

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 voted grants and appropriations charged for different purposes, as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and reappropriations distinctly and indicate actual revenue and capital 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. Appropriation Accounts, thus, facilitate the management of finances and monitoring of 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 the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Acts 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.

2.1.3 As per the Punjab Budget Manual, as adopted by Haryana, the Finance Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called 'Demand for Grants'. In the preparation of the budget, the aim should be to achieve as close an approximation to the actuals as possible. This demands the exercise of foresight, both in estimating revenue and anticipating expenditure. An avoidable extra provision in an estimate is as much a budgetary irregularity as an excess in the sanctioned expenditure. The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended in the year and neither larger nor smaller. A saving in an estimate constitutes as much of a financial irregularity as an excess in it. The budget estimates of receipts should be based on the existing rates of taxes, duties, fees, etc.

Deficiencies in the management of budget and expenditure and violation of the Budget Manual noticed in audit have been discussed in the subsequent paragraphs.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2010-11 against 46 grants/appropriations is given in **Table 2.1**:

Table 2.1: Summarised Position of Actual Expenditure vis-à-vis Original/Supplementary Provisions

(₹ in crore)

	Nature of expenditure	Original grant/ Appropriation	Supplementary grants/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	25,049.36	3,940.41	28,989.77	25,232.71	(-) 3,757.06
	II Capital	7,520.28	1,351.89	8,872.17	7573.78	(-) 1,298.39
	III Loans and Advances	1,602.40	00	1,602.40	721.87	(-) 880.53
	Total Voted	34,172.04	5,292.30	39,464.34	33,528.36	(-) 5,935.98
Charged	IV Revenue	4,064.69	7.43	4,072.12	3,479.94	(-) 592.18
	V Capital	48.00	10.80	58.80	53.48	(-) 5.32
	VI Public Debt repayments	5,953.99	1,913.65	7,867.64	4,641.56	(-) 3,226.08
	Total Charged	10,066.68	1,931.88	11,998.56	8,174.98	(-) 3,823.58
	Appropriation to Contingency Fund (if any)	00	190.00	190.00	190.00	00
	Grand Total	44,238.72	7,414.18	51,652.90	41,893.34	(-) 9,759.56

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹ 402.48 crore) and Capital Heads (₹ 3,596.16 crore).

Supplementary provisions of ₹ 7,414.18 crore obtained during the year constituted 17 per cent of the original provision as against nine per cent in the previous year.

The overall savings of ₹ 9,759.56 crore were the result of savings of ₹ 9,982.03 crore in 44 grants under the Revenue Section, 17 grants under the Capital Section and one appropriation (Public Debt-Repayments) under the Loan Section, offset by excess of ₹ 222.47 crore in two grants under the Revenue Section and one grant under the Capital Section. The excess of ₹ 222.47 crore requires regularisation under Article 205 of the Constitution.

The savings/excesses (Detailed Appropriation Accounts) were intimated (August 2011) to the Controlling Officers, requesting them to explain the reasons for significant variations but their explanations had not been received (October 2011). Finance, Buildings and Roads, Food and Supplies, Irrigation, Education, Social Welfare and Rehabilitation, Urban Development and Transport were the departments having substantial savings/excess expenditure.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis allocative priorities

Appropriation audit revealed that savings in 36 cases exceeded ₹ 10 crore in each case or were more than 20 per cent of the total provision (**Appendix 2.1**). Against the total savings of ₹ 9,905.23 crore, savings of above ₹ 50 crore in each case amounting to ₹ 9,724.17 crore (96 per cent) occurred in 25 cases relating to 20 grants and one appropriation as indicated in **Table 2.2**.

Table 2.2: List of grants with savings of ₹ 50 crore and above

(₹ in crore)

Sr. No.	Number and name of the grant	Original	Supplementary	Total	Actual expenditure	Savings	Surrenders
Revenue-Voted							
1.	4-Revenue	591.12	627.53	1,218.65	945.48	273.17	394.50
2.	7-Planning and Statistics	250.00	4.23	254.23	169.96	84.27	82.72
3.	8-Buildings and Roads	865.13	168.67	1,033.80	664.49	369.31	249.50
4.	9-Education	5,788.56	384.52	6,173.08	5,562.55	610.53	469.71
5.	10- Technical Education	239.09	23.39	261.48	195.26	66.22	66.07
6.	13-Health	1,117.13	200.75	1,317.88	1,068.22	249.66	237.51
7.	14-Urban Development	97.52	3.32	100.84	31.15	69.69	69.95
8.	15- Local Government	711.11	234.48	945.59	291.19	654.40	677.38
9.	19- Welfare of Scheduled Castes and Backward Classes	188.46	71.52	259.98	199.73	60.25	67.86
10.	21- Women and Child Development	469.96	-	469.96	363.10	106.86	109.41
11.	23-Food and Supplies	243.41	-	243.41	89.48	153.93	153.58
12.	24- Irrigation	1,105.31	71.76	1,177.07	865.59	311.48	5.33
13.	27-Agriculture	583.67	125.60	709.27	654.53	54.74	17.69
14.	32- Rural and Community Development	946.27	133.67	1,069.94	1,010.46	69.48	169.82
15.	34-Transport	1,061.94	108.00	1,179.94	1,089.12	80.82	80.57
16.	36-Home	1,417.27	220.77	1,638.04	1,586.28	51.76	54.36
17.	38- Public Health and Water Supply	664.19	280.37	944.56	870.68	73.88	25.84
18.	40-Energy and Power	2,988.25	237.28	3,225.53	2,964.25	261.28	248.29
Revenue-Charged							
19.	6-Finance	4,018.69	-	4,018.69	3,424.44	594.25	505.71
Capital-Voted							
20.	8-Buildings and Roads	1,213.08	187.90	1,400.98	1,140.50	260.48	245.15
21.	23-Food and Supplies	3,816.25	371.53	4,187.78	3,731.04	456.74	452.23
22.	38- Public Health and Water Supply	649.50	352.20	1,001.70	698.16	303.54	334.06
23.	40-Energy and Power	1,054.77	-	1,054.77	653.95	400.82	400.81
24.	45-Loans and Advances by State Government	1,602.40	-	1,602.40	721.87	880.53	847.36
Capital-Charged							
25.	Public Debt	5,953.99	1,913.65	7,867.64	4,641.56	3,226.08	3,593.95
Total		37,637.07	5,721.14	43,357.21	33,633.04	9,724.17	9,559.36

