

## 2.1 Introduction

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

**2.1.2.** Audit of Appropriation Accounts 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 the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure 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 2012-13 against 108 grants/appropriations is as given in **Table 2.1**.

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

Nature of expenditure		Original grant/ Appropriation	Supplementary grant/ appropriation	Total	Actual Expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	60,740.99	3,914.46	64,655.45	58,031.05	(-)6,624.40
	II Capital	20,806.26	1,595.65	22,401.91	21,414.40	(-)987.51
	III Loans and Advances	1,133.05	0.00	1,133.05	882.25	(-)250.80
Total Voted		82,680.30	5,510.11	88,190.41	80,327.70	(-)7,862.71
Charged	IV Revenue	12,579.41	112.72	12,692.13	12,268.65	(-)423.48
	V Capital	0.01	19.15	19.16	17.91	(-)1.25
	VI Public Debt- Repayment	6,452.01	85.67	6,537.68	6,536.52	(-)1.16
Total Charged		19,031.43	217.54	19,248.97	18,823.08	(-)425.89
<b>Grand Total</b>		<b>1,01,711.73</b>	<b>5,727.65</b>	<b>1,07,439.38</b>	<b>99,150.78</b>	<b>(-)8,288.60</b>

Source : Appropriation Accounts and Appropriation Act of the State Government

Overall savings of ₹ 8,288.60 crore was the result of savings of ₹ 8,536.20 crore in 87 grants and 17 appropriations under the Revenue Section, 47 grants and four appropriations under the Capital Section and one appropriation related to Public Debt-Repayments, offset by excess of ₹ 247.59 crore in five grants and three appropriations under the Revenue Section and one grant and one appropriation under the Capital Section.

The savings/excesses were intimated (July 2013) to the Controlling Officers by the Accountant General (Accounts and Entitlement), requesting them to explain the reasons for significant variations. Explanations received till August 2013 have been suitably incorporated in the Appropriation accounts.

## **2.3 Financial Accountability and Budget Management**

### **2.3.1 Appropriation vis-à-vis Allocative Priorities**

Audit of the Appropriation Accounts revealed that in 90 cases, savings exceeded ₹ 10 crore in each case or by more than 20 per cent of the total provision (**Appendix 2.1**). Summarised position of savings is indicated in **Table 2.2**.

**Table 2.2: Summarised position of Savings**

Sr.No.	Range of Saving	Number of Cases	Total Grant (₹ in crore)	Saving (₹ in crore)	Percentage
1.	Up to ₹ 5 crore	38	105.49	36.46	34.56
2.	More than ₹ 5 crore and up to ₹ 10 crore	4	49.49	22.69	45.85
3.	More than ₹ 10 crore and up to ₹ 25 crore	10	9,386.97	152.08	1.62
4.	Above ₹ 25 crore	38	55,535.24	8,199.45	14.76
<b>Total</b>		<b>90</b>	<b>65,077.19</b>	<b>8,410.68</b>	<b>12.92</b>

Source: Appropriation Accounts of the State Government

The reasons furnished by 22 Departments for savings under a few major heads of account, as reported in the Appropriation Accounts, are as given below:

#### ***Agriculture and Co-operation Department***

- Grant No.4-Major Head-2403-Animal Husbandry- The savings of ₹ 14.28 crore were under various partly/fully Centrally Sponsored Schemes due to non-release of funds by the Government of India (GoI) and therefore non matching share from the State. Savings of ₹ 12.10 crore were due to non-establishment of animal hostels in four districts and savings of ₹ 4.99 crore was due to non-filling of vacant posts.
- Grant No.6-Major Head-2405-Fisheries-Out of supplementary provision of ₹ 70.19 crore made in February 2013, savings of ₹ 32.82 crore were mainly due to non-submission of high speed diesel bills by fishermen as estimated by District offices under the scheme 'Sales Tax Subsidy on High Speed Diesel to Mechanised Fishing Vessels below 20 meters length'.

### ***Education Department***

- Grant No.9- Major Head-4202-Capital Outlay on Educations, Sports, Arts and Culture- Out of the total savings of ₹ 176.70 crore, savings of ₹ 160.62 crore were due to less release of grant by the GoI under three<sup>1</sup> partly Centrally sponsored schemes and therefore less matching share from state. Further, savings of ₹ 13.74 crore were due to non-commencement of construction work of Polytechnics and Engineering colleges under PPP mode.

### ***Energy and Petro-chemicals Department***

- Grant No.11- Major Head-3451-Secretariat–Economic Services- The savings of ₹ 0.91 crore were due to non-sanction by the Finance Department of the computerisation billing process under scheme ‘Information Technology’ and ₹ 0.39 crore was due to non filling up of vacant posts.
- Grant No.13- Major Head-6801-Loans for Power Projects- The savings of loans provision ₹ 63.72 crore were due to reduction of State Government Share in the equity of Gujarat Energy Transmission Corporation and savings of ₹ 147.64 crore were due to less sanction by the GoI for Gujarat Solar Transmission Project.

### ***Finance Department***

- Grant No.16-Major Head-2040-Taxes on Sales, Trade etc. - The Savings of ₹ 44.25 crore were due to less expenditure on project related to computerisation in the Commercial Tax Department.
- Grant No.19-Major Head-2048-Appropriation for reduction or avoidance of Debt. The entire budget provision of ₹ 1,000 crore under the Gujarat State Sinking Fund was saving due to non-requirement of the amount to be transferred to sinking fund as the Fund had sufficient balance to maintain the desired level required as per recommendations of the Reserve Bank of India.
- Grant No.19-Major Head-2075- Miscellaneous General Services- The savings of ₹ 40 crore under the Gujarat State Guarantee Redemption Fund occurred due to non-requirement in the concerned fund.
- Grant No.19-Major Head-2075- Miscellaneous General Services-Savings of ₹ 2500 crore were due to the fact that the provision for Dearness Allowance (DA) payable by different Departments was made initially under the Finance Department, but at the time of revised estimates necessary provision was made under respective Departments.

Audit observed that these large savings was mainly due to the provision made by the Finance Department for payment of DA in respect of other Departments. As per the paragraph 38 of the Gujarat Budget Manual, such

---

<sup>1</sup> Sarva Shiksha Abhiyan, Kasturba Gandhi Balika Vidhyalaya Scheme and Rashtriya Madhyamik Shiksha Abhiyan Scheme

provisions are required to be made by the respective Departments in their budget estimates.

#### ***Food Civil Supplies and Consumer Affairs Department***

- Grant No.21-Major Head-3451-Secretariat-Economic Service-The saving of ₹ 3.80 crore was surrendered in March due to non-purchasing of barcode readers & biometric devices and ₹ 0.57 crore due to non-completion of renovation work by the R&B Department.
- Grant No.23-Major Head-2408-Food, Storage and Warehousing- The savings of entire provision of ₹ 26.95 crore was due to discontinuation of the scheme 'Defatted Soya Fortification to Below Poverty Line and Antyoday Anna Yojana beneficiaries'. Savings of ₹ 30.87 crore were due to late implementation of Doorstep Delivery Scheme. Savings of ₹ 35.40 crore was due to non-completion of godown construction being done from NABARD's loan and savings of ₹ 6.04 crore were on pay and allowances in Fair Price Shops Scheme in District offices.

#### ***General Administration Department***

- Grant No.32-Major Head-2051-Public Service Commission- The savings of ₹ 2.44 crore were due to non-filling up of the sanctioned posts, non-conducting of some competitive examinations and less expenditure on newspaper advertisement owing to placement of advertisement on website.
- Grant No.33-Major Head-2052 and 3451- Secretariat-General Service & Economic Services – The savings of ₹ 13.02 crore were due to non-filling of vacant posts at various levels, few promotional activities and reduction in grant to Gujarat Social Infrastructure Development Board Society.

#### ***Health and Family Welfare Department***

- Grant No. 38-Major Head-2251-Secretariat-Social Services- The savings of ₹ 2.90 crore were due to non-filling of the vacant posts.
- Grant No. 40-Major Head-2211-Family Welfare- Out of the total savings of ₹ 151.93 crore, savings of provision of ₹ 11.75 crore were due to non-filling of vacant posts in State Family Planning Bureau, State/Regional Family Planning centre, Training School, etc. Savings of ₹ 28 crore were due to less expenditure in Gujarat State Nutrition Mission and savings of ₹ 110 crore due to late implementation of Mukhyamantrishri Amrutam Yojana (MAA).

#### ***Home Department***

- Grant No.43-Major Head-2055-Police- The savings of ₹ 6.46 crore were due to non-filling up of the vacant posts, savings of ₹ 4.38 crore due to non-receipt of administrative approval, savings of ₹ 14.06 crore due to less expenses on purchase of equipment and maintenance.

#### ***Industries and Mines Department***

- Grant No.49-Major Head-2851-Village and Small Industries- The savings of ₹ 3.30 crore were due to erroneous provision made in charged appropriation instead of voted. Further in revenue voted, savings of

₹ 5.29 crore were due to non-conduction of training programmes, exhibition, receipt of less proposals etc.

Under Major Head-2852-Industries-₹ 98.70 crore were saved due to non-receipt of proposals and delay in approvals and savings of ₹ five crore were due to non-finalisation of infrastructure projects.

- Grant No.49-Major Head-6885-Other Loans to Industries and Mines-The provision of ₹ 100 crore was re-appropriated due to non-finalisation of terms and conditions of loan to Gujarat Industrial Investment Corporation Ltd. for creation of Golden Gujarat Growth Fund and non-receipt of sufficient proposals.

