

*CHAPTER-II*  
*FINANCIAL MANAGEMENT*  
*AND BUDGETORY*  
*CONTROL*



## Chapter II

# Financial Management and Budgetary Control

### 2.1 Introduction

Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amount of voted Grants and Appropriations charged for different purposes as specified in Schedules appended to the Appropriation Accounts. These Accounts list the original Budget Estimates (BEs), 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 budget. The Appropriation Accounts thus, facilitate management of finances and accounts.

Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the 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 so incurred is in conformity with the law, relevant rules, regulations and instructions.

### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure in 2016-17 against 76 Grants and three Appropriations is given in **Table 2.1** below:

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

Nature of Expenditure	Details of Grant/ Appropriation		Total	Actual Expenditure <sup>1</sup>	Savings (-)/ Excess (+)	Details of Surrender <sup>2</sup>		
	Original	Supplementary				Amount	Per cent	
<b>Voted</b>	I- Revenue	9732.65	1560.00	11292.65	8825.99	(-) 2466.66	2127.14	86.24
	II - Capital	2606.16	840.73	3446.89	1544.68	(-) 1902.21	1159.31	60.95
	III - Loans & Advances	14.60	6.04	20.64	10.33	(-) 10.31	0.00	0.00
	<b>TOTAL VOTED</b>	<b>12353.41</b>	<b>2406.77</b>	<b>14760.18</b>	<b>10381.00</b>	<b>(-) 4379.18</b>	<b>3286.45</b>	
<b>Charged</b>	IV - Revenue	820.98	1.13	822.11	568.55	(-) 253.56	187.04	73.77
	VI - Public Debt-Repayment	733.50	0.00	733.50	586.77	(-) 146.73	100.89	68.76
	<b>TOTAL CHARGED</b>	<b>1554.48</b>	<b>1.13</b>	<b>1555.61</b>	<b>1155.32</b>	<b>(-) 400.29</b>	<b>287.93</b>	71.93
<b>Appropriation to Contingency Fund (if any)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>13907.89</b>	<b>2407.90</b>	<b>16315.79</b>	<b>11536.32</b>	<b>(-) 4779.47</b>	<b>3574.38</b>	76.90	

(Source: Appropriation Accounts 2016-17)

It will be seen that:

<sup>1</sup> These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Capital Expenditure (₹ 66.76 lakh).

<sup>2</sup> Entire amount was surrendered on 31 March 2017.

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- The total savings of ₹ 4,779.47 crore was 34.37 *per cent* of the original budget provision of ₹ 13907.89 crore.
- Gross savings of ₹ 5,124.39 crore had occurred in 71 grants and seven appropriations under Revenue Section and 48 grants and one appropriation under Capital Section.
- The above gross savings was offset by excess expenditure of ₹ 344.92 crore in eight Grants each under Revenue and Capital Section.
- Out of the total savings of ₹ 4,779.47 crore, only ₹ 3,574.38 crore (76.90 *per cent* of the total unspent provision/ savings) was surrendered by 31 March 2017.
- 13.76 *per cent* of the savings of ₹ 2466.66 crore under the Revenue Expenditure head (voted) was not surrendered.
- 39.05 *per cent* of the savings of ₹ 1902.21 crore under the Capital Expenditure head (voted) was not surrendered.
- 26.23 *per cent* of the savings of ₹ 253.56 crore under the Revenue Expenditure head (charged) was not surrendered.
- 31.24 *per cent* of the savings of ₹ 146.73 crore under the Public Debt Repayment (charged) was not surrendered.

The reasons for savings/ excesses (Detailed Appropriation Accounts) were called for (August 2017) from all the concerned departments, out of which explanations for variations were received for 69 Grants/ Appropriations. The State Government needs to make the budget and allocation process more realistic so that optimum utilisation of resources is ensured.

### 2.3 Financial Accountability and Budget Management

#### 2.3.1 Expenditure without Provision

As per Article 204 (3) of the Constitution of India, expenditure should not be incurred on a scheme/ service without provision of funds. In 2016-17, it was noticed that an expenditure of ₹ 224.21 crore was incurred in 17 sub-heads under 14 Grants/ Appropriations without any provisions in the original estimates/ supplementary demands and without any re-appropriation orders to this effect as detailed in **Appendix-2.1**.