Savings exceeding ₹ 100 crore in each grant are discussed below:

i. Grant Number "4-Revenue" (Revenue-Voted)

There were total savings of ₹ 273.17 crore only but the department injudiciously surrendered ₹ 394.50 crore. Savings occurred mainly under the head, "2245-Relief on account of Natural Calamities, 02-Floods, Cyclones, etc, 101-Gratuitous Relief, 97-Supply of seeds, fertilizers and agricultural implements" (₹ 216.16 crore) due to less relief provided to affected farmers on account of damaged crops.

ii. Grant Number “13-Health” (Revenue-Voted)

Against the provision of ₹ 1,317.88 crore, the expenditure was only ₹ 1068.22 crore, resulting in savings of ₹ 249.66 crore. Further, augmentation of funds (₹ 200.75 crore) through supplementary grants proved unnecessary as the total expenditure of ₹ 1,068.22 crore was less than even the original estimate of ₹ 1,117.13 crore. Savings (₹ 249.66 crore) occurred mainly under the head, “2210-Medical and Public Health, 05-Medical Education, Training and Research, 105-Allopathy, 81-Establishment of Mewat Medical College at Nelhar” (₹ 166.62 crore) due to release of less grants-in-aid as per the requirement of the Medical College at Nelhar.

iii. Grant Number “15-Local Government” (Revenue-Voted)

The grant closed with savings of ₹ 654.40 crore which included supplementary grants totalling ₹ 234.48 crore. Though the total expenditure was only 41 per cent of the original budget, the funds were augmented through these supplementary grants. Savings occurred mainly under the head “2217-Urban Development, 80-General, 800-Other expenditure” below sub-heads “75-Share of Surcharge on VAT for Urban Local Bodies” (₹ 212.25 crore) due to late receipt of sanction for grants-in-aid and “79-Urban Infrastructure Development Scheme for Small and Medium Towns” (₹ 123.58 crore) due to non-release of Additional Central Assistance by GOI.

iv. Grant Number “23-Food and Supplies” (Revenue-Voted)

Savings under the grant were ₹ 153.93 crore. The savings occurred mainly under the head, “2408-Food, Storage and Warehousing, 01-Food, 001-Direction and Administration, 99-Information and Technology” (₹ 137.63 crore) due to non-completion of a computerisation project.

v. Grant Number “40-Energy and Power” (Revenue-Voted)

Supplementary provision of ₹ 237.28 crore proved unnecessary as the total expenditure of ₹ 2,964.25 crore was less than the original budget (₹ 2,988.24 crore). Savings (₹ 247.77 crore) occurred under the head, “2801-Power, 05-Transmission and Distribution, 800- Other expenditure, 99-Assistance of Rural Electrification HVPNL” due to enforcing of economy measures by the Government.

vi. Grant Number “6-Finance” (Revenue-Charged)

The grant closed with savings of ₹ 594.25 crore with major savings under the major head, “2049-Interest Payments, 01-Interest on Internal Debt”, below minor heads “101-Interest on market loans, 99-Interest on market loans bearing interest” (₹ 179.48 crore) due to lower rate of interest fixed by RBI and less availing of market borrowings during 2010-11; “115-Interest on Ways and Means Advances from RBI, 99- Ways and Means Advances from RBI” (₹ 138.84 crore) due to availing of less Ways

and Means advances from RBI apart from non-utilisation of the entire provision (₹ 107.43 crore) provided under the head and “200-Interest on Other Internal Debts, 91- 8.5 *per cent* Tax free special bonds of State Government (Power Bonds)”, reasons for which had not been intimated (October 2011).

vii. Grant Number “23-Food and Supplies” (Capital-Voted)

The grant closed with savings of ₹ 456.74 crore, which included supplementary grants of ₹ 371.53 crore. In view of the overall savings, the supplementary grants provided during March 2011 proved unnecessary as the expenditure (₹ 3,731.04 crore) did not even come up to the level of the original budget (₹ 3,816.25 crore), notwithstanding the fact that supplementary grants to the tune of ₹ 291.57 crore were reduced through reappropriation from the head “4408-Capital Outlay on Food, Storage and Warehousing, 01-Food, 101-Procurement and Supply, 99-Grain Supply Scheme” because of less purchase of paddy. Savings of ₹ 153.59 crore occurred under the head, “98-Establishment Cost Chargeable” due to less payment of interest.

viii. Grant Number “38-Public Health and Water Supply” (Capital-Voted)

The grant closed with savings of ₹ 303.54 crore but the department injudiciously surrendered ₹ 334.06 crore. Savings of ₹ 128.35 crore occurred under the head, “4215-Capital Outlay on Water Supply and Sanitation, 01-Water Supply, 001-Urban Water Supply, 94-National Capital Region” due to imposition of the code of conduct by the Election Commission and ban on mining.

ix. Grant Number “40-Energy and Power” (Capital-Voted)

The grant closed with savings of ₹ 400.82 crore against the original budget of ₹ 1,054.77 crore. The budgeted allotment under the head, “4801-Capital Outlay on Power Projects, 05-Transmission and Distribution, 190- Investment in Public Sector and other undertakings, 98-Equity Capital HPGCL” was reduced injudiciously from ₹ 439.59 crore to ₹ 103.39 crore through reappropriation due to enforcing of economy measures by the Government. However, the actual expenditure incurred was ₹ 183.16 crore resulting in excess expenditure of ₹ 79.77 crore.

x. Grant Number “45-Loans and Advances by State Government”

The grant closed with savings of ₹ 880.53 crore against the original budget of ₹ 1,602.40 crore. Savings occurred mainly under the heads, “6217 Loans for Urban Development, 60- Other Development Schemes, 800-Other loans, 97-Loans to Infrastructure Development Funds for strengthening of the social and physical infrastructure” (₹ 433.61 crore) and “6801-Loans for Power Projects, 205-Transmission and Distribution, 98-loans to HVPNL” (₹ 384.34 crore) due to non-release of funds by GOI.

xi. Public Debt

Against the total provision of ₹ 7,867.64 crore for Public debt, the Government availed of only ₹ 4,651.56 crore. The savings of ₹ 3,226.08 crore occurred mainly under the head, “6003-Internal Debt of the State Government” below minor heads “107-Loans from State Bank of India and other Banks” (₹ 1900 crore) due to less lifting of foodgrains by Food Corporation of India and “110-Ways and Means Advances from RBI” (₹ 1,329.52 crore) due to less availing of Ways and Means advances from RBI.