#### ***Information and Broadcasting Department***

- Grant No.53-Major Head-2052-Secretariat-General Services- The savings of ₹ 0.94 crore were due to non-conducting of training programmes owing to election as well as other administrative works.
- Grant No.55-Major Head-2045-Other Taxes, Duty on Commodities-₹ 0.96 crore was saved due to non-filling of the vacant posts.

#### ***Labour and Employment Department***

- Grant No.56-Major Head-2251- Secretariat-Social Services- The savings of ₹ 3.25 crore were due to non-filling up of vacant posts by Labour and Employment Department and also due to economy measures.
- Grant No.57-Major Head-2230- Labour and Employment- The savings of ₹ 4.57 crore were due to rejection of bills by treasury, ₹ 1.55 crore due to non-filling up of the vacant posts.

#### ***Legal Department***

- Grant No.59-Major Head-2052- Secretariat-General Services-The savings of ₹ 4.92 crore were due to non-filling up of the vacant posts. Further, savings of ₹ 1.17 crore were due to non-supply of computers and hardware by Gujarat Informatics Limited.
- Grant No.60-Major Head-2014- Administration of Justice- Out of the total savings of ₹ 175.16 crore, savings of ₹ 53.27 crore were due to non-execution of action plan relating to evening and morning courts, training of judicial officers and non-construction of new court building for Gujarat State Judicial Academy under ThFC by State Government, savings ₹ 37.69 crore were due to non-filling of the vacant posts and savings of ₹ 64.88 crore were due to non-receipt of administrative approval for installation of CCTV cameras in various District Courts.

#### ***Legislative and Parliamentary Affairs Department***

- Grant No.62-Major Head-2052- Secretariat-General Services- The savings of ₹ 1.59 crore were due to non-completion of renovation of Department's building. Further, saving of ₹ 0.33 crore were due to non-appointment of members to the State Law Commission.

***Narmada, Water Resources, Water Supply and Kalpsar Department***

- Grant No.64-Major Head-3451-Secretariat-Economic Services-The savings of ₹ 5.98 crore were due to non-filling up of the vacant posts and more retirement of staff.
- Grant No.66- Savings of ₹ 56.89 crore under revenue voted, revenue charged and capital voted occurred for which no reasons were provided.

***Panchayats, Rural Housing and Rural Development Department***

- Grant No.70-Major Head-2515-Other rural development Programmes- Out of the total savings of ₹ 266.29 crore, savings of ₹ 237.57 crore were due to non-utilisation of central assistance to the Panchayat Raj Institution, savings of ₹ 18.98 crore were due to less expenditure under Garib Kalyan Mela scheme and savings of ₹ 6.86 crore were due to less receipt of demand from the District Development Offices.
- Grant No.71-Major Head-2216-Housing- The entire provision of ₹ 5 crore was saved under Sardar Patel Awas Yojana due to non-receipt of proposals from the beneficiaries. Saving of ₹ 17.23 crore occurred under Indira Awas Yojana due to less release of grant from the GoI.

Major Head 2501- Special programmes for Rural development – ₹ 109.26 crore was saved under Ajeevika Scheme and Rural Sanitation Programme due to non-receipt of sanction from the GoI. The savings of ₹ 28.27 crore was due to less release from the GoI in Aam Adami Bima Yojana and Backward Region Grant Fund.

***Ports and Transport Department***

- Grant No.74-Major Head- 2041-Taxes on vehicles- The savings of ₹ 39.86 crore were due to non-completion of modernisation work in different cities and non-filling up of the vacant posts.
- Grant No.75-Major Head-5051-Capital outlay on Ports and Light House- The savings of ₹ 64 crore were due to non-completion of the infrastructure and development of ports projects by Gujarat Maritime Board owing to various reasons like hindrances by the local villagers, delay in release of port boundaries and change of alignment of rock bund.

***Revenue Department***

- Grant No.76-Major Head-2052- Secretariat-General Services- The savings of ₹ 9.44 crore were due to receipt of less demand from Collectorate Offices under Information Technology.
- Grant No.77-Major Head-2029- Land Revenue- The savings of ₹ 1.60 crore were due to less demand from villages for their development works. Further, savings of entire budget provision of ₹ 1.50 crore and ₹ 72.84 crore were due to non-finalisation of the tenders for the survey equipment. In addition, under the same head, savings of ₹ 15.52 crore were due to delay in finalising the tender process for Modernisation work at Din Dayal Institute Survey Revenue Administration, non-approval of works related to Modern record rooms. Similarly, savings of ₹ 2.74 crore were

due to non-carrying out the work of City Survey in town and cities. The savings of ₹ 3.50 crore was due to non-filling up of the vacant posts.

Major Head 3475-Other General Economic Services-The Savings of ₹ 1.03 crore were due to non-filling up of the vacant posts under different cadre.

- Grant No.78-Major Head-2053- District Administration-The savings of ₹ 31.01 crore were due to deputation of staff to the election commission and resultant non-payment of pay and allowances. Further, savings of ₹ 13.73 crore were due to non-filling up of the vacant posts in panchayat offices. Similarly, savings of ₹ 2.51 crore were due to less expenditure on purchase of equipment.

#### ***Roads and Buildings Department (R&B Department)***

- Grant No.84-Major Head-4059,4202,4851,4853 and 4220-Capital outlay on Public Works, Capital outlay on Education, Sports, Arts and Culture Capital outlay on Village and Small industries, Capital outlay on Non-ferrous Mining and Metallurgical Industries and Capital outlay on Information and Publicity –The savings of ₹ 401.07 crore were mainly on account of higher provision for new works, time consuming tender procedures, delay in preparation of estimates and non-allotment of land.
- Grant No.85-Major Head-4216-Capital Outlay on Housing- The savings of ₹ 64.42 crore were due to excessive provision in new works and non-receipt of the Administrative Approvals.
- Grant No.88-Major Head-5053-Capital Outlay on Civil Aviation- The savings of ₹ 3.90 crore were due to non-requirement of funds for development of airline strip at Ankleshwar, Amreli, Mehsana and Kutch.

#### ***Social Justice and Empowerment Department***

- Grant No.92-Major Head-2225&2235–Welfare of SC, ST and OBC & Social Security and Welfare- The savings of ₹ 27.40 crore were due to less applicants under various schemes.
- Grant No.93-Major Head-4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes-The savings of ₹ 10.51 crore were due to provision made for completed construction works of hostels and residential schools.

#### ***Sports, Youth and Cultural Activities Department***

- Grant No.97-Major Head-2251- Secretariat-Social Services- The savings of ₹ 0.55 crore were due to non-filling up of the vacant posts of various category of class I to class III cadres.
- Grant No.98-Major Head-2205-Arts and Culture- The savings of ₹ 6.91 crore were due to non-organisation of cultural activities, ₹ 3.14 crore was saved from provision for development of museums due to delay in approvals.

### Urban Development and urban Housing Department

- Grant No.100-Major Head-2251- Secretariat-Social Services- The savings of ₹ 1.15 crore were due to non-filling up of the vacant posts.

### Women and Child Development Department

- Grant No.105-Major Head-2251- Secretariat-Social Services- The savings of ₹ 0.70 crore were due to less demand made for the purchase of computers/hardware by the Departments.
- Grant No.106-Major Head-2235 and 2236- Social security and welfare, nutrition – The savings of ₹ 19.93 crore were due to less beneficiaries under Balika Smrudhhi Yojana and Indira Gandhi Matrutwa Sahyog Yojana. Further, ₹ 2.92 crore was saved due to non-conducting of training and awareness programmes for women.

From the reasons furnished by the various Departments, Audit noticed that savings due to non-filling up of the vacant posts contributes one of the major components. Savings of ₹ 330.16 crore in 46 grants were attributed to this reason.

### 2.3.2 Persistent Savings

In ten cases during the last five years, there were persistent savings of more than ₹ 10 crore in each case. The details are given in **Table 2.3** below:

**Table 2.3: List of grants indicating persistent savings during 2008-09 to 2012-13.**

(₹ in crore)

Sr. No.	No. and name of the grant	Amount of savings				
		2008-09	2009-10	2010-11	2011-12	2012-13
<b>Revenue- Voted</b>						
1	19- Other Expenditure pertaining to Finance Department	1,988.87	1,491.49	951.78	2,224.81	3,535.42
2	49-Industries	83.89	13.77	117.65	46.64	110.35
3	60 -Administration of Justice	15.46	18.80	315.77	160.50	175.16
4	71 - Rural Housing and Rural Development	23.76	29.48	142.25	116.08	191.81
5	85 - Residential Buildings	13.49	24.77	21.02	28.46	30.90
6	95-Special Component Plan For Scheduled Castes	85.11	148.10	88.72	50.72	143.72
7	98 -Youth Services and Cultural Activities	22.16	37.53	22.21	14.50	29.03
<b>Capital- Voted</b>						
1	84-Non-Residential Buildings	252.61	249.33	295.22	501.70	294.39
2	95 - Special Component Plan For Scheduled Castes	41.21	23.52	32.94	266.60	153.07
3	96 -Tribal Area Sub-Plan	79.44	85.95	199.92	31.78	19.07

Source : Appropriation Accounts of the State Government

Persistent savings during last five years indicate a need to review the formulation of budget estimates and provisions in these grants. On the test check of grant files, Audit further observed that there were savings of more than ₹ five crore consistently for the last three years in respect of 44 schemes under 25 different grants (**Appendix 2.2**) indicating that either the provisions were excessive or the executive was not successful in implementing the legislative aspirations. Some cases of the savings under different schemes/purposes are briefly discussed below:

