

Chapter II

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 the voted grants and charged appropriations 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 authorized by the Appropriation Act in respect of both charged and voted items of budget. The Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

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

2.2 Summary of the Appropriation Accounts

The summarized position of actual expenditure *vis-à-vis* budgetary provisions during 2013-14 for the total 30 grants/appropriations is given in the **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 (+)
Voted	I Revenue	36674.93	4247.44	40922.37	34177.87	(-)6744.50
	II Capital	7282.98	701.43	7984.41	2280.61	(-)5703.80
	III Loans and Advances	368.31	103.19	471.50	165.13	(-)306.37
Total Voted		44326.22	5052.06	49378.28	36623.61	(-)12754.67
Charged	IV Revenue	7737.53	49.62	7787.15	7976.86	(+)189.71
	V Capital	0	0	0	0	0
	VI Public Debt- Repayment	16988.03	0	16988.03	16682.93	(-)305.10
Total Charged		24725.56	49.62	24775.18	24659.79	(-)115.39
Appropriation to Contingency Fund		0	0	0	0	0
Grand Total		69051.78	5101.68	74153.46	61283.40	(-)12870.06

Source: Appropriation Accounts

Note: The expenditure includes the recoveries of ₹514.06 crore adjusted as reduction of expenditure under Revenue and ₹80.00 crore under Capital.

Original budget provision was ₹ 69,051.78 crore which was augmented through supplementary grant by ₹ 5,101.68 crore making total budget provision of ₹ 74,153.46 crore. Out of total budget provision, ₹ 61,283.40 crore were incurred during the year 2013-14 resulting in saving of ₹ 12,870.06 crore (17.36 per cent of the total budget provision). Supplementary provision of ₹ 5,101.68 crore were, thus, proved unnecessary as the actual expenditure of ₹ 61,283.40 crore did not come upto the level of original budget provision of ₹ 69,051.78 crore. The overall saving of ₹ 12,870.06 crore was the net result of saving of ₹ 13,256.44 crore (Appendix 2.1) set off by excess of ₹ 386.38 crore in two grants (Table 2.4).

On this being pointed out (September 2014), the Finance Department stated (November 2014) that necessary action was being taken by the State Government to prepare accurate budget estimates to avoid savings.

2.3 Financial accountability and budget management

2.3.1 Appropriation vis-à-vis allocative priorities

The outcome of audit of grants and appropriations showed that in 18 cases (12 grants out of the total 30), the savings (excluding surrenders) exceeded by ₹ 100 crore and also by more than 10 per cent of the total provision in each case and in four cases (Sr. No. 5, 13, 16 and 18) the savings exceeded even more than 50 per cent of the total provisions. Details are given in Table 2.2.

Table 2.2: List of grants having large savings

(₹ in crore)

Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings	Surrenders	Savings excluding surrender	Percentage
1.	2.	3.	4.	5.	6.	7.	8.
1.	(Revenue-Voted) 1-Agriculture and Forests	1489.32	954.70	534.62	138.26	396.36	26.61
2.	5-Education	7834.54	6492.29	1342.25	0	1342.25	17.13
3.	9-Food and Supplies	586.55	460.05	126.50	16.17	110.33	18.81
4.	11-Health and Family Welfare	2737.78	1953.33	784.45	273.95	510.50	18.65
5.	13-Industries	176.31	58.09	118.22	6.64	111.58	63.29
6.	15-Irrigation and Power	7772.35	6154.07	1618.28	80.94	1537.34	19.78
7.	17-Local Government, Housing and Urban Development	562.07	387.07	175.00	0.79	174.21	30.99
8.	22-Revenue and Rehabilitation	1298.48	1153.11	145.37	15.35	130.02	10.01
9.	23-Rural Development and Panchayats	1724.14	1110.06	614.08	0	614.08	35.62
10.	25-Social and Women's Welfare and	2357.03	1654.98	702.05	145.17	556.88	23.63

Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings	Surrenders	Savings excluding surrender	Percentage
1.	2.	3.	4.	5.	6.	7.	8.
	Welfare of Scheduled Castes and Backward Classes						
11.	(Capital-Voted) 5-Education	478.65	336.02	142.63	0	142.63	29.80
12.	11-Health and Family Welfare	479.17	82.67	396.50	163.87	232.63	48.55
13.	13-Industries	262.63	0	262.63	0.02	262.61	99.99
14.	15-Irrigation and Power	1228.87	399.80	829.07	418.78	410.29	33.39
15.	17-Local Government, Housing and Urban Development	2075.19	275.73	1799.46	1203.32	596.14	28.73
16.	19-Planning	197.16	75.26	121.90	0	121.90	61.83
17.	21-Public Works	1439.94	764.50	675.44	3.01	672.43	46.70
18.	23-Rural Development and Panchayats	302.73	129.93	172.80	0	172.80	57.08
	Total	33002.91	22441.66	10561.25	2466.27	8094.98	24.53

Source: Appropriation Accounts

Some of the departments having huge savings were Education and Irrigation & Power. Such large savings in these grants reflect weak budgetary control.

2.3.2 Persistent savings

In six cases, during the last five years, there were persistent savings of ₹ five crore or more in each case. The details are given in **Table 2.3**. At Sr. No. 6, there was 100 *per cent* saving during the last five years, which shows non-implementation of schemes at all as well as weak financial control.

Table 2.3: List of grants having persistent savings during 2009-14

(₹ in crore)

Sr. No.	Number and Name of the grant/ Head of Account/Schemes	Amount of savings (percentage of savings in bracket)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Revenue-voted						
1	05-Education 2202-General Education 02-Secondary Education 105-Teachers Training 01-Teachers Education Establishment of DIETS (CSS)	42.86 (89.74)	29.34 (83.26)	21.08 (73.65)	18.14 (67.97)	29.32 (96.45)
2	12-Home Affairs and Justice 2055-Police 109-District Police 01-District Police (Proper)	30.23 (2.54)	24.37 (1.72)	28.36 (1.59)	24.70 (1.08)	55.78 (2.19)
3	15-Irrigation and Power 2700-Major Irrigation 01-Sirhind Canal System (Commercial) 001-Direction and Administration 01-Direction and Administration	58.26 (20.69)	50.84 (17.09)	58.65 (16.94)	47.16 (12.72)	60.83 (14.62)

Sr. No.	Number and Name of the grant/ Head of Account/Schemes	Amount of savings (percentage of savings in bracket)				
		2009-10	2010-11	2011-12	2012-13	2013-14
4	15-Irrigation and Power 2701-Medium Irrigation 80-General 001-Direction and Administration 01-Direction	96.75 (97.41)	110.92 (99.99)	131.61 (99.26)	148.81 (100.00)	64.19 (41.21)
5	22-Revenue and Rehabilitation 2245-Relief on Account of National Calamities 02-Flood Cyclones etc. 101-Gratuitious Relief 01- Gratuitious Relief	43.81 (87.62)	5.54 (10.45)	5.30 (8.15)	17.76 (88.80)	10.70 (9.73)
Capital-Voted						
6	15-Irrigation and Power 4711-Capital Outlay on Flood Control Projects-01-Flood Control 103-Civil Works 08-Works Expenditure Counter Protective Measures on Left Side of River Ravi (CSS)	7.00 (100.00)	5.00 (100.00)	5.00 (100.00)	5.00 (100.00)	7.50 (100.00)

Source: Appropriation Accounts

2.3.3 Excess over provisions requiring regularization

Article 205(1)(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be laid before the House or the Houses of the Legislature of the State, another statement showing the estimated amount of that expenditure or cause to be presented to the Legislative Assembly of the State a demand for such excess, as the case may be.

Audit observed that excess expenditure amounting to ₹ 5,362.17 crore for the year 2007-13 had yet not been regularized under the provision of Article 205(1)(b) of the Constitution of India.

The excess expenditure of ₹ 386.38 crore in two grants (**Table 2.4**) during the year 2013-14 also require regularization under the above mentioned provisions.

Table 2.4: Excess over provisions requiring regularization during 2013-14

(₹ in crore)

Sr. No.	Number and title of grant		Total Grant/ Appropriation	Expenditure	Excess
Voted Grants					
1	8	Finance (Revenue)	6172.26	6184.24	11.98
2	21	Public Works (Revenue)	1171.03	1327.03	156.00
Charged Appropriation					
3	8	Finance (Revenue)	7601.81	7820.21	218.40
Total			14945.10	15331.48	386.38

Source: Appropriation Accounts

On this being pointed out (September 2014), the Finance Department while admitting the facts, stated (November 2014) that the matter was being pursued with various Administrative Departments.

