

5: REVIEW OF SELECTED GRANTS

This chapter contains an analysis of the Appropriation Accounts of selected grants covering a period of three years from 2014-15 to 2016-17. The analysis encompasses comments on Budget and Expenditure, unspent provisions, surrender of unspent provision at the fag end of the financial year, lapsed savings, unrealistic budgetary projections, time analysis of expenditure, irregular and injudicious re-appropriations, supplementary provisions made without requirement besides an in-depth study of persistent savings, unrealistic budgeting and outstanding utilisation certificates. Grants of Ministry of Electronics and Information Technology, Ministry of Drinking Water and Sanitation, Ministry of New and Renewable Energy and Ministry of Urban Development were selected for detailed scrutiny in audit during the year 2016-17.

5.1 Grant No. 15: Ministry of Electronics and Information Technology

5.1.1 Introduction

The Ministry of Electronics and Information Technology (MeitY) is responsible for formulation, implementation and review of national policies in the field of Information Technology, Electronics and Internet (all matters other than licensing of Internet Service Providers). The primary objective of the Ministry is to promote e-Governance for empowering citizens, promoting the inclusive and sustainable growth of the Electronics, IT & ITeS industries, enhancing India's role in global platforms of Internet Governance, adopting a multipronged approach that includes development of human resources, promoting R&D and innovation, enhancing efficiency through digital services and ensuring a secure cyber space.

5.1.2 Budget, Expenditure and Savings

The overall position of budget provision, actual disbursement and unspent provision during the years 2014-17 is detailed in **Table 5.1** below.

Table 5.1 Budget, Expenditure and Savings

(₹ in crore)

Year	Sanctioned provision		Expenditure		Unspent Provision /Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2014-15	3734.12	195.00	3452.61	130.49	281.51	64.51
2015-16	2611.85	147.16	2479.87	114.32	131.98	32.84
2016-17	3369.77	349.12	3310.60	330.78	59.17	18.34

Source: Head-wise Appropriation Accounts

The Public Accounts Committee (10th Lok Sabha, 1993-94) in its 60th Report (paras 1.22 and 1.24) had observed that savings of ₹100 crore or more are indicative of defective budgeting as well as shortfall in performance in a Grant or Appropriation. The Committee had desired that detailed note in respect of savings of ₹ 100 crore or above in a segment of the Grant for each year be furnished to the Committee by the concerned Ministry/Department.

Audit observed that there were savings of ₹ 100 crore or above in the voted portion of Revenue Section of the grant in 2014-15 and 2015-16. This was indicative of over estimation of requirement of funds.

The Ministry stated (September 2017) that it had been reviewing the trend of expenditure on regular basis to ensure timely expenditure and proper utilisation of funds so as to bridge the gap between budget allocation and expenditure.

5.1.3 Savings not surrendered and allowed to lapse

Rule 56 of General Financial Rules, 2005, provides that savings in a Grant or Appropriation are to be surrendered to Government as soon as these are foreseen without waiting for the last day of the year. Savings should also not be held in reserve for possible future excesses.

Scrutiny of Appropriation Accounts for the years 2014-17 revealed that savings of ₹ 361.84 crore were not surrendered and allowed to lapse, as detailed in **Table 5.2** below.

Table 5.2: Savings not surrendered

(₹ in crore)

Year/ Section		Savings	Amount Surrendered	Date of Surrender	Savings not surrendered
2014-15	Revenue section	281.51	162.84	31.03.2015	118.67
	Capital section	64.51	56.17		8.34
2015-16	Revenue section	131.98	0	-	131.98
	Capital section	32.84	0	-	32.84
2016-17	Revenue section	59.17	0	-	59.17
	Capital section	18.34	7.50	30.03.2017	10.84
Total		588.35	226.51		361.84

In 2015-16, entire savings in Revenue and Capital sections were not surrendered while in 2016-17 entire savings in Revenue section were not surrendered. Further, during 2014-15, out of total savings of ₹ 281.51 crore under the Revenue section, only ₹ 162.84 crore (58 per cent) were surrendered. It was also seen that savings were surrendered on the last day of the financial year and significant savings were not surrendered and allowed to lapse at the close of the financial year.

The Ministry stated (August 2017) that despite repeated reviews of the expenditure made and anticipated expenditure under each programme, the savings could not be foreseen till the end of the financial year.

5.1.4 Large supplementary Grants due to unrealistic budgetary projections

Under Article 114 of the Constitution, the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India. The Parliament also authorises supplementary or additional Grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution over and above the authorisation made previously for the purpose of that year under Article 114. While preparing the initial estimates of expenditures, Ministries/Departments are required to keep in view the trends of disbursements during the previous years and take due care so that provision for all inescapable and foreseeable expenditures is made in the estimates before they are submitted to the Ministry of Finance.

Supplementary grants obtained during the period from 2014-15 to 2016-17 were as detailed in **Table 5.3** below.

Table 5.3: Large supplementary Grants

(₹ in crore)

Year	Section	Original provision	Supplementary provision	Actual expenditure	Savings
2014-15	Revenue section (Voted)	3734.10	0.02 (0)	3452.61	281.51
	Capital section (Voted)	195.00	0 (0)	130.49	64.51
2015-16	Revenue section (Voted)	2482.85	129.00 (5.20)	2479.87	131.98
	Capital section (Voted)	147.15	0.01 (0.01)	114.32	32.84
2016-17	Revenue section (Voted)	3089.71	280.06 (9.06)	3310.60	59.17
	Capital section (Voted)	239.11	110.01 (46.01)	330.78	18.34

Figures in parentheses indicate the percentage of supplementary provisions to the Original grant

Above table indicates that Ministry had obtained Supplementary grant of ₹ 129.00 crore in the Revenue voted section during the year 2015-16, but had failed to utilise the entire supplementary grant. The savings were in fact more than supplementary grant.

