
Chapter-2

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

CHAPTER 2

Financial Management and Budgetary Control

2.1 Introduction

Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are therefore, complementary to the Finance Accounts.

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 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 2013-14 against 80 grants and appropriations is as 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 Grant/ Appropriation	Total	Actual expenditure	Savings (-)/ Excess (+)
1	2	3	4	5	6	7
Voted	I Revenue	69,059.33	7,481.74	76,541.07	63,028.13	(-)13,512.94
	II Capital	11,431.69	2,518.61	13,950.30	10,951.03 ¹	(-)2,999.27
	III Loans and Advances	6,455.60	376.58	6,832.18	5,078.56	(-)1,753.62
Total Voted		86,946.62	10,376.93	97,323.55	79,057.72²	(-)18,265.83
Charged	IV Revenue	7,475.99	700.56	8,176.55	7,352.50	(-)824.05
	V Capital	21.79	5.00	26.79	17.19	(-)9.60
	VI Public Debt-Repayment	8,017.43	5.26	8,022.69	4,004.64	(-)4,018.05
Total Charged		15,515.21	710.82	16,226.03	11,374.33	(-)4,851.70
Grand Total		1,02,461.83	11,087.75	1,13,549.58	90,432.05	(-)23,117.53

(Source: Appropriation Accounts)

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- ¹ Includes ₹2.36 crore in respect of Inter-State Settlement.
The actual expenditure was overstated to the extent of ₹12.25 crore being the unspent amount Capital section transferred to Major Head 8443-Civil Deposits through NIL payment vouchers on 29 March 2014.
- ² Gross figure without taking into account the recoveries adjusted as reduction of expenditure under Revenue Expenditure: ₹510.87 crore and Capital Expenditure: ₹154.38 crore.
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- Supplementary provision of ₹ 11,087.75 crore obtained during the year constituted 10.82 per cent of the original provision.
- Considering the total savings of ₹ 23,117.53 crore, entire supplementary budget of ₹ 11,087.75 crore proved unnecessary.
- The overall savings of ₹ 23,117.53 crore was the result of savings of ₹ 23,151.84 crore in 73 grants and 46 appropriations under the Revenue Section and 51 grants and seven appropriations under the Capital Section, offset by an excess of ₹ 34.31 crore in one grant in the Revenue Section (₹ 18.18 crore) and two grant/appropriation (₹ 16.13 crore) under the Capital Section.

The savings/excesses were intimated (June-July 2014) to the Controlling Officers asking them to explain the reasons for the significant variations. Reasons for final savings have not been intimated by the concerned Departments (August 2014).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities-significant savings

Appropriation audit conducted by us revealed that in 60 cases there were significant savings aggregating ₹ 13,804.26 crore. In each case, the savings exceeded ₹ 10 crore and were also more than 20 per cent of the respective budget provisions (**Appendix 2.1**). Out of the total savings of ₹ 23,117.53 crore, significant savings of ₹ 100 crore and above occurred in 27 cases aggregating ₹ 12,427.18 crore (53.76 per cent), as indicated in **Table 2.2**.

Table 2.2: List of Grants/Appropriations with savings of ₹ 100 crore and above and more than 20 per cent of total provision

(₹ in crore)							
Sl. No.	Number and Name of the Grant/Appropriation	Original provision	Supplementary provision	Total	Actual expenditure	Savings	Percentage of saving
1	2	3	4	5	6	7	8
Revenue-Voted							
1	08-Land Revenue and District Administration	1,070.37	17.42	1,087.79	835.64	252.14	23.18
2	12-Energy	2,355.10	1,486.40	3,841.50	3,061.24	780.26	20.31
3	13-Farmers Welfare and Agriculture Development	1,107.99	69.78	1,177.77	842.82	334.95	28.44
4	15-Financial Assistance to Three Tier Panchayati Raj Institutions Under Scheduled Castes Sub-Plan	987.26	40.13	1,027.39	794.56	232.83	22.66
5	17-Co-operation	470.59	1.24	471.83	355.38	116.45	24.68
6	20-Public Health Engineering	523.36	1.60	524.96	397.69	127.27	24.24
7	23-Water Resources Department	842.83	--	842.83	672.62	170.21	20.20
8	29-Law and Legislative Affairs	871.75	68.47	940.22	606.75	333.47	35.47
9	30-Rural Development	686.01	--	686.01	486.81	199.20	29.04
10	31-Planning, Economics and Statistics	238.74	2.46	241.20	119.57	121.63	50.43
11	38-Ayush	380.26	--	380.26	210.87	169.39	44.55
12	50-Horticulture and Food Processing	301.30	53.29	354.59	197.48	157.11	44.31

