

CHAPTER-II: FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

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 appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts, passed by the Legislature. 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 authorised by the Appropriation Act in respect of both charged and voted items of the budget. The Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, supplementary to Finance Accounts. In Sikkim, no Budget Manual containing the procedures for preparation of the estimates of budget, subsequent action in respect of the budget communication, distribution of grants, watching the progress of revenue and control over expenditure, etc. had been laid down.

2.1.2 Audit of appropriation by the Comptroller and Auditor General of India (CAG) seeks to ascertain whether expenditure actually incurred under various grants was within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution of India was so charged. It also ascertained whether the expenditure so incurred was in conformity with law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

2.2.1 Summarised position of expenditure and provision

The summarised position of actual expenditure during the year 2016-17 against 47 grants/appropriations is 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	Actual expenditure	Saving (-)/ Excess (+)	Amount surrendered	Amount surrendered on 31 March	Percentage of savings surrendered by 31 March
1		2	3	4	5	6	7	8	9(col.7/col.6)
Voted	I Revenue	4394.48	293.60	4688.08	3426.75	(-)1261.33	1125.21	692.58	89
	II Capital	877.65	391.06	1268.71	737.29	(-)531.42	423.71	401.12	80
	III Loans and advances	0.55	00.00	0.55	0.00	(-)0.55	0.55	0.55	100
	Total Voted	5272.68	684.66	5957.34	4164.04	(-)1793.30	1549.47	1094.25	
Charged	IV Revenue	364.51	00.00	364.51	361.85	(-)2.66	4.18	4.18	-157.14
	V Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	VI Public Debt- Repayment	247.24	00.00	247.24	246.26	(-)0.98	0.98	0.98	(-)100
Total Charged		611.75	0.00	611.75	608.11	(-)3.64	5.16	5.16	
Appropriation to Contingency Fund (if any)		0	0	0	0	0	0	0	
Grand Total		5884.43	684.66	6569.09	4772.15	(-)1796.94	1554.63	1099.41	

Source: Appropriation Accounts

There were overall savings of ₹ 1,796.94 crore in 45 grants and two appropriations. However, there were no excess under Capital/Revenue Section.

The savings/excess were intimated (07 July 2017) to the Controlling Officers requesting them to explain the significant variations. Out of 298 sub-heads, explanations in respect of only 17 savings and nil excess were received upto 31 July 2017 and the balance 281 were received after 31 July 2017.

2.3 Financial accountability and budget management

2.3.1 Excess over provision 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 had been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). Appropriation Accounts upto 2010-11 had been discussed by the PAC. However, excess expenditure amounting to ₹ 83.99 crore for the years 2010-2016 had not been regularised (March 2017). The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.2**.

Table 2.2: Excess over provision requiring regularisations

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularisation
	Grants	Appropriations		
2010-11	04 (Grant Nos.24,33,37,24)	-	1.59	Under examination by PAC
2011-12	04 (Grant Nos. 16,26,42,24)	-	0.20	-do-
2012-13	18 (Grant Nos. 3,5,9,16,17,24,25,26,27,31,32,33,34,35,36,40,42)	Governor	22.10	-do-
2013-14	15 (Grant Nos. 3,5,7,8,9,16,24,26,30,31,32,34,35,42,10)	-	55.77	-do-
2014-15	05 (Grant Nos 3,8,31,33,42)	-	4.28	-do-
2015-16	01 (Grant no 36)	-	0.05	-do-
		Total	83.99	

Source: Appropriation Accounts

2.3.2 Appropriation vis-à-vis allocative priorities

The outcome of the appropriation audit revealed that in 32 cases, savings exceeded ₹ one crore in each case and also by more than 20 per cent of total provision (**Appendix 2.1**). Against the total savings of ₹ 1,796.94 crore in the State, savings of ₹ 1,040.23 crore (57.89 per cent)¹ occurred in 7 cases relating to 7 grants as indicated in **Table 2.3**.