2.3.2 Excess expenditure

In two cases, expenditure aggregating ₹ 218.80 crore exceeded the approved provisions by ₹ 10 crore or more in each case or by more than 20 per cent of the total provisions. Details are given in *Appendix 2.2*. Of these, in the case of Grant number “24 – Irrigation” (**Table 2.3**), excess expenditure of more than 10 crore and also more than 10 per cent had been observed consistently for the last five years:

Table 2.3: List of grants indicating persistent excess expenditure during 2006-11

(₹ in crore)

Sr. No.	Number and name of the grant	Percentage of savings to total provision (Amount of excess expenditure)				
		2006-07	2007-08	2008-09	2009-10	2010-11
Capital-Voted						
1.	24-Irrigation	17 (182.81)	20 (278.72)	12 (171.01)	12 (177.25)	39 (198.58)

Excesses occurred mainly under the head, “4700- Capital Outlay on Major Irrigation, 16- Rehabilitation of existing channels/drainage system and 07-Improvement of old/existing channels under NABARD” (₹ 158.34 crore), “4701-Capital Outlay on Major and Medium Irrigation, 07-Improvement of old/existing channels under NABARD, New minor for equitable distribution of water and Kaushalya dam” (₹ 146.15 crore) and “4711-Capital Outlay on Flood Control Projects” (₹ 50.67 crore) for reasons such as clearing pending liabilities, depositing more funds with the Punjab Government for operation and maintenance of Inter-State channels, injudicious reduction of provision made for flood control, etc. The excesses were offset by savings under the above three heads, due to non-sanctioning of projects, non-clearance of area under the Special Component Plan for Scheduled Castes, non-execution of works, non-implementation of schemes, etc.

The excess under “Grant No. 6-Finance”, shown in *Appendix 2.2*, under the head, “2071-Pension and other Retirement Benefits” (₹ 19.57 crore) was due to receipt of more pension revision cases during the year.

2.3.3 Expenditure without provision

As per the Budget Manual, no expenditure is to be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 444.35 crore was incurred in 10 cases as detailed in **Table 2.4** without any provisions in the original estimates/supplementary demands and without any reappropriation orders to this effect.

Table 2.4: Expenditure incurred without provision during 2010-11

Sr. No.	Number and name of grants	Amount of expenditure without provision (₹ in crore)	Reasons/remarks
1.	24-Irrigation	374.24	The expenditure was incurred under the head, "2700-Major Irrigation, 02-Western Jamuna Canal Project (Commercial), 800-Other Expenditure, 99-Interest". Reasons have not been intimated by the Government.
2.		3.61	The expenditure was incurred under the head, "2700-Major Irrigation, 02-Western Jamuna Canal Project (Commercial), 001-Direction and Administration, 94-Chief Engineer". Reasons have not been intimated by the Government.
3.		1.71	The expenditure was incurred under the head, "2700-Major Irrigation, 01-Multi Purpose Rivers Project (Commercial), 800-Other Expenditure, 99-Interest". Reasons have not been intimated by the Government.
4.		1.21	The expenditure was incurred under the head, "2700-Major Irrigation, 01-Multi Purpose Rivers Project (Commercial), 101-Maintenance and Repairs, 98-Other Maintenance Expenditure". Reasons have not been intimated by the Government.
5.		5.34	The expenditure was incurred under the head, "4700-Capital Outlay on Major Irrigation, 16-Rehabilitation of Existing Channels/ Drainage System, 07-Improvement of old/existing channels under NABARD". Reasons have not been intimated by the Government.
6.		1.53	The expenditure was incurred under the head, "4700-Capital Outlay on Major Irrigation, 16-Rehabilitation of Existing Channels/Drainage System, 06-Munak Canal project, 800-Other Expenditure, 98-Construction of Canal". Reasons have not been intimated by the Government.
7.		4.03	The expenditure was incurred under the head, "4701-Capital Outlay on Major and Medium Irrigation, 07-Improvement of old/existing channels under NABARD, 80-General, 799-Suspense, 99-Suspense". Reasons have not been intimated by the Government.
8.		43.20	The expenditure was incurred under the head, "4711-Capital Outlay on Flood Control Projects, 01-Flood Control, 001-Direction and Administration, 97-Execution". Reasons have not been intimated by the Government.
9.	38-Public Health and Water Supply	6.41	The expenditure was incurred under the head, "2215-Water Supply and Sanitation, 01-Water Supply, 792-Irrecoverable Loan Write off". Reasons have not been intimated by the Government.
10.		3.07	The expenditure was incurred under the head, "2215-Water Supply and Sanitation, 02-Sewerage and Sanitation, 792-Irrecoverable Loan Write off". Reasons have not been intimated by the Government.
Total		444.35	

2.3.4 Drawal of funds to avoid lapse of budget grant

As per provisions contained in Rule 2.10 (6) (5) of the Punjab Financial Rules, also applicable to Haryana, no money should be drawn from the treasury unless it is required for immediate disbursement. Ten Drawing and Disbursement Officers, the audit of whose offices was conducted during 2009-10 had drawn a total amount of ₹ 114.24 crore as detailed in *Appendix 2.3*, which was neither fully spent for the purposes for which these were drawn nor remitted to Government accounts before the closure of the financial year.

It was further noticed that the funds drawn during the last quarter or on the last day of the financial year were kept in the cash chest or in bank accounts only to avoid the lapse of budget grants.

2.3.5 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has 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. However, excess expenditure amounting to ₹ 741.92 crore for the years 2008-09 and 2009-10 was still to be regularised. Year-wise amounts of excess expenditure pending regularisation for grants/appropriations are summarised in **Table 2.5**.