2.3.4 Persistent excess expenditure

In six cases (Table 2.5), there was persistent excess expenditure of more than ₹ five crore in each case during the last five years. Under four schemes (Sr. No. 3, 4, 5 and 6), there was 100 per cent excess expenditure during the last five years.

Table 2.5: List of grants having persistent excess expenditure during 2009-14

(₹ in crore)

Sr. No.	Number and Name of the grant/schemes	Amount of excess expenditure (percentage of excess expenditure in brackets)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Revenue-Voted						
08-Finance						
1	2071-Pensions and other Retirement benefits 01-Civil 101-Superannuation and Retirement Allowances 01-Pension and other Retirement Benefits	221.41 (11.19)	644.93 (26.27)	570.86 (19.03)	81.58 (2.25)	123.66 (3.28)
2	2071-Pensions and other Retirement benefits 01-Civil 105-Family Pensions	31.31 (9.98)	144.34 (35.45)	100.80 (16.93)	57.82 (7.90)	14.13 (1.46)
21-Public Works						
3	2059-Public Works 80-General 799-Suspense	184.98 (100.00)	219.13 (100.00)	157.79 (100.00)	52.28 (100.00)	36.98 (100.00)
4	2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Work done by that Department	27.29 (100.00)	45.73 (100.00)	45.23 (100.00)	52.34 (100.00)	82.72 (100.00)
5	2215-Water Supply and Sanitation 01-Water Supply 799-Suspense	149.38 (100.00)	106.37 (100.00)	73.19 (100.00)	58.78 (100.00)	36.78 (100.00)
6	3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges	74.72 (100.00)	6.29 (100.00)	91.27 (100.00)	102.94 (100.00)	58.02 (100.00)

Source: Appropriation Accounts

2.3.5 Expenditure without making provision of funds

As per Para 14.1 of the Punjab Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was, however, observed that an expenditure of ₹ 528.78 crore, was incurred in

30 cases (₹ one crore or more in each case) under seven grants during 2013-14 (**Appendix 2.2**) without making any provision in the original estimates/supplementary demands and without issuing any re-appropriation orders to this effect.

In reply, the Finance Department stated (November 2014) that the amount of ₹ 528.78 crore was released to administrative departments by Finance Department as additional funds from overall savings in the concerned demands. But, this amount was neither incorporated during preparation of revised estimates by administrative departments nor supplementary amount was demanded by them. Due to this, approval of Vidhan Sabha for this amount could not be taken in budget for the year 2013-14. However, the State Government would get the excess expenditure regularized from Vidhan Sabha and such irregularity would be avoided in future.

2.3.6 Unnecessary supplementary provisions

Supplementary provisions of ₹ one crore or more in each case, aggregating to ₹ 3,838.30 crore obtained in 34 cases, during the year 2013-14 proved unnecessary as the expenditure did not come up to the level of the original provisions (**Appendix 2.3**). In two Grants viz. Education (Grant No. 5) and Irrigation & Power (Grant No. 15), unnecessary supplementary provision exceeded ₹ 500 crore.

The Finance Department attributed the reasons (November 2014) to non-passing of bills by the treasury on account of fiscal exigencies and assured to take corrective measures in future.

2.3.7 Unnecessary/Injudicious 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. During the year 2013-14, 28 re-appropriation orders for ₹ 6,162.50 crore were issued. Out of these, three re-appropriation orders were issued after the close of financial year and hence rejected by the Office of the Pr. Accountant General (A&E), Punjab. All the remaining 25 re-appropriation orders for ₹ 6,142.94 crore were issued on 31 March, 2014.

During 2013-14, under 25 cases out of 37 (**Appendix 2.4**, excluding Sr. No. 2, 6, 7, 8, 10, 12, 22, 23, 24, 29, 32 and 37), re-appropriation orders for ₹ 10 crore or more in each case effected by the departments proved unnecessary because expenditure did not come even up to the level of budget provisions and in remaining 12 cases reduction of provisions also proved injudicious as there was excess expenditure under these cases.