¹ Exceeding ₹50 crore in each case

Table 2.3: List of grants with savings of ₹ 50 crore and above

(₹ in crore)

Sl. No.	No. and Name of grant	Original	Supplementary	Total	Actual expenditure	Savings
	REVENUE - VOTED					
1	7 Human Resource Development	573.61	39.54	613.15	513.35	99.80
2	19 Water Resources and River Development	154.59	6.71	161.30	29.94	131.36
3	29 Development Planning Economic Reforms and North A=Eastern Council Affairs	370.50	1.45	371.95	27.31	344.64
4	41 Urban Development and Housing	113.87	7.55	121.42	33.69	87.73
5	43 Panchayat Raj Institutions	442.44	00	442.44	320.28	122.16
	CAPITAL-VOTED					
6	33 Water Security and Public Health Engineering	113.40	27.06	140.46	47.52	92.94
7	34 Roads and Bridges	124.79	122.10	246.89	85.29	161.60
	Total	1893.20	204.41	2097.61	1057.38	1040.23

Source: Appropriation Accounts

Savings were mainly due to i) Non surrender of funds by the implementing departments, (ii) Non-receipt of funds from Government of India (GoI), iii) Less release of Central Fund, and iv) Non-approval of scheme by GoI.

2.3.3 Persistent savings

In eleven cases, during the last five years, there were persistent savings of more than ₹ one crore in each case and also by 10 per cent or more of the total grant (Table 2.4).

Table 2.4: Lists of grants indicating persistent savings during 2012-13 to 2016-17

(₹ in crore)

Sl. no	No. and name of grant	Amount of savings				
		2012-13	2013-14	2014-15	2015-16	2016-17
	REVENUE –VOTED					
1	12 – Forestry and Environment Management	101.24 (60.27)	69.95 (38.40)	109.25 (38.39)	126.55 (60.63)	87.53 (40.05)
2	19 - Irrigation & Flood Control	93.92 (62.64)	106.75 (72.46)	130.36 (87.75)	70.44 (67.38)	131.36 (81.44)
3	22 –Land Revenue and Disaster Management	172.04 (50.81)	130.03 (33.12)	93.31 (33.04)	67.77 (43.38)	57.41 (34.18)
4	38 – Social Justice, Empowerment and Welfare	34.81 (33.67)	23.24 (23.05)	31.11 (26.43)	68.68 (39.33)	48.85 (33.24)
	CAPITAL – VOTED					
5	2 – Animal Husbandry, Livestock, Fisheries and Veterinary	11.77 (80.45)	2.74 (42.15)	2.99 (66.47)	2.79 (64.72)	15.92 (82.26)
6	7 – Human Resource Development	19.86 (43.90)	20.20 (45.98)	21.02 (52.88)	20.31 (68.55)	21.72 (41.44)
7	31 - Energy and Power	60.69 (58.71)	24.24 (27.09)	37.40 (54.36)	60.25 (61.63)	53.14 (48.07)
8	34 - Roads & Bridges	48.09 (20.07)	77.87 (31.97)	146.79 (63.16)	99.46 (43.52)	161.61 (65.46)
9	35 – Rural Management & Development	34.93 (33.09)	12.78 (16.45)	29.93 (12.42)	53.80 (34.66)	27.93 (12.34)
10	40 – Tourism	108.15 (69.03)	108.37 (63.24)	154.54 (36.71)	42.95 (32.71)	12.14 (23.20)
11	41 – Urban Development and Housing	171.35 (77.61)	148.29 (70.98)	159.46 (69.34)	37.93 (48.28)	43.20 (50.69)

Source: Appropriation Accounts. (Figures in the bracket indicate percentage to total provision)

Savings were mainly due to (i) Delay in implementation of schemes (ii) Non-release of funds by GoI and (iii) Progress of work not achieved.

2.3.4 Rush of expenditure

According to the Sikkim Financial Rule (SFR), rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, the State Government incurred an expenditure of ₹ 1,062.25 crore (i.e., 22.26 per cent of the total expenditure) in March 2017, out of which, ₹ 352.16 crore (7.38 per cent of the total expenditure of the year) was spent on the last day i.e., 31 March 2017.