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

(Amount in ₹)

Year	Number of grants	Amount of excess over provision	Status of regularisation
2008-09	3,8,10,15,20 and 22	3,02,62,89,421	Appropriation Accounts have not been discussed by PAC.
2009-10	3,6,10 and 15	4,39,28,66,270	
Total		7,41,91,55,691	

2.3.6 Excess over provisions during 2010-11 requiring regularisation

Table 2.6 contains the summary of total excesses in three grants/appropriation amounting to ₹ 222.47 crore over authorisations from the Consolidated Fund of the State during 2010-11 which require regularisation under Article 205 of the Constitution.

Table 2.6: Excess over provisions requiring regularisation during 2009-10

(Amount in ₹)

Sr. No.	Number and title of grant/appropriation	Total grant/ appropriation	Expenditure	Excess
Revenue (Voted)				
1.	6-Finance	31,18,99,97,000	31,39,21,79,496	20,21,82,496
Sub total		31,18,99,97,000	31,39,21,79,496	20,21,82,496
Revenue (Charged)				
1.	42-Administration of Justice	34,30,52,000	37,97,88,623	3,67,36,623
Sub-Total		34,30,52,000	37,97,88,623	3,67,36,623
Capital (Voted)				
1.	24-Irrigation	5,14,40,00,000	7,12,98,13,506	1,98,58,13,506
Sub Total		5,14,40,00,000	7,12,98,13,506	1,98,58,13,506
Grand-Total		36,67,70,49,000	38,90,17,81,625	2,22,47,32,625

Reasons for excess expenditure were called for from the Government in August 2011. Reply had not been received (October 2011).

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provisions aggregating ₹ 3,575.99 crore obtained in 16 cases, involving ₹ 50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in *Appendix 2.4*. In one case, the supplementary provisions totalling ₹ 78 crore proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 198.58 crore (*Appendix 2.5*).

2.3.8 Excessive/Unnecessary reappropriation of funds

Reappropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Reappropriation proved injudicious in view of excessive surrenders or insufficient augmentation and resulted in excesses of over ₹ 1,583.70 crore in 54 sub-heads and savings of over ₹ 1,830.96 crore under 107 sub-heads by more than ₹ one crore in each case. Excesses/Savings were more than ₹ 10 crore under 24 sub-heads as detailed in *Appendix 2.6*. In 12¹ cases, reduction of provisions through reappropriation proved injudicious as the excess expenditure was more than the provisions reduced through reappropriation. Similarly, in nine² cases, the reappropriation of funds proved excessive as the savings were more than the funds provided through reappropriation.

2.3.9 Surrender in excess of actual savings

In 10 cases, the amounts surrendered (₹ 50 lakh or more in each case) were in excess of the actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of ₹ 4,772.18 crore, the amount surrendered was ₹ 5,430.32 crore resulting in excess surrender of ₹ 658.14 crore. Details are given in *Appendix 2.7*. Further, in two cases (*Appendix 2.7*), the expenditure incurred was in excess (₹ 218.80 crore) of the total grants/appropriations but even then, the funds (₹ 72.08 crore) were injudiciously surrendered.

2.3.10 Anticipated savings not surrendered

As per paragraph 13.2 of the Punjab Budget Manual also applicable to Haryana, 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 the year 2010-11, out of total savings of ₹ 4,475.44 crore in 20 cases under 17 grants/appropriations (savings of ₹ one crore and above were indicated in each grant/appropriation), amounts totalling ₹ 964.77 crore (22 per cent of the total savings) were not surrendered, details of which are given in *Appendix 2.8*. Besides, in 31 cases (surrender of funds in excess of ₹ 10 crore in each case), ₹ 9,775.79 crore was (*Appendix 2.9*) surrendered on the last two working days of March 2011, indicating inadequate financial control as well as non-utilisation of these funds for other development purposes.

2.3.11 Rush of expenditure

Rule 56 of the General Financial Rules provides that expenditure should be evenly spread throughout the year and rush of expenditure in the closing month is regarded as a

1 Sr. No. 9, 24, 35, 37, 39, 50, 100, 103, 105, 145, 146 and 147 of *Appendix 2.6*.

2 Sr. No. 27, 40, 48, 64, 67, 71, 79, 135 and 165 of *Appendix 2.6*.

breach of financial propriety and should be avoided. Contrary to this, in respect of 31 heads of 19 grants/appropriations listed in **Appendix 2.10**, expenditure exceeding ₹ 10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred during the last quarter of the year or in March 2011.

Further scrutiny revealed that out of the expenditure of ₹ 8,196.66 crore incurred on 31 major heads under 19 grants during 2010-11, expenditure of ₹ 3,769.48 crore (46 *per cent*) was spent during the month of March 2011. Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules.

2.4 Advances from Contingency Fund

The Contingency Fund of the State has been established under the Haryana Contingency Fund Act 1966 (2), in terms of provisions of Article 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 authorization by the Legislature, would be undesirable. The fund is in the nature of an imprest. The balance at the beginning of the year on 1 April 2010 was ₹ 10 crore. The State Legislature raised the corpus of the Contingency Fund to ₹ 200 crore by appropriating ₹ 190 crore from the Consolidated Fund.

During the year, the State Government sanctioned ₹ 8.27 crore but withdrew only ₹ 5.84 crore from the Contingency Fund to meet the expenditure on medical claims, pay, purchase of car, advance to staff, revised pay and miscellaneous charges etc. (**Appendix 2.11**). The advance was recouped subsequently to the fund during the year. The scrutiny of these payment revealed that the expenditure incurred could have been foreseen well in advance. Therefore, the drawal of funds from the Contingency Fund was irregular.