1. Under the scheme of Intensive Cotton Production Programme being implemented by Agriculture Department, ₹ 55.38 crore were provided but only ₹ 5.67 crore could be spent. Reasons attributed for savings were release of lesser amount by GoI for this centrally sponsored scheme during 2010-11 and 2012-13 and non-filling up of vacant posts during 2011-12.
2. Under the scheme of Construction of Polytechnics under PPP mode for Education Department, ₹ 50.00 crore was provided for but only ₹ three crore could be spent. No expenditure was incurred during 2010-12 due to procedural and administrative delay. During 2012-13, 70 per cent of the provision was not utilised due to non-commencement of construction work.
3. Under the scheme of 'Coastal Security' for Home Department, ₹ 32.78 crore were provided but only ₹ 5.08 crore could be spent. Non finalisation of purchases of equipment, machinery during 2010-11, less expenditure on maintenance during 2011-12 and more grant allocation than requirement during 2012-13 were attributed for savings.
4. For the purpose of assistance for research and training in Industries and Mines Department, ₹ 98.93 crore was granted, but due to non-receipt of proposals during the period 2010-13 there were savings of ₹ 85.96 crore.
5. For the purpose of improvement on Justice in Legal Department, ₹ 179.80 crore was provided, of which savings were ₹ 167.56 crore due to delay in formulation of action plan and state litigation policy during 2010-11, non-appointment of Court Manager for Evening/Morning Courts during 2011-12, non-construction of new court building for Gujarat State Judicial Academy and lack of time for imparting training to judicial officers during 2012-13.
6. Out of the provision of ₹ 122.41 crore towards survey and investigation in Irrigation Department, ₹ 90.10 crore could not be spent due to non-commencement of Kalpsar project and Bhadbhoot barrage during 2010-12 and non-payment of Second instalment during 2012-13.
7. Out of the provision of ₹ 238.12 crore towards Drip Contribution of Pressurised Irrigation Network System in Irrigation Department, ₹ 188.90 crore could not be spent due to non-receipt of demand for works from villages during 2010-11 and 2012-13.
8. Out of the provision of ₹ 322.81 crore towards 'Strengthening of Revenue Administration and updating of Land Records' in Revenue Department, ₹ 251.01 crore could not be spent due to non-finalisation of purchase

procedure for modern record room and also due to delay in finalisation of the tender for re-survey works.

9. Out of the total provision of ₹ 1,394.85 crore towards office buildings in R&B Department, ₹ 708.82 crore could not be spent due to huge provisions made for new works, non-receipt of administrative approval from concerned Department and tender procedure during 2010-13.
10. In respect of Scheme for Roads and Bridges under R&B Department, out of the provisions of ₹ 1,474.53 crore, ₹ 880.30 crore could not be spent for which no reasons were furnished during 2010-13.

### **2.3.3 Expenditure without Provision**

As per Paragraph 125(5) of the Gujarat Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 132.32 crore were incurred during 2012-13 in four cases under two grants without any provision in the original estimates/supplementary demand as given in **Table 2.4**.

**Table 2.4: Statement of Expenditure without Provision**

(₹ in crore)

Sr. No.	Grant No.	Major Head and details of the Grant/ Appropriation	Expenditure	Reasons
1	96	2236-02-796C- 01 NTR-Introduction of Integrated Child Development Service Scheme GIA to Panchayats (Pay & allowances)	98.88	Reasons for incurring expenditure without provision of funds were not intimated (August 2013).
2	96	2236-02-796C- 02 NTR-Introduction of Integrated Child Development Service Scheme GIA to Panchayats (Materials)	31.93	
3	96	2236-02-796C-09 Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA) GIA to Panchayats (Others)	1.37	
4	98	2205-00-800-09ART-21 Celebration of Golden Jubilee year of Formation of Gujarat	0.14	To pay the bill of celebration of Golden Jubilee year of formation of Gujarat State.
<b>Total</b>			<b>132.32</b>	

Source: Appropriation Accounts and Appropriation Act of the State Government

### **2.3.4 Excess expenditure over provision relating to previous years not regularised**

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. However excess expenditure amounting to ₹ 12,555.87 crore for the years 1999-2000 to 2011-12 was yet to be regularised, as detailed in **Appendix 2.3**.

### **2.3.5 Excess over provisions during 2012-13 requiring regularisation**

**Table 2.5** contains the summary of total excess over provision of funds in respect of ten grants/appropriations amounting to ₹ 247.59 crore during 2012-13 requiring regularisation under Article 205 of the Constitution.

**Table 2.5: Excess over provisions requiring regularisation during 2012-13**

(₹ in crore)

Sr. No	Number and Title of Grants		Total grant	Expenditure	Excess
1	9	Education - Revenue Voted	13,932.24	14,081.33	149.09
2	12	Tax collection charges - Revenue Voted	16.14	16.14	0.00 <sup>2</sup>
3	18	Pensions and other retirement benefits - Revenue Voted	5,255.18	5,270.18	15.00
4	26	Forest - Revenue Charged	0.19	0.24	0.05
5	26	Forest - Capital Voted	249.59	251.70	2.11
6	73	Other expenditure pertaining to Panchayats, Rural Housing and Rural Development Department - Revenue Voted	516.19	597.08	80.89
7	81	Compensation and Assignments - Capital Charged	0.02	0.04	0.02
8	86	Road and Bridges - Revenue Charged	2.34	2.35	0.01
9	88	Other expenditure pertaining to Roads and Buildings Department - Revenue Voted	16.61	17.02	0.41
10	88	Other expenditure pertaining to Roads and Buildings Department - Revenue Charged	11.50	11.51	0.01
<b>Total</b>			<b>20,000.00</b>	<b>20,247.59</b>	<b>247.59</b>

Source : Appropriation Accounts of the State Government

In Grant No.9, excess was due to payment of arrears and retirement benefits, increase in Dearness Allowances, Leave Travel Concession claims, filling of the vacant posts and receipt of more funds from GoI.

In Grant No.18, excess was mainly due to payment for medical facilities, commuted value of pension, family pension, gratuities payable to pensioners and State Government Contribution Pension Scheme as these expenses are of fluctuating nature.

In Grant No.26 (Capital voted) excess was due to increase in daily wages rates, additional plantation, creation of new Clone Seedling Production Centres and payment of consultancy charges.

In Grant No.73, excess was due to increase in number of family pensioners and temporary expenses.

Reasons for excess in other cases have not been intimated (August 2013).

### **2.3.6 Persistent Excess**

On the test check of grant files, Audit further observed that there was excess expenditure over provision of more than ₹ two crore consistently for the last three years in respect of 19 schemes under 10 different grants (**Appendix 2.4**) indicating that budgetary estimates were not reviewed properly resulting in

<sup>2</sup> ₹ 40,464

either the provisions being insufficient or the executive not successful in planning according to the legislative aspirations. Some cases of the excess under different schemes/purposes are briefly discussed below:

1. Out of the provision of ₹ 264 crore towards maintenance and repairs in Irrigation Department, ₹ 311.98 crore were spent on payment of electricity bills of pumping stations during the period 2010-13. The amount of advance payments made for the electricity charges were more than the monthly average expenditure on electricity charges. The system followed in assessment of advance payments for each pumping station needs to be reviewed.
2. Under the scheme of Original works being done by the R&B Department, ₹ 2,803.05 crore were provided but ₹ 3,284.18 crore were spent during 2010-13. Reasons for excess expenditure during each year were attributed to good progress in state highway works and completion of works by target date.
3. Under the scheme of Special provision for Roads & Bridges under tribal Area Sub Plan for R&B Department, ₹ 87.60 crore was provided for but ₹ 184.13 crore was spent during 2010-13. More demand from tribal district offices and state planning were reasons for excess expenditure during 2010-13.
4. For the Promotional Efforts for Industrial Development (Plan) in Industries and Mines Department, ₹ 131.74 crore was granted, but there was excess expenditure of ₹ 54.45 crore during 2010-13. In 2010-11, the expenditure was excess by ₹ 47.26 crore for construction of Mahatma Mandir, in 2011-12 it was excess by ₹ 2.19 crore for conducting more seminars and workshops and in 2012-13 it was excess by ₹ 5 crore on account of more proposals received by Udyog Bhavan society.

### ***2.3.7 Supplementary provision***

A supplementary provision is an addition to the total original authorised provision and is obtained in the same manner in which the original provision is obtained.

#### ***2.3.7.1 Unnecessary/Excessive supplementary provision***

Supplementary provisions (₹ one crore or more in each case) aggregating to ₹ 489.40 crore made and obtained on the basis of eight months actual expenditure in 19 cases during the year proved unnecessary. The expenditure incurred did not come up even to the levels of the original provision as detailed in **Appendix 2.5**. Some cases are briefly discussed below:

- 1) In case of the Home Department, the supplementary provision of ₹ 62.57 crore under Grant No-43 –Police (Revenue Voted) was made due to increase in Pay and Allowances, pending bills and purchase of vehicles for the VVIP arrangements. However, at the end of the year, the expenditure fell short of original provision of ₹ 2,744.98 crore by ₹ 201.33 crore.
- 2) In case of the Social Justice and Welfare Department, the supplementary provision of ₹ 49.29 crore under Grant No-92 –Social Security and

Welfare (Revenue Voted) was made on cash assistance under different schemes. However, at the end of the year, there were savings of ₹ 2.04 crore from the original provision of ₹ 784.76 crore.

- 3) In case of the Tribal Development Department, the supplementary provision of ₹ 213.72 crore under Grant No-96 –Tribal Area Sub-Plan (Revenue Voted) was made. The supplementary provision was to be spent on Pay and Allowances, beneficiaries under Sardar Patel Awas Yojana and recoupment of expenses made from contingency fund. However, at the end of the year, there was saving of ₹ 97.54 crore from original provision of ₹ 4,171.42 crore.