In 28 Major Heads under 19 grants/appropriation, an expenditure of ₹ 410.71 crore during the month of March 2017 ranged between 50 and 100 per cent of the total expenditure as given in **Appendix 2.2**. In eleven cases, 100 per cent of the total provision for the year 2016-17 was incurred in March, which was contrary to the aforesaid provision.

2.3.5 Unnecessary supplementary provision

Supplementary provision aggregating ₹ 374.18 crore obtained in 31 cases (20 revenue grants and 11 capital grants) (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.3**.

2.3.6 Substantial surrenders

Substantial surrenders (the cases where more than 50 per cent of total provision was surrendered) were made in respect of 81 sub-heads on account of either delay in implementation of schemes/programmes or non-receipt of funds from GoI. Out of the total provision amounting to ₹ 1,087.11 crore in those 81 sub-heads, ₹ 910.29 crore (83.73 per cent) constituting 13.86 per cent of total budget provision (₹ 6,569.09 crore) were surrendered, which included 100 per cent surrender in 28 sub-heads (₹ 94.96 crore). The details of such cases are given in **Appendix 2.4**.

2.3.7 Anticipated savings not surrendered

As per SFR, the spending departments are required to surrender the grants/appropriations or portion thereof to the FRED as and when the savings are anticipated. At the close of the year 2016-17, there were, however, three grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in those cases was ₹ 17.72 crore (0.99 per cent of the total savings) as indicated in **Table 2.5**.

Table 2.5: Details of anticipated savings not surrendered

			(₹ in lakh)
Sl. No.	Grant No.	Name of grant/appropriation	Savings
1	18	Information Technology	1,563.00
2	26	Motor Vehicles	37.26
3	37	Sikkim Nationalised Transport	172.02
Total			1,772.28

Further, in 12 grants/appropriations (with savings of ₹ one crore and above in each case), out of total savings of ₹ 627.66 crore, only ₹ 425.65 crore were surrendered leaving ₹ 202.01 crore (47.46 per cent) un-surrendered, details of which are given in **Appendix 2.5**. Besides, in 75 cases, (surrender of funds in excess of ₹ one crore or more), ₹ 627.15

crore (**Appendix 2.6**) was surrendered (major departments involved were Development, Planning, Economic Reforms and North Eastern Council; Social Justice, Empowerment and Welfare; Rural Management and Development and Land Revenue and Disaster Management) on the last two working days of March 2017 indicating inadequate financial controls and also the fact that those funds could not be utilised for other development purposes.

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

As per SFR, every drawing and disbursing 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 transmission to the Accountant General. The total amount of DC bills received during the period 2012-17 was ₹ 240.53 crore against the amount of AC bills of ₹ 306.84 crore (₹ 144.23 crore (OB) + ₹ 162.61 crore) leading to an outstanding balance of DC bills of ₹ 66.31 crore as on 31 March 2017 as given in the following table:

Table 2.6: Details of AC Bills

(₹ in crore)

Year	Opening Balance	Addition during the year	Total amount of AC bills	Amount of adjustment (DC bills)	DC bills as percentage to AC bills	Outstanding AC bills
2012-13	144.23	50.11	194.34	53.12	27.33	141.22
2013-14	141.22	42.78	184.00	90.36	49.11	93.63
2014-15	93.63	28.15	121.78	49.27	40.46	72.51
2015-16	72.51	15.52	88.03	19.37	22.01	68.66
2016-17	68.66	26.05	94.71	28.41	29.99	66.31
Total		162.61		240.53		

Source: Voucher Level Computerisation data of Office of the Sr. Deputy Accountant General (Accounts & Entitlement).