2.5 Errors in Budgetary Process

In the process of budgeting by the State Government, the following defects were observed:

- Four cases (**Appendix 2.12**) of defective budgeting on account of defective reappropriation orders issued by the Finance Department involving ₹ 356.29 crore were noticed.
- Out of these, in one case the entire provision of ₹ 51 crore was reduced to 'nil' through reappropriation. The decision proved injudicious in view of expenditure of ₹ 21.90 crore under this head. In another case, reduction of provisions (₹ 43.59 crore) through reappropriations also proved injudicious as there was excess expenditure of ₹ 40.52 crore in this case. In two cases involving an expenditure of ₹ 19 crore, augmentation of funds (₹ 10.36 crore) through reappropriations proved excessive as there were savings of ₹ 12.22 crore under these heads.
- Under the system of gross budgeting followed by the Government, the Demands for Grants presented to the Legislature are for gross expenditure and include all

recoveries. These are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. Though the recovery of ₹ 101.18 crore was provided in the budget estimates in respect of grant number '4-Revenue' for the year 2010-11, recovery of ₹ 319.41 crore was made. Further, in respect of five grants³, the actual recoveries (₹ 3,679.22 crore) were less than the estimated recoveries (₹ 4,321.88 crore) by ₹ 642.66 crore. Details of recoveries are given in the appendix to the Appropriation Accounts. Huge variations between the estimated recoveries and actual realisation indicated faulty budgeting.

2.6 Outcome of Analysis of Budgetary Assumptions

2.6.1 Introductory

The Planning Commission approved the Eleventh Five Year Plan (2007-12) for ₹ 35,000 crore, wherein a provision of ₹ 11,100 crore was made for the year 2010-11. The State budget was prepared by adopting the incremental system i.e. the first charge on available resources is on all the ongoing schemes and the new schemes are included thereafter. The Finance Department examined departmental proposals by taking into account the figures of the previous year and of the current fiscal year upto September. Estimates for the year 2010-11 were prepared keeping in view the pre-actual⁴ figures of 2008-09 and receipts/expenditure of the base year 2009-10 up to September 2009. Accordingly, the budgetary assumptions for the budget estimates for 2010-11 were made as under:

Revenue Receipts:

- Non-Plan revenue receipts⁵ were to grow at 0.3 *per cent* over Budget Estimate (BE) 2009-10.

Tax Revenue:

- There was to be no change in the tax structure, which would remain as applicable during 2009-10.
- The State's own tax revenue was assumed to grow at 4.7 *per cent* due to the slowdown in the economy and revenue from Value Added Tax (VAT) was to grow at 5.1 *per cent* over BE 2009-10.

Non-Tax Revenue:

- Non-tax revenue was assumed to decrease by 16.4 *per cent* over BE 2009-10 due to the impact of the slowdown in economy.

Central share of Union taxes:

- This was to remain at the level of BE 2009-10.

3 '8-Buildings and Roads', '23-Food and Supplies', '27-Agriculture' '34-Transport' and. '38-Public Health and Water Supply'

4 Pre-actual figures are the figures supplied by the Principal Accountant General (A&E) before finalisation of Finance Accounts.

5 Non-Plan revenue receipts: Includes State's own tax revenue, non-tax revenue, share in central taxes and Non-Plan grants-in-aid.

Grants-in-aid:

- The Revenue Deficit Grant and the Central share of the Calamity Relief Fund as recommended by the Twelfth Finance Commission (TFC) were taken under Non-Plan grants. Grants for local bodies were taken at one-fifth of the total recommended for the TFC period. Grants for State-specific needs, maintenance of forests and heritage conservation as recommended by TFC were taken as Plan resources under the State's own funds. A provision for ₹ 2,329.31 crore was made by the State in BE 2010-11.

Non-Plan expenditure:

- A provision of 30 *per cent* of arrears of pay revision and revision of pension was made in BE 2010-11.
- Cost escalation or inflation rate was assumed at 5 *per cent* per annum.
- Details of projected receipts and expenditure and actuals thereagainst are given in *Appendix 2.13*.

2.6.2 Shortcomings in Budgetary Assumptions:

An analysis of the budgetary assumptions made for receipts and expenditure for preparation of the BE for the year 2010-11 in the Finance Department and the actuals thereagainst was conducted (May-July 2011) to examine the process and transparency in preparation of the BE and Revised Estimates (RE). The budgetary assumptions in the cases detailed in **Table 2.7** were not based on realistic grounds:

Table 2.7 Unrealistic Budgetary Assumptions

Sr. No.	Particulars	Budget Provision 2010-11	Actual Receipts	Remarks
	Revenue Receipts	(₹ in crore)		
1	Own Tax Revenue Receipts (Non-Plan Revenue Receipts)	22,543.86	24,279.03	The rate of growth in the projections was 9.85 <i>per cent</i> against the assumed growth of 0.3 <i>per cent</i> . The increase in the actual collection was 25 <i>per cent</i> over the actual receipts (₹ 19,352.10 crore) during 2009-10.
2	Tax Revenue	16,469.29	16,790.37	The projection (₹ 16,469.29 crore) in BE (2010-11) constituted 12.44 <i>per cent</i> growth over BE 2009-10 (₹ 14,646.50 crore), against the assumed growth of 4.7 <i>per cent</i> . The actual receipts were 27 <i>per cent</i> higher than the actual receipts (₹ 13,219.50 crore) of 2009-10.
a)	Sales Tax (VAT)	BE-11,500 RE-12,300	11,082.01	After the approval of budget estimates, the Government increased the rate of VAT from four to five <i>per cent</i> and also imposed five <i>per cent</i> surcharge on VAT from the 1 April 2010, with a view to mobilise the additional

Sr. No.	Particulars	Budget Provision 2010-11	Actual Receipts	Remarks
				resources. In RE the BE was also increased to ₹ 12,300 crore, but the actual receipts were less than even the BE 2010-11. Not only were the assumptions not realistic, the fact that the BE was not met even after increase in the VAT rates/surcharge, raises a question mark on the entire budgeting process.
b)	Stamps and Registration	1,900	2,319.28	The actual receipts were higher by 22 <i>per cent</i> over projections. The assumptions were underestimated by ignoring the past trends of receipts under this head.
c)	Taxes on Vehicles	350	457.36	BEs were underestimated by ₹ 107.36 crore (31 <i>per cent</i>) as compared to the actual receipts.
d)	Taxes on goods and passengers	425	387.14	BEs were overestimated by ₹ 37.86 crore (9 <i>per cent</i>) as compared to the actual receipts.
e)	Taxes and duties on electricity	BE-140 RE-143	130.27	BE was increased to ₹ 143 crore in the revised estimates (RE) 2010-11 by ignoring the past trend of ₹ 106.31 crore in 2008-09 and ₹ 119.59 crore in 2009-10. But the actual receipts were less than the BE 2010-11.
f)	Land Revenue	15.97	10.02	The past trends of the actual receipts (₹ 8.58 crore) in 2008-09 and (₹ 9.43 crore) in 2009-10 were not kept in view while projecting BE 2010-11. The BE 2010-11 were overestimated which resulted in under collection as evident from the actual receipts.
g)	State Excise	2,100	2,365.81	BE was underestimated by 12.66 <i>per cent</i> as compared to the actual receipts. The past trend of 45 <i>per cent</i> increase in receipt during 2009-10 over 2008-09 was not kept in view while projecting the BE 2010-11.