It can be observed from the above cases that the estimation of requirement of funds by the Departments need to be strengthened and the basis for supplementary provisions needs to be reviewed.

### **2.3.7.2 Inadequate supplementary provision**

In three cases, supplementary provisions of ₹ 1,475.80 crore proved insufficient by more than ₹ one crore in each case, leaving an aggregate uncovered excess expenditure of ₹ 244.98 crore as given in **Table 2.6**.

**Table 2.6: Grants/Appropriations where supplementary provision proved insufficient by more than ₹ one crore each**

(₹ in crore)							
Sr. No.	Grant No.	Name of the Grant /Appropriation	Original Provision	Supplement-ary Provision	Total Provision	Expend-iture	Excess
1	9	Education - Revenue Voted	12,856.32	1,075.92	13,932.24	14,081.33	149.09
2	18	Pension and Other Retirement Benefit - Revenue Voted	4,896.17	359.02	5,255.18	5,270.18	15.00
3	73	Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department - Revenue Voted	475.33	40.86	516.19	597.08	80.89
<b>Total</b>			<b>18,227.82</b>	<b>1,475.80</b>	<b>19,703.61</b>	<b>19,948.59</b>	<b>244.98</b>

Source : Appropriation Accounts of the State Government

### **2.3.8 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. Re-appropriation of funds proved injudicious in many cases in view of final excesses and savings over the grants. Instances where re-appropriation of more than ₹ one crore in each case proved excessive or unnecessary by more than ₹ one crore resulting in savings of ₹ 159.23 crore in 26 sub-heads and excesses of ₹ 772.79 crore in 28 sub-heads are detailed in **Appendix 2.6**.

### **2.3.9 Surrenders of unspent provisions**

As per Paragraph 103 of the Gujarat Budget Manual, spending Departments are required to surrender grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. Sums surrendered

by Administrative Departments after the 15<sup>th</sup> of March are not to be accepted, except in the case of Supplementary grants obtained after 15<sup>th</sup> March.

### **2.3.9.1 Substantial surrenders**

Substantial surrenders (more than 50 *per cent* of the total provision or more than ₹ one crore) were made in respect of 645 sub-heads under 88 grants mainly on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹ 25,249.93 crore in these sub-heads, ₹ 8,066.22 crore (31.95 *per cent*) was surrendered, which included cent *per cent* surrender in 234 cases (₹ 1,406.23 crore). The details of selected top 17 cases where cent *per cent* surrenders were done are given in **Appendix 2.7**.

### **2.3.9.2 Surrender in excess of actual saving**

In 19 cases, the amounts surrendered (₹ one crore or more in each case) were in excess of the actual savings, indicating inadequate budgetary control in these Departments. As against savings of ₹ 4,745.07 crore, the amount surrendered was ₹ 4,983.45 crore, resulting in excess surrender of ₹ 238.38 crore. Details are given in **Appendix 2.8**. Some cases are briefly discussed below:

In Grant No 13, ₹ 223.86 crore was surrendered due to change in investment of equity pattern in BECL<sup>3</sup> for Ghogha Power Project, reduction in revised estimates for loans to GETCO<sup>4</sup> for Gujarat Solar Power Transmission Project along with less sanctions received from the GoI for the same and time consumption in development activities relating to implementation of Tidal Wave Based Power Project with GPCL<sup>5</sup>. However, the year ended with savings of ₹ 186.22 crore and resulted in excess surrender of ₹ 37.64 crore.

In Grant No.20, ₹ 64.64 crore was surrendered. It included ₹ 63.14 crore interest payable on GoI loans which were written off on recommendation of ThFC, ₹ one crore as no ways and means advances were obtained during the year and ₹ 0.50 crore due to less past period/current year claims from investors. However, the year ended with savings of ₹ 1.18 crore and resulted in excess surrender of ₹ 63.46 crore.

In Grant No.65, ₹ 97.96 crore under capital contribution for Sardar Sarovar Narmada Nigam Limited (SSNNL) were surrendered. SSNNL is the implementing agency of Sardar Sarovar Project (SSP). The beneficiary states of SSP have to give their share of cost towards SSP to the State Government as per Narmada Water Disputes Tribunal Award. The above mentioned funds were surrendered for the reason that the State Government did not receive the share of cost from the beneficiary states. However, the year ended with savings of ₹ 56.33 crore and resulted in excess surrender of ₹ 41.63 crore.

In Grant No.96, ₹ 58.29 crore were surrendered which included ₹ 20.16 crore by the R&B Department due to non-receipt of administrative approval and savings under different tenders, ₹ 2.17 crore by the Women and Child Welfare Department due to non-payment of subsidiary charges like water charges, gas

---

<sup>3</sup> Bhavnagar Electricity Company Limited

<sup>4</sup> Gujarat Energy Transmission Corporation Limited

<sup>5</sup> Gujarat Power Corporation Limited

connection, electrical fittings, etc. after construction works and ₹ 7.26 crore by the Forest Department due to non-requirement of purchase of vehicle and non/delay in approval of certain activities under Gujarat Development project under Japan Bank for International Co-operation (JBIC), Japan. However, the year ended with savings of ₹ 19.07 crore and resulted in excess surrender of ₹ 39.22 crore.

### **2.3.9.3 Savings not surrendered**

At the close of the year 2012-13, there were seven grants/appropriations under which savings exceeded 10 *per cent* of the total provision but no part of the same had been surrendered by the concerned Departments. The total amount involved in these cases was ₹ 34.50 crore as shown in **Table 2.7**.

**Table 2.7: Grants/Appropriations in which savings occurred but no part of which was surrendered (more than 10 *per cent* of total provision)**

Sr. No.	Grant No.	Name of Grant/Appropriation	Total provision	Saving	Percentage
1	39	Medical and Public health - Revenue Charged	0.01 <sup>6</sup>	0.01 <sup>7</sup>	87.14
2	42	Home Department - Revenue Voted	13.93	1.75	12.56
3	66	Irrigation and Soil Conservation - Revenue Charged	0.86	0.43	50.00
4	84	Non Residential buildings - Revenue Charged	0.92	0.38	41.30
5	85	Residential buildings - Revenue Voted	163.47	30.90	18.90
6	96	Tribal Area Sub-Plan - Revenue Charged	7.95	0.81	10.19
7	96	Tribal Area Sub-Plan- Capital Charged	1.48	0.22	14.86
<b>TOTAL</b>			<b>188.62</b>	<b>34.50</b>	<b>18.29</b>

(₹ in crore)

Source: Appropriation Accounts of the State Government

Similarly, out of the total savings of ₹ 1,276.15 crore under 27 grants/appropriations (saving of more than ₹ one crore and more than 10 *per cent* of the provision not surrendered), grants aggregating ₹ 709.80 crore were not surrendered, details of which are given in **Appendix 2.9**.

### **2.3.10 Rush of expenditure**

According to paragraph 109 of the Gujarat Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, more than 50 *per cent* of the total expenditure for the year was incurred during the last quarter or in March 2013. In respect of 32 Major Heads listed in **Table 2.8** expenditure exceeded ₹ 10 crore and more than 50 *per cent* expenditure was incurred either during the last quarter or during the last month of the financial year.

<sup>6</sup> ₹ 70,000

<sup>7</sup> ₹ 61,000

**Table 2.8: Cases of Rush of Expenditure towards the end of the financial year 2012-13**  
(₹ in crore)

Sr. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of 2013		Expenditure during March 2013	
			Amount	Percentage of Total Expenditure	Amount	Percentage of Total Expenditure
1	2015	209.28	117.42	56.11	79.70	38.08
2	2052	168.00	89.12	53.05	50.16	29.86
3	2075	21.46	12.76	59.46	11.73	54.66
4	2204	141.19	76.12	53.91	39.55	28.01
5	2245	776.49	487.52	62.79	68.37	8.81
6	2405	95.22	63.24	66.41	53.48	56.16
7	2408	68.92	45.89	66.58	28.35	41.13
8	2425	246.59	137.47	55.75	96.22	39.02
9	2505	326.45	191.15	58.55	185.97	56.97
10	2711	45.43	25.64	56.44	20.22	44.51
11	2851	534.10	275.12	51.51	250.89	46.97
12	2852	431.22	250.18	58.02	205.87	47.74
13	2853	65.98	37.80	57.29	24.91	37.75
14	3452	18.79	10.47	55.72	9.16	48.75
15	3454	59.38	47.39	79.81	44.00	74.10
16	3604	163.42	89.66	54.86	73.01	44.68
17	4055	308.20	174.77	56.71	145.11	47.08
18	4059	396.19	205.46	51.86	123.93	31.28
19	4210	1,254.53	633.32	50.48	605.45	48.26
20	4215	1,334.14	676.93	50.74	641.25	48.06
21	4236	567.64	284.04	50.04	178.77	31.49
22	4250	234.93	150.19	63.93	79.21	33.72
23	4408	12.60	12.50	99.21	12.33	97.86
24	4435	16.99	14.41	84.81	10.17	59.86
25	4515	974.94	767.12	78.68	586.35	60.14
26	4856	500.00	500.00	100.00	500.00	100.00
27	5053	47.37	30.34	64.05	29.78	62.87
28	5425	30.00	30.00	100.00	30.00	100.00
29	5465	600.00	600.00	100.00	600.00	100.00
30	6225	21.07	12.96	61.51	5.71	27.10
31	6858	207.20	207.20	100.00	207.20	100.00
32	7615	42.56	41.24	96.90	12.39	29.11
<b>Total</b>		<b>9,920.28</b>	<b>6,297.43</b>	<b>63.48</b>	<b>5,009.24</b>	<b>50.50</b>

Source: Statement furnished by Accountant General (A&E), Gujarat, Rajkot

In case of Major Head 5465 and 4856 the expenditure of ₹ 600.00 crore and ₹ 500.00 crore incurred during March 2013, was related to investment in general financial institutions and Gujarat State Petrochemicals Company Limited respectively. In case of Major Head 6858, loans and advances of ₹ 207.20 crore were given for the implementation of mega project and also to Alcock Ashdown during March 2013. In case of Major Head 4515, an expenditure of ₹ 586.35 crore was booked under other expenditure relating to community development and tribal area sub plan for capital outlay on other rural development programme.