Further, there were seven sub-heads under six Grants, where expenditure (more than ₹ one crore in each case) of ₹ 218.63 crore (97.51 *per cent* of the total expenditure without budget provisions) was incurred during the year without any budget provision as shown in the **Table-2.2**.

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**Table - 2.2: Expenditure incurred without provision during 2016-17**  
(more than ₹ one crore in each case)

(₹ in crore)

Sl. No.	Grant No.	Major Head of Account-Sub Head-Detailed Head	Expenditure without Provision
1	24	04-2415-80-800-01-Creation of Assets	1.79
2	26	04-5054-80-800-02- Creation of Assets under SADA	43.55
3		04-5054-04-800-04-Schemen under RIDF	4.48
4	33	09-800-02- Celebration of Nyokum Yullo festival at Sagalee	1.14
5	45	3275-80-800-01- Maintenance of Assets	31.61
6	59	4215-01-800-26- Creation of Assets under SADA	91.25
7	65	04-4575-03-800-01- Development of Tirap Changlang District	44.81
<b>Total</b>			<b>218.63</b>

(Source: Appropriation Accounts 2016-17)

This shows that bills were passed in the Treasuries in spite of there being no provisions in the Budget, which is a violation of existing Financial Rules. Besides, Budget and the corresponding Appropriation Act have been flouted.

### 2.3.2 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit showed that savings aggregating ₹ 2520.21 crore in 35 cases (Revenue) and ₹ 2252.90 crore in 34 cases (Capital) exceeded ₹ one crore in each case and more than 20 per cent of the total provisions (*Appendix-2.2*). Against the gross savings of ₹ 5,124.39 crore, savings of ₹ 3450.03 crore (67.33 per cent), exceeding ₹ 100 crore in each case, occurred in 12 Grants/ Appropriations as shown in **Table 2.3**.

**Table - 2.3: List of Grants with Savings of ₹ 100 crore and above**

(₹ in crore)

Sl. No.	Number and Name of the Grant/ Appropriations	Total	Actual Expenditure	Details of Savings	
				Amount	Per cent
<b>Revenue Voted</b>					
1	6-District Administration	535.33	360.96	174.37	32.57
2	11-Social Welfare	233.05	121.21	111.84	47.99
3	15-Health and Family Welfare	874.68	692.32	182.36	20.85
4	26-Rural Works	840.78	418.17	422.61	50.26
5	34-Power	900.41	708.1	192.31	21.36
6	75-Higher and Technical Education	292.57	119.01	173.56	59.32
7	76-Elementary Education	1227.22	899.24	327.98	26.73
<b>Revenue Charged</b>					
8	97-Public Debt	750.84	549.14	201.70	26.86
<b>Capital Voted</b>					
9	31-Public Works	247.65	93.04	154.61	62.43
10	32-Roads and Bridges	652.06	318.17	333.89	51.21
11	50-Secretariat Economic Services	643.82	7.84	635.98	98.78
12	66-Hydro Power Development	453.93	61.84	392.09	86.38
<b>Capital Charged</b>					
13	97-Public Debt	733.50	586.77	146.73	20.00
<b>Grand Total</b>		<b>8385.84</b>	<b>4935.81</b>	<b>3450.03</b>	<b>41.14</b>

(Source: Appropriation Accounts 2016-17)

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### 2.3.3 Persistent Savings

During the last five years, there were persistent savings of more than ₹ one crore each and by 10 per cent or more of the total provisions in six Grants as shown in **Table 2.4**.