Financial Management and Budgetary Control

Sr. No.	Particulars	Budget Provision 2010-11	Actual Receipts	Remarks
3	State's own Non-Tax Revenue	3,548.52	3,420.93	The projection (₹ 3,548.52 crore) in BE 2010-11 constituted 1.7 per cent decrease over BE 2009-10 (₹ 3,610.10 crore) against the assumed decrease of 16.4 per cent. However, the actual receipts of ₹ 3,420.93 crore in 2010-11 were higher by 24.8 per cent than the receipts collected in 2009-10 (₹ 2,741.40 crore).
a)	Urban Development	700	974.54	The actual receipts were higher by 39 per cent of projections in BE 2010-11. The impact of recession of 2008-09 and 2009-10 in real estate market was not correctly assessed while framing the estimates of 2010-11.
b)	Road Transport	900	761.73	After the finalisation of the budget for 2010-11, the State Government increased the bus fare by 12.50 paise per kilometer with effect from 04 October 2010, with a view to raise additional revenue of ₹ 70 crore. But the actual receipts were less (₹ 138.27 crore) than the projection of BE 2010-11.
c)	Non-ferrous mining and metallurgical industries	200	82.59	The projections were made without keeping in view the fact that all mining activities in the State had been closed since 2009-10 due to non-availability of environmental clearance. This resulted in overestimation by 59 per cent as compared to the actual receipts.
	Expenditure		Actual Expenditure	
4	Non-Plan revenue expenditure	20,822.94	22,058.68	Against the provision of ₹ 7,903.88 crore for salaries and ₹ 2,300 crore for pension in the BE 2010-11, expenditure of ₹ 9,672 crore and ₹ 3,094 crore respectively was incurred. The excess was mainly on account of payment of arrears of salaries and pension due to implementation of recommendations of the Sixth Pay Commission. Thus the impact of payment of arrears was not correctly assessed while framing the BE.

2.6.3 Shortcomings in Plan Estimates

The Plan expenditure during 2010-11 was assessed at ₹ 11,100 crore. The actual expenditure of ₹ 10,635.02 crore (96 per cent) was less than the projections. Variations were due to the following facts:

- i Eighty-six plan schemes were approved for ₹ 2,717.36 crore in the Eleventh Five Year Plan (2007-12) but the budget for execution of these schemes was not provided till March 2011 (**Appendix 2.14**). Of these, four schemes were approved under Externally Aided Projects with a total outlay of ₹ 1,688.19 crore (**Appendix 2.15**). Reasons for non-implementation of approved schemes were awaited (October 2011).
- ii Four schemes/projects approved for ₹ 10.52 crore in the Eleventh Five Year Plan (2007-12) were dropped by the Government after incurring an expenditure of ₹ 0.21 crore (₹ 20.81 lakh during 2007-08 and ₹ 0.10 lakh during 2008-09) (**Appendix 2.16**).
- iii A total of 112 schemes (including 25 schemes with an outlay of ₹ 190.08 crore also included in the approved Annual Plan for 2009-10) with an outlay of ₹ 1,346.55 crore included in the approved Annual Plan for 2010-11 were not implemented (**Appendix 2.17**).
- iv Provision of ₹ 27.18 crore, made for 18 schemes in the original estimates was reduced to ₹ 14.53 crore in the revised outlay and the schemes were not executed. Of these, three schemes were also approved for ₹ 4.62 crore in annual plan 2009-10, but the entire 18 schemes were not implemented (**Appendix 2.18**).
- v Provision of ₹ 5.82 crore, made for 10 schemes in the original estimates was increased to ₹ 24.24 crore in the RE but the expenditure was not incurred during the year 2010-11. Reasons for non-implementation of approved schemes were not intimated (October 2011) (**Appendix 2.19**).
- vi The provision of ₹ 619.55 crore made for 28 schemes was increased to ₹ 749.48 crore, against which expenditure of ₹ 464.23 crore was incurred during the year 2010-11. Further, augmentation of funds through supplementary grants proved unnecessary as the total expenditure was less than even the original estimates. Reasons for less expenditure were not intimated (October 2011) (**Appendix 2.20**).
- vii Twenty-one new Plan schemes with provision of ₹ 406.67 crore were included in the RE during the year 2010-11, against which expenditure of ₹ 117.29 crore (29 per cent) was incurred. Of these, nine schemes with a total provision of ₹ 276.16 crore were not implemented. Reasons for non-implementation of these approved schemes were not intimated (October 2011) (**Appendix 2.21**).
- viii An expenditure of ₹ 4.94 crore was incurred against two schemes without any provisions in the BE/RE 2010-11 (**Appendix 2.22**). No reason was given for incurring expenditure without budget provision.