Sl. No.	Number and Name of the Grant/Appropriation	Original provision	Supplementary provision	Total	Actual expenditure	Savings	Percentage of saving
1	2	3	4	5	6	7	8
13	55-Women and Child Development	2,776.05	66.69	2,842.74	2,250.70	592.04	20.83
14	61-Expenditure Pertaining to Bundelkhand Package	100.00	100.00	200.00	19.44	180.56	90.28
15	64-Scheduled Castes Sub-Plan	2,294.32	103.91	2,398.23	1,809.66	588.57	24.54
16	66-Welfare of Backward Classes	671.94	140.89	812.83	636.42	176.41	21.70
17	77-Other Expenditure pertaining to School Education	1,512.06	134.17	1,646.23	1,263.43	382.80	23.25
Capital-Voted							
18	03-Police	93.47	83.40	176.87	71.02	105.85	59.85
19	06-Finance	238.80	47.54	286.34	51.60	234.74	81.98
20	12-Energy	5,283.30	193.93	5,477.23	4,357.79	1,119.44	20.44
21	20-Public Health Engineering	466.39	155.84	622.23	400.26	221.97	35.67
22	30-Rural Development	577.34	--	577.34	200.81	376.53	65.22
23	41-Tribal Areas Sub-Plan	1,991.11	131.94	2,123.05	1,602.72	520.33	24.51
24	61-Expenditure Pertaining to Bundelkhand Package	100.00	308.71	408.71	197.71	211.00	51.63
25	64-Scheduled Castes Sub-Plan	1,926.68	230.41	2,157.09	1,634.35	522.74	24.23
Revenue-Charged							
26	12-Energy	155.00	26.23	181.23	--	181.23	100
Capital-Charged							
27	PD-Public Debt	8,017.43	5.26	8,022.69	4,004.64	4,018.05	50.08
Total		36,039.45	3,469.71	39,509.16	27,081.98	12,427.18	31.45

(Source: Appropriation Accounts)

Besides, significant savings (more than ₹ 20 crore in each case) were noticed in 81 schemes under the grants/appropriations pertaining to the above grants, which ranged up to ₹ 2,000 crore. Details are given in the **Appendix 2.2 (A)**.

2.3.2 Persistent savings

In six cases, during the last five years from 2009-10 to 2013-14, there were persistent savings of more than ₹ one crore and also more than 20 *per cent* of the total provision in each case as shown in **Table 2.3**.

Table 2.3: Grants/Appropriations under which persistent savings occurred during 2009-14

(₹ in crore)						
Sl. No.	Number and name of the Grant/ Appropriation	Amount of Savings (<i>per cent</i> to total Grant in brackets)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Revenue-Charged						
1	06-Finance	9.99 (78.48)	12.41 (97.49)	14.23 (96.28)	12.93 (52.18)	13.24 (89.64)
Savings occurred mainly under the Major Head 2071-Pensions and other Retirement Benefits.						
Capital-Voted						
2	06-Finance	113.33 (68.34)	74.94 (70.18)	1,501.78 (92.80)	1,374.53 (95.53)	234.74 (81.98)
Savings occurred mainly under the Major Head 6075-Loans for Miscellaneous General Services.						