**Table - 2.4: List of Grants where persistent savings occurred during 2012-13 to 2016-17**

Sl. No.	No. and Name of Grant	Amount of Savings				
		2012-13	2013-14	2014-15	2015-16	2016-17
<i>(₹ in crore)</i>						
<b>Revenue – Voted</b>						
1	23-Forest	156.24 (57)	62.63 (28)	127.68 (35)	87.92 (28)	47.65 (17)
2	27-Panchayat	73.76 (69)	90.42 (62)	72.49 (63)	47.67 (29)	69.18 (47)
3	38-Water Resources Dept.	41.00 (23)	39.08 (19)	103.84 (46)	27.09 (13)	59.98 (25)
<b>Capital – Voted</b>						
4	38-Water Resources Dept.	66.83 (75)	20.00 (50)	14.00 (31)	206.95 (63)	85.34 (51)
5	50-Secretariat Economic Services	1755.35 (100)	2717.10 (100)	1722.53(100)	951.33 (99)	635.98 (99)
6	56-Tourism	33.92 (56)	24.15 (42)	8.72 (16)	34.11 (76)	17.32 (25)
7	57-Urban Development	116.30 (55)	149.34 (36)	126.96 (44)	70.54 (37)	75.87 (21)

*(Figures in parentheses indicate percentage of savings to total provision)*

*(Source: Appropriation Accounts of respective years)*

Analysis of the reasons for the savings during 2016-17 showed that:

- (i) The savings under Forest was due to non-payment of Assured Career Progression (ACP)/ Modified Assured Career Progression (MACP) to government employees.
- (ii) The savings under Water Resources Department was due to non-receipt of authorisation from the Finance Department.
- (iii) The savings under Tourism was due to incurring expenditure as per actual physical progress of the works.

The trend of persistent savings are being highlighted in the Report of the C&AG on State Finances every year but no corrective measures had been taken by the departments concerned to correct this situation.

### 2.3.4 Unutilised budgetary provision

Appropriation of fund for a work/ scheme during a financial year is approved by the Legislature through the budget. During 2016-17, a provision of ₹ 293.60 crore (Original plus Supplementary) for maintenance works, Centrally Sponsored Schemes (CSS), Non Lapsable Central Pool of Resources Schemes (NLCPRS), Schemes under State Annual Development Agenda (SADA), etc. under 18 Grants and one Appropriation was approved. The concerned Departments, however, could not utilise the funds which resulted in savings of the entire provision as detailed in **Appendix-2.3**.

### 2.3.5 Substantial Surrenders

Substantial surrenders<sup>3</sup> were made in respect of 93 sub-heads under 44 Grants/ Appropriations without assigning any reasons. Out of the total provision amounting to

<sup>3</sup> Cases where more than 50 per cent of total provisions was surrendered.

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₹ 2,911.30 crore in these 93 sub-heads, ₹ 2,337.87 crore (**Appendix-2.4**) was surrendered which included 100 *per cent* surrender in 47 sub-heads (₹ 773.74 crore).

### 2.3.6 Surrenders in excess of actual savings

In six Grants, as against savings of ₹ 399.72 crore, ₹ 552.86 crore were surrendered resulting in excess surrender of ₹ 153.14 crore as detailed in **Table 2.5**.

**Table - 2.5: List of Grants showing surrenders more than savings**

(₹ in crore)

Sl. No.	No. and Name of the Grants	Total provision	Total Expenditure	Savings	Details of surrender	
					Amount	Excess
<b>Revenue-Voted</b>						
1	7-Treasury and Accounts Administration	79.58	29.34	50.24	59.02	8.78
2	29-Co-operation	19.26	17.92	1.34	1.79	0.45
3	76-Elementary Education	1227.22	899.24	327.98	463.56	135.58
<b>Capital-Voted</b>						
4	14-Secondary Education	9.49	9.42	0.07	0.67	0.60
5	21-Food, Storage and Warehousing	1.22	0.10	1.12	1.22	0.10
6	53-Fire Protection and Control	26.60	7.63	18.97	26.60	7.63
<b>Total</b>		<b>1363.37</b>	<b>963.65</b>	<b>399.72</b>	<b>552.86</b>	<b>153.14</b>

(Source: Appropriation Accounts 2016-17)

This shows that departments were not aware of their fund position and the expenditure actually incurred there against *vis-à-vis* their budgetary provisions.