Department-wise pending DC bills for the years up to 2016-17 are detailed in **Appendix 2.7**. As would be seen from the Appendix, the main defaulting departments were Social Justice, Empowerment and Welfare (₹ 6.03 crore); Food Security and Agriculture Development (₹ 4.52 crore); Health Care, Human Services and Family Welfare (₹ 2.73 crore); Home (₹ 2.87 crore); Labour (₹ 4.86 crore); Horticulture and Cash Crops Development, (₹ 7.33 crore); Police (₹ 3.09 crore) and Personnel, Administrative Reforms, Training, Public Grievances, Career Options and Employment Skill Development and Chief Minister's Self Employment Schemes (₹ 5.19 crore).

Non-submission of DC bills for long periods after drawing the AC bills is fraught with the risk of misappropriation and, therefore, needs to be monitored closely. It may also be mentioned that the expenditure, having already been booked as such in the books of accounts, distorts the magnitude of expenditure. Besides, quality of the same also remained unascertained.

2.3.9 Review on pendency in submission of DC bills in Horticulture and Cash Crops Development Department

An examination by audit of the advances granted and their subsequent adjustment in respect of Drawing and Disbursing Officer (DDO) of the Horticulture and Cash Crops

Development Department as per the voucher level computerisation data maintained by the Office of the Senior Deputy Accountant General (Accounts & Entitlement), Sikkim showed that ₹ 7.33 crore drawn towards various advances, viz. Contingency and Medical were lying unadjusted for prolonged period. However, the figure as provided by the Department showed only ₹ 5.97 crore as of March 2017. The year wise pendency of advances is given in the following table:

Table 2.7: Details of Advances

Year	Contingency Advance for Supply/implementation of Scheme (Amount in ₹)	Medical Advance/ Travelling allowance advance(Amount in ₹)	Total (Amount in ₹)
2003-04	49,449	-	49,449
2009-10	4,78,000	-	4,78,000
2010-11	1,49,64,476	-	1,49,64,476
2011-12	3,82,525	-	3,82,525
2012-13	17,350	-	17,350
2014-15	4,32,43,380		4,32,43,380
2015-16	67,943	50,000	1,17,943
2016-17	1,37,428	3,50,000	4,87,428
TOTAL	5,93,40,551	4,00,000	5,97,405,51

Source: Departmental figures

Test check of records of DDO of Horticulture and Cash Crops Development Department revealed the following:

- i) Sub-Para 7.16 and 7.17 of Para 7 below Rule 227 of SFR states that ‘The Controlling Officer/DDO of the Department/Office shall obtain the copy of statement regularly from PAO and should verify from his records kept in the Advance Register and reconcile with the PAO monthly and Office of the Accountant General, Sikkim at the time of reconciliation of accounts or dates fixed by that office’ and ‘After reconciliation with the Office of the Accountant General, Sikkim, a certificate of reconciliation and adjustment effected is to be obtained by the Department for record and references’.

In spite of the above rule provision, advances were lying un-adjusted for long periods without any reasons on record.

Besides, the following irregularity was also noticed:

- The outstanding advances shown in the records of the Senior Deputy Accountant General (Accounts & Entitlement), Sikkim was ₹ 7.33 crore as of March 2017, however, this did not match with the amount of ₹ 5.97 crore reflected in the departmental records leading to a difference of ₹ 1.36 crore.
- ii) Rule 20 (5) of Sikkim Services (Medical Facilities) Amendment Rules, 2007 states that ‘The amount of advance should be adjusted against the claim for reimbursement of expenditure as admissible under these rules and the balance, if any, recovered from the pay of the Government Servant concerned in ten equal monthly instalments’.