Sl. No.	Number and name of the Grant/ Appropriation	Amount of Savings (<i>per cent</i> to total Grant in brackets)				
		2009-10	2010-11	2011-12	2012-13	2013-14
3	22-Urban Administration and Development–Urban Bodies	174.67 (52.34)	95.08 (38.50)	44.23 (28.68)	61.21 (37.99)	39.80 (46.33)
Savings occurred mainly in various schemes under the Major Heads 4217-Capital Outlay on Urban Development and 6217-Loans for Urban Development.						
4	53-Financial Assistance to Urban Bodies under Scheduled Castes Sub-Plan	8.61 (21.04)	25.43 (41.56)	11.23 (30.11)	15.39 (41.06)	9.88 (74.29)
Savings occurred mainly under the various schemes under Major Heads 4217-Capital Outlay on Urban Development and 6217-Loans for Urban Development.						
5	58-Expenditure on Relief on account of Natural Calamities and Scarcity	2.70 (64.29)	2.93 (69.76)	2.50 (85.62)	2.50 (76.69)	2.50 (100)
Savings occurred mainly under the various schemes under Major Head 6245-Loans for relief on account of Natural Calamities.						
Capital-Charged						
6	Public Debt	3,896.40 (61.94)	3,392.77 (57.29)	3,650.31 (53.68)	3,903.17 (52.13)	4,018.05 (50.08)
Savings occurred mainly under the Major Head 6003-110-0637-Ways and Means Advances and 0779-Advances to meet Shortfall.						

(Source: Appropriation Accounts of respective years)

The persistent savings indicated that the budget estimates were not prepared in a realistic manner and budgetary controls in the concerned Departments were not effective.

2.3.3 Excess expenditure under schemes

In 37 cases, expenditure aggregating ₹ 2,253.78 crore under various schemes exceeded the approved provision by ₹ 10 crore or more in each case and also by more than 20 *per cent* of the provisions made for each scheme. The details are given in **Appendix 2.2 (B)**.

2.3.4 Unutilised provisions under schemes

In 59 cases, the entire provision made under various schemes (₹ 10 crore or more in each case) aggregating to ₹ 6,540.84 crore remained unutilised. The details are given in **Appendix 2.2 (C)**.

2.3.5 Excess over provision during 2013-14 requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. If any money has been spent on a service in excess of the amount granted by the State Legislature for the purpose, the Public Accounts Committee (PAC) shall examine with reference to the facts of the case, the circumstances leading to such an excess and may make recommendation for its regularisation.

Table 2.4 presents the summary of total excess expenditure in three cases amounting to ₹ 34.32 crore over the authorisation from the Consolidated Fund of the State during 2013-14, which require regularisation under Article 205 of the Constitution. Reasons for the above excesses have not been intimated (August 2014).

Table 2.4: Excess over provision requiring regularisation during 2013-14

(₹ in crore)					
Number and name of the Grants/Appropriation	Original Provision	Supplementary Provision	Total Grants/Appropriation	Expenditure	Excess
02-Other Expenditure pertaining to General Administration Department (Revenue Voted)	37.39	2.51	39.90	58.09	18.19
10-Forest (Capital Voted)	77.00	Nil	77.00	92.93	15.93
21-Housing and Environment (Capital Charged)	0.23	Nil	0.23	0.43	0.20
Total	114.62	2.51	117.13	151.45	34.32

(Source: Appropriation Accounts)

2.3.6 Excess over provisions relating to previous years requiring regularisation

The excess expenditure amounting to ₹ 740.38 crore pertaining to the years 1997-98 to 1998-99, 2003-04 to 2006-07 and 2008-09 to 2012-13 is yet to be regularised as detailed in **Appendix 2.3**. The year-wise break-up of the amount of excess expenditure pending regularisation is summarised in **Table 2.5**.