### 2.3.7 Savings not surrendered

As per extant Financial Rules, the spending departments are required to surrender the Grants/ Appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of 2016-17, out of total savings of ₹ 4425.15 crore under 46 Grants, savings (₹ one crore and above in each case) of ₹ 1695.61 crore (38.32 *per cent*) remained to be surrendered as shown in **Appendix-2.5**. Further, out of the above, there were savings (₹ 10 crore and above in each case) of ₹ 839.52 crore (18.98 *per cent*) under nine Grants but no part of the savings was surrendered by the concerned departments as shown in **Table-2.6**.

**Table - 2.6: Details of Grants/ Appropriations in which no part of the savings was surrendered (₹ 10 crore and above)**

(₹ in crore)

Sl. No.	Name of Grant/ Appropriation	Total provision	Expenditure	Savings	Surrender
<b>Revenue (Voted)</b>					
1	31-Public Works	262.59	221.57	41.02	Nil
2	32-Roads & Bridges	446.08	413.76	32.32	Nil
3	38-Water Resources Department	240.13	180.15	59.98	Nil
4	65-Department of Tirap, Longding and Changlang District	51.08	1.02	50.06	Nil

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Sl. No.	Name of Grant/ Appropriation	Total provision	Expenditure	Savings	Surrender
<b>Capital (voted)</b>					
5	15-Health & Family Welfare	26.67	14.89	11.78	Nil
6	31-Public Works	247.65	93.03	154.62	Nil
7	32-Roads & Bridges	652.06	318.17	333.89	Nil
8	33-North-Eastern Areas	75.98	58.67	17.31	Nil
9	38-Water Resources Department	167.71	82.37	85.34	Nil
10	40-Housing	20.10	3.63	16.47	Nil
11	56-Tourism	70.53	53.21	17.32	Nil
12	75-Higher and Technical Education	57.3	37.89	19.41	Nil
<b>Total</b>		<b>2317.88</b>	<b>1478.36</b>	<b>839.52</b>	

(Source: Appropriation Accounts, 2016-17)

### 2.3.8 Savings partially surrendered

Out of the total savings (₹ 50 crore and above in each case) of ₹ 1507.00 crore under six Grants, only an amount of ₹ 1047.92 crore (69.54 per cent) was surrendered as shown in **Table-2.7**.

**Table - 2.7: Details of savings partially surrendered (₹ 50 crore and above)**

(₹ in crore)

Sl. No.	No and Name of Grants	Savings	Surrender	Savings to be surrendered
<b>Revenue (Voted)</b>				
1	8-Police	127.20	76.77	50.43
2	15-Health & Family Welfare	182.36	126.87	55.49
3	26-Rural Works	422.61	362.52	60.09
4	27-Panchayat	69.18	2.81	66.37
<b>Capital (Voted)</b>				
5	34-Power	69.67	0.01	69.66
6	50-Secretariat Economic Services	635.98	478.94	157.04
<b>Total</b>		<b>1507.00</b>	<b>1047.92</b>	<b>459.08</b>

(Source: Appropriation Accounts 2016-17)

Due to non-surrender of anticipated savings by departments concerned, there was no scope on the part of the Finance Department to utilise the funds for other purposes.

The state Government has not taken any corrective action in this regard in spite of the same being pointed out in State Finance Reports year after year.

### 2.3.9 Excess Expenditure

As per Article 204 (3) of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriations made by law passed in accordance with the provisions of this Article.

In 2016-17, expenditure in 16 cases (₹ 1565.17 crore) exceeded the approved provisions (₹ 1220.26 crore) by ₹ 344.91 crore as detailed in **Appendix-2.6**.



Moreover, in six Grants, expenditure aggregating ₹ 341.32 crore exceeded the approved budget provision either by ₹ one crore or more in each case or by more than 20 per cent of the total provisions as detailed in **Table 2.8**.