A test check of vouchers from monthly accounts of 18 Public Works Divisions revealed that ₹ 8.56 crore was booked under 17 Major Heads<sup>8</sup> in respect of advance payments made through Form 28 hand receipts during the month of March 2013 for Deposit Works. The details are in **Appendix 2.10**. These divisions had made 30.98 *per cent* of their annual total expenditure during the month of March 2013. The payments through hand receipts were made for carrying out electrical installation work, special repairs to buildings, earth works, procurement, etc. This shows that the Divisions were incurring huge expenditure through hand receipts at the end of the financial year. Audit observed that Irrigation Division, Amreli has transferred ₹ 1.36 crore to Irrigation Mechanical Division-6, Rajkot. Similarly, City R&B Division, Rajkot transferred ₹ 1.09 crore to Electrical R&B Division, Rajkot and Capital Project Division-4, Gandhinagar transferred ₹ 1.02 crore to Capital Project Electrical Division, Gandhinagar. The expenditure carried out from this amount was credited to deposit head of account during 2013-14 and would be without Legislative approval.

During 2012-13, in respect of five units under the Revenue Department, Audit observed that funds were transferred to PLA and no expenditure was done for a period of 12 to 40 months. The details are in **Appendix 2.11**.

## 2.4 Review of Budget Control Mechanism

The Gujarat Budget Manual (manual) provides that the authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned grant or appropriation. The duties and responsibilities of the authorities include preparing the estimates timely and accurately and also to ensure that the grant placed at their disposal is spent only on the objects for which it has been provided and to surrender savings if no longer required.

With a view to ascertaining how far the authorities were adhering to these instructions, Audit test checked records of the administrative department/controlling officers relating to Grant No. 39 (Medical and Public Health) and Grant No. 86 (Roads and Bridges). The observations thereof are as follows:

### 2.4.1 Submission of Budget estimates

As per the manual<sup>9</sup> no expenditure can be incurred by the Government from the Consolidated Fund unless the State Legislature approves the amount to be spent under different demands for grants during the year beginning from 1<sup>st</sup> April to 31<sup>st</sup> March. This approval takes the form of grant.

As per the schedule fixed by the Finance Department of the State Government, the controlling officers (COs) should submit the budget estimates to their Administrative Department by 30 September and the Administrative Department should submit their budget estimate to the Finance Department by 15 October every year.

The delays in submission of the budget estimates for the year 2012-13 are shown in **Table 2.9**.

<sup>8</sup> 2049, 2059, 2075, 2216, 2245, 2251, 2700, 2701, 3054, 4059, 4202, 4216, 4217, 4700, 4701, 4702, 4711

<sup>9</sup> Chapter XI, Paragraph 93

Table 2.9: Delay in submission of budget estimates

SI No.	Name of Controlling Officer	Date on which budget estimate were sent to Administrative Department by Controlling officers		Date on which budget estimate were sent to Finance Department by Administrative Department		No of days delay in submission by				
		Plan expenditure	Non plan expenditure	Plan expenditure	Non plan expenditure	Controlling Officer		Administrative Department		
						Plan expenditure	Non plan expenditure	Plan expenditure	Non plan expenditure	
<b>Health and Family Welfare Department</b>										
1	7 Head of Departments <sup>10</sup>	11/10/2011 to 14/12/2011	10/10/2011 to 17/10/2011	Dates not furnished	Dates not furnished	11 to 75	10 to 17	Not furnished		
<b>Roads and Buildings Department</b>										
2	All 18 nos. of COs-Superintending Engineers, R&B Department	05/11/2011 to 09/11/2011	03/10/2011 to 05/10/2011	15/11/2011 to 20/11/2011	11/10/2011 to 15/10/2011	36 to 40	3 to 5	30 to 35	0	

Source: Health & Family Welfare Department, Road and Buildings Department of the State Government

Audit observed that the time schedule was not adhered to either by the COs or by the Administrative Departments except Road and Buildings Department for Non-Plan expenditure. Reason for delay in submission of budget estimates were not submitted by the Department. Thus, the Administrative Departments had no system to monitor delays in submission by COs, which resulted in subsequent delays in forwarding the estimates to FD.

#### 2.4.2 Review of Grant-39 Medical and Public Health (Health and Family Welfare Department)

The Department of Health & Family Welfare, Government of Gujarat (GoG) is responsible to create wide network of health and medical care facilities in the state to provide primary, secondary and tertiary health care at the door step of every citizen of Gujarat with prime focus on BPL families, marginalised population and weaker sections in rural and urban slum areas. The Department has also to take appropriate actions for reducing Maternal and Child Mortality, reducing mortality and morbidity due to major communicable and non-communicable diseases, providing emergency medical care during calamities, creating adequate infrastructure for medical and paramedical education, creating awareness on self-care, family care and community care.

The budgetary procedures followed and the expenditure controls exercised during the years 2010-13 by the Department in respect of the grant of Medical and Public Health were reviewed. The Secretary Public Health is assisted by seven<sup>11</sup> Head of Department (HoD) in preparation of Budget Estimates. The purchase of medicines and equipment is done for the Department through Gujarat Medical Services Corporation Limited (GMSCL). The construction activity for new projects of the Department is done by various HoDs through Project Implementation Unit (PIU), Gandhinagar.

<sup>10</sup> Medical Services, Medical Education, Public Health, Homeopathy, Food and Drugs Control, Employees State Insurance Scheme, Gujarat Medical Services Corporation Ltd.

<sup>11</sup> Medical Services, Medical Education, Public Health, Homeopathy, Food and Drugs Control, Employees State Insurance Scheme, Gujarat Medical Services Corporation Limited.

**Table 2.10: Budget and Expenditure**

(₹ in crore)

Year	Voted/Charged	Budget Provision			Expenditure	Unutilised provision (percentage)
		Original	Supplementary	Total		
<b>Revenue</b>						
2010-11	Voted	1,666.28	308.11	1,974.39	1,923.90	50.49 (2.56)
2011-12	Voted	1,991.91	78.92	2,070.83	1,989.49	81.34(3.93)
2012-13	Voted	2,320.62	359.89	2,680.51	2,585.98	94.53(3.53)
<b>Capital</b>						
2010-11	Charged	0	1.13	1.13	0.60	0.53(46.90)
2011-12	Charged	0	0.03	0.03	0.01	0.02(66.67)
2012-13	Charged	0	0.01	0.01	0.00 <sup>12</sup>	0.01(87.14)
<b>Capital</b>						
2010-11	Voted	473.57	2.00	475.57	397.67	77.90(16.38)
2011-12	Voted	457.68	24.88	482.56	465.25	17.31(3.59)
2012-13	Voted	1,015.53	0.00	1,015.53	1,008.06	7.47(0.74)

Source: Appropriation Accounts of the State Government

The unutilised provision under Revenue Voted Section has increased marginally from 2.56 per cent in 2010-11 to 3.53 per cent during 2012-13, while it went up from 46.90 to 87.14 per cent under Revenue Charged Section and reduced appreciably from 16.38 to 0.74 per cent under Capital Voted Section, during the same period.

The provision under Revenue Section comprises plan and non-plan components. The non-plan components mainly comprise the salary and administrative expenditure of the Department. The plan component comprises expenditure on implementation of various programmes.

The breakup of provision/ expenditure against **plan/non-plan** during the years 2010-13 are given in **Table 2.11** and **2.12**.

**Table 2.11: Deviation in Revenue Expenditure**

Revenue		Major Head 2210				(₹ in crore)	
Year	Budget (including supplementary)		Expenditure		Deviation percentage		
	Non plan	Plan	Non plan	Plan	Non plan	Plan	
2010-11	1,053.07	922.45	1,039.87	884.63	1.25	4.10	
2011-12	1,243.50	827.36	1,217.89	771.61	2.06	6.74	
2012-13	1,407.68	1,272.84	1,380.13	1,205.85	1.96	5.26	

Source: Appropriation Accounts of the State Government

The percentage of deviation (unutilised provision) has increased from 1.25 in 2010-11 to 1.96 in 2012-13 in case of non-plan expenditure and increased from 4.10 to 5.26 per cent during the same period for plan expenditure.

**Table 2.12: Deviation in Capital Expenditure**

Capital		Major Head 4210/4216		(₹ in crore)		
Year	Budget (including supplementary)		Expenditure		Deviation percentage	
	Plan		Plan		Plan	
2010-11	475.57		397.67		16.38	
2011-12	482.56		465.25		3.59	
2012-13	1,015.53		1,008.06		0.74	

Source: Appropriation Accounts of the State Government

<sup>12</sup> ₹ 9,300

The percentage deviation (unutilised provision) varied between 0.74 and 16.38 *per cent* during 2010-13.

### ***Unrealistic Estimates***

As per Paragraph 30 of the Gujarat Budget Manual the budget estimates should be framed after careful and thorough consideration of all items of expenditure so that they neither be inflated nor pitched. Audit observed that the estimate for the Community Health Centres for 2012-13 were framed without careful consideration in respect of items detailed below in **Table 2.13**.