- It was observed in audit that the Department neither initiated any action to adjust the advances nor did the Government servant submit the final bills to adjust the medical advances amounting to ₹ 4.00 lakh pertaining to the years 2015-16 and 2016-17 till the date of audit (September 2017).
- iii) Sub-Para 7.6 of Para 7 below Rule 227 of SFR, 1979 stipulates ‘The Advance Register should be reviewed by the Head of Department/Office at frequent intervals to ensure that the advances do not remain outstanding for more than the period stipulated for settlement. The Controlling Officer should ensure that every effort is made to get the work done or supplies completed against the advances expeditiously’.
- However, it was observed in audit that the Advance Register was never examined by the Head of the Department/Office to ensure that the advances do not remain outstanding for more than the period stipulated for settlement and to monitor the submission of detailed bills there-against. Further, the Department had produced Advance Registers to Audit only from 2009-10 onwards. Hence, in the absence of Advance Register prior to the period 2009-10, the possibility of settlement of an unrecorded outstanding advance is remote.
- During 2014-15 the Department had drawn advances amounting to ₹ 4.32 crore ranging from 77 to 94 *per cent* of the total provision on 31st March i.e., the last day of the financial year to prevent the lapse of budget so that it may be utilised in the succeeding years. The details are given in the **Table 2.8** below:

Table 2.8: Advances drawn on 31st March

Sl.no	Name of the Scheme	Budget Provision (in ₹)	Voucher no /Date	Amount (in ₹)	Percentage of Expenditure
1	Cymbidium orchid distribution at 18 constituencies	3,40,00,000	6146/31.3.2015	3,21,21,000	94 %
2	Water Harvesting and Irrigation in Sikkim Mandarin (NEC)	1,45,00,000	6254/31.3.2015	1,11,22,380	77%
			Total	4,32,43,380	

Source: Departmental figure

The payment of advances on the last day/month of any financial year to avoid the lapse of budgetary provision is highly irregular. This is not only in violation of the provisions of the Sikkim Financial Rule 28 but also against the prudent practice of accounting.

Thus, non-adherence of the Rule, non-compliance with instructions and certification of bill without due diligence and lack of follow-up action by the DDO concerned and also by the Head of Department had resulted in accumulation of outstanding advances amounting to ₹ 7.33 crore. Not settling of advances within the scheduled of period indicate deficient financial management and lack of effective control over expenditure by the Controlling Officers.

2.4 Contingency Fund

The Contingency Fund of the State had been established under the Contingency Fund Act, 1957 in terms of provision of Articles 267(2) and 283(2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which till its authorisation by the Legislature would be undesirable. The fund is in the nature of an imprest and its corpus is ₹ one crore. Funds drawn out of Contingency Fund are subsequently recouped to the fund through supplementary provisions.

During the financial year 2016-17, an amount of ₹ 31.00 lakh was given to the Election Department out of the fund which had not been recouped during the current financial year.

2.5 Outcome of review of selected grants

2.5.1 Grant No. 16 – Commerce and Industries Department

An audit examination of the budgetary procedure and control over expenditure for the period 2012-13 to 2016-17 in respect of Grant No. 16–Commerce and Industries Department, Government of Sikkim was conducted. Audit findings are given below:

2.5.1.1 Summarised position

The summarised position of actual expenditure against grants during 2012-13 to 2016-17 in respect of Grant No. 16 – Commerce and Industries Department is given in **Table 2.9**.

Table 2.9 summarised position of actual expenditure

(₹ in thousand)

Year	Section	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Excess(+) Savings(-)	Surrender	Remained to be surrendered
2012-13	Voted	Revenue	223821	00	223821	235432	(+) 11611	3350	00
	Voted	Capital	32751	24000	56751	41903	(-) 14848 (26)		00
2013-14	Voted	Revenue	222264	10014	232278	243959	(+) 11681	00	00
	Voted	Capital	48301	00	48301	36146	(-) 12155 (25)	00	12155
2014-15	Voted	Revenue	357135	550	357685	244339	(-) 113346 (32)	87859	25487
	Voted	Capital	169500	49045	218545	205578	(-) 12967 (6)	00	12967
2015-16	Voted	Revenue	339788	7826	347614	296351	(-) 51263 (15)	43262	8001
	Voted	Capital	150195	64600	214795	214795	00	00	00
2016-17	Voted	Revenue	457642	2988	460630	288696	(-) 171934 (37)	168573	3361
	Voted	Capital	159508	10440	169948	168922	(-) 1026 (1)	13	1013

Source: Appropriation Accounts

Figures in brackets indicate percentage of savings/excess to total provision

The analysis of actual expenditure against the grants received revealed the following:

2.5.1.2 Unnecessary/excessive supplementary provision

Savings in a grant or appropriation indicate that the expenditure could not be incurred as estimated and planned. It was noticed that supplementary grants of ₹ 5.50 lakh (2014-15), ₹ 78.26 lakh (2015-16) and ₹ 29.88 lakh (2016-17) under the Revenue Head were unnecessary as the final expenditure under these heads were within the original provision.