The Finance Department stated (November 2014) that the matter would be looked into and corrective measures would be taken in future.

2.3.8 Anticipated savings not surrendered

As per Rule 17.20 of the Punjab 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 year 2013-14, in 12 cases, savings of ₹ 2,876.04 crore (21.70 per cent of overall savings of ₹ 13,256.44 crore) (**Appendix 2.5**) ranging between ₹ 12.78 crore and ₹ 1,342.25 crore, were not surrendered by the concerned departments. Education and Rural Development & Panchayats were some of the departments which had not surrendered the huge anticipated savings (more than ₹ 500 crore) which indicates the inadequate budgetary control as these funds could not be utilized for other developmental purposes. Similarly, in 24 cases, after effecting partial surrender (₹ 2,729.36 crore out of ₹ 9,211.24 crore), savings aggregating to ₹ 6,481.88 crore were not surrendered (**Appendix 2.6**). Had the amount been surrendered as and when it was anticipated, it could have been utilized for other purposes. Some of the major departments were Social & Women's Welfare, Welfare of Scheduled Castes & Backward Classes, Public Works, Irrigation & Power and Health & Family Welfare, Local Government and Housing & Urban Development.

The Finance Department attributed the reasons for savings (November 2014) to non-passing of bills by the treasury on account of fiscal exigencies and assured to take corrective measures in future.

2.3.9 Surrender inspite of excess expenditure

Under Grant No. 08-Finance and 21-Public Works an amount of ₹ 4.39 crore and ₹ 27.59 crore (Revenue-Voted) respectively had been surrendered even though there was an excess expenditure of ₹ 11.98 crore and ₹ 156 crore.

2.3.10 Rush of expenditure

According to para 18.15 of the Manual of Instructions of the Finance Department, Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Audit scrutiny of expenditure incurred by the State Government in the year 2013-14 showed that in 10 cases (**Table 2.6**), the expenditure incurred during the 4th quarter of the year ranged between 62.15 and 100 per cent and the expenditure incurred during the month of March 2014 alone under all these head of accounts constituted 44.88 per cent of the total expenditure. Further, it was also observed that under two heads of accounts (Sr. No. 2 and 7), entire expenditure was incurred during 4th quarter.

Table 2.6: Rush of expenditure towards the end of the financial year 2013-14

(₹ in crore)

Sr. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2014	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2047-Other Fiscal Services	4.67	3.19	68.31	2.82	60.38
2.	2852-Industries	6.25	6.25	100.00	3.30	52.80
3.	3435-Ecology and Environment	3.45	3.16	91.59	3.00	86.96
4.	4070-Capital outlay on Other Administrative services	15.72	12.08	76.84	3.81	24.24
5.	4058-Capital Outlay on Printing and Stationary	1.52	1.28	84.21	-	-
6.	4210-Capital Outlay on Medical and Public Health	82.67	71.08	85.98	45.96	55.59
7.	4225-Capital Outlay on Welfare of SC/ST/OBC	7.42	7.42	100.00	2.00	26.95
8.	4250-Capital Outlay on Other Social Services	2.85	2.78	97.54	0.41	14.39
9.	5055-Capital Outlay on Road Transport	4.65	2.89	62.15	0.17	3.66
10.	5452--Capital Outlay on Tourism	14.48	10.35	71.48	3.01	20.79
	Total	143.68	120.48	83.85	64.48	44.88

Source: Monthly Accounts compiled by the Pr. A.G. (A&E)

In reply, the Finance Department stated (November 2014) that various contra entries such as interest on GPF and GIS, unspent balances of disaster relief fund etc. were effected in the month of March and receipts of share in Central taxes and grants were also on higher side in March as compared to other months of the financial year which led to higher figure of expenditure in the fourth quarter of the financial year. The reply is not convincing as the heads of accounts in which excess expenditure was pointed out did not involve contra entries on account of interest on GPF, GIS, unspent balances of disaster relief fund, etc. Moreover, the provisions under Manual of Instructions of the Finance Department were also not adhered to.

