

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. 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 Acts in respect of both charged and voted items of budget. Appropriation Accounts are thus a control document facilitating management of finances and monitoring of budgetary provision and are therefore complementary to Finance Accounts.

2.1.2 Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure 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 during 2011-12 against 91 grants / appropriations is as given in **Table 2.1**.

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

Nature of expenditure		Original grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure	Excess(+)/ Savings (-)
Voted	I- Revenue	1,02,236.19	6,592.32	1,08,828.51	1,00,258.00	(-) 8,570.51
	II -Capital	34,389.77	3,631.42	38,021.19	32,475.23	(-) 5,545.96
	III -Loans and Advances	923.30	556.86	1,480.16	975.57	(-) 504.59
	Total Voted	137549.26	10,780.60	1,48,329.86	1,33,708.80	(-)14,621.06
Charged	IV -Revenue	24,004.76	57.71	24,062.47	24,328.22	(+)265.75
	V- Capital	135.21	0	135.21	94.66	(-) 40.55
	VI- Public Debt-Repayment	18,356.25	41.63	18,397.88	8,287.61	(-) 10,110.27
	Total Charged	42,496.22	99.34	42,595.56	32,710.49	(-) 9,885.07
Grand Total		1,80,045.48	10,879.94	1,90,925.42	1,66,419.29	(-) 24,506.13
<p><i>Note: Figures of actual expenditure include recoveries adjusted as reduction of expenditure under voted revenue expenditure (₹ 701.05 crore), voted capital expenditure (₹ 10,961.30 crore) and under charged capital expenditure (₹ 34.63 crore).</i></p>						

Source: Appropriation Accounts

Overall savings of ₹ 24,506.13 crore were the result of savings of ₹ 26,546.00 crore in 120 cases of grants and appropriations under Revenue Section and 68 cases of grants and appropriations under Capital Section including Loan Section (Public Debt-Repayments), offset by excess of ₹ 2,039.88 crore in 11 cases of grants and appropriations under Revenue Section and 6 cases of grants under Capital Section.

Savings/excesses (Detailed Appropriation Accounts) were intimated (August 2012) to the Controlling Officers requesting them to explain the significant variations. However, no explanations were received (November 2012).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation, vis-à-vis, Allocative Priorities

Outcome of the Appropriation Audit revealed that in 119 cases, savings exceeded ₹ 10 crore in each case or by more than 20 per cent of total provisions (*Appendix 2.1*). Against the total savings of ₹ 26,546.00 crore, savings of ₹ 25,628.30 crore (96.5 per cent) occurred in 50 cases (exceeding ₹ 50 crore in each case) relating to 34 grants and appropriations and details thereof are given in **Table 2.2**.

Table 2.2 : Grants with Savings of ₹ 50 crore and above

(₹ in crore)							
Sl. No.	Grant No.	Name Of The Grant/Department	Original Grant	Supple mentary	Total Grant	Actual Expenditure	Savings
Revenue-Voted							
1.	2	Housing Department	159.54	0.00	159.54	103.37	56.16
2.	7	Industries Department (Heavy and Medium Industries)	233.00	0.00	233.00	31.23	201.77
3.	11	Agriculture and Other Allied Departments (Agriculture)	2,486.58	300.50	2,787.08	2,020.72	766.36
4.	12	Agriculture and Other Allied Departments (Land Development and Water Resources)	447.97	0.00	447.97	213.50	234.47
5.	13	Agriculture and Other Allied Departments (Rural Development)	1,918.56	279.31	2,197.87	2,063.56	134.32
6.	14	Agriculture and Other Allied Departments (Panchayati Raj)	2,390.20	342.24	2,732.44	2,520.81	211.63
7.	26	Home Department (Police)	6,989.53	340.90	7,330.43	7,275.69	54.74
8.	32	Medical Department (Allopathy)	2,551.85	0.00	2,551.85	2,406.15	145.70
9.	36	Medical Department (Public Health)	397.66	0.47	398.13	345.53	52.60
10.	37	Urban Development Department	1,112.10	3.91	1,116.01	490.50	625.51
11.	40	Planning Department	486.10	1.24	487.34	121.88	365.46
12.	42	Judicial Department	1,147.73	76.00	1,223.73	1,051.37	172.36
13.	49	Women and Child Welfare Department	3,520.40	495.77	4,016.17	3,380.07	636.10
14.	51	Revenue Department (Relief on Account of Natural Calamities)	839.59	1,305.42	2,145.01	1,747.63	397.38
15.	52	Revenue Department (Board of Revenue and Other Expenditure)	1,659.15	51.37	1,710.52	1,640.62	69.90
16.	54	Public Works Department (Establishment)	1,219.35	0.00	1,219.35	980.81	238.54
17.	61	Finance Department (Debt Services and Other Expenditures)	5,817.10	0.00	5,817.10	5,757.37	59.73
18.	71	Education Department (Primary Education)	18,881.00	797.40	19,678.40	18,790.40	888.00