- ix As per conditions for financial powers delegated (Finance Department Memo No. D-1122 IV/B-I/74 dated 13 December 1974 rule 7) in respect of budget matters funds allotted for expenditure on plan schemes may not be reappropriated to meet non-plan expenditure and vice-versa. In contravention of the condition, 58 sub-schemes with a total outlay of ₹ 41.76 crore, being implemented under the head “2415-Agriculture Research and Education” were converted from Non-Plan to Plan schemes during 2010-11 (*Appendix 2.23*). The Government stated (September 2011) that the outlay under Agriculture and Allied Sectors was enhanced during 2010-11 to make the State eligible for getting funds from GOI under the Rashtriya Krishi Vikas Yojana. However, the fact remains that the conversion of Non-Plan schemes to Plan was done in contravention of conditions attached with financial powers in respect of budget matters.
- x Budget provision of ₹ 4.08 crore in respect of two departments (Industrial Training: ₹ 3.96 crore and Archives: ₹ 0.12 crore) approved under plan schemes was diverted to Non-Plan schemes after the approval of the Annual Plan 2010-11.
- xi As per conditions for financial powers delegated (Finance Department Memo No. D-1122 IV/B-I/74 dated 13 December 1974 rule 7) in respect of budget matters reappropriation from one major head to another major head under the plan schemes shall not be sanctioned without obtaining specific concurrence of the planning department. A provision of ₹ two crore was made (September-2010) through supplementary estimates 2010-11 under Grant No.34-(Transport), under the head “5053-Capital Outlay on Civil Aviation (Plan)-800-Other expenditure-99-Maintenance of Aerodromes”. However, the funds were released (March 2011) to the Public Works (Buildings & Roads) Department under Grant No. 8 (Buildings & Roads). The transfer of funds approved under one grant to another grant in contravention to the conditions attached with delegation of powers in respect of budget matters.

2.7 Outcome of Review of Selected Grants

A review of budgetary procedure and control over expenditure of two grants (Grant No. “8-Buildings and Roads⁶” and Grant No. “9-Education⁷”) was conducted (June-August 2011) on the basis of savings and excesses during the last three years and

6 Dealing with, “2059-Public Works”, “2216-Housing” and “3054-Roads and Bridges” under Revenue Section and with, “4059-Capital Outlay (CO) on Public Works”, “4202-CO on Education, Sports, Art and Culture”, “4235-CO on Social Security and Welfare”, “4250-CO on other Social Services”, “4405-CO on Fisheries”, “4850-CO on Village and Small Scale Industries”, “5053-CO on Civil Aviation” and “5054-CO on Roads and Bridges” in Capital Section.

7 Deals with “2202-General Education”.

magnitude of the grants and supplementary demands made during the year 2010-11. Important points noticed during the review are detailed below:

2.7.1 Grant No. 8 Buildings and Roads

Against the budget provision of ₹ 2,442.82 crore (Original: ₹ 2,086.25 crore and Supplementary: ₹ 356.57 crore) under the grant, an expenditure of ₹ 1,810.84 crore was incurred, resulting in savings of ₹ 631.98 crore (25.9 per cent of total provisions) (*Appendix 2.24*) as discussed below:

- i Against the total savings of ₹ 631.99 crore under the grant, an amount of ₹ 496.91 crore was surrendered on 31 March 2011. Thus, an amount of ₹ 135.08 crore was not surrendered, indicating inadequate financial control and the fact that these funds could not be utilised on other schemes/programmes of the Government.
- ii In view of savings of ₹ 631.99 crore, the supplementary provisions of ₹ 356.57 crore (₹ 168.67 crore under 'Revenue' and ₹ 187.90 crore under 'Capital' heads) were injudicious and proved unnecessary as the actual expenditure (₹ 1,810.84 crore) did not come up even to the original provision (₹ 2,086.26 crore).
- iii In view of the overall savings of ₹ 369.31 crore under Revenue (Voted) section, the supplementary grants of ₹ 168.67 crore, obtained in March 2011 proved unnecessary as the actual expenditure did not come up even to the original provision. Savings occurred mainly under heads, “3054-Roads and Bridges” below minor heads “04-District and other Roads, 337-Roadworks, 98-Rural Roads” (₹ 99.88 crore) due to closure of quarries; “80-General, 797-Transfer to/from Reserve Funds and Deposit Accounts, 99- Transfer to/from CRF-Inter Account Transfer” (₹ 99.43 crore) for which reasons had not been intimated and “2059-Public Works, 60-Other Buildings, 053-Maintenance and repairs, 99-Maintenance and repairs” (₹ 50.49 crore) due to non-sanctioning of new works.
- iv Savings under the Capital (Voted) section (₹ 260.48 crore) occurred mainly under the head “5054-Capital Outlay on Roads and Bridges, 04-District and other Roads, 789-SCSP, 99-Construction/Special repair of roads in the Scheduled Castes population area” (₹ 120.97 crore) due to closure of quarries. Savings also occurred under the head “4210-Capital Outlay on Medical and Public Health, 03-Medical Education Training and Research, 105-Allopathy, 99-Buildings” (₹ 28.89 crore) due to non-requirement of funds received from PGIMS, Rohtak for construction of an ophthalmology block in PGIMS, Rohtak.
- v The entire provision of ₹ 67.87 crore made for execution of 77 schemes/works (*Appendix 2.25*) under different sub-heads remained unutilised and was surrendered due to non-implementation of schemes owing to non-finalisation of estimates, non-sanctioning of works by the client department and lack of an online budget monitoring system. Thus, the projections were made without adequate planning.

- vi Against the provision of ₹ 848.62 crore made under 21 sub-heads (**Appendix 2.26**), provisions of ₹ 193.71 crore was injudiciously surrendered by reappropriations and an expenditure of ₹ 730.30 crore was incurred on these works. This resulted in excess expenditure of ₹ 75.39 crore which indicated ineffective control over expenditure by drawing and disbursing officers and controlling officers.
- vii Rule 56 of the General Financial Rules provides that expenditure should be evenly spread throughout the year. Rush of expenditure in the closing month is regarded as a breach of financial propriety and should be avoided. During 2010-11, an expenditure of ₹ 79.14 crore was incurred on nine schemes, (**Appendix 2.27**) of which, expenditure of ₹ 65.56 crore (83 per cent) was incurred during March 2011. Rush of expenditure during the month of March showed non-adherence to the financial rule.