**Table: 2.13 Unrealistic Estimates**

Head of Account	(₹ in crore)				
	O <sup>13</sup>	S <sup>14</sup>	R <sup>15</sup>	AE <sup>16</sup>	Saving
HLT-31 Community Health Centres (2210-03-104-01)	86.09	1.83	0.00	81.11	(-) 6.81

Source: Appropriation Accounts of the State Government

In the above case there was original provision which was increased by the supplementary demand based on actual of eight months along with re-appropriations to meet increase in rate of various allowances, payment of arrears and office expenses. However, the year ended with savings of ₹ 6.81 crore indicating improper supplementary demand.

### ***Persistent Excess over the provision during 2010-13***

As per Paragraph 108 chapter XV of the Gujarat Budget Manual, incurring excess expenditure is irregular and ordinarily it should be incurred only in the circumstances beyond the control of the Government so that rare cases of excess expenditure should occur.

In case of Directorate of Ayurved, there is persistent excess over budget provisions in spite of supplementary demand during the years 2010-13 in case mentioned in **Table 2.14** which reflects the consistently improper control of administrative department over incurring of expenditure out of budget provision.

**Table 2.14: Persistent Excess over the provision**

Year	Head of Account	(₹ in crore)			
		O + S	R	AE	Excess
2010-11	2210-02-101-01	1.99 + 0.67	0	2.93	0.27
2011-12	HLT-20 Directorate	2.52 + 0.29	0	3.67	0.86
2012-13	of Ayurved	2.66 + 0.38	0.33	3.50	0.13

Source: Appropriation Accounts of the State Government

During 2012-13, the Department stated that the excess was due to increase in rates of various allowances, payment of arrears and office expenses. No reason has, however, been furnished for other periods.

### ***Unnecessary/Inadequate re-appropriations***

The Department has made re-appropriation, inadequately or in excess of requirements during the period 2010-13 as detailed in **Table 2.15**.

<sup>13</sup> O - Original Grant

<sup>14</sup> S - Supplementary

<sup>15</sup> R - Re appropriations

<sup>16</sup> AE - Actual Expenditure

**Table 2.15: Unnecessary re-appropriation/excess re-appropriation**

Head of Account	Year	O + S	R	AE	Saving
HLT-11 Directorate of Medical Education and Research 13th Finance Commission-NABH/NABL 2210 01 001 02	2010-11	285.32	14.23	293.15	6.40
	2011-12	173.81	(-) 15.46	154.40	3.95
	2012-13	245.52	(-) 35.87	208.81	0.84
HLT-21 Medical Relief New Ayurvedic Hospital & Expansion of Ayurvedic Hospital. 2210 02 101 04	2010-11	6.87 + 3.69	(-) 1.68	8.60	0.28
	2011-12	8.65	(-)1.65	6.31	0.69
	2012-13	11.07	(-) 3.96	6.40	0.71
HLT-22 Medical Relief Ayurved Dispensaries in Rural areas 2210 04 101 01	2010-11	8.91 + 6.38	(-) 0.5	14.40	0.39
	2011-12	17.52	(-)2.38	13.65	1.49
	2012-13	19.77	(-) 4.37	15.07	0.33
HLT-18 Opening of New Homeopathy Dispensary in Rural Area 2210 04 102 01	2010-11	1.53	(-) 0.08	1.25	0.20
	2011-12	2.28	1.35	3.39	0.24
	2012-13	8.01	(-) 1.40	6.54	0.07
HLT-45 Food & Drug Control Administration 2210 06 104 01	2010-11	6.22	(-) 0.12	5.47	0.63
	2011-12	6.71	(-) 1.35	5.22	0.14
	2012-13	8.76	(-) 1.31	7.29	0.16
HLT-9 Expansion of M.P Shah Medical College, Jamnagar 2210 05 105 01	2010-11	19.44 + 8.16	(-)1.12	26.36	0.12
	2011-12	26.27 + 5.29	(-) 2.00	28.34	1.22
	2012-13	27.56 + 10.43	(-) 2.93	34.39	0.67

Source: Appropriation Accounts of the State Government

The re-appropriations were made due to non-filling up of vacancies. Persistent provisions for the vacant posts and non-filling up of the same needs to be reviewed.

***Parking of grant:***

The budget estimates for the year 2012-13 proposed to introduce and implement various programmes/schemes/new items. The status of a few items that Audit test checked was as follows:

- The State Health Society, Gujarat (SHSG) at Gandhinagar was set up under Gujarat State Health Mission in the year 2005 to serve in an additional managerial and technical capacity to the Department of Health & Family Welfare, Government of Gujarat for the implementation of National Rural Health Mission (NRHM) in the State. In case of provision under Major Head 2210 during the year 2012-13, SHSG was given grant-in-aid of ₹ 6.65 crore under National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Disease and Stroke (NPCDCS) and National Programme for Health Care Elderly (NPHCE) to implement it in various Districts. From the accounts of SHSG, it was observed that the allocation during 2012-13 for the above schemes was in excess of requirement as follows:

Table 2.16: Excess requirement

(₹ in crore)

Scheme	Opening Balance as on 1 <sup>st</sup> April 2012	Amount Received	Expenditure	Closing Balance as on 31 <sup>st</sup> March 2013
Cancer Component	3.70	1.02	1.25	3.47
D.C.S component	8.20	2.08	2.41	7.87
NPHCE	2.52	3.58	1.03	5.07
<b>Total</b>	<b>14.42</b>	<b>6.68</b>	<b>4.69</b>	<b>16.41</b>

Source: Health and Family Welfare Department of the State Government

Thus, the balance amount with SHSG was not properly assessed during budget estimates as the expenditure of ₹ 4.69 crore incurred in the year was not even on par with opening balance.

- The Government decided to establish Hospitals with medical colleges and administer them through a society in August 2009. In this connection, the Gujarat Medical Education Research Society (GMERS) was constituted for carrying out work to provide service and construction work for five self finance Medical Colleges in Gujarat State. During the year 2012-13, ₹ 467.50 crore were given as grant-in-aid to GMERS for the purpose of salary, construction, equipment and recruitment of staff. The details of utilisation certificate and unutilised funds were not furnished to Audit. It was also observed that statutory auditor for period 2011-12 was appointed late in March 2013 and no steps were taken to audit the accounts for 2012-13 till date. Audit brought this to the notice of the concerned HoD, but no reply has been received till date.
- The Central Medical Stores Organisation (CMSO) was established in 1978 to procure, store, distribute medicines, surgical goods, equipment, instrument and insecticides for health institutions under the State Government. In July 2012, Government resolved to establish GSMCL and transferred the activities of CMSO to GSMCL. Capital outlay of ₹ 3.44 crore was sanctioned by the Department for purchase of equipment and furniture for various Civil Hospitals in the State on 30<sup>th</sup> March 2013 along with instruction to transfer the amount to Gujarat State Finance Services Ltd (GSFS), Ahmedabad, a corporation which provides treasury management services to GoG. As the grant was sanctioned on last working day of the financial year, the purchase procedures by inviting tender within the financial year was not possible, therefore, the Government decided to park the funds with the GSFS. The utilisation of funds have not been furnished (September 2013).
- Under primary health Sagar Khedu Yojana, it was provisioned for seven mobile Health Care Units for coastal areas under NABARD Project at the cost of ₹ 1.15 crore in budget estimates 2012-13. These mobile units were not purchased despite getting administrative approval in April 2012. The Director, Public Health stated (September 2013) that the approval for entering into Memorandum of Understanding (MoU) with GVK EMRI (108 emergency services provider) was not given by the State Government. So the amount was transferred to State Health Society on 30<sup>th</sup> March 2013. The approval for MoU was received on 25 July 2013 and the adherence to purchase procedures was in progress. The delay had deprived the intended beneficiaries the services for this period.

- Under Epidemic Control Programme, ₹ 2.66 crore for purchasing medicines and equipment, ₹ 1.93 crore for Tissue Culture Vaccine were transferred to SHSG during the year 2012-13. Under National Programme for Control of Blindness (NPCB), for procurement of ophthalmic equipments at District and Sub-district Hospitals ₹ 1.95 crore was transferred to SHSG in March 2013. These funds could not be utilised by the year end (2012-13). SHSG has sent a proposal for extension of time limit for utilising the grant (September 2013).

#### ***Non filling of posts***

In the budget for the year 2012-13, there was provision for filling up of the vacant posts in various hospitals and institutions under the Department. Audit scrutiny revealed that the grants remained under utilised as the vacant/new posts could not be filled up during the year.

- Provision was made under Civil Hospital Administration (Medical) to provide manpower to various hospitals, Financial Assistance to Gujarat Foundation for Mental Health and Allied Sciences and creation of manpower for Breast Cancer Treatment Programme. Against provision of ₹ 118.76 crore, there was saving of ₹ 16.76 crore.
- Provision was made under the scheme Auxiliary Nurse Midwife and General Nursing to establish nine General Nursing School at various hospitals in the State. Against budget estimates of ₹ 3.49 crore, there was saving of ₹ 1.38 crore.
- Provision for additional Teaching, Nursing, Paramedical, Senior Resident Staff was made as per Medical Council of India norms at six Government Medical Colleges and Teaching Hospitals under Medical Education for P.G and U.G. course at Jamnagar, Vadodara, Ahmedabad, Surat, Bhavnagar and Rajkot. Out of total provision of ₹ 9.50 crore, ₹ 0.73 crore only was spent.

#### ***Receipt not credited to Government Account***

As per Rule-7 under Chapter-2 of the General Finance Rule 2005 all moneys received by or on behalf of the Government shall be brought into the Government Account without delay, in accordance with such general or special rules as may be issued under Articles 150 and 283 (1) of the Constitution.