19.	72	Education Department (Secondary Education)	6,621.01	618.70	7,239.71	6,656.84	582.87
20.	73	Education Department (Higher Education)	2,074.17	41.03	2,115.20	1,369.44	745.76
21.	76	Labour Department (Labour Welfare)	179.13	358.88	538.01	181.19	356.82
22.	78	Secretariat Administration Department	434.33	0.00	434.33	356.79	77.54
23.	80	Social Welfare Department (Social Welfare and Welfare of SCs)	3,394.05	61.76	3,455.81	3,325.75	130.06
24.	83	Social Welfare Department (Special Component Plan for SCs)	6,163.03	577.77	6,740.80	5,948.34	792.46
25.	86	Information Department	144.81	0.00	144.81	83.67	61.14
26.	94	Irrigation Department (Works)	2,095.85	0.00	2,095.85	1,591.50	504.35
Total			73,363.79	5,652.67	79,016.46	70,454.73	8,561.73
Revenue-Charged							
27.	42	Judicial Department	187.94	50.00	237.94	172.21	65.73
Total			187.94	50.00	237.94	172.21	65.73
Capital-Voted							
28.	2	Housing Department	1,072.64	66.00	1,138.64	943.61	195.03
29.	7	Industries Department (Heavy and Medium Industries)	154.30	1.82	156.12	105.21	50.91
30.	9	Power Department	4,149.00	0.00	4,149.00	4,034.36	114.64
31.	11	Agriculture and Other Allied Departments(Agriculture)	687.71	62.10	749.81	648.95	100.86
32.	13	Agriculture and Other Allied Departments (Rural Development)	1,313.99	150.00	1,463.99	1,272.16	191.83
33.	21	Food and Civil Supplies Department	8,770.58	3.76	8,774.34	6,962.55	1,811.79
34.	25	Home Department (Jails)	390.10	2.50	392.60	204.50	188.10
35.	26	Home Department (Police)	604.21	270.35	874.56	386.20	488.36
36.	32	Medical Department (Allopathy)	491.57	0.00	491.57	344.43	147.14
37.	37	Urban Development Department	1,682.00	610.00	2,292.00	2,030.24	261.76
38.	40	Planning Department	1,050.56	356.86	1,407.42	747.90	659.52
39.	42	Judicial Department	210.78	50.00	260.78	182.35	78.43
40.	47	Technical Education Department	180.69	22.26	202.95	149.47	53.48
41.	48	Muslim Waqf Department	524.81	0.00	524.81	151.45	373.36
42.	56	Public Works Department (Special Area Programme)	220.00	0.00	220.00	108.68	111.32
43.	57	Public Works Department (Communication- Bridges)	1,262.42	156.91	1,419.33	1,109.09	310.24
44.	61	Finance Department (Debt Services and Other Expenditure)	519.00	0.00	519.00	117.22	401.78
45.	62	Finance Department (Superannuation Allowances & Pensions)	150.00	0.00	150.00	75.17	74.83
46.	72	Education Department (Secondary Education)	119.80	42.02	161.82	33.96	127.86
47.	83	Social Welfare Department (Special Component Plan For Scheduled Castes)	3,559.19	1,313.00	4,872.19	4,456.73	415.46
48.	94	Irrigation Department (Works)	3,306.65	11.32	3,317.97	2,583.11	734.86
Total			30,420.00	3,118.90	33,538.90	26,647.34	6,891.56
Capital-Charged							
49.	21	Food and Civil Supplies Department	1,200.04	0.00	1,200.04	1,090.00	110.04
50.	61	Finance Department (Debt Services and Other Expenditure)	17,209.86	0.00	17,209.86	7,210.61	9,999.25
Total			18,409.90	0.00	18,409.90	8,300.61	10,109.29
Grand Total			1,22,381.63	8,821.57	131,203.20	1,05,574.90	25,628.30

Source: Appropriation Accounts

Table shows that savings exceeding ₹ 500 crore occurred under Grant numbers 11- Agriculture and Other Allied Department (Agriculture), 37- Urban Development Department, 49- Women and Child Welfare Department, 71- Education Department (Primary Education), 72- Education Department (Secondary Education), 73- Education Department (Higher Education), 83- Social Welfare Department (Special Component Plan for Scheduled Castes), 94- Irrigation Department (Works) pertaining to Revenue – voted where the savings ranged from five *per cent* to 56 *per cent* of total grant. Savings exceeding ₹ 500 crore also occurred under Grant numbers 21- Food and Civil Supply Department, 40-Planning Department and 94- Irrigation Department (Works) pertaining to Capital voted where the savings ranged from 21 *per cent* to 47 *per cent* of the total grant.

2.3.2 Persistent Savings

In eight cases involving seven grants, there were persistent savings during the last five years indicated that the budgeting was not realistic. The details are given in **Table 2.3**.