**Table - 2.8: Details of Grants/ Appropriations where excess expenditure was more than ₹ one crore each or more than 20 per cent of the total provisions**

(₹ in crore)

Sl. No.	Number and Name of the Grants/ Appropriation	Total provision	Details of Expenditure		Excess as per cent of Total Provisions
			Total	Excess	
<b>Revenue Voted</b>					
1	13-Directorate of Accounts	535.68	636.43	100.75	18.81
2	43-Fisheries	23.50	41.57	18.07	76.89
3	59-Public Health Engineering	495.29	514.37	19.08	3.85
<b>Capital Voted</b>					
4	26-Rural Works	0.00	48.03	48.03	100.00
5	59-Public Health Engineering	24.16	131.17	107.01	442.92
6	65-Department of Tirap, Longding and Changlang District	0.00	44.81	44.81	100.00
7	76-Elementary Education	11.50	15.07	3.57	31.04
<b>Total</b>		<b>1090.13</b>	<b>1431.45</b>	<b>341.32</b>	<b>31.31</b>

(Source: Appropriation Accounts 2016-17)

### 2.3.10 Excess over provisions relating to previous year requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess expenditure over a Grant/ Appropriation regularised by the State Legislature. Although, no time limit for regularisation was prescribed under the Article, excess expenditure was to be regularised after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). Administrative Departments concerned are required to submit Explanatory Notes for excess expenditure to PAC through Finance Department. However, excess expenditure of ₹ 2636.22 crore from 1986-87 to 2015-16 was yet to be regularised, as detailed in **Appendix 2.7**.

### 2.3.11 Unnecessary supplementary provisions

Supplementary provision aggregating ₹ 382.83 crore (₹ 10 lakh or more in each case) obtained in 35 cases, under 32 Grants, during 2016-17 proved entirely unnecessary as even the original provision was not fully utilised, as detailed in **Appendix-2.8**. This indicated that the Chief Controlling Officers could not realistically assess/ estimate the actual requirement of funds for the remaining period of the financial year. Monitoring of expenditure needs to be strengthened.

Out of these 35 cases, there were unnecessary supplementary provisions (₹ 10 crore and above in each case) aggregating ₹ 160.63 crore (41.96 per cent) in six cases as detailed in **Table-2.9**.

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**Table - 2.9: Statement showing unnecessary Supplementary Provisions of ₹ 10 crore and above**

(₹ in crore)

Sl. No.	Number and Name of the Grants	Original Provision	Actual Expenditure	Savings out of original provision	Supplementary Provision
<b>REVENUE VOTED</b>					
1	6-District Administration	512.66	360.96	151.70	22.67
2	8-Police	756.21	734.42	21.79	105.41
3	26-Rural Works	826.00	418.17	407.83	14.78
4	65-Department of Tirap, Longding and Changlang District	40.74	1.02	39.72	10.34
<b>CAPITAL VOTED</b>					
5	31-Public Works	112.00	93.04	18.96	135.65
6	38-Water Resources Department	142.73	82.37	60.36	24.98
<b>Total</b>		<b>254.73</b>	<b>175.41</b>	<b>79.32</b>	<b>160.63</b>

(Source: Appropriation Accounts 2016-17)

### 2.3.12 Excessive or Inadequate Supplementary Provision

During 2016-17, the excessive or inadequate Supplementary Provisions (₹ One crore and above in each case) ranged between 5 to 100 per cent of the Supplementary Provisions in 56 cases as detailed in Table-2.10.

**Table - 2.10: Range of excessive or inadequate Supplementary provisions**

(₹ in crore)

Range of Supplementary Provisions (excess/ less)	Details of Supplementary Provisions		Number of Grants
	Total	Excess (+)/ Less (-)	
0-20 per cent	549.90	60.97	7
21-40 per cent	161.73	8.35	8
41-60 per cent	200.53	105.98	3
61-80 per cent	913.55	604.72	8
More than 81 per cent	112.78	(-)173.99	4
<b>Total</b>	<b>1938.49</b>	<b>606.03</b>	<b>30</b>

(Source: Appropriation Accounts, 2016-17)

Further, under 27 Grants, Supplementary Provisions aggregating ₹ 1790.87 crore proved excessive by ₹ 832.88 crore; while in three Grants, Supplementary Provisions aggregating ₹ 147.62 crore proved inadequate by ₹ 226.85 crore as detailed in Appendix-2.9.