During scrutiny of Income and Expenditure Account (unaudited) for the year 2012-13 of the Project Implementation Unit (PIU)<sup>17</sup>, Gandhinagar, it was noticed that the indirect income of ₹ 6.38 crore on account of interest on mobilisation advances (₹ 5.58 crore), liquidated damages (₹ 0.49 crore), receipt and recovery (₹ 0.28 crore) and tender fees (₹ 0.03 crore) was received during the current year. It has also earned interest of ₹ 35.49 crore from investments in GSFS and others. The income and interest earned out of Government fund is required to be credited in the Government Account.

---

<sup>17</sup> An organisation set up in July 2002 for the purpose of reconstruction works and reforms in the Department in earthquake affected districts and entrusted with the task to implement new items of work relating to the Department from 2006-07 onwards.

When Audit pointed this out, the Chief Engineer of PIU has stated (September 2013) that the receipt would be credited to the Government Account on completion of internal audit (September 2013). Further, it was also observed that the accounts of the PIU were not audited since 2009-10.

The State Government should put in place a mechanism so that bodies/authorities which receive grants should credit the income/interest arising out of the same in Government Accounts immediately. Further, auditing of such bodies/authorities should be completed timely.

### **2.4.3 Review of Grant-86 Roads and Bridges (Roads and Buildings Department)**

The main function of the R&B Department is to construct, maintain public works concerning to roads and Government buildings in the State, provide basic infrastructure throughout the State to meet with public demand as well as commercial and industrial demand. Further, the Department is also responsible to look after and liaison with the Government of India with regard to railways, telephones and civil aviation (State Owned Airports).

#### **Deviation of Budget**

The breakup of provision/ expenditure against plan / non plan during the years 2010-13 are given in **Table 2.17**.

**Table 2.17: Deviation of Budget for Revenue Expenditure**

(₹ in crore)

Year	Budget (including supplementary)		Expenditure		Deviation Percentage	
	Non Plan	Plan	Non Plan	Plan	Non plan	Plan
2010-11	1,193.17	879.81	1,232.44	854.08	-3.29	2.92
2011-12	1,206.68	969.39	1,223.13	962.58	-1.36	0.70
2012-13	1,575.83	1,064.50	1,575.39	1,064.34	0.03	0.02

Source: Appropriation Accounts of the State Government

The percentage of deviation (unutilised provision) in case of plan revenue expenditure has improved from 2.92 to 0.02 during 2010-13. Similarly, in the case of non-plan revenue expenditure, there was an excess utilisation of provision by 3.29 and 1.36 *per cent* during 2010-11 and 2011-12 respectively whereas there was only 0.03 *per cent* unutilised provision for 2012-13.

**Table 2.18: Deviation of Budget for Capital Expenditure**

(₹ in crore)

Year	Budget (including supplementary)		Expenditure		Deviation Percentage	
	Non Plan	Plan	Non Plan	Plan	Non plan	Plan
2010-11	152.44	1,222.70	128.83	1,145.91	15.49	6.28
2011-12	0.00	1,626.04	0.00	1,610.85	0.00	0.93
2012-13	0.00	2,050.14	0.00	2,047.94	0.00	0.11

Source: Appropriation Accounts of the State Government

The percentage of deviation (unutilised provision) in case of non-plan Capital expenditure was 15.49 *per cent* during the year 2010-11. In case of plan Capital expenditure during 2010-11, unutilised provision was 6.28 *per cent*. But, for the year 2011-12 and 2012-13 deviation percentages was less than one

per cent i.e. 0.93 and 0.11 for the corresponding years. Thus, the deviation percentage from budget estimates under this grant has improved significantly during 2011-12 and 2012-13.

***Improper reconciliation***

Scrutiny of appropriation accounts revealed that there was wide variation in the provision and actual expenditure under following heads of account shown in **Table 2.19**.

**Table: 2.19 Improper Reconciliation**

Head of Account	O	S	R /Su	Total Grant	A E	Excess(+)/ Saving(-)
3054-04-337-11-RBD-4 Road & Bridges	608.71	1,39.30	0.00	748.01	90.10	-657.91
3054-80-800-02-Thirteenth Finance Commission (CSS)	304.00	0.00	3.84	307.84	662.53	354.69

(₹ in crore)

Source: Appropriation Accounts of the State Government

In the first case Department stated as per IFMS<sup>18</sup> the expenditure was correct and hence there was no major savings. In the second case it stated that the expenditure of ₹ 662.54 crore shown in the sub-head is due to misclassification of expenditure for which Department had submitted transfer entry, but AG (A&E) has not accepted it and the matter is under correspondence.

The reply is not acceptable as the Divisions carry reconciliation with manual records maintained by them and not the figures in IFMS. Further, as per Paragraph 101 of Chapter XIV of the Gujarat Budget Manual 1983, the consolidated accounts of the controlling officer have to be reconciled monthly/quarterly, depending upon the magnitude of transactions, with the accounts of the Accountant General. The object of this procedure is to ensure accuracy of departmental accounts to prevent misclassification and other errors in the accounts.

The existence of such irregularity despite monthly/quarterly reconciliation needs to be reviewed.

***Persistent Savings***

As per Paragraph 103 Chapter XV of the Gujarat Budget Manual watching the progress of expenditure against appropriations and careful assessment of the commitments/liabilities may help the controlling officers to know savings in the appropriations controlled by them.

Audit scrutiny of the Appropriation Accounts revealed persistent savings during 2010-13 under the heads of accounts detailed in **Table 2.20**

<sup>18</sup> Integrated Financial Management System, which is used by treasuries and Secretariat to keep track of fund allocations.

Table 2.20: Persistent Savings

Head of Account	(₹ in crore)		
	2010-11	2011-12	2012-13
3054-80-052-01-Repair & Carriage	0.25	0.13	0.58
3054-80-052-02-New Supplies	2.08	0.30	0.05
3054-80-107-01-Railway Safety Works (CSS)	0.00 <sup>19</sup>	0.02	0.73
3054-80-799-01-Stock	2.88	5.32	3.55
3054-80-800-02-Maintenance & Repairs	0.02	76.59	357.59
5054-01-337-11-RBD-1 Road & Bridges	0.02	0.02	0.01
5054-03-101-11-RBD-2(b) Original works	0.84	0.17	0.03

Source: Appropriation Accounts of the State Government

The Department has not furnished any reasons for these persistent savings (September 2013).

### *Persistent non-utilisation/less utilisation of provision*

Audit scrutiny of Appropriation Accounts revealed persistent non-utilisation/less utilisation during 2010-13 under the heads of accounts as detailed in **Table 2.21**.

Table 2.21: Non-utilisation/less utilisation of provision

Year	Head of Account	(₹ in crore)				
		Original Grant	Re-app /Surrender	Actual Expenditure	Total Unutilised	Percentage
2010-11	5054-03-337-14 World Bank	0.50	(-)0.48	0.02	0.48	96.00
2011-12		65.37	(-)60.37	4.75	60.62	92.73
2012-13		90.00	(-)85.88	4.07	85.93	95.48
2010-11	5054-03-337-12 NABARD(CSS)	8.00	(-)3.45	4.38	3.62	45.25
2011-12		0.00	(+)0.36	0.00	0.36	100.00
2012-13		0.10	(-)0.05	0.05	0.05	50.00

Source: Appropriation Accounts of the State Government

- Under head of Account 5054-03-337-14 (World Bank) provision was made for capital outlay on Roads and bridges to be constructed from World Bank loans. Provision was made in budget and on the basis of expenditure incurred; claim was raised before World Bank for providing the loan. On the basis of terms and conditions for providing loans, World Bank sanctions loan against claims submitted. The Department has surrendered 92.73 to 96.00 *per cent* of grant consistently in last three years due to administrative reasons and non completion of tender procedure.
- Under head of Account 5054-03-337-12 (NABARD (CSS)) provision was made for capital outlay on Roads and bridges to be constructed from NABARD loans under Centrally Sponsored Scheme (CSS). The Department has surrendered the grant consistently in last three years ranging between 45.25 and 100 *per cent* resulting in non utilisation of provisions under the Centrally Sponsored Scheme. During 2010-11, the amount was surrendered due to non completion of tender procedure.

### *Unnecessary /excess re-appropriation*

The Department made the re-appropriation unnecessarily or in excess of requirements during 2012-13 as detailed in **Table 2.22**.

<sup>19</sup> ₹ 20,293

**Table 2.22 Unnecessary re-appropriation/excess re appropriation**

(₹ in crore)

Head of Account	Original Grant	Re-appropriations	Actual Expenditure	Saving	Savings out of re-appropriation
3054-80-001-02-Administration	28.14	1.16	26.81	2.49	1.16
3054-80-001-01-Direction	12.69	0.19	12.84	0.04	0.04

Source: Appropriation Accounts of the State Government

The Department replied (September 2013) that savings were minor and in respect of pay and allowances and office expenditure of staff.

However, Audit noticed that the re-appropriation of the grant was made only on the last working day of March 2013, when the Department was in a position to realistically estimate the actual funds required.

***Huge balance in Personal Ledger Accounts (PLAs) and unnecessary allotment of grant***

Verification of statement of grant-in-aid and expenditure details for the year 2012-13 revealed that there were large opening balances in the Personal Ledger Accounts (PLAs) of the divisions under the control of Superintending Engineer, Panchyat (R&B) Circle, Gandhinagar. In spite of this, grant was allotted during the year which resulted in huge closing balances as detailed in **Table 2.23**, with expenditure during the year not even reaching to level of opening balances.