Table 2.3: Grants indicating Persistent Savings

(₹ in crore)

Sl. No.	Number and name of the Grant	Amount of Savings				
		2007-08	2008-09	2009-10	2010-11	2011-12
Revenue-Voted						
1	37- Urban Development Department	1,212.43	300.97	54.47	711.79	625.51
2	40- Planning Department	11.43	32.71	44.66	183.71	365.46
3	49- Women and Child Welfare Department	116.12	138.16	218.28	180.62	636.10
4	73-Education Department (Higher Education)	806.72	164.51	93.50	571.89	745.76
Capital-Voted						
5	9- Power Department	1,548.62	2,176.69	1,870.59	631.48	114.64
6	26-Home Department (Police)	46.18	69.62	145.34	356.13	488.36
7	61-Finance Department (Debt Services and Other Expenditure)	149.72	21.69	274.13	153.04	401.78
Capital-Charged						
8	61-Finance Department (Debt Services and Other Expenditure)	9,704.02	10,001.56	9,219.96	9,288.06	9,999.25

Source: Appropriation Accounts

2.3.3 Excess Expenditure

Expenditure aggregating ₹ 41,288.28 crore exceeded the approved provision by ₹ 2,025.09 crore in seven cases where expenditure was more than ₹ 10 crore or more, in each case, or more than 20 *per cent* of the total provision. Details are given in **Appendix 2.2**. Substantial excess expenditure

was observed in the following grants consistently for the five years ending 2011-12 as detailed in **Table 2.4**.

Table 2.4: Grants indicating Persistent Excess Expenditure

(₹ in crore)

Sl. No.	Number and name of the Grant	Excess Expenditure				
		2007-08	2008-09	2009-10	2010-11	2011-12
Revenue-Voted						
1	58- Public Works Department (Communication - Roads)	24.32	58.62	132.39	121.37	106.77
Capital-Voted						
2	55- Public Works Department (Buildings)	644.60	769.50	362.12	144.20	54.55
3	58- Public Works Department (Communication - Roads)	1,427.82	1,697.88	1,140.84	1,152.14	1,068.66

Source: Appropriation Accounts

2.3.4 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 excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to ₹ 13,474.10 crore for the years 2005-06 to 2010-11 was yet to be regularised as detailed in **Appendix 2.3**. The year-wise break-up of the amount of excess expenditure pending regularisation for grants/ appropriations is given in **Table 2.5**.

Table 2.5: Excess over Provision relating to previous years requiring Regularisation

Year	Number of		Excess over provisions (₹ in crore)
	Grants	Appropriations	
2005-06	25	4	1,026.78
2006-07	18	6	2,484.47
2007-08	12	2	3,610.65
2008-09	5	1	3,399.42
2009-10	6	6	1,250.16
2010-11	6	4	1702.62
Total	72	23	13,474.10

Source: Appropriation Accounts

2.3.5 Excess over Provision during 2011-12 requiring Regularisation

Table 2.6 presents the summary of excesses in nine cases of grants and appropriations amounting to ₹ 1,890 crore, over and above authorisation from the Consolidated Fund of the State during 2011-12 and requiring regularisation under Article 205 of the Constitution.

Table 2.6: Excess over Provision requiring Regularisation during 2011-12

(₹ in crore)

Sl. No.	Number and name of grant/appropriation	Total grant/appropriation	Expenditure	Excess	Excess requiring regularisation
A-Revenue Voted					
1	21- Food and Civil Supplies Department	41.98	43.40	1.43	1.19
2	62- Finance Department (Superannuation Allowances and Pensions)	10,634.41	11,089.87	455.46	455.28
3	91- Institutional Finance Department (Stamps and Registration)	140.42	149.66	9.24	9.22
Total (A)		10,816.81	11,282.93	466.13	465.69
B-Capital Voted					
4	1 - Excise Department	1.41	1.88	0.47	0.47
5	55- Public Works Department (Buildings)	50.92	105.47	54.55	51.55
6	58- Public Works Department (Communication - Roads)	3,393.38	4,462.04	1,068.66	1,034.98
Total (B)		3,445.71	4,569.39	1,123.68	1,087
C-Revenue Charged					
7	13-Agriculture and Other Allied Departments (Rural Development)	0.13	0.14	0.01	0.01
8	18- Agriculture and Other Allied Departments (Cooperative)	3.927	3.929	0.002	0.002
9	23- Cane Development Department (Sugarcane)	0.015	0.050	0.035	0.035
10	61-Finance Department (Debt Services and Other Expenditure)	23,462.69	23790.98	328.29	325.22
11	62-Finance Department (Superannuation Allowances and Pensions)	16.51	28.15	11.64	11.63
12	82- Vigilance Department	2.93	3.00	0.07	0.07
Total (C)		23,486.202	23,826.249	340.047	336.967
Grand Total (A)+(B)+(C)		37,748.722	39,678.569	1,929.857	1,889.657

Source: Appropriation Accounts

2.3.6 Unnecessary/Inadequate Supplementary Provision

Supplementary provision aggregating ₹ 3,744.49 crore obtained in 45 cases, (₹ 50 lakh or more in each case), during the year proved unnecessary as the expenditure did not come up to the level of even the original provision as detailed in *Appendix 2.4*. In two cases, supplementary provision of ₹ 577.89 crore proved insufficient by more than ₹ two crore in each case leaving an aggregate uncovered excess expenditure of ₹ 1,077.90 crore (*Appendix 2.5*).

2.3.7 Excessive/Unnecessary Re-appropriation of Funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriations proved excessive or insufficient and resulted in savings of ₹ 465.42 crore in some cases and excess of over ₹ 781.89 crore in other cases as detailed in *Appendix 2.6*.