2.5.1.3 Persistent savings

Persistent savings in the grants were indicative of inaccurate budget estimation and a tendency of the concerned department to overestimate the requirement of funds. Persistent and substantial savings during 2014-15 to 2016-17 ranging from 15 to 37 per cent of the provision were noticed under Revenue Heads and percentage ranging from 01 to 26 under Capital Heads during the entire review period from 2012-13 to 2016-17 except 2015 -16 as detailed in the table above.

2.5.1.4 Surrender of fund less than actual saving

During the years 2014-15 and 2016-17 under Revenue Head, the amount surrendered was less than actual savings indicating lack of or inadequate budgetary control. As against savings of ₹ 3,365.43 lakh, the amount surrendered was ₹ 2,996.94 lakh, however, balance amount of ₹ 368.49 lakh was not surrendered indicating inadequate financial control.

2.5.1.5 Anticipated savings not surrendered

In terms of SFR, the spending departments are required to surrender the grants/appropriation or portion thereof to the FRED as and when the savings are anticipated. Audit analysis of Grant No- 16 revealed that despite the savings, no fund was surrendered in the following cases (**Table 2.10**):

Table 2.10: Details of anticipated saving not surrendered

(₹ in lakh)

Year	Name of the scheme	Total grant	Actual expenditure	Saving
2012-13	National Mission on Food Processing (NMFP) (CSS)	127.50	15.00	112.50
2013-14	Handmade paper unit at Melli – Other charges	8.86	00	8.86
	National Mission on Food Processing (NMFP) (CSS)	268.00	146.00	122.00
2014-15	Production and Training Centre for Soft Toys	32.47	10.00	22.47
	Setting up of Heritage/Handicraft Museum at Namchi (NEC)	177.12	00	177.12
	Handmade paper unit at Melli	140.41	00	140.41
	National Mission on Food Processing (NMFP)	220.45	90.78	129.67
2015-16	Small Scale Industries (Grant-in- Aid)	292.50	280.00	12.50
	Plantation	645.10	629.80	15.30
2016-17	Jorethang Establishment - Salaries	118.86	90.02	28.84
	Modernisation & Expansion of Govt. Food Pres.Fact – Major Works	10.00	00	10.00
	Total			779.73

Source: Detailed Appropriation Accounts

2.5.1.6 Substantial savings

Budget is prepared based on the activities to be undertaken for a year and the provision of funds is made to discharge the payment thereto. Analysis of budget provision and actual expenditure for the period 2012-13 to 2016-17 covered under review revealed that in eight cases there were substantial savings (50 per cent and above) as detailed below (**Table 2.11**):

Table 2.11: Details of substantial savings

(₹ in lakh)

Year	Name of the scheme	Total grant	Actual expenditure	Savings	% of savings
2012-13	National Mission on Food Processing (NMFP) (CSS)	127.50	15.00	112.50	88
2013-14	Handmade paper unit at Melli – Other charges	8.86	00	8.86	100
2014-15	Production and Training Centre for Soft Toys	32.47	10.00	22.47	69
	Setting up of Heritage/Handicraft Museum at Namchi (NEC)	177.12	00	177.12	100
	Handmade paper unit at Melli	140.41	00	140.41	100
	National Mission on Food Processing (NMFP) (CSS)	220.45	90.78	129.67	59
	Integrated Handloom Development Programme – Other Charges	12.23	00	12.23	100
2016-17	Modernisation & Expansion of Govt. Food Pres. Fact – Major Works	10.00	00	10.00	100

Source: Detailed Appropriation Accounts

The reasons for the savings were not on record.