2.7.2 Grant No. 9- Education

Against the budget provision of ₹ 6,173.08 crore (Original: ₹ 5,788.57 crore and Supplementary: ₹ 384.51 crore) under the Revenue (Voted) section (Plan: ₹ 1,702.03 crore and Non Plan: ₹ 4,471.05 crore), an expenditure of ₹ 5,562.55 crore was incurred during the year 2010-11, resulting in savings of ₹ 610.53 crore (10 per cent of total provisions) as discussed below:

- i Against the savings of ₹ 610.53 crore under the grant, an amount of ₹ 469.71 crore was surrendered on 31 March 2011. Thus, savings of ₹ 140.82 crore were not surrendered, indicating inadequate financial control and the fact that these funds could not be utilised on other development schemes/programmes of the Government.
- ii In view of savings of ₹ 610.53 crore under the grant, the provision of ₹ 384.52 crore through supplementary grants were injudicious and proved unnecessary as the actual expenditure (₹ 5,562.55 crore) did not come up even to the original provision (₹ 5,788.57 crore).
- iii Paragraph 5.3 of the Punjab Budget Manual as applicable in Haryana State provides that the budget estimates should be as close and accurate as possible and the provision to be included in respect of each item should be based on what is expected to be paid or spent during the year. The entire budget provision of ₹ 43.75 crore made for eight schemes (**Appendix 2.28**) which remained unutilised was surrendered due to non-finalisation/ implementation of schemes. Thus, the projection was made without adequate planning.
- iv Savings occurred mainly under the heads, “2202-General Education, 01-Elementary Education, 101-Government Primary Schools” below minor heads, “88-Establishment of Primary Education Classes I to V” (₹ 165.11 crore); “97-Expansion of facilities Classes I-V (Full time)” (₹ 103.15 crore) due to posts remaining vacant and enforcing economy measures by the Government;

“02-Secondary Education, 109-Government Secondary Schools, 86-Rashtriya Madhyamikh Shiksha Abhiyan (RMSA)” (₹ 152.39 crore) due to receipt of less grants-in-aid from GOI; “99-Teaching Staff including other Establishments, 98-Establishment Expenses” (₹ 29.94 crore) due to posts remaining vacant, receipt of less claims of ex-gratia, leave travel concession and medical re-imburement; “001-Direction and Administration, 99-Administration Staff, 97-Information Communication Technology (ICT) Schools” (₹ 33.50 crore); “03-University and Higher Education, 103-Government Colleges and Institutes, 99-Institutes” (₹ 36.54 crore) due to posts remaining vacant and enforcing economy measures by the Government; “104-Assistance to Non-Government Colleges and Institutes, 99-Grants-in-aid to Non Government Colleges” (₹ 37.11 crore) due to non-payment of salary arrears and under “ 107-Scholarships, 94-Stipend schemes for BPL and BC-A students pursuing higher education” (₹ 22 crore) due to non-implementation of scheme.

- v Rule 56 of the General Financial Rules provides that expenditure should be evenly spread throughout the year and rush of expenditure in the closing month is regarded as a breach of financial propriety and should be avoided. Expenditure of ₹ 435.68 crore was incurred on 29 schemes (**Appendix 2.29**). Of this, expenditure of ₹ 244.63 crore (56 per cent) was incurred during the month of March 2011. Rush of expenditure during the month of March showed non-adherence to the financial rule.
- vi The State Government had transferred an amount of ₹ 25.55 crore to three societies, of which ₹ 6.21 crore was transferred during 2010-11 and the balance of ₹ 15.47 crore was still lying with these societies on 31 March 2011, as detailed in **Table 2.8**.

Table 2.8 Details of Societies where the funds were transferred

(₹ in crore)

Sr. No.	Name of the Societies	Amount transferred upto 2010-11	Of which, amount transferred during 2010-11	Expenditure	Balance	Purpose of the societies
1	Use of Technology for Knowledge Advancement and Reorientation of Studies in Haryana (UTKARSH)	22.04	4.00	10.05	13.26	Promotion of quality education through satellite.(EDUSAT)
2	Shiksha Lok Society (SLS)	1.46	0.71	0.75	0.71	Printing of monthly magazine of Shiksha Lok and Teachers Diary.
3	State Literacy Mission Authority (SLMA)	2.05	1.50	0.55	1.50	Implementation of Shaakshar Bharat Scheme.
	Total	25.55	6.21	11.35	15.47*	

(Source : Details supplied by the Department.)

* Interest of ₹ 1.27 crore earned by UTKARSH Society is included in closing balances.

These Societies had kept these funds in their bank accounts outside the Government account whereas the amount transferred was shown as expenditure in the Government account.

Thus, the expenditure reflected in the Appropriation Accounts and Finance Accounts was overstated. A different accounting treatment needs to be adopted for the flow of funds to societies so that only the final expenditure incurred by them is recorded in Government Accounts, after receiving an assurance on the proper utilisation of funds.

2.7.3 Delay in submission of budget estimates

Budget estimates for 2010-11 were required to be submitted to the Finance Department by the Administrative Departments and Heads of various offices before 6 November 2009. Contrary to this, four heads of departments (Grant No. 8: one and Grant No. 9: three) submitted their budget estimates to Finance Department after delays ranging between 43 and 79 days. (*Appendix 2.30*)

2.8 Conclusion

During 2010-11, expenditure of ₹ 41,893.34 crore was incurred against total grants and appropriations of ₹ 51,652.90 crore. Overall saving of ₹ 9,759.56 crore was out of the total savings of ₹ 9,982.03 crore, which was offset by excess expenditure of ₹ 222.47 crore, required regularisation under Article 205 of the Constitution of India. Apart from this, excess expenditure of ₹ 741.92 crore, in 10 grants relating to the years 2008-09 and 2009-10 also required regularisation under the said Article. In 10 cases, a total amount of ₹ 5,430.32 crore which was surrendered (more than ₹ 50 lakh or more in each case) was in excess by ₹ 648.14 crore of the actual savings, indicating inadequate budgetary control in these departments. Out of savings of ₹ 4,475.44 crore in 20 cases, savings of ₹ 964.77 crore were not surrendered. In 31 cases, a total amount of ₹ 9,775.79 crore was surrendered on the last two working days of the financial year. There were also cases of injudicious reappropriations.

2.9 Recommendations

- Budgetary control should be strengthened in all the Government Departments where savings/excesses have been observed for the last five years regularly.
- Efforts should be made by all the departments to submit realistic budget estimates keeping in view the trends of receipts and expenditure in order to avoid large scale savings/excesses, reappropriations and surrenders at the end of the year.
- Release of funds at the end of the year should be avoided. Reappropriations should be judicious to avoid excessive and insufficient funds.
- Anticipated savings should be surrendered as and when these are expected so that the amounts can be utilised on other schemes.