2.3.8 Substantial Surrenders

Substantial surrenders (50 per cent or more of the total provision) were made in respect of 132 sub-heads either due to non-implementation or slow implementation of schemes/programmes. Out of total provision amounting to ₹ 12,959.19 crore in 132 schemes, ₹ 12,457.95 crore (96 per cent) was surrendered, which included cent per cent surrender in 55 schemes (₹ 10,841.14 crore). The details of such cases are given in *Appendix 2.7*. This indicated that budgeting was not done with due prudence.

2.3.9 Surrender in Excess of Actual Savings

In seven cases, the amounts surrendered (₹ 50 lakh or more in each case) were in excess of the actual savings. Surrenders in excess of savings amounting to ₹ 464.10 crore over and above ₹ 1,041.03 crore resulted in excess surrender of savings. Details are given in *Appendix 2.8*.

2.3.10 Anticipated Savings not Surrendered

As per Budget Manual, spending Departments are required to surrender grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the end of 2011-12, there were, however, 61 cases of grants/appropriations in which savings occurred but no part was surrendered by the concerned departments. The amount involved in these cases was ₹ 6,242.11 crore (24 per cent of the total savings) (*Appendix 2.9*).

Similarly, out of total savings of ₹ 14,447.78 crore under 86 cases (savings of ₹ one crore and above), amount aggregating ₹ 10,132.55 crore (73 per cent) was not surrendered (*Appendix 2.10*), which forms 38 per cent of total savings of ₹ 26,546 crore. This is indicative of inadequate financial control and resultant blocking of funds thereby resulting in non-availability for alternative purposes of development.

2.3.11 Rush of Expenditure

In terms of Paragraph 211 (e) of the Budget Manual, the rush of expenditure in the closing month of the financial year should be avoided. **Table 2.7** presents the major heads where more than 50 per cent expenditure was incurred during last quarter of the financial year and more than 50 per cent of that during the last month of the financial year. This is indicative of the fact that control over expenditure was deficient.

Table 2.7: Rush of Expenditure

Major Head	Total expenditure during year (₹ in crore)	Expenditure during last quarter of 2011-12		Expenditure during March 2012	
		Amount (₹ in crore)	% of total expenditure	Amount (₹ in crore)	% of total expenditure
2040- Taxes on Sales, Trade etc.	940.89	625.00	66	563.05	60
2048-Appropriation for Reduction or Avoidance of Debt	8,626.61	8,626.61	100	8,626.61	100
2425-Co-operation	466.60	308.85	66	229.00	74
4070- Capital outlay on other Administrative Services	378.82	227.25	60	217.10	57

Source: VLC data

2.4 Outcome of Review of Selected Grants

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

Out of 91 grants as per the Appropriation Act, 2011, four grants namely Grant No. 16- Agriculture and other Allied Departments (Dairy Development), Grant No. 49- Women and Child Welfare Department, Grant No. 71- Education Department (Primary Education) and Grant No. 83- Social Welfare Department (Special Component Plan for Scheduled Castes) were reviewed in September 2012. The details of amount budgeted for, expenditure and savings etc. are summarised in **Table 2.8**.

Table 2.8: Summary of four Grants reviewed

(₹ in thousands)

Particulars	Amount	Total	Actual Expenditure	Savings	Head of Accounts
Grant No. 16 – Agriculture and other Allied Departments (Dairy Development)					
Revenue Voted					
Original	41,31,10	41,31,10	39,54,61	1,76,49	MH 2404
Revenue Charged					
Original	10	10	Nil	10	MH 2404
Total	41,31,20	41,31,20	39,54,61	1,76,59	
Grant No. 49 – Women and Child Welfare Department					
Revenue Voted					
Original	35,20,40,27	40,16,17,57	33,80,06,69	6,36,10,88	MH 2235
Supplementary	4,95,77,30				
Revenue Charged					
Original	10	10	Nil	10	MH 2235
Capital Voted					
Original	3,00,00	3,00,00	75,41	2,24,59	MH 4235
Total	40,19,17,67	40,19,17,67	33,80,82,10	6,38,35,57	
Amount surrendered:		Revenue Voted		5,47,18,13	
Grant No. 71 – Education Department (Primary Education)					
Revenue Voted					
Original	1,88,80,99,84	1,96,78,39,78	1,87,90,40,00	8,87,99,78	MHs 2071, 2202 & 2204
Supplementary	7,97,39,94				
Total	1,96,78,39,7	1,96,78,39,78	1,87,90,40,0	8,87,99,78	
Amount surrendered:		Revenue Voted		7,17,85,10	

Grant No. 83 – Social Welfare Department (Special Component Plan for Scheduled Castes)					
Revenue Voted					
Original	61,63,02,69	67,40,79,69	59,48,34,06	7,92,45,63	2070, 2202, 2203, 2210, 2215, 2217, 2225, 2230, 2235, 2401, 2403, 2404, 2405, 2425, 2501, 2505, 2506, 2515, 2702, 2810 & 2851
Supplementary	5,77,77,00				
Capital Voted					
Original	35,59,18,82	48,72,18,88	44,56,73,19	4,15,45,69	4202, 4210, 4215, 4216, 4217, 4225, 4250, 4406, 4515, 4575, 4702, 4801, 5054, 6225 & 6425
Supplementary	13,13,00,06				
Total	1,16,12,98,57	1,16,12,98,57	1,04,05,07,25	12,07,91,32	
Amount surrendered:		Revenue Voted		7,76,27,54	
		Capital Voted		3,63,35,25	
Grand total of Grants No. 16, 49,71,83					
Revenue Voted					
Original	2,86,05, 73,90	3,04,76,68,14	2,81,58,35,36	23,18,32,78	
Supplementary	18,70,94,24				
Revenue charged					
Original	20	20	-	20	
Supplementary	-				
Capital voted					
Original	35,62,18,82	48,75,18,88	44,57,48,60	4,17,70,28	
Supplementary	13,13,00,06				
Grand total	3,21,67,92,92	3,53,51,87,22	3,26,15,83,96	27,36,03,26	
Original					
Supplementary	31,83,94,30				
Amount surrendered:		Revenue voted		20,41,30,77	
		Capital voted		3,63,35,25	

