore offset by excess of ₹ 3,308.30 crore. Besides, there were cases of unnecessary, inadequate, excess savings and supplementary provisions.

Recommendation: The Government should ensure that the budgetary control is strengthened in all Departments to avoid cases of provisions remaining unutilised. The Government should also ensure that the excessive, unnecessary supplementary provision injudiciously be avoided.

### **Excess expenditure**

- Excess expenditure of ₹ 20,352.17 crore pertaining to 2005-14 and ₹ 2,225.32 crore pertaining to 2014-15 require regularisation under Article 205 of the Constitution of India.

Recommendation: The Government should take immediate steps to regularise the excess expenditure.

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<sup>3</sup> Saharanpur, Bhadohi, Sultanpur, Hardoi, Baghpat and Mau.

<sup>4</sup> Gautam Buddha Nagar, Baghpat, Saharanpur, Sant Ravidas Nagar, Sultanpur, Pilibhit, Bareilly, Jhansi, Mau, Sonbhadra and PAO, New Delhi.

<sup>5</sup> Hardoi and Gautam Buddha Nagar.

<sup>6</sup> Sultanpur, PAO, New Delhi, Baghpat, Hardoi, Mau, Sonbhadra, Sant Ravidas Nagar and Sitapur.