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

Year	Number of		Excess expenditure (₹ in crore)	Status of regularisation (as on 31 st October 2014)
	Grants	Appropriations		
1	2	3	4	5
1997-98	10	03	302.79	Explanatory notes submitted by the concerned Department to PAC.
1998-99	01	Nil	0.10	Explanatory notes submitted by the concerned Department to PAC.
2003-04	04	03	2.54	Explanatory notes submitted by the concerned Department to PAC, except for a sum of ₹ 1.24 crore in respect of Grant No. 68 (Revenue Voted).
2004-05	13	02	83.66	Explanatory notes submitted by the concerned Department to PAC.
2005-06	04	02	37.58	Explanatory notes submitted by the concerned Department to PAC, except for a sum of ₹ 2.27 crore in respect of Grant No. 39 (Capital Voted).
2006-07	02	01	35.99	Explanatory notes submitted by the concerned Department to PAC.
2008-09	02	02	5.80	Explanatory notes submitted by the concerned Department to PAC, except for ₹ 3.68 crore in respect of Grant No. 62 (Revenue Voted).
2009-10	04	Nil	123.96	Explanatory notes submitted by the concerned Department to PAC except for ₹ 4.65 crore in respect of Grant No. 49 (Revenue Voted).
2010-11	Nil	02	12.62	Explanatory notes not submitted by the concerned Department to PAC.
2011-12	04	02	135.10	Explanatory notes not submitted by the concerned Department to PAC.
2012-13	Nil	02	0.24	Report (State Finances) 2012-13 laid on State Legislature dated 22 nd July 2014.
Total	44	19	740.38	

Non-regularisation of the excess over provision under the grants/appropriations over the years is a breach of legislative control over grants/appropriations.

2.3.7 Unnecessary/excessive/inadequate Supplementary provision

In 58 cases of grants/appropriations, Supplementary provision of ₹ one crore or more in each case aggregating ₹ 4,269.16 crore obtained during the year proved entirely unnecessary as the actual expenditure was less than the original provision. Details are shown in **Appendix 2.4**. In 31 cases, against the additional requirement of ₹ 2,714.18 crore, supplementary provision of ₹ 6,502.97 crore proved excessive. The resultant savings exceeding ₹ one crore in each case, aggregating ₹ 3,788.79 crore are shown in **Appendix 2.5**.

2.3.8 Excessive/unnecessary re-appropriation/surrender 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. We observed injudicious re-appropriations or surrenders in 26 cases (Re-appropriation amount of ₹ one crore or more in each case), which resulted in savings/excess of more than ₹ one crore in each case as detailed in **Appendix 2.6**.

2.3.9 Anticipated savings not surrendered

According to para 26.9 of the Madhya Pradesh Budget Manual (MPBM), statements of anticipated savings in expenditure are required to be submitted by the Budget Controlling Officers to the Finance Department by 15th January.

At the close of the year 2013-14, out of total savings of ₹ 23,117.53 crore under all the grants/appropriations a sum of ₹ 12,538.75 crore was surrendered resulting in non-surrender of savings aggregating ₹ 10,578.78 crore (45.76 *per cent* of total savings) by the concerned Departments. These included 59 cases of significant savings (₹ one crore and above and also more than 20 *per cent* of saving in each case) aggregating ₹ 10,191.42 crore which were not surrendered. Details are shown in **Appendix 2.7**.

Besides, in 59 cases, (surrender of funds in excess of ₹ 10 crore in each case), savings aggregating ₹ 7,558.39 crore (**Appendix 2.8**) were surrendered on the last date of the financial year, leaving no scope for utilising the funds for other development purposes.

2.3.10 Rush of expenditure

According to para 26.13 of the Madhya Pradesh Budget Manual (MPBM), rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a financial irregularity.

We noticed that in respect of 45 cases³ of 26 grants/appropriations ₹ 2,924.65 crore (84 *per cent* of total expenditure) was incurred during the last quarter of the financial year. Of these, expenditure of ₹ 2,688.01 crore was incurred in the month of March. Percentage of expenditure incurred during the month of March to total expenditure in each case ranged between 55 and 100. Details are given in **Appendix 2.9**. These indicated deficient financial management and non-maintenance of uniform flow of expenditure which is a primary requirement of budgetary control.