During 2016-17, Ministry obtained supplementary grant for ₹ 110.01 crore which constituted 46.01 *per cent* of the original budget provision under Capital (voted) Section.

The Ministry stated (September 2017) that the budget provision for MeitY in RE 2015-16 was ₹ 2,700 crore which was increased by only ₹ 500 crore despite the fact that Unique Identification Authority of India (UIDAI) whose budget always crossed ₹ 1,000 crore was transferred to MeitY as an attached office. Therefore, the budget provision for all schemes/ non-schemes were curtailed proportionately. Since NIC and UIDAI had not been given/allocated the bare minimum amount to meet the capital expenditure, Ministry of Finance was requested to augment their capital provision through Supplementary Demands for grants.

The reply is not tenable as the Ministry had not fully utilized the Supplementary grants obtained from the Parliament which was indicative of unrealistic assessment of fund requirements.

5.1.5 Non-utilisation of entire provision under sub heads

Audit scrutiny brought out that entire provisions remained unutilized under four sub-heads/schemes and were re-appropriated/surrendered thereby defeating the purpose for which the original budget provisions were passed by the Parliament as depicted in **Table 5.4** below.

Table 5.4 Non-utilisation of entire provision

Year	Sub-heads/Schemes	Budget Provision	Savings	Reasons
		(₹ in crore)		
2014-15	4859.02.004.18- Promotion of Electronics/IT HW Manufacturing	10.00	10.00	Due to non-receipt of viable proposals and cut imposed at revised estimates stage by the Ministry of Finance
	2852.07.202.19-ERNET INDIA	0.10	0.10	-
	2852.07.202.71-Media Lab Asia	7.00	7.00	Due to cut imposed at revised estimates stage by the Ministry of Finance
	2852.07.202.82-Facilitation of Setting up of Integrated Township	0.10	0.10	-
2015-16	4859.02.004.18-Promotion of Electronics/IT HW Manufacturing	20.00	20.00	Due to non-execution of the agreement between Electronics Development Fund Manager and the Bank
2016-17	4859.02.004.18-Promotion of Electronics/IT HW Manufacturing	20.00	20.00	Due to non-finalisation of the proposed investment in Electronics Development Fund Scheme

The above table shows that schemes failed to take off or suffered due to non-utilisation of entire provisions.

Ministry stated (September 2017) that the matter of releasing financial assistance to Media Lab Asia (MLA) beyond 30th April 2012 was under consideration of Ministry of Finance and hence, the provision made for MLA remained unutilized. As regards promotion of Electronic/IT HW Manufacturing, it stated that the budget earmarked for Electronics Development Fund under Capital grants remained unutilized due to legal formalities. However, this non-utilisation had not affected the implementation of the scheme.

The fact remains that non-utilisation of the entire budgeted amount in respect of Promotion of Electronic/IT HW Manufacturing during the last three years is indicative of poor budgeting and failure to take effective remedial measures to avoid persistent non-utilisation of entire provisions.

5.1.6 Injudicious re-appropriation of funds to sub-head

Scrutiny of Appropriation accounts for the year 2016-17 revealed that re-appropriation of funds to the following sub-head was injudicious as the savings were more than the re-appropriated amount as depicted in **Table 5.5** below.

Table 5.5: Injudicious re-appropriation of funds to sub-head

(₹ in crore)

Year	Sub-Head	Budget Provision	Amount of re-appropriation to the Sub-Head	Actual expenditure	Final savings under the Sub-Head after re-appropriation
2016-17	2852.07.202.88- Regulatory Authorities	O -148.00 S - 0.00	11.87	138.47	21.40

5.1.7 Persistent Savings under sub-heads

Review of Appropriation Accounts for the years 2014-15 to 2016-17 revealed that there were persistent savings under three sub-heads during the last three years which is indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme/activity item being implemented by the Ministry/Department, as detailed in **Table 5.6** below.

Table 5.6: Persistent Savings under sub-heads

Sl. No.	Sub-Head	Year	Sanctioned provision (O+S)	Actual Expenditure	Savings	Percentage of savings to Sanctioned provision	Reasons for Savings attributed by Ministry
			(₹ in crore)				
1	3451.00.090.15- Department of Electronics and Information Technology	2014-15	88.10	73.29	14.81	16.81	Requirement of less funds towards domestic travel expenses and other establishment related expenses
		2015-16	97.04	75.69	21.35	22.00	Non-execution of repair and maintenance works and requirement of less funds towards establishment related expenses
		2016-17	104.96	88.02	16.94	16.14	Non filling of vacant posts and requirement of less funds towards establishment related expenses
2	2852.07.202.06-STQC	2014-15	92.00	76.05	15.95	17.34	Non filling up of vacant posts, non-receipt of viable proposals, requirement of less funds towards establishment related expenses, cut imposed at RE stage by Ministry of Finance and non-procurement of equipment
		2015-16	91.00	80.89	10.11	11.11	Non filling up of vacant posts and requirement of less funds towards establishment related expenses
3	4859.02.004.17- Machinery and Equipments for STQC and other projects	2014-15	56.00	18.47	37.53	67.02	Due to non-receipt of proposals for procurement of machinery and equipment, non-finalisation of projects under Cyber Security programme and cut imposed at revised estimates stage by the Ministry of Finance
		2015-16	64.00	37.03	26.97	42.14	Due to delay in tender process, non-finalisation of projects and non-receipt of quotations for procurement of machinery and equipment for Cyber Security projects
		2016-17	20.00	5.06	14.94	74.70	Due to delay in tender process, non-finalisation of projects and non-receipt of quotations for procurement of machinery and equipment for Cyber Security projects

The persistent savings ranged from 11.11 *per cent* to 74.70 *per cent*, which is indicative of over-estimation of the requirement of funds and failure to take effective remedial measures to avoid persistent savings.