Source: Appropriation Accounts

Table showed that out of the total savings of ₹ 2,736.03 crore, only ₹ 2,404.66 crore (12 per cent) was anticipated for surrender and the remaining (₹ 331.37crore) lapsed. The followings points were further noticed:

- A provision of ₹ 24 crore was made in the budget under **Grant number 16** for the Dairy Development Schemes. However, a savings of ₹ 1.74 crore occurred due to non-sanction of ₹ 1.70 crore by the Government of India and non drawal of ₹ four lakh by the concerned controlling officers. The savings were surrendered on the last day of the financial year.
- Similarly, a provision of ₹ three crore was made under **Grant number 49** for construction of the Departmental Institutions/ Houses. However, a savings of ₹ 2.25 crore occurred due to the Government not approving the

proposals for the construction works. The savings were surrendered on the last day of the financial year. Likewise, a provision of ₹ 1.70 crore was made under the same Grant for establishment of *Mahila Ashraya Sadan*. However, a savings of ₹ 1.32 crore occurred due to excess supplementary provisions. As against the demand of ₹ 15 lakh a provision of ₹ 1.48 crore was made in the supplementary budget and the savings were surrendered on the last day of the financial year.

- Under **Grant number 71**, a sum of ₹ 1,041.52 crore was provided in the budget against the Department's proposal of ₹ 1,318.99 crore under 'Mid-Day Meal'. However, savings of ₹ 101.62 crore occurred mainly due to pendency of food grain bills under the scheme. Under the same Grant ₹ 1,835.81 crore was provided for *Sarva Shiksha Abhiyan*. Out of this, ₹ 620.13 crore was surrendered as the Government did not sanction the amount even though matching grants of the equivalent amount were already released by GoI for opening of the new schools and up-gradation of the primary schools etc.
- Under **Grant number 83**, ₹ 87.88 crore was provided for construction of boundary walls in 4,632 schools (₹ 23.03 crore) and electrification works in 7,552 (₹ 64.85 crore) schools of *Ambedkar Villages*. Out of which, savings of ₹ 76.19 crore occurred as the Government did not sanction the amount. Under the same Grant, ₹ 440 crore was provided for implementation of the Old Age/Farmers' Pension Scheme (State Sector). However, a savings of ₹ 334.56 crore occurred as the funds were not required at the implementation level.
- Records of **Grant Number 49 and 83** revealed that huge funds were budgeted against the demand of the departments for implementation of 17 schemes as detailed in **Table 2.9**. The amounts budgeted for during 2011-12 were not sanctioned and were surrendered on the last day of the financial year.

Table: 2.9: Funds provided in the Budget but not sanctioned

(₹ in crore)

Sl No.	Name of the Scheme and Head of Account	Budget Provision	Surrenders
Grant Number-49 Women and Child Development Department			
1	Shelter Home for Boys; 2235-02-102-01-07	7.00	7.00
2	Specialized unit for most needy children; 2235-02-102-01-10	0.97	0.97
3	Integrated Child Development Protection Unit; 2235-02-102-01-15	32.56	32.56
4	Operation of child care home through Voluntary Organizations; 2235-02-102-01-17	15.75	15.75
5	Government western monitoring organization; 2235-02-102-01-19	0.59	0.59
6	Child adoption facilitating agency; 2235-02-102-01-21	0.11	0.11

7	Adolescent Justice fund; 2235-02-102-05	0.25	0.25
8	UP Child Rights Protection Commission; 2235-02-102-15	2.64	2.64
9	UP Women funds; 2235-02-103-05	0.35	0.35
10	Women Protection and Victimization Prevention Cell; 2235-02-102-06	0.30	0.30
Grant Number-83 – Social Welfare Department (Special Component Plan for Scheduled Castes)			
11	Grant to voluntary institutions for construction of hostels for S.Cs. ; 2225-01-789-07	0.30	0.30
12	Scholarship and non-recurring assistance to students of SCs studying in class 9 & 10; 2225-01-789-11	4.00	4.00
13	Special upliftment programme for Kol caste; 2225-80-789-03	6.80	6.80
14	Upgradation of Government Ashram type schools up to class 12 th ; 4225-01-789-05	4.00	4.00
15	Hostels for students/girl students of Scheduled Castes in premises of voluntary institutions/ universities/colleges; 4225-01-789-08	1.00	1.00
16	Construction of buildings of coaching centre; 4225-01-789-09	2.00	2.00
17	Special upliftment programme for Kol Castes; 4225-80-789-03	3.55	3.55
Total		82.17	82.17

Source: Appropriation Accounts

Making provisions in the budget for various schemes and subsequently either not utilising them or not sanctioning the same for the purpose intended, indicates that the process of Budget preparation and management was inadequate as can be seen from the **Table 2.9**.