³ where expenditure during last quarter exceeded ₹10 crore.

2.3.11 Drawal of funds and parking in Civil Deposit

As per the provisions of the Madhya Pradesh Treasury Code (MPTC) Part I Sub-Rule 284, no money should be drawn from the treasury unless it is required for immediate disbursement.

We observed that Tourism Department had drawn a sum of ₹ 12.25 crore on 29 March 2014 under the Centrally Sponsored Scheme Construction of Tourism Infrastructure (Central Share) (grant no. 37) and transferred the amount to 8443-Civil Deposits-800-Other Deposits by showing the amount as final expenditure under the relevant scheme. Thus, funds were drawn in advance of requirement and to avoid lapse of Central funds, which was contrary to the codal provision.

2.3.12 Non-utilisation of provision for New items of expenditure in the Budget

Scrutiny of the schedule of new expenditure in the Budget during 2013-14 revealed that ₹ 107.54 crore in 21 schemes relating to 13 grants were provided as new items of expenditure (provision ₹ one crore and above in each case). Entire provision remained unutilised during the year 2013-14, reasons for which have not been intimated (August 2014). The details are given in **Appendix 2.10**.

2.3.13 Unrealistic Budget Estimates

As per para B-7 and 8 of MP Government Budget Manual Vol-I (Part-B), all Budget Controlling Officers (BCOs) are responsible for collating estimates of expenditure and receipts prepared by the Drawing and Disbursement Officer (DDOs) under them as well as for preparing estimates of off budget funds likely to be received for departmental schemes during the ensuing financial year and for finalisation of estimates of expenditure and receipts, BCOs should collate all estimates prepared by DDOs and review the same.

During scrutiny of Appropriation Accounts we observed that in the year 2012-13, budget provision of ₹ 5,232.56 crore was made for 39 schemes (more than ₹ one crore in each case) which remained entirely unutilised. In the year 2013-14, budget provision of ₹ 4,850.21 crore was again made for the same 39 schemes which also remained entirely unutilised. It indicates that budget provisions were prepared on *ad hoc* basis that is without assessing the actual requirement. The details are given in **Appendix 2.11**.

2.4 Outcome of Review of Selected Grants

After voting on Demands for grants has been completed in the Legislative Assembly, an Appropriation Bill is introduced for appropriation out of the Consolidated Fund of the State for moneys required to meet (a) the grants made by the Assembly and (b) the expenditure charged on the Consolidated Fund. After the Governor's assent to the Bill, amounts shown in the Appropriation Act and schedules thereof become the sanctioned grants for expenditure under various Demands.

We reviewed (July-September 2014) the budgetary procedure and control over expenditure pertaining to two grants viz., grant No. 39- Food, Civil Supplies and Consumer Protection and grant No. 55-Women and Child Development.

The Commissioner, Food, Civil Supplies and Consumer Protection, the Registrar, Consumer Protection and Dispute Redressal Forum and the Controller, Weights and Measurement, Bhopal are the Budget Controlling Officers (BCOs) of grant No. 39. The Commissioner, Integrated Child Development Services and the Commissioner, Women Empowerment, Bhopal are the Budget Controlling Officers of grant no. 55.

As per instruction issued (22 August 2012) by the Finance Department regarding time schedule for submission of budget estimates for the year 2013-14, estimates for non-plan and plan expenditure are to be submitted by the Administrative Department to the Finance Department within 14 October 2012 and 26 October 2012 respectively. As per information furnished by the Budget Controlling Officers, the budget estimates for Departments (grant nos. 39 and 55) were submitted to the Finance Department within the stipulated date.

2.4.1 Summarised position

The details of amount budgeted for, expenditure incurred and savings under the grant No. 39 and 55 are summarised in **Table 2.6**.