Ministry stated (September 2017) that the expenditure provisions were made under two sub-heads 3451.00.090.15 and 2852.07.202.06 to meet salary and establishment related expenses in respect of MeitY Secretariat and Standardisation Testing and Quality Certification (STQC) respectively. Savings under establishment provisions usually occur because of non-filling of vacant posts, non-execution of repair and maintenance works, non-receipt of adequate bills for LTC, or medical claims and less travel expenses.

With regard to the sub-head 4859.02.004.17, MeitY informed that savings occurred during the last three years, due to non-finalisation of two key Cyber Security initiatives, viz. NCCC and Botnet Cleaning and Malware Analysis Centre.

The reply reflects the need for greater diligence in preparation of estimates of expenditure so as to ensure that all factors affecting expenditure are duly taken into account while proposing requirement of funds.

5.1.8 Utilisation of funds

(i) Outstanding Utilisation Certificates (UCs)

Rule 212 (1) of GFR 2005 prescribes that in respect of non-recurring grants to an institution or organization, certificate of actual utilisation of grants received for the purpose for which it was sanctioned, should be insisted upon in the order sanctioning the Grants-in-aid. In the case of recurring grants, the Ministry or Department concerned should release amount sanctioned for the subsequent financial year only after UC in respect of grants of preceding financial year is submitted.

Further, the UCs should be submitted within 12 months of the closure of the financial year by the Institution or Organization concerned. Where such certificate is not received from the grantee within the prescribed time, the Ministry or Department will be at liberty to blacklist such institutions or organisation from any future grant, subsidy or other type of financial support from the Government.

Position of Year-wise outstanding UCs as on 27 July 2017 is given in the **Table 5.7** below.

Table 5.7 Year-wise Outstanding Utilisation Certificates

Year of sanction of grant	Due		UC received		Outstanding UC	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
2002-03 to 2009-10	2963	4456.63	2922	4355.34	41	101.29
2010-11	516	2212.08	510	2211.22	6	0.86
2011-12	497	1215.37	488	1208.43	9	6.94
2012-13	430	966.83	415	904.83	15	62.00
2013-14	413	1192.81	397	1159.27	16	33.54
2014-15	591	1847.46	552	1782.96	39	64.50
2015-16	504	1569.80	364	1093.13	140	476.67
Total	5914	13460.98	5648	12715.18	266	745.80

It can be seen from the above that 266 number of UCs aggregating to ₹ 745.80 crore were outstanding as on 27 July 2017 pertaining to year of sanction ranging from the years 2002-03 to 2015-16. Of these, 225 UCs (84.59 per cent) with total amount of ₹ 644.51 crore (86.42 per cent) related to period 2010-11 to 2015-16.

Ministry stated (September 2017) that UCs in respect of grants released during FY 2015-16 would be considered pending w.e.f. 01 April 2017 (FY 2017-18). Hence, MeitY had not violated any GFR provision by releasing grants to organisations in respect of which no single UC was shown pending. As far as utilisation of grants is concerned, it is stated that Project Review and Standing Groups have been formed in MeitY which meet from time to time to review the implementation of various projects, utilisation of funds, non-achievement of targets, if any, and recommend which organisation would be released further installment of grant and by how much.

The reply is not tenable as the UCs in respect of grants released during 2015-16 had already become due at the time of the furnishing of information on pending UCs in July 2017. Moreover, 126 UCs with corresponding money value of ₹ 269.13 crore pertaining to previous years were also pending.

The receipt of UCs is the only mechanism to vouch that the funds have been utilised for the intended purpose. The Ministry should put in place a strong mechanism to ensure timely submission of UCs by the grantee bodies.

5.1.9 Cash management System

Modified Cash Management System seeks to achieve the following objectives¹:

- i. Obtain greater evenness in the budgeted expenditure within the financial year, especially in respect of items entailing large sums of advance releases and transfers to corpus funds;
- ii. Reduce rush of expenditure during the last quarter, especially the last month of the financial year;
- iii. Reduce tendency of parking of funds;
- iv. Effectively monitor the expenditure pattern; and
- v. Better planning of Indicative Market Borrowing Calendar of the Central Government.

Monthly Expenditure Plan (MEP) would form the basis of Quarterly Expenditure Allocations (QEA). The Department/Ministries may regulate the expenditure within the Quarterly Expenditure Allocation (which would be equal to the sum of provisions under Monthly Expenditure Plan).

Table 5.8 gives the position of actual expenditure against QEA for the year 2016-17.

Table 5.8: Quarterly Expenditure Allocation and actual expenditure

(₹ in crore)

Year	Quarter	Quarterly Expenditure Allocation (Plan)	Actual Expenditure	Savings(-) Excess(+)	Quarterly Expenditure Allocation (Non-Plan)	Actual Expenditure	Savings(-) Excess(+)
2016-17	1st	733.36	1064.37	331.01	34.26	26.94	-7.32
	2nd	1098.62	733.18	-365.44	38.17	28.82	-9.35
	3rd	664.60	882.05	217.45	26.86	32.41	5.55
	4th	703.42	848.56	145.14	29.53	22.12	-7.41
Total		3200.00	3528.16	328.16	128.82	110.29	-18.53

Source: DDG for 2016-17 and Quarterly details of estimates and expenditure prepared by O/o Pr. PAO, MeitY

The table shows that expenditure was not consistent with the QEA Plan in all the quarters which reflects deficient financial control and management.