2.4 Outcome of review of selected grants

A review of budgetary procedure and control over expenditure in two test checked grants i.e. Grant No. 05-Education and 17-Local Government, Housing & Urban Development showed the following:

2.4.1 Unrealistic budget provisions

Audit scrutiny of the records revealed that under Grant No.05-Education and 17-Local Government, Housing & Urban Development, the departments either made unrealistic budget provisions or did not disburse the amount

during 2013-14, as savings of more than ₹ 20 crore in each case aggregating ₹ 1,115.62 crore were found in 12 minor heads/schemes (*Appendix 2.7*).

2.4.2 Excess over provisions requiring regularization

The excess expenditure over budget provision of ₹ 382.44 crore (under four minor heads/schemes) and ₹ 36.85 crore (one head/scheme) exceeding ₹ 10 crore under each minor heads/schemes (*Appendix 2.8*) was incurred under Grant No. 05-Education and Grant No. 17-Local Government, Housing & Urban Development respectively during the year 2013-14 which requires regularization under Article 205(1)(b) of the constitution.

2.4.3 Withdrawal of whole budget provision through re-appropriation

Under Grant-17, in 38 minor heads/schemes under major head 4217-Capital Outlay on Urban Development, the whole budget provision was withdrawn through re-appropriation in March 2014 which dilutes the process of budget making and control over expenditure. Some minor heads/schemes (exceeding ₹ 50 crore) where the entire provision was withdrawn is given in **Table 2.7**.

Table 2.7: Withdrawal of budget provision through re- appropriation

(₹ in crore)

Sr. No.	Minor head/Scheme	Original Provision	Re-appropriation
1	4217-Capital Outlay on Urban Development, 60-Other Urban Development Schemes, 800- Other expenditure, 38-Jawaharlal Nehru National Urban Renewal Mission Integrated Housing and Slum Development Programme (Centrally Sponsored Scheme)	1278.48	(-) 1278.48
2	4217-Capital Outlay on Urban Development, 60-Other Urban Development Schemes, 789- Special Component Plan for Scheduled Castes, 13-Integrated Housing and Slum Development Programme (Plan)	159.81	(-) 159.81
3	4217-Capital Outlay on Urban Development, 60-Other Urban Development Schemes, 800- Other expenditure, 34-Jawaharlal Nehru National Urban Renewal Mission Urban Infrastructure and Governance (Centrally Sponsored Scheme)	155.57	(-) 155.57
4	4217-Capital Outlay on Urban Development, 60-Other Urban Development Schemes, 800- Other expenditure, 36-Jawaharlal Nehru National Urban Renewal Mission Basic Services to Urban Poor (Centrally Sponsored Scheme)	67.08	(-) 67.08
5	4217-Capital Outlay on Urban Development, 60-Other Urban Development Schemes, 800- Other expenditure, 34-Jawaharlal Nehru National Urban Renewal Mission Urban Infrastructure and Governance (Centrally Sponsored Scheme)	62.23	(-) 62.23
6	4217-Capital Outlay on Urban Development, 60-Other Urban Development Schemes, 800- Other expenditure, 37-Jawaharlal Nehru National Urban Renewal Mission Urban Infrastructure	60.32	(-) 60.32

Sr. No.	Minor head/Scheme	Original Provision	Re-appropriation
	Development Scheme for Small Medium Town (Centrally Sponsored Scheme)		
	Total	1783.49	(-) 1783.49

Source: Appropriation Accounts

Withdrawal of entire provision through re-appropriation in March 2014 in respect of item at serial no. 1 was due to non-release of funds by the Finance Department and serial no. 2 to 6 was due to non-implementation of the schemes.

2.4.4 Unnecessary Supplementary grant/Re-appropriation

Supplementary provisions aggregating ₹ 648.19 crore obtained in eight cases (Sr.No. 1 to 7 under Grant no. 5 and Sr. No. 9 under Grant no. 17) and re-appropriation amounting to ₹ 155.65 crore in three cases (Sr. No. 8, 10 and 11 under Grant no. 17) (*Appendix 2.9*), during the year 2013-14 proved unnecessary as the expenditure under each case was less than or equal to the original provisions.

2.4.5 Entire provision remained unutilized

Under Grant No. 05, entire budget provision in six minor heads/schemes amounting to ₹ 189.68 crore (*Appendix 2.10*) remained unutilized resulting in denial of intended benefits to the general public.