### 2.3.13 Excessive/ inadequate/ unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive, inadequate or insufficient in 91 sub-heads and resulted in savings/ excess (₹ one crore and above in each case) as detailed in Appendix-2.10.

## 2.3.14 Injudicious surrender

In four Grants, there were injudicious surrender of ₹ 5.70 crore as departments had already made excess expenditure of ₹ 138.70 crore out of the total provision of ₹ 1145.06 crore as detailed in **Table 2.11**.

**Table - 2.11: Surrender out of the Excess Expenditure**

(₹ in crore)					
Sl. No.	Number and Name of the Grant/ Appropriation	Total Provision	Total Expenditure	Excess	Surrender
<b>Revenue-Voted</b>					
1	13-Director of Accounts	535.68	636.43	100.75	0.05
2	43-Fisheries	23.50	41.57	18.07	2.09
3	48-Horticulture	90.60	91.39	0.79	1.35
4	59-Public Health Engineering	495.28	514.37	19.09	2.21
<b>Total</b>		<b>1145.06</b>	<b>1283.76</b>	<b>138.70</b>	<b>5.70</b>

(Source: Appropriation Accounts 2016-17)

## 2.3.15 Misclassification between Revenue and Capital Heads

Expenditure on minor works, repairs and GIA is to be classified as Revenue Expenditure. Capital Expenditure is incurred with the object of increasing concrete assets. During 2016-17, an expenditure of ₹ 63.54 lakh was incorrectly classified under Capital Head instead of Revenue Head as detailed in **Table 2.10**.

**Table - 2.10 Misclassification between Revenue and Capital Head**

Sl. No.	Major Head	Grant No. & Name	Expenditure (₹ in lakh)	Remarks
1	4202	76- Elementary Education	0.83	Renovation of DIET*
			19.23	Renovation of SCERT*
			24.06	Renovation of DIET*
2	4202	14- Secondary Education	16.25	Renovation of Meeting Hall
			3.17	Renovation of Meeting Hall at Directorate
<b>Total</b>			<b>63.54</b>	

**DIET:-**District Institute of Education & Training; **SCERT:-**State Council of Educational Research & Training

\*-Expenditure out of GIA

(Source: Sanction Orders of the State Government)

Misclassification was noticed in Elementary Education (three cases) and Secondary Education Departments (two cases). Classification of Revenue Expenditure as Capital Expenditure resulted in over-statement of Capital Expenditure by ₹ 63.54 lakh.

## 2.4 Outcome of review of Selected Grants

Audit conducted (November 2017) a review of budgetary procedure and control over expenditure of Grant No. 65-“Department of Tirap, Longding and Changlang District”. Important findings are detailed below:

### 2.4.1 Introduction

Audit scrutiny of the records showed that during 2016-17, a saving of ₹ 50.06 crore in Revenue Section and excess of ₹ 44.81 crore in Capital Section were noticed in the said

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Grant. This was due to either unrealistic budget provisions or excessive control on disbursement of the amount.

The overall position of the budget provisions, actual disbursements and savings under this grant during the last five years is shown in **Table 2.11**.

**Table - 2.11: Financial overview of Grant No. 65 Department of Tirap, Longding and Changlang District**

(₹ in crore)

Year	Total Grant/ Appropriation		Actual Expenditure		Savings		Excess	
	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
2012-13	2.47	24.00	2.47	23.23	-	0.77	-	-
2013-14	3.11	22.53	3.11	21.91	-	0.62	-	-
2014-15	3.03	26.95	2.92	26.62	0.11	0.32	-	-
2015-16	0.93	40.00	3.23	36.52	-	3.48	2.30	-
2016-17	51.08	-	1.02	44.81	50.06	-	-	44.81

(Source: Appropriation Accounts of respective years)

### 2.4.2 Expenditure without budget provision

Under Capital head, an Expenditure of ₹ 44.81 crore was incurred for development of Tirap and Changlang district without any budget provision. The Department stated that actual grant was ₹ 50.00 crore and necessary budget support from the Finance Department was also accorded. However, as per budget documents of the Finance Department, there was no provision of fund under Capital head in this grant as detailed below:

**Table - 2.12: Expenditure without budget provision**

(₹ in crore)

Sl No	Minor Head/Scheme	Total Provision	Expenditure	Savings (-)/ Excess (+)
1	04- State Plan Schemes 4575- Capital Outlay on Other Areas Programmes 03- Tribal Areas 800- Other Expenditure 01- Development of Tirap and Changlang District	-	44.81	(+) 44.81

(Source: Appropriation Accounts 2016-17)

The excess expenditure of ₹ 44.81 crore, which is a violation of existing financial rules, requires regularisation.

### 2.4.3 Substantial Savings under Sub-heads

As per the Detailed Appropriation Accounts for the year 2016-17, more than 50 per cent savings occurred under Major Head 2575- Other Special Area Programme- 'Development of Tirap and Changlang District' as shown in the **Table 2.13**.

**Table - 2.13: Substantial Savings under the Grant**

(₹ in crore)					
Sl No	Name of the Schemes	Total provision	Actual Expenditure	Savings	Percentage
1	2575-03-001-01 Development of Tirap and Changlang District	51.08	1.02	50.06	98

(Source: Appropriation Accounts 2016-17)

The reason for huge savings was due to erroneous reflection of provision of ₹ 50.00 crore under Plan Section under Revenue Head instead of Capital Head.

Further, no part of these savings were surrendered by the Department by 31<sup>st</sup> March 2017. This indicates that budgetary control was deficient in the Department.

## 2.5 Non-reconciliation of Departmental Figures

### **2.5.1 Submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills**

Rules provide that drawal through Abstract Contingent Bills (AC Bills) require presentation of Detailed Countersigned Contingent Bills (DCC Bills) to the Controlling Officer (CO) and transmission of the same to the Accountant General. A Certificate is also required to be attached with every AC Bill to the effect that DCC Bills have been submitted to the CO in respect of all AC Bills (drawn more than a month before the date of the current Bill).

Records available in respect of some of the Drawing & Disbursing Officers (DDOs)/ COs revealed that DCC Bills for 65 AC Bills amounting to ₹ 3.90 crore were not submitted as on 31 March 2017. Details of AC Bills outstanding as on 31 March 2017 is given in **Table 2.14**:

**Table - 2.14: Position of outstanding AC Bills**

Year	Number of outstanding AC Bills	Amount (₹ in crore)
2015-16	3	0.50
2016-17	62	3.40
<b>TOTAL</b>	<b>65</b>	<b>3.90</b>

(Source: Finance Accounts 2016-17)

During 2016-17, ₹ 5.16 crore was drawn through 296 AC Bills by various COs, out of which, ₹ 1.76 crore was adjusted against 234 DCC Bills leaving ₹ 3.40 crore pending for adjustment against 62 AC Bills.

The State Government has not taken any action on this matter in spite of the same being pointed out in State Finance Reports year after year.

Non-adjustment of advances for long period is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective drawing and disbursing officers. Responsibility needs to be fixed in this regard and a time bound programme needs to be evolved by the State Government to settle these outstanding AC/ DCC Bills.