Ministry stated (September 2017) that the QEPs shown is as per DDG 2016-17. However, QEPs are revised/modified at the end of each quarter depending upon the extent of expenditure made. Hence, without considering the revised/modified

¹ Ministry of Finance OM No. F. No.21 (1)-B{PD}/2014 dated 22 July 2015

QEPs, it would be incorrect to assert that there was inconsistency in quarterly expenditure target and achievement.

Due to non-furnishing of approved revised QEPs and the basis of their revision, the reply could not be verified.

5.1.10 Budget provision for vacant posts

According to Budget Circulars 2014-15 to 2016-17, “No provision may be made in the establishment budget for posts, which are lying vacant for one year or more. Even otherwise, provisioning for vacant posts should be made with circumspection so as to avoid chances of eventual savings due to these vacant posts not being filled up.”

During scrutiny of Appropriation Accounts of 2014-15, savings of ₹ 12.40 crore and ₹ 12.46 crore were noticed under sub-head 3451.00.090.15 (DeitY) and 2852.07.202.06 (STQC) respectively. One of the reasons for savings was non-filling up of vacant posts. Same reason was furnished for savings under these heads for the year 2013-14 also.

It was further noticed that during 2015-16, saving of ₹ 13.96 crore was reported by STQC (HOA 2852.07.202.06) due to non-filling up of vacant posts and less expenditure. Again, in 2016-17, saving of ₹ 21.40 crore was reported by Regulatory Authorities (HOA 2852.07.202.88) due to non-filling up of vacant posts.

Ministry stated (September 2017) that the savings occurred were in respect of Regulatory Authorities, viz. STQC, Cyber Security (including CERT-In and CAT) and CCA only and no saving occurred in respect of MeitY Secretariat. It added that no provision was made in respect of posts lying vacant for more than one year. Budget provisions were, however, made only in respect of the posts lying vacant for a short period and were likely to be filled as well as the newly created posts.

The reply is not tenable as persistent savings from the provisions made for vacant posts for the last three years is indicative of improper budget management and is in violation of the Budget Circular.

5.2 Grant No.25: Ministry of Drinking Water and Sanitation

5.2.1 Introduction

The Ministry of Drinking Water and Sanitation is the nodal Ministry for the overall policy, planning, funding and coordination of the flagship programmes viz., the National Rural Drinking Water Programme (NRDWP) for rural drinking

water and Swachh Bharat Mission (Gramin) {SBM(G)}² for sanitation in rural areas.

5.2.2 Budget, Expenditure and Savings

The overall position of budget, actual disbursement and unspent provision during the years 2014-17 is detailed in **Table 5.9** below.

Table-5.9: Budget, Expenditure and Savings

(₹ in crore)

Year	Sanctioned provision		Expenditure		Unspent Provision /Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2014-15	15377.50	0.00	12201.46	0.00	3176.04	0.00
2015-16	14330.89	0.00	13481.18	0.00	849.71	0.00
2016-17	26509.71	0.00	26475.66	0.00	34.05	0.00

The table shows that during the year 2014-15, there were savings of ₹ 3,176.04 crore constituting 20.65 per cent of the sanctioned provision of ₹ 15,377.50 crore. However, quantum of savings came down to ₹ 849.71 crore in 2015-16 and ₹ 34.05 crore in 2016-17.

5.2.3 Large Supplementary Grants due to unrealistic budgetary projections

Ministry had obtained supplementary grants during the year 2014-15 to 2016-17 as detailed in the **Table 5.10** below.

Table 5.10: Large Supplementary Grants

(₹ in crore)

Year	Original Allocation	Supplementary Allocation	Total allocation	Actual Expenditure	Savings(-)/ Excess (+)
2014-15	15266.85	110.65 (0.72)	15377.50	12201.46	-3176.04
2015-16	6243.87	8087.02 (129.52)	14330.89	13481.18	-849.71
2016-17	22509.70	4000.01 (17.77)	26509.71	26475.66	-34.05

Figures in parentheses indicate percentage of supplementary provision in respect of original grant

The above table shows that in 2014-15, Ministry obtained a supplementary grant of ₹ 110.65 crore (0.72 per cent) for installation of Solar Energy based Dual Pump Piped Water Supply Scheme. However, the additional grant so obtained was

² Earlier this programme was called Nirmal Bharat Abhiyan.

surrendered due to unspent balance with the States and reduction of provisions at revised estimate stage.

In 2015-16, the Ministry obtained ₹ 8,087.02 crore (129.52 per cent) as supplementary provision mainly on account of transfer to States for implementation of programmes. However, out of supplementary grants of ₹ 8,087.02 crore, ₹ 849.71 crore remained unutilized.

In 2016-17, supplementary grant of ₹ 4,000.01 crore, constituting 17.77 per cent of the original grant, was obtained to meet the requirement for transfer of fund to Rashtriya Swachhata Kosh and to transfer to States for implementation of programmes.

Large supplementary provision in 2015-16 indicates that the Ministry did not prepare estimates of expenditure on a realistic basis and the mechanism of holding pre-budget meetings and scrutiny by the Ministry of Finance for ensuring realistic budgetary projections did not have the desired effect.

5.2.4 Un-necessary supplementary provisions obtained under sub-heads

Review of Accounts for last three years revealed that the Ministry obtained large supplementary provisions for various schemes/activities under the following sub-heads.