2.4.6 Non-inclusion of non-recurring grant-in-aid in the schedule of New Expenditure

Para 5.1(1)(d) of Punjab Budget Manual lays down that any non-recurring grant-in-aid contribution or donation even though provision was made for it in the original or supplementary estimates of the current year should be included in the schedule of 'New Expenditure'. Para 1.8 of the Manual *inter alia* lays down that the schedule of new expenditure has to be prepared by the Heads of Departments and after scrutiny by the Administrative and Finance Departments, are to be passed by the Council of Ministers with reference to the funds available and the comparative urgency of the proposals.

During review of Grant No. 17, it was noticed that a budget provision amounting to ₹ 180 crore was made under head of account "2216-Housing, 02-Urban Housing, 190-Assistance to Public Sector and Other Undertakings, 01-Assistance to Punjab Urban Development Authority, 36-Grant-in-aid General (Non-Salary), of which, an expenditure of ₹ 176.88 crore was incurred. But, despite the grant-in-aid of non-recurring in nature, the estimates of the expenditure was not included in the schedule of 'New Expenditure', in contravention of the provisions *ibid*, which by-passed the prerogative of the Council of Ministers.

The Secretary (Expenditure) stated (August 2014) that the aspect would be taken care of in future as guidance.

2.5 Excess payment of gratuity and pension

(i) During inspection of Treasuries in the State for the year ended 31 March 2014 by the office of the Principal Accountant General (A&E), Punjab, it was observed that in three cases, an amount of ₹ 0.25 lakh was paid in excess as gratuity by various District Treasury Officers/Treasury Officers (DTOs/TOs) (*Appendix 2.11*).

(ii) The Commissioner for Finance and Secretary to Government of Punjab, Finance Department authorized (June 1977) the Public Sector Banks (PSB) for disbursement of pension to Punjab Government pensioners. Each PSB was required to execute an indemnity Bond with the Punjab Government for shouldering responsibility of any wrong/overpayment to the pensioners. With a view to evolve a control mechanism to check the overpayments by PSBs in pension disbursement the Government of Punjab assigned the audit of PSBs to the Internal Audit Wing of Finance Department.

The annual inspection of the treasuries in Punjab is conducted by the Pr. A.G.(A&E). During inspection the Pr. A.G. (A&E) noticed that internal audit wing of the Department of Finance had pointed out overpayment of pensionary benefits amounting to ₹ 10.07 crore by PSBs (Hoshiarpur: ₹ 2.97 crore, Ludhiana: ₹ 4.62 crore and Kapurthala: ₹ 2.48 crore) during the year 2013-14 resulting in loss to State exchequer and thus sought comments of DTOs on the overpayment made by the PSBs. The DTOs stated that matter had already been taken up with the concerned banks and final position will be intimated later on. Further, the Pr. A.G. (A&E) also requested the Government to furnish the details of overpayment made by the PSBs and action taken in this regard.

2.6 Conclusions

During 2013-14, expenditure of ₹ 61,283.40 crore was incurred against total grants and appropriations of ₹ 74,153.46 crore. Over all saving of ₹ 12,870.06 crore occurred after the total saving of ₹ 13,256.44 crore was offset by excess expenditure of ₹ 386.38 crore. The excess expenditure requires regularization under Article 205(1)(b) of the Constitution of India. Apart from this, excess expenditure of ₹ 5,362.17 crore relating to the year 2007-08 to 2012-13 also requires regularization.

In 25 cases, re-appropriation orders proved unnecessary because expenditure did not come even upto the level of budget provisions and in remaining 12 cases reduction of provision also proves injudicious as there was excess expenditure under these cases. Out of savings of ₹ 9,211.24 crore in 24 cases (saving of more than ₹ 10 crore) savings of ₹ 6,481.88 crore were not

surrendered. There was rush of expenditure in last quarter/month of the financial year.

2.7 Recommendations

The Government may consider:

- *getting the expenditure incurred in excess of the budget provision regularized from legislature;*
- *monitoring of expenditure and anticipated savings so that the unutilized amounts could be utilized timely on other schemes; and*
- *devising suitable mechanism to avoid rush of expenditure in last quarter/month of the financial year.*