Table 2.6: Summarised Appropriation

(₹ in crore)

Particular of Grants	Section	Original Budget	Supplementary Budget	Total Grant	Actual expenditure	Savings	Percentage of saving to total Grant
1	2	3	4	5	6	7	8
Grant No. 39	Revenue (Voted)	1,595.84	535.75	2,131.59	1,739.84	391.75	18.38
	Capital (Voted)	44.50	156.00	200.50	130.48	70.02	34.92
Grant No. 55	Revenue (Voted)	2,776.05	66.69	2,842.74	2,250.70	592.04	20.83
	Capital (Voted)	89.80	240.40	330.20	233.97	96.23	29.14
Total		4,506.19	998.84	5,505.03	4,354.99	1,150.04	20.89

(Source: Appropriation Accounts)

Review of these grants revealed the following points:

2.4.2 Preparation of Budget Estimates on adhoc basis

As per para B-7 and 8 of MP Government Budget Manual Vol-I (Part-B), all BCOs are responsible for collating estimates of expenditure and receipts prepared by the DDOs under them as well as for preparing estimates of off budget funds likely to be received for departmental schemes during the ensuing financial year and for finalisation of estimates of expenditure and receipts, BCOs should collate all estimates prepared by DDOs and review the same.

Scrutiny revealed that provision of ₹ 127.80 crore was made for implementation of eight schemes under grant no. 39 in Revenue (Voted) section and ₹ 16.17 crore under five schemes under grant no. 55 in Revenue (Voted) and Capital (Voted) section during the financial year 2013-14, as detailed in **Appendix 2.12**. We observed that no expenditure was incurred under the schemes. Thus, entire provision was unnecessary indicating that demands for budget estimate were prepared on *adhoc* basis.

2.4.3 Rush of expenditure

Uniform flow of expenditure is the primary requirement of proper budgetary control. Rush of expenditure particularly in closing month of the financial year should be avoided.

We observed that during the last quarter of the year 2013-14, expenditure incurred in four schemes under grant no. 39 was 73 *per cent* to 100 *per cent* of total expenditure under each scheme. Similarly, in 11 schemes under grant no. 55, expenditure incurred was 44 *per cent* to 100 *per cent* of total expenditure under each scheme. Details are given in **Appendix 2.13**.

On being pointed out Budget Controlling Officers stated that expenditure of last quarter included savings of previous three quarters.

The reply was not acceptable since rush of expenditure at the end of the year indicated deficient financial management.

2.4.4 Delay/Non- surrender of saving

As per instructions laid down in Para 8.3.10 of budget manual, BCOs are required to surrender appropriations or portions of grants placed at their disposal which are not likely to be required during the year as soon as lapses on savings are foreseen. All the savings anticipated by the BCO should be reported with full details along with reasons to the Finance Department immediately as soon as they are foreseen, unless these are required to meet the anticipated additional requirements of funds under some other head of same grant. We observed the following:

(i) Under the grant no. 39, savings of ₹ 461.77 crore was not surrendered and allowed to lapse, which was 20 *per cent* of total allotment of ₹ 2,332.09 crore. This led to non-utilisation of the amount during the financial year.

(ii) Under the grant no. 55, out of total savings of ₹ 688.39 crore, an amount of ₹ 686.36 crore was surrendered in the last month of financial year, out of which ₹ 276.00 crore was surrendered on the last day of financial year. Balance amount was allowed to lapse.

On being pointed out Budget Controlling Officers stated that the amount was released in last quarter after consent of Finance Department. This amount was not utilised due to notification of election code of conduct. The reply is not acceptable as the savings should have been reported to Finance Department as soon as they are foreseen.

2.4.5 Unnecessary supplementary budget provision

In four schemes, the supplementary provisions proved excessive by ₹ 162.58 crore, as shown in **Table 2.7**.