Table 5.11: Un-necessary Cash Supplementary Provisions

(₹ in crore)

Year	Head of Account	Original Provision	Supplementary Grant Obtained	Actual Expenditure	Savings
2015-16	3601.02.269.02 Swachh Bharat Abhiyan	1979.00	4032.40	4391.81	1619.59 (40.16)
2015-16	3601.02.789.19 Sewerage and Sanitation –Sanitation Services	797.00	1387.00	1469.51	714.49 (51.51)
2015-16	3601.02.796.19 Sewerage and Sanitation –Sanitation Services	362.00	631.00	673.08	319.92 (50.70)
2015-16	3602.02.269.02 Swachh Bharat Abhiyan	2.00	4.80	4.40	2.40 (50.00)
2016-17	2215.01.105.23 Swachh Bharat Abhiyan (Gramin)	255.00	2.00	215.13	41.87 (2093.50)

Figures in parentheses indicate percentage of savings in respect of supplementary provision

While the Ministry obtained large supplementary grants, it could not fully utilize them. Non-utilisation of major supplementary provisions was attributed to non-receipt of viable proposals from the state governments, non-receipt of annual sanitation survey and less funds requirement by the implementing agencies.

5.2.5 Savings of entire provision

In four sub-heads, the entire provision of ₹ 7.72 crore, authorized by the Parliament was not utilized during the last three years. Savings of entire provision is indicative of fact that the estimates were not prepared after adequate scrutiny of the projects/schemes. Details are given in **Table 5.12** below.

Table 5.12: Entire Provisions remained unspent

(₹ in crore)

Year	Head of Account	Budget Provision	Savings
2014-15	3602.02.264.01 National Rural Drinking Water Programme	1.02	1.02
2015-16	3602.02.264.01 National Rural Drinking Water Programme	2.04	2.04
	3602.02.789.10 Water Supply-Rural Water Supply Programme	0.66	0.66
2016-17	3602.02.269.03 Sewerage and Sanitation Services-Swachh Bharat Abhiyan (Gramin)	4.00	4.00
Total		7.72	7.72

5.2.6 Saving of more than ₹ 10 crore (sub-head level)

A review of last three years accounts revealed that large part of the provisions remained unutilized under various sub-heads and were surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Instances of savings of ₹ 10 crore and above or constituting more than 25 per cent of the budget provisions are given in the **Table 5.13** below. The Ministry attributed the savings to availability of unspent balances of previous years and less receipt of viable proposals from implementing agencies.

Table 5.13: Unrealistic Budgeting*(₹ in crore)*

Year	Head of Accounts	Budget Provision	Actual Expenditure	Savings	Savings (in per cent)
2014-15	2215.01.102.17 National Rural Drinking Water Programme	93.82	46.26	47.56	50.69
	2215.02.105.21 Nirmal Bharat Abhiyan	123.00	91.03	31.97	25.99
	3601.02.789.19 Sewerage and Sanitation – Sanitation Services	937.56	626.55	311.01	33.17
	3601.02.796.19 Sewerage and Sanitation-Sanitation Services	425.80	284.79	141.01	33.12
2015-16	3601.02.269.02-Swachh Bharat Abhiyan	6011.40	4391.81	1619.59	26.94
	3601.02.789.19 Sewerage and Sanitation – Sanitation Services	2184.00	1469.51	714.49	32.71
	3601.02.796.19 Sewerage and Sanitation-Sanitation Services	993.00	673.08	319.92	32.22
2016-17	2215.01.102.19 National Rural Drinking Water Programme	81.51	48.34	33.17	40.69

5.2.7 Surrender of savings

Rule 56 of GFR 2005, emphasizes that provisions in the Grant or Appropriation that cannot be profitably utilized should be surrendered to the Government immediately as and when they are foreseen without waiting till the end of the year. No savings should be held in reserve for possible future excesses.

Contrary to these provisions, savings were either not surrendered or surrendered at the end of the year, as detailed in **Table 5.14** below.

Table 5.14: Surrender of Savings*(₹ in crore)*

Year	Unspent Provision	Amount surrendered		Amount not Surrendered
		On 31 March of the respective year	Percentage	
2014-15	3176.04	3162.37	99.57	13.67
2015-16	849.71	849.10	99.93	0.61
2016-17	34.05	6.95	20.41	27.10

5.3 Grant No. 61 Ministry of New and Renewable Energy

5.3.1 Introduction

The Ministry of New and Renewable Energy (MNRE) is the nodal Ministry at the central level for all matters relating to new and renewable energy. The Ministry has been facilitating the implementation of broad spectrum programs including harnessing renewable power, renewable energy to rural areas for lighting, cooking and motive power, use of renewable energy in urban, industrial and commercial application and development of alternate fuels and application.

The main objective of this grant is to meet the modernization needs of the Ministry in respect of Research, Design and Development in Renewable Energy – Research Institutions/ Centres-National Institute of Solar Energy, Supporting Programmes e.g. international cooperation including Investment Promotion, Information, Education and Communication (Advertising & Publicity) and other office expenses.

5.3.2 Budget, expenditure and savings

The overall position of budget provisions which is of capital and revenue nature, actual disbursements and savings during the last three years 2014-17 is detailed in **Table 5.15** below.

Table 5.15: Budget, expenditure and savings

(₹ in crore)

Year	Sanctioned provision		Expenditure		Unspent provisions/Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2014-15	2762.39	295.00	2223.10	295.00	539.29	0.00
2015-16	4208.24	95.01	4150.26	94.52	57.98	0.49
2016-17	9882.81	115.00	7643.52	110.63	2239.29	4.37

It can be seen from the above table that large budget provisions remained unutilized in the Revenue Section of the grant during the years 2014-15 and 2016-17. During 2016-17, ₹ 2,239.29 crore, which constituted 22.66 per cent of the sanction provision remained unspent in the Revenue Section. Large unspent provisions during 2014-15 and 2016-17 indicated deficient budgeting by the Ministry.

The Ministry accepted the audit observation and stated (September 2017) that the audit observation had been noted for compliance.

5.3.3 Surrender of unspent provision at the fag end of the financial year

Scrutiny of Appropriation Accounts revealed that contrary to the provisions of GFR the Ministry surrendered its savings on the last day of the financial years 2014-17 as detailed in **Table 5.16** below.