2.5 Preparation of the Budget Estimates

2.5.1 Introduction

According to Paragraph 8 of Budget Manual, the budget is prepared on the basis of material furnished by the Departmental Officers and Administrative Departments to the Finance Department by 31 October each year. The Heads of the Departments and other Estimating Officers prepares estimates (Receipts and Expenditure) for each head of account with which they are concerned and forward the same to the Finance Department for finalization and presentation to the State Legislature as the Finance Bill.

With a view to assessing compliance with budget preparation procedure prescribed in the aforesaid Manual, we scrutinised the relevant records (2007-12) between May and July 2012 in the offices of five randomly selected Administrative Departments (Secondary Education Department, Urban Development Department, Tribal Welfare Department, Home–Police and Irrigation Departments) out of 72, besides the records of the Finance Department (responsible for budget preparation) at the Government level and

their respective Directorates at the State level. The results of scrutiny are set out in the succeeding paragraphs:

2.5.2 Delay in Submission/ Non availability of basis of Budget Estimates

During audit of the records of five Departments, we observed that the basis of material to be furnished by the concerned Departments test checked reflected both delays and non-availability of basis on which Budget Estimates were prepared for the period 2008-12 (Table 2.10).

Table 2.10: Delay/ Non-submission of Budget Estimates

2008-09	2009-10	2010-11	2011-12
Secondary Education			
7 days	Record not produced	Record not produced	21 days
Urban development			
06 days	Record not produced	18 days	08 days
Tribal Welfare			
15 days	18 days	15 days	36 days
Home (Police)			
36 days	No Delay	10 days	No Delay
Irrigation			
The Engineer-in-Chief, Irrigation Department did not produce records when called for (June 2012).			

Source: Departmental figures

2.5.3 Violation of Codal Provision of Budget Manual

Paragraph 32 of the Budget Manual stipulates that the estimates should be framed on the basis of expenditure required to be incurred in the coming year on account of the pay (including special pay and personal pay but excluding compensatory allowances) of the officers and the staff likely to be on the duty and the actual pay to be drawn by each, irrespective of the sanctioned strength. The Finance Department had also issued directives (September/ October each year) for adherence.

We during scrutiny of the records, however, noticed (May to July 2012) that four Departments (Secondary Education Department, Urban Development Department, Tribal Welfare Department and Irrigation Department) out of five test checked Departments prepared estimates of pay and allowances on the basis of sanctioned strength during 2007-12, instead of men-in-position. The Finance Department and the respective Administrative Departments also did not check the inaccuracies which resulted in surrenders of huge funds (₹ 1,957 crore) at the end of respective financial years (Appendix 2.11). Maximum surrenders of ₹ 1,592 crore (2007-12) were noticed in Secondary Education Department.

2.5.4 Incomplete and Inaccurate Budgeting

Paragraph 28 of the Budget Manual envisages that the estimation should be as close and accurate as possible and the provision included in respect of each

item should be based on what is expected to be actually paid or spent during the financial year. Paragraph 30 of the Budget Manual also stipulates that while preparing the estimates, the average of the actuals of the past three years, as also the revised estimates for the current year, should invariably be kept in sight. However, during scrutiny of the records of the Directorates of test checked Departments observed that the Budget Estimates for the Heads (other than pay and allowances) during 2007-12 were prepared without taking such averages into consideration which had resulted in surrenders of ₹ 6,651 crore during the same period as evident from the figures reflected in *Appendix 2.12*. Maximum surrenders (₹ 3,769 crore; 2007-12) of the budgeted amounts were noticed in the Irrigation Department.

2.5.5 Non-adherence to the Principles governing Preparation of Departmental Estimates

In terms of Paragraph 25 of the Budget Manual, the key aim of preparing the budget is to achieve close approximation to the actuals. Accordingly, not merely all items of revenue and receipts that can be foreseen should be provided but also only so much, and no more, should be provided as are expected to be realized, including past arrears, in the budget year. However, we during scrutiny of the estimates for revenue and actual receipts (2007-12) noticed wide variations either excess (ranging from five to 62 *per cent*) or short (ranging from three to 68 *per cent*), indicating unrealistic estimation. The year-wise and Department-wise position of inaccurate estimation is shown in *Appendix 2.13*.

The matter was referred (September 2012) to the Government; the reply was awaited (November 2012).

2.6 Eleventh Five Year Plan Outlay, Allotment, Expenditure and Outcomes thereon

2.6.1 Introduction

The Eleventh Five Year Plan (2007-12) focused on fast and inclusive growth. The Plan programmes were formulated to ensure that the weaker sections and marginalized groups are effectively participated in the developmental process while reducing the gaps amongst the various social groups and regions. The State Government reflected these priorities in the State Five Year Plan (2007-12), focusing investment in social infrastructure, strengthening social security and on 'outcomes' rather than 'expenditure'.