2.5.1.7 Non-utilisation of funds

The estimates of expenditure should be as accurate as possible, an avoidable excess in an estimate is as much a financial irregularity as an excess in actual expenditure. Test check of sub-heads for detailed analysis revealed that the Department did not utilise the entire budget provision (more than ₹ one crore) and surrendered the budget allotment. Audit analysis on the review of the grant revealed that an amount of ₹ 348.62 lakh provided for various activities were not utilised as indicated below (**Table 2.12**):

Table 2.12: Details of non-utilisation of funds

(₹ in lakh)

Year	MH affecting the grant	Amount of grant
2013-14	Handmade paper unit at Melli	8.86
2014-15	Setting up of Heritage/Handicraft Museum at Namchi (NEC)	177.12
	Handmade paper unit at Melli – Other charges	140.41
	Integrated Handloom Development Programme – Other Charges	12.23
2016-17	Modernisation & Expansion of Govt. Food Pres.Fact – Major Works	10.00
	Total	348.62

Source: Detailed Appropriation Accounts

Reasons for non-utilisation of funds were neither on record nor furnished by the Department.

2.5.1.8 Excess over provision

Total excess amounting to ₹ 498.12 Lakh over authorisation from the Consolidated Fund of State during 2012-13 and 2013-14 is detailed below (**Table 2.13**):

Table 2.13: Details of Excess over provision

(₹ in lakh)

Year	Major Head affecting the grant	Total grant	Actual expenditure	Excess
2012-13	MH-2851 - Village and Small Industries	685.58	835.50	149.92
	MH-4851 – Capital outlay on Village and Small Industries	00	147.96	147.96
	MH-4860 – Capital outlay on Consumer Industries	166.08	256.07	89.99
2013-14	MH-2851 – Village and Small Industries	1,102.55	1,212.80	110.25
			Total	498.12

Source: Detailed Appropriation Accounts

2.5.1.9 Rush of expenditure

As per Note 3 under Rule 84 of SFR, rush of expenditure, particularly in the closing month of the financial year, is to be regarded as a breach of financial propriety and should be avoided. Contrary to this, rush of expenditure during the closing month of the financial year was noticed in the grant under review as shown below (**Table 2.14**):

Table 2.14: Statement showing the rush of expenditure

Particular	(<i>₹ in crore</i>)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Expenditure during April to December	18.52	20.96	31.44	32.02	32.24
Expenditure during January to February	5.20	2.22	5.69	3.97	7.14
Expenditure during March	3.71	4.83	7.86	15.12	6.38
(Percentage of Expenditure during March)	13.53	17.24	17.47	29.58	13.94
Total	27.43	28.01	44.99	51.11	45.76

Source: Departmental Figures

It can be seen from the above table that during the month of March the expenditure incurred by the Department ranged from 13.53 to 29.58 per cent.

2.6 Conclusion and Recommendations

The State Government had not brought out a Budget Manual detailing the procedures for preparation of budget estimates, realisation of revenue, control over expenditure etc. Against the total provision of ₹ 6,569.09 crore during 2016-17, an expenditure of ₹ 4,772.15 crore was incurred. This resulted in an unspent provision of ₹ 1,796.94 crore (27.35 per cent). Excess expenditure of ₹ 83.99 crore during 2010-11 to 2015-16 required regularisation under Article 205 of the Constitution of India. While supplementary provision of ₹ 374.18 crore in 31 cases was unnecessary, in 75 cases, ₹ 627.15 crore was surrendered on the last two working days of the financial year. An amount of ₹ 66.31 crore drawn during 2012-17 as advances remained unsettled distorting the amount of expenditure being shown as such.

A Budget Manual should be prepared immediately enumerating detailed procedures for better financial management.

The budget should be more realistic and cases of persistent non-utilisation of funds, excessive provision of funds should be avoided.