Table 5.16: Surrender of savings

(₹ in crore)

Year	Sanctioned grant	Expenditure	Savings	Surrender	Saving not Surrendered	Date of surrender	
2014-15	Revenue	2762.39	2223.10	539.29	526.67	12.62	31.03.2015
	Capital	295.00	295.00	-	-	-	-
2015-16	Revenue	4208.24	4150.26	57.98	47.78	10.20	31.03.2016
	Capital	95.01	94.52	0.49	0.24	00.25	31.03.2016
2016-17	Revenue	9882.81	7643.52	2239.29	1115.11	1124.18	31.03.2017
	Capital	115.00	110.63	4.37	4.39	-	31.03.2017

Surrender of savings only on the last day of financial year reflects deficient budgeting of the Ministry and non-adherence with Government Rules.

The Ministry stated (September 2017) that the audit observation had been noted for compliance.

5.3.4 Savings of ₹ 100 crore or more

The Public Accounts Committee (PAC) (10th Lok Sabha, 1993-94) in its 60th Report (paras 1.22 and 1.24) had observed that savings of ₹ 100 crore or above are indicative of defective budgeting as well as shortfall in performance in a Grant or Appropriation. The committee had, therefore, desired that the detailed note in respect of savings of ₹ 100 crore or above in a section of the grant for each year was required to be furnished to the committee by the respective Ministry/Department. The savings of more than ₹ 100 crore or more in a section of grant of the review period are detailed in **Table 5.17** below.

Table 5.17: Savings of ₹ 100 crore or more

(₹ in crore)

Year	Name and the No. of Grant (Revenue Section)	Savings
2014-15	69 –MNRE	539.29
2016-17	61- MNRE	2239.29

Scrutiny revealed that Ministry had made excessive provisions under the Revenue section of the Grant during the year 2014-15 and 2016-17 resulting in large provisions remaining unutilised.

5.3.5 Large supplementary grants due to unrealistic budgetary projections

Audit scrutiny revealed that Ministry had obtained supplementary grant during the period from 2014-17 as detailed in **Table 5.18** below.

Table 5.18: Original and Supplementary Provisions

(₹ in crore)

Year		Original Provision	Supplementary	Percentage of supplementary to original provisions	Expenditure	Savings
2014-15	Revenue	2439.39	323.00	13.24	2223.10	539.29
	Capital	95.00	200.00	210.53	295.00	-
2015-16	Revenue	2708.21	1500.03	55.39	4150.26	57.98
	Capital	95.00	0.01	0.01	94.52	0.49
2016-17	Revenue	9882.79	0.02	0	7643.52	2239.29
	Capital	100.00	15.00	15.00	110.63	4.37

The Ministry had obtained large supplementary grant of ₹ 323.00 crore under the Revenue Section during 2014-15 which constituted 13.24 *per cent* of the original provision and the entire supplementary grant remained unutilised indicating unrealistic estimation of requirement of funds.

During 2015-16, Ministry had obtained large supplementary grant of ₹ 1,500.03 crore under the Revenue Section which constituted 55.39 *per cent* to the original provision.

Scrutiny of Head-wise Appropriation Accounts revealed that in five cases, the Ministry obtained large supplementary grants ranging from 62.15 *per cent* to 1066.67 *per cent* of the Original Provision as detailed in **Table 5.19** below.

Table 5.19: Original and Supplementary Provisions

(₹ in crore)

Year	Object Head	Original Provision	Supplementary Provision	Percentage of Supplementary to Original Provision
2014-15	2810.00.105.02	2.25	24.00	1066.67
	4810.00.190.01	40.00	200.00	500.00
2015-16	2810.00.101.01	1525.00	950.00	62.30
	2810.00.101.02	885.00	550.01	62.15
2016-17	4810.00.101.03	--	15.00	There was no original provision at all.

This indicates that the Ministry had not prepared its initial estimates of expenditure on a realistic basis. The Ministry noted (September 2017) the audit observation for compliance.

5.3.6 Savings of more than ₹ one crore (Sub-head level)

A review of last three years accounts revealed that large part of the provisions remained unutilized under various sub-heads and were surrendered/ re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Instances of savings of more than ₹ one crore of the budget provisions are given in the **Annexure 5.1**. This reflects deficient financial control on the part of the Ministry.

The Ministry stated (September 2017) that the audit observation had been noted for compliance.

5.3.7 Rush of issuing orders of Re-appropriation at the fag end of the financial years

The PAC (14th Lok Sabha) recommended in July 2006 that the Financial Advisors of the Departments, with the assistance of Chief Controller of Accounts and Controller of accounts should ensure responsibility by bringing in more analytical inputs into the budget formulation process and better inter-se programme/prioritisation and allocation within the budget ceilings based on expenditure profiles of each programme, assessment of outcomes and current status of the projects. Such analysis was envisaged to ensure more realistic and efficient deployment of resources, reduce the reliance on supplementary and help significantly control injudicious formulation of budget estimates/ utilisation of funds where large savings/ unspent provisions can be reduced if not altogether avoided.

Scrutiny of the Appropriation Accounts pertaining to the years 2014-15 to 2016-17 revealed that most of the re-appropriation orders were issued only at the fag end of the respective financial years as detailed in **Table 5.20** below.

Table 5.20: Issuing orders of Re-appropriation

Years	Total number of Re - appropriation orders issued during the year	Issued in last quarter of the year (Jan-Mar)	Issued during last month i.e. March	<i>Per cent of orders issued in the last quarter</i>	<i>Per cent of orders issued in the last month to the total issued</i>
2014-15	12	6	4	50.00	33.33
2015-16	21	13	10	61.90	47.62
2016-17	29	20	14	68.97	48.28

Further, audit scrutiny revealed that re-appropriation at the fag end of the year has resulted in savings in the sub-heads as detailed in the **Table 5.21** below.