With a view to assessing outcomes of the Eleventh Plan outlay, we scrutinised the records (May to July 2012) of the Administrative Departments (Home –Police Department, Urban Development Department, Secondary Education Department, Tribal Welfare Department and Irrigation Department) at the Government level and their respective Directorates at the State level for the periods 2007-12, covering the Plan period.

The Department-wise results of scrutiny are set out in the succeeding paragraphs.

2.6.2 Home (Police) Department

With a view to creating Information Technology enabled State-of-the-art Crime and Criminal Tracking Network and System (CCTNS) project for enhancing efficiency and effective policing at all levels and especially at the Police Station level, GoI sanctioned (July 2009) a cent *per cent* Centrally Sponsored Scheme of CCTNS, for which the application software was to be supplied by GoI, at a cost of ₹ 113.78 crore. The work on the system was to be made functional by the end of the Eleventh Plan Period (2007-12).

We, during scrutiny of the records (June 2012) of the Police Headquarters, Allahabad and the Director General, Technical Services (DGTS), Lucknow observed that GoI released ₹ 31.19 crore (2009-10: ₹ 7.31 crore; 2010-11: ₹ 19.52 crore and 2011-12: ₹ 4.36 crore) directly to the Department forbidding the parking of funds. However, DGTS, Lucknow deposited (during April 2011 to December 2011) the funds in the Savings Plus Accounts and Fixed Deposits (Interest Rate: 8.5 *per cent* per annum) in the State Bank of India, *Jawahar Bhawan Branch* at Lucknow for one to two years (interest accrual: ₹ 2.14 crore) and spent only ₹ 2.91 crore. The physical progress was tardy as DGTS, Lucknow entered into an agreement with NIIT for system integration work in March 2012 and with BSNL for networking in April 2012 with a delay of approximately 24 months. DGTS, Lucknow attributed the delay in completion of CCTNS to the non-supply of Core Application Software by GoI.

2.6.3 Urban Development Department

We, in audit of the records of the Director, Urban Development / Local Bodies, Lucknow, noticed that *Jawaharlal Nehru National Urban Renewal Mission* (JNNURM) was launched (December 2005) with the objective of encouraging reforms and fast-tracking development of major cities with specific focus on efficiency in urban infrastructure and service delivery mechanism for completion by the end of the Eleventh Plan period i.e. March, 2012. The Mission lays thrust on: Urban Infrastructure and Governance (UIG) in seven megacities¹; Urban infrastructure Development Scheme for Small & Medium (UIDSSMT) cover 46 cities²; Integrated Housing & Slum Development Programme (IHSDP) for all cities and towns except those covered under JNNURM; and Basic Services to the Urban Poor (BSUP).

The financial position of the aforesaid programmes/schemes under JNNURM during 2007-12 is brought out in the **Table 2.11** and the physical achievement thereagainst is given in **Appendix 2.14**.

¹ Agra, Allahabad, Kanpur Nagar, Lucknow, Mathura, Meerut, Varanasi.

² Azamgarh, Aligarh, Ambedkarnagar, Badaun, Baghpat, Bahraich, Ballia, Balrampur, Barabanki, Basti, Bijnore, Bulandsahar, Barcilly, Deoria, Etah, Etawa, Faizabad, Fatehpur, Firozabad, Farrukhabad, Ghaziabad, Gazipur, Gorakhpur, Gonda, Hardoi, Hathras, Jaunpur, Jhansi, Kannauj, Kushinagar, Lakhimpur, Manipuri, Mau, Mirzapur, Moradabad, Muzaffarnagar, Pratapgarh, Rampur, Raibareilly, Sitapur, Shahjahanpur, Siddarth Nagar, Sultanpur, Saharanpur, Sonbhadra, Unnao.

Table 2.11: Financial Performance under JNNURM

Thrust areas	Periods	Outlay Budgeted/ Allocated	Expenditure
		₹ in crore)	
UIG	2007-12	4,180.00	2,881.41
UIDSSMT		1,394.00	881.78
IHSDP		801.38	719.94
BSUP		1,302.22	1,134.19

Source: Urban Development Department

Analysis of the data given in the *Appendix 2.14* revealed that while Intake Well and Water Treatment plant of the water supply works under UIDSSMT programme were complete (March 2012), the remaining works such as tube wells etc. were incomplete (ranging between 26 and 57 *per cent*). Similarly, under UIG all the water supply works were either incomplete or were not taken up. It may also be seen from the *Appendix 2.14* that performance under other components of the projects was also inadequate. The Director, State Level Nodal Agency (SLNA) attributed (June 2012) it to the delays in approval of projects and sanction of funds by GoI/ State Government.

2.6.4 Secondary Education Department

Secondary Education is a crucial stage in the Educational Hierarchy as it prepares the students for higher education and also for work. Class IX and X constitute the secondary stage, whereas class XI and XII are designated as the higher secondary stage. The normal age group of the children in secondary classes is 14-16 years whereas it is 16-18 years for Higher Secondary Classes.

The targets set for Eleventh Five Year Plan (2007-12) for Secondary Education were: raising Gross Enrolments Ratio (GER) to at least 65 *per cent* in the general stream; reducing gender gap, a social disparity in GER, to within five *per cent* points; to provide a secondary school within five kilometers and higher secondary school within a distance of seven kilometers to ten kilometers of any habitation.