### 2.5.2 Transfer of funds to Personal Deposit Accounts

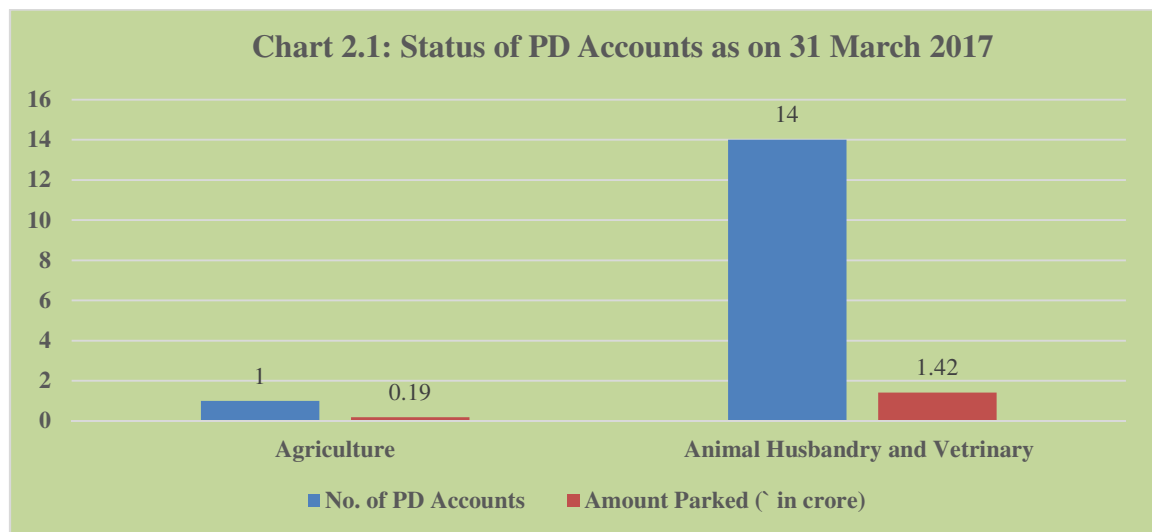
The Personal Deposit (PD) accounts, also known as Personal Ledger Accounts (PLA), are in the nature of a banking account kept in the treasuries. The Government of Arunachal Pradesh is authorised to keep funds required for specific purposes in the PD accounts by transfer of funds from the Consolidated Fund. Generally, administrators are required to close such accounts on last working day of the financial year and transfer the unspent balances back to the Consolidated Fund of Government Accounts. As on 31 March 2017, 15 PD Accounts having a total balance of ₹ 1.61 crore were not transferred to the Consolidated Fund, as indicated in **Table 2.15** and Department-wise status of PD Accounts is shown in **Chart 2.1**

**Table - 2.15:- Status of Personal Deposit Accounts during 2016-17**

Sl. No.	Particulars	Number	Amount (₹ in crore)
1	Opening balance as on 1st April 2016	11 <sup>@</sup>	1.98 <sup>@</sup>
2	Addition during the year	15	1.61
3	Closed during the year	11	1.98
4	Closing balance as on 31st March 2017	15	1.61

<sup>@</sup> Closing balance of number of PD accounts was shown inadvertently in C & AG's Report on State Finances for the year ended 31 March 2016 as seven having deposits of ₹ 1.61 crore instead of 11 having deposits of ₹ 1.98 crore.

(Source: Finance Accounts 2016-17)



(Source: Finance and Appropriation Accounts 2016-17)

## 2.6 Significant findings

The estimates of receipts and expenditure under the Consolidated Fund, Contingency Fund and Public Account were prepared without due diligence.

Further, huge excesses over budget provisions, non-utilisation of budget provisions and persistent savings, etc. which were noticed were indicative of ineffective control mechanisms.

At the close of the financial year 2016-17, there were persistent savings under six Grants. 23.10 per cent of the total savings (₹ 1205.09 crore) were not surrendered. There was an excess expenditure of ₹ 344.92 crore in eight Grants each under Revenue and Capital Sections. Excess expenditure over the budgetary allocations amounting to ₹ 2636.87 crore pertaining to the years 1986-87 to 2015-16 was not regularised till November 2017. Detailed Countersigned Contingent Bills were not submitted for an amount of ₹ 3.90 crore drawn on 65 Abstract Contingent Bills. 15 PD Accounts with a total balance of ₹ 1.61 crore were not transferred to the Consolidated Fund.

*Government should put in place an effective mechanism to ensure financial discipline and preparation of realistic budgets. Budgetary controls should be strengthened in all the Government Departments where savings/ excesses persisted. A monitoring mechanism should be put in place at the Drawing and Disbursing Officers (DDOs) level to adjust the Abstract Contingent Bills.*

*With regards to maintenance of PD accounts, the Departments should be directed to strictly follow the procedure prescribed in Civil Accounts Manual for transfer of closing balance of the accounts to the Consolidated Fund at the year end.*