Table 5.21: Savings in sub-head level due to re-appropriation at the fag end of the year

(₹ in crore)

Sl. No.	Sub-head	Amount re-appropriated in last quarter	Savings surrendered at the end
2014-15			
1	2810.00.101.02-Off grid/distributed and Decentralized Renewable Power	13.46	51.50
2015-16			
2.	2810.00.102.02-Renewable energy for all villages	6.15	28.33
2016-17			
3.	3451.00.090.14-Secretariat -MNRE	2.44	3.80
4.	2810.00.101.01-Grid interactive renewable power	185.32	548.02
5.	2810.00.104.04-Research, Development and International Co-operation	6.55	144.60

The Ministry stated (September 2017) that the re-appropriation had been issued with approval of the competent authority. However fact remains that the re-appropriation orders were issued at the fag end of the financial year.

5.3.8 Outstanding Utilisation certificates (UCs)

Position of Year-wise outstanding UCs as on 31 March 2017 is given in the Table 5.22 below.

Table 5.22 Year-wise Outstanding Utilisation Certificates

Year of sanction of grant	Due		UC received		Outstanding UC	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Upto 2009-10	29	6.08	0	0	29	6.08
2010-11	34	12.10	0	0	34	12.10
2011-12	43	30.15	0	0	43	30.15
2012-13	10	7.15	0	0	10	7.15
2013-14	26	32.31	0	0	26	32.31
2014-15	47	101.02	0	0	47	101.02
2015-16	996	1845.16	416	1600.55	580	244.61
Total	1185	2033.97	416	1600.55	769	433.42

It can be seen from the above that 769 UCs from the year 2005-06 to 2015-16 amounting to ₹ 433.42 crore were pending from various grantee organisations as on 31 March 2017. In the absence of UC's, it could not be ascertained whether the recipients had utilised the grants for its specific purposes.

The Ministry stated (September 2017) that 551 Utilisation Certificates were pending as of 31 August 2017.

5.4 Grant No. 95: Ministry of Urban Development

5.4.1 Introduction

The Ministry of Urban Development is responsible for formulation of broad policy and monitoring of programmes in the area of urban development. Urban development is a State subject and the Government of India plays a coordinating and monitoring role which includes support to urban development through Central and Centrally Sponsored Schemes.

The Ministry of Urban Development prepared three Grants for the year 2014-15, viz., Grant No.103 (Department of Urban Development), Grant No.104 (Public Works) and Grant No.105 (Stationery and Printing); three Grants for the year 2015-16, viz., Grant No.104 (Department of Urban Development), Grant No.105 (Public Works), Grant No.106 (Stationery and Printing) and single Grant for the year 2016-17 viz., Grant No.95 (Ministry of Urban Development).

5.4.2 Budget, Expenditure and Savings

The position of budget provision, actual disbursement and unspent provision under the revenue and capital section (charged and voted) of the grant during the last three years i.e. 2014-15 to 2016-17 is shown in the **Table 5.23** below.

Table 5.23: Budget, Expenditure and Savings

(₹ in crore)

Year	Budget Provision		Expenditure		Unspent Provision/ Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2014-15	10660.62	9809.20	6018.02	7391.62	4642.60	2417.58
2015-16	12278.25	11068.89	8163.78	10588.76	4114.47	480.13
2016-17	18207.49	17324.08	15472.85	16824.76	2734.64	499.32

Source : Head-wise Appropriation Accounts

It would be seen from the table above that the unspent provision under the revenue section was on the higher side as compared to the capital section. The unspent provision during 2016-17 has decreased in respect of revenue head and increased marginally in respect of capital head as compared to 2015-16.

5.4.3 Unnecessary Supplementary Grant

If savings are not available within the Grant to which the payment is required to be debited, or if the expenditure is on “New Service” or “New Instrument of Service” not provided in the budget, necessary Supplementary Grant or Appropriation in accordance with Article 115(1) of the Constitution has to be obtained before payment is authorized. Scrutiny of Appropriation Accounts for the years 2014-15 to 2016-17 of Ministry of Urban Development revealed that the Ministry obtained Supplementary grants under revenue section (voted).

However, they were unable to efficiently utilise the same. At the end of the financial year the unspent balance was more than the Supplementary provision as given in the **Table 5.24** below.

Table 5.24: Unnecessary Supplementary grant under Revenue voted section

(₹ in crore)

Year	Original	Supplementary	Total	Expenditure	Saving
2014-15	10425.25	170.04	10595.29	5954.79	4640.50
2015-16	9296.38	2898.43	12194.81	8084.10	4110.71
2016-17	15502.67	2621.05	18123.72	15395.49	2728.23

Source: Figures adopted from the Appropriation Accounts

Thus, the Ministry had persistently obtained Supplementary grants under Revenue (voted) section but failed to utilize the entire supplementary grant. The savings were in fact more than the supplementary grants.

5.4.4 Delay in Surrender of Unspent Provision

Scrutiny of the appropriation accounts of the last three years revealed that the Ministry surrendered the unspent provisions on the last working day of the financial year. During the years 2014-15, 2015-16 and 2016-17, the Ministry surrendered ₹ 6,802.65 crore, ₹ 1,345.57 crore and ₹ 108.56 crore respectively out of total savings of ₹ 7,060.18 crore, ₹ 4,594.60 crore and ₹ 3,233.96 crore respectively. Thus, an amount of ₹ 257.53 crore, ₹ 3,249.03 crore and ₹ 3,125.40 crore lapsed as detailed in **Table 5.25** below.