Table 2.7: Cases where supplementary provision proved excessive

(₹ in crore)					
Sl. No.	Name of Scheme	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Actual expenditure	Saving
1	2	3	4	5	6
Grant No. 39- Food , Civil Supplies & Consumer Protection Department					
1	2408-01-102-6645-Antyoday Food Scheme	35.00	67.75	34.94	67.81
2	3475-106-6112-Head Quarter and Divisional Office	17.25	0.10	11.33	6.02
Grant No. 55- Women and Child Development Department					
3	2235-02-103-701-6103-Integrated Child Protection Scheme (I.C.P.S.)	6.82	9.23	1.68	14.37
4	4235-02-102-1301-5360-Construction of Buildings for Anganwadi Centres	64.75	64.00	54.37	74.38
Total		123.82	141.08	102.32	162.58

(Source: Appropriation Accounts)

An analysis of the above table revealed that entire supplementary provision (₹ 141.08 crore) made under the two grants remained unutilised.

2.4.6 Inaccurate budgeting

As per Para 20.3.2 of M.P. Budget Manual, the department should review estimates under non-plan expenditure including salary object head and if necessary modify these figures on account of probable savings or actuals of previous year. The Department should also ensure that actual number of posts filled rather than total sanctioned posts have been considered for estimation of salary and wages expenditure.

An analysis of the reasons for significant savings indicated in the Appropriation Accounts and Detailed Accounts under the Grant No. 39, revealed that the Department prepared budget estimates for the year 2013-14 for non-plan expenditure including pay and allowances on the basis of sanctioned strength. This resulted in savings of ₹ 15.62 crore. The amounts were lapsed without surrender as detailed in **Table 2.8**.

Table 2.8: Details of inaccurate budgeting

(₹ in crore)				
Sl. No.	Heads	Total Provision	Expenditure	Savings
1	39-2408-01-001-0629-Consumer Protection Cell	17.46	13.17	4.29
2	39-2408-01-001-1471-District Offices	35.46	31.16	4.30
3	39-2408-01-001-3537-Head Office	3.88	2.87	1.01
4	39-3475-106-6112-Head Quarter and Divisional Office	17.35	11.33	6.02
Total		74.15	58.53	15.62

(Source: Appropriation Accounts)

On this being pointed out, the BCOs stated that savings was due to vacant posts in the Departments. The reply was not acceptable since provision of Manual was not adhered to.

2.5 Conclusion and Recommendations

Inflated provision under original and supplementary grants

- Against the total budget provision of ₹ 1,13,550 crore during 2013-14, total expenditure incurred was ₹ 90,432 crore, resulting in overall savings of ₹ 23,118 crore. Therefore, entire supplementary provision of ₹ 11,088 crore (10.82 per cent of original provision) proved unnecessary. In 21 grants, there were savings of more than ₹ 100 crore in each of 27 items, which aggregated to ₹ 12,427 crore.

Budgetary control mechanism should be strengthened in the Government Departments by proper monitoring of expenditure. Unnecessary provision of Supplementary grant should be avoided.

Non-surrender/delayed surrender of savings

- Only 54.24 per cent (₹ 12,538.75 crore) of total savings were surrendered during the year. In 59 cases, savings of ₹ 7,558 crore (more than ₹ 10 crore in each) was surrendered on the last day of the financial year, leaving no scope for utilising the funds for other works.

All anticipated savings should be surrendered on time so that the funds can be utilised for other development purposes.

Excess expenditure requiring regularisation

- Excess expenditure of ₹ 34.32 crore was incurred during 2013-14, which requires regularisation under Article 205 of the Constitution. Besides, ₹ 740 crore pertaining to previous years also remained unregularised.

Regularisation of excess expenditure pending since 1997-98 may be done on priority basis.

Central funds parked in Civil Deposit

- Central funds of ₹ 12.25 crore drawn on 29 March 2014 was transferred to Civil Deposit in Public Account to avoid lapse of funds, which inflated the expenditure of the year under the Consolidated Fund of the State.

Transfer of funds to Civil Deposit at the end of financial year but not utilised, results in overstatement of State expenditure and should be avoided.

During the exit conference held in November 2014, the Secretary, Finance Department, stated that action would be taken on the recommendations made by Audit.