To achieve the targets, a sum of ₹ 2,678 crore was spent against the earmarked fund of ₹ 2,043.77 crore during the Plan period. However, the key indicators of Secondary Education panned out differently than what were envisaged. The details in *Appendix 2.15* indicate that except the upgradation of High School to Intermediate level, outcome of all other schemes/ programmes ranged between nil and 74 *per cent* and schemes of upgradation of *Kasturba Gandhi Girls School* to High School standard as well as opening of Residential Government. High School on the pattern of *Navodaya Vidyalaya* were not implemented. The Director, Secondary Education attributed (July 2012) shortfalls to the administrative and financial reasons.

2.6.5 Tribal Welfare Department

Tribal Welfare Department received funds from GoI for Pre-Matric and Post-Matric Scholarship to Scheduled Tribes and for establishment of Ashram

Type School in Tribal Sub Area Plan. The financial and physical performance is given in **Table 2.12**.

Table 2.12: Financial Performance

Periods	Outlays and expenditure (₹ in crore)		Physical achievement/ outcome of the programme		
	Outlay budgeted/ allocated	Expenditure	Physical targets	Achievement	Shortfalls
Pre- Matric and Post- Matric Scholarship					
2007-12	7.43	1.28	59,843 Students & 12,571 Students respectively	6,831 Students (11 per cent) & 2,069 Students (16 per cent) respectively	53,012 and 10,502 students respectively
Government Ashram Type School Construction (New/ Up gradation)					
2007-12	3.13	3.13	13 Schools	Nil	13 school

Source: Departmental figures

While the Department could utilize only 17 per cent fund placed at its disposal, against the target of scholarship to 59,843 pre-matric students and 12,571 post-matric students, the outcome was merely 6,831 pre-matric students (11 per cent) and 2,069 post-matric students (16 per cent) by the end of Eleventh Five Year Plan period (March 2012).

Further, though the State Government sent (July 2009) a proposal for construction (new/up gradation) of 13 Ashram Type Schools, GoI sanctioned construction (extension) of two such schools at Chandan Chowki, Khiri, and Nazibabad, Bijnore at a cost of ₹ 3.13 crore each and released (October 2009) 50 per cent of the sanctioned cost as 1st installment. The construction work of the school at Chandan Chowki, Khiri commenced (December 2010) but the executive agency discontinued it after utilizing the first installment of ₹ 156.30 lakh for want of revised cost which escalated up to ₹ 8.78 crore for each school due to delay in taking up the construction activities. The work of the Ashram Type Schools at Nazibabad, Bijnore which was started in December 2010 was stopped due to land dispute. As per provisions of the sanction, GoI refused to release the revised cost and the balance amounts as the fund of Nazibabad, Bijnore School was still lying unspent and second installment was to be released only after utilization of the released fund. Thus, the target for completion of two Ashram Type Schools could not be achieved by the end of Eleventh five year plan period (March 2012).

2.6.6 Irrigation Department

The economy of the State is primarily based on agriculture. Approximately 80 per cent of the total geographical area is under agriculture. For the Eleventh Plan period (2007-12), the targets fixed were: creation of irrigation potential of 11.70 lakh hectare through major and medium irrigation projects and creation of irrigation potential of 3.60 lakh hectares through minor irrigation. To achieve the targets, a sum of ₹ 8,543.47 crore was spent against the earmarked

fund of ₹ 12,185.24 crore during the Plan period. However, the key indicators of irrigation panned out differently than what were envisaged (**Table 2.13**).

Table 2.13: Creation of Irrigation Potential

(Area in lakh hectare)				
Sector	Level at Tenth Plan	Target for Eleventh Plan	Progress during Eleventh Plan	Level at the end of Eleventh Plan
Major and Medium Irrigation	83.19	11.70	2.18 (19)	85.37
Minor Irrigation	37.54	3.60	2.01 (56)	39.55
Total	120.73	15.30	4.19 (27)	124.92
Figures in brackets indicate percentage				

Source: Departmental figures

Moreover, the utilization of Irrigation Potential under Major Irrigation, Medium Irrigation and Minor Irrigation was only 86.29 lakh hectare (69 per cent) against the total created Irrigation Potential of 124.92 lakh hectare during Eleventh Plan.

The matter was referred (September 2012) to the Government; the reply was awaited (November 2012).

2.7 Conclusion

Overall savings of ₹ 24,506.13 crore was the result of savings of ₹ 26,546.00 crore offset by excess of ₹ 2,039.88 crore. The Departments of Planning, Urban Development, Women and Child Welfare, Education, Power, Home (Police) and Finance (Debt Services and Other Expenditure) posted large savings persistently for the last five years. Excess expenditure of ₹ 13,474.10 crore for 2005-11 and ₹ 1,889.66 crore for 2011-12 requires regularisation under Article 205 of the Constitution of India. The Departments also did not follow instructions of the Budget Manual relating to the budget preparation.

2.8 Recommendations

- The Government should ensure that the Codal provisions of the Budget Manual relating to the budget preparations are scrupulously followed.
- Budgetary control mechanism should be strengthened in all Government Departments.
- Re-appropriation of the funds at the fag end of the financial year should be avoided.
- Savings anticipated should be surrendered to the Finance Department well in time.