Table 5.25: Delay in surrender of unspent provision

(₹ in crore)

Year	Total Saving	Date of Surrender of Unspent provision	Amount Surrendered	Amount Lapsed	Lapsed percentage
2014-15	7060.18	31.03.2015	6802.65	257.53	3.64
2015-16	4594.60	31.03.2016	1345.57	3249.03	70.71
2016-17	3233.96	31.03.2017	108.56	3125.40	96.64

Source: Head-wise Appropriation Accounts

Delay in surrender of funds as well as allowing significant amount of funds to lapse was indicative of lacunae in financial management on the part of the Ministry and was detrimental to the optimum utilisation of resources.

5.4.5 Unrealistic Budgeting

As per extant instructions, Ministries are required to prepare their estimates, keeping in view the trend of disbursement during the previous years and other relevant factors like instructions for economy issued by the Ministry of Finance. Scrutiny of the Appropriation Accounts of the last three years i.e. 2014-15 to 2016-17 revealed that:

- (a) Under the Major Head 2217- Urban Development, the provision made was substantially in excess of the actual requirement during the last three years (2014-15 to 2016-17). This resulted in unspent provision of 56.59 per cent, 58.62 per cent and 69.92 per cent respectively during these years as detailed in the **Table 5.26** below.

Table 5.26: Overall position of the funds in Major Head 2217 for the last three years

(₹ in crore)

Year	Total provision	Actual Disbursement	Unspent amount	
			Amount	Percentage
2014-15	663.02	287.80	375.22	56.59
2015-16	624.99	258.59	366.40	58.62
2016-17	3522.50	1059.41	2463.09	69.92

Source: Head-wise Appropriation Accounts

Out of the total savings of ₹ 2,463.09 crore in 2016-17, ₹2,300 crore remained unutilized under sub-head-2217.05.797.02 (Transfer to Rashtriya Swachhta Kosh) only.

- (b) Under ‘Major Head - 4058 Stationery and Printing’, the provision made was in excess of the actual requirement. It was further, noted that during the year 2015-16, no expenditure was made from this head and the entire amount (₹ one crore) was re-appropriated to other heads.

Table 5.27: Overall position of the funds in Major Head 4058 for the last three years

(₹ in crore)

Year	Total provision	Actual Disbursement	Unspent balance	Unspent balance as percentage of total provision
2014-15	1.15	0.02	1.13	98.26
2015-16	1.00*	0.00	1.00	100.00
2016-17	2.60	1.61	0.99	38.08

Source: Head-wise Appropriation Accounts

* Original fund allocation to Major Head 4058 Stationery and Printing was ₹ 1.00 crore but the whole amount was re-appropriated. Hence no Expenditure was made from this major head.

The excess provision made under the major heads 2217 and 4058 was re-appropriated to other heads which was indicative of lack of adequate diligence in budgeting.

5.4.6 Non-reconciliation of expenditure depicted in classified abstract and Control Register/Grants-in-aid-register

The expenditure booked by different sections in Grants-in-aid register and expenditure booked by Drawing and Disbursement Officer (DDO) must agree with expenditure booked by its Pay and Accounts Office (PAO). During scrutiny

of records relating to Grant no. 95 for the year 2016-17, it was noted that there was no system in place to reconcile the expenditure between these two sets of records. Neither the DDO nor PAO had reconciled the expenditure booked during the year 2016-17. Test check of Expenditure Control Register/Grant-in-aid register and classified abstract revealed the following discrepancies under object head 31 and 35 as detailed in **Table 5.28** below.

Table 5.28: Variation in Expenditure Control Register and Classified Abstract

(₹ in crore)			
Grant-in-aid Object Head	Expenditure as per classified abstract	Expenditure as per Grants in aid Register	Difference
31	1151.78	775.00	376.78
35	10796.30	4264.73	6531.57

Source: Figures adopted from the Classified Abstract 2016-17 and Grant-in-aid Register 2016-17

5.4.7 Outstanding Utilisation Certificates (UCs)

The effectiveness and utilisation of grants-in-aid released by the Union Government is monitored through the mechanism of utilisation certificates. Rule 209 of General Financial Rules, 2005 prescribes the principles and procedures for award of grants-in-aid to any grantee. Rule 212 of General Financial Rules 2005 envisages monitoring of utilisation of the grants so released through the mechanism of utilisation certificates to be submitted by the grantee as prescribed in Form (GFR 19A). The UCs are required to be submitted by the grantees within twelve months of the closure of the financial year.

Details with regard to grants released up to 31 March 2016 for which the UCs were due by 31 March 2017 were called for from Ministry of Urban Development. Information furnished by the Ministry revealed that there were 422 UCs amounting to ₹ 6,676.55 crore pending as on 01 April 2017. The age-wise details of pending UCs are as under:


Table 5.29: Overall outstanding position of Utilisation Certificate

Year	Period	Utilisation certificate pending	
		No.	Amount (₹ in crore)
1985-86 to 2005-06	More than 10 years	17	9.26
2006-07 to 2010-11	Between 6 to 10 years	35	29.96
2011-12 to 2015-16	Between 1 to 5 years	370	6637.33
Total		422	6676.55

5.5 Conclusion

Large and persistent savings at sectional level and sub-head level, non-surrender and delay in surrender of savings, obtaining of large supplementary grants due to unrealistic budgetary projections, unnecessary supplementary grants under sub-heads, non-utilisation of provision at sub-head level, injudicious re-appropriations, outstanding utilisation certificates, etc. indicate that there is need for greater diligence and conformity with GFRs and instructions of Ministry of Finance relating to the budget formulation process by the Union Government.

New Delhi
Dated: 29 November 2017



(MAMTA KUNDRA)
Director General of Audit
Central Expenditure

Countersigned

New Delhi
Dated: 29 November 2017



(RAJIV MEHRISHI)
Comptroller and Auditor General of India