**Table 2.23 Unnecessary allotment of Grant-in-aid**

(₹ in crore)

Sl. No	Name of division	Opening Balance as on 01/04/2012	Allotment up to 31/03/2013	Total	Expenditure up to March 31/03/2013	Excess Saving 31/03/2013
<b>Major Head 3054 Road &amp; Bridges 80 General M&amp;R to Road – 800 Other Expenditure S.R</b>						
1	Kutch	22.42	3.46	25.88	21.92	3.96
2	Gadhinar	5.00	1.21	6.21	4.43	1.78
<b>Major Head 3054 Road &amp; Bridges 80 General M&amp;R to Road – 800 Other Expenditure C.R</b>						
3	Kutch	3.05	2.29	5.34	1.23	4.11
<b>Major Head 3054 Road &amp; Bridges 04 Dist &amp; Other Road – 337 Road Work, 26 – C.R.F Allocation</b>						
4	Palanpur	4.66	2.50	7.16	1.92	5.24
5	Kutch	1.52	0.50	2.02	0.22	1.80
<b>Major Head 3054 Road &amp; Bridges 80 Dist. &amp; Other Road, 800-Road &amp; Bridges Kisanpath Yojna. N.P</b>						
6	Mehsana	11.87	1.20	13.07	9.69	3.38

Source: Superintendent Engineer, Panchayat (R&B) Circle, Gandhinagar

Superintendent Engineer, Panchayat (R&B) Circle, Gandhinagar replied (September 2013) that necessary action would be taken to avoid the balance in respective head of accounts.

***Inclusion of new works without obtaining administrative/technical sanction***

Following new items of works as shown in **Table 2.24** were included in the budget estimates 2012-13 without having administrative approval, technical sanction and without ascertaining the feasibility and essentiality as there is negligible progress in these works.

Table 2.24 Inclusion of new Items

(₹ in crore)

Sr. No	Head/ Name of Work	Total estimated cost	Estimate for 2012-13	Expenditure during year	Remarks
<b>5054-03-337-11 RBD-2</b>					
1	Up-gradation of road "GIFT" city.	64.00	4.55	0.00	Land Acquisition underway
<b>5054-03-337-14 World Bank</b>					
2	Widening the different state roads	900.00	62.00	0.00	Delay due to time consumption in project appraisal as per World Bank guidelines.
3	World Bank aided roads	20.00	0.01	0.00	
4	Technical knowhow for World Bank aided roads	60.00	6.94	0.00	
<b>5054-03-337-16</b>					
5	Privatisation of Road & Bridges Ahmedabad-Dholera-Bhavnagar six lane express Highway	2,800.00	63.00	0.77	Land Acquisition underway

Source: Road and Buildings Department of the State Government

The Department stated (September 2013) in item at Sl. No. 1, the land acquisition was under process. In items at Sl. No. 2 to 4, project was at appraisal stage and all procedures would be initiated after approval of project. In item at Sl. No. 5 Gujarat State Road Development Corporation (GSRDC) incurred ₹ 0.77 crore on various clearance and consultancy services for the required land.

**Non reconciliation of expenditure leading to diversion of funds**

As per Appropriation Accounts, funds of ₹ 157.03 crore were provided during the year to GSRDC for the purpose of Construction of Ahmedabad-Dholera-Bhavnagar six lane express highway, Bharuch-Dahej state highway and other ancillary works of the Corporation. At the end of the year ₹ 39.26 crore was surrendered because some of the tender processes could not be completed in stipulated time and expenditure of ₹ 117.77 crore was booked.

The records of GSRDC, however, revealed the following:

Table No 2.25: Details of budget provision and expenditure

(₹ in crore)

Provision (5054-03-337-16-Privatisation of Road & Bridges )	Budget provision	Expenditure booked by GSRDC during the year
Construction of Ahmedabad-Dholera-Bhavnagar 6 lane state highway	63.00	0.77
Preparation of project report for BOT project	1.82	0.24
Land acquisition for road works	0.02	0.00
Land acquisition and other activities	18.20	153.33
Contribution for additional 2 lane of Bharuch-Dahej road	0.01	0.00
Ahmedabad Bhavnagar expressway land acquisition	63.70	3.50
Construction of expressway	0.91	0.00
6 laning Bharuch-Dahej road	0.91	65.42
9% centage charges	8.46	0.00
<b>Total</b>	<b>157.03</b>	<b>223.26</b>

Source: Budget Estimates of the State Government and GSRDC

The above shows that on one hand surrender of ₹ 39.26 crore were made as per Appropriation Accounts, while on the other hand the Corporation had incurred excess expenditure of ₹ 66.23 crore. Thus, reconciliation of expenditure needs to be done at regular intervals by GSRDC to ensure that expenditure against provisions is not exceeded.

### **2.5 Advances from Contingency Fund**

The Contingency Fund of the State has been constituted under the Gujarat Contingency Fund Act, 1960 in terms of the provisions of Articles 267(2) and 283(2) of the Constitution of India. The fund is in the nature of an imprest and its corpus is ₹ 200 crore. During the year, ₹ 0.69 crore was spent from Contingency Fund. The same was recouped along with previous years' unrecouped amount ₹ 80.50 crore. Thus, no amount is left for recoupment during the year and the corpus of ₹ 200 crore was available in Contingency Fund for utilisation during the financial year 2013-14.

### **2.6 Misclassification of 'Grants-in-aid' and 'Subsidies'**

Indian Government Accounting Standard (IGAS)-2 regarding Accounting and Classification of Grants-in-aid prescribes that the Grants-in-aid disbursed by a grantor shall be classified and accounted for as revenue expenditure in the Financial Statements of the grantor irrespective of the purpose for which the funds were disbursed. Only, in cases specifically authorised by the President of India on the advice of the Comptroller and Auditor General of India, be debited to a capital head of account in the Financial Statements of the Government. Further, Rule 30 (1) of Government Accounting Rule, 1990 states that the expenditure of a capital nature to be classified in the Capital Section shall broadly be defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character. Also the assumptions underlying the Fiscal Indicators for the Gujarat Fiscal Responsibility Rules, 2006 stipulates inclusion of "Major Subsidies" as expenditure on revenue account.

During the year 2012-13, amounts of ₹ 881.30 crore and ₹ 207.27 crore have been disbursed as Grants-in-Aid and subsidy respectively under following capital major heads of expenditure against approved budgetary provision in violation of IGAS-2 as detailed in **Table 2.26**.

**Table 2.26: Misclassification of grants-in-aid and subsidy under capital Major Heads**

Sr. No	Classification-Major Head	(₹ in crore)	
		Grants-in-aid	Subsidy
1	4055- Capital outlay on Police	17.01	-
2	4202- Capital Outlay on Education, Sports, Arts and culture	71.69	-
3	4210- Capital outlay on Medical and Public Health	103.11	-
4	4215- Capital outlay on water supply and sanitation	37.50	-
5	4217- Capital outlay Urban Development	519.00	-
6	4225- Capital outlay on Welfare of schedule Caste, scheduled Tribes and other backward classes	4.55	-
7	4235- Capital outlay on social security and welfare	1.00	-
8	4236- Capital outlay on Nutrition	122.68	-
9	4402- Capital outlay on soil and water conservation	4.57	-

Sr. No	Classification-Major Head	Grants-in-aid	Subsidy
10	4408- Capital outlay on Food storage and warehousing	-	7.50
11	4435- Capital outlay on other Agriculture Programmes	-	16.99
12	4851- Capital outlay on Village and small industries	0.19	1.27
13	4852- Capital outlay on Iron and Steel Industries	-	117.51
14	5051- Capital outlay on Ports and Light Houses	-	64.00
<b>Total</b>		<b>881.30</b>	<b>207.27</b>

Source: Finance Accounts of the State Government

The expenditure on 'Grants-in-aid' and 'Subsidies' should be booked under revenue expenditure. However, the expenditure of ₹ 1,088.57 crore in respect of 'Grants-in-aid' and Subsidies' were booked in Capital Section. This resulted in understatement of revenue expenditure and also consequential overstatement of the revenue surplus to that extent.

## **2.7 Conclusion and Recommendations**

### **Conclusion**

During 2012-13, ₹ 99,150.78 crore was incurred against total grants and appropriations of ₹ 1,07,439.38 crore resulting in savings of ₹ 8,288.60 crore. The overall savings of ₹ 8,288.60 crore was the result of savings of ₹ 8,536.20 crore, offset by excess of ₹ 247.59 crore. This excess requires regularisation under Article 205 of the Constitution of India.

In 19 cases, the amounts surrendered (₹ one crore or more in each case) were in excess of the actual savings, indicating inadequate budgetary control in these Departments. As against savings of ₹ 4,745.07 crore, the amount surrendered was ₹ 4,983.45 crore, resulting in excess surrender of ₹ 238.38 crore.

There were 27 grants/appropriations under which savings of more than ₹ one crore and more than 10 *per cent* of the provision had occurred but the same had not been surrendered by the concerned Departments. The total amount involved in these cases was ₹ 1,276.15 crore out of which ₹ 709.80 crore were not surrendered. Similarly, in seven grants/appropriations under which savings exceeding 10 *per cent* of the total provision had occurred but no part of the same had been surrendered by the concerned Departments. The total amount involved in these cases was ₹ 34.50 crore.

Out of the total provision of ₹ 25,249.93 crore in respect of 645 sub-heads under 88 grants, ₹ 8,066.22 crore (31.95 *per cent* of the provision) was surrendered on account of either non-implementation or slow implementation of schemes/programmes.

### **Recommendations**

Budgetary controls should be strengthened in all the Government Departments, especially in those Departments where savings/excesses have been persistently observed.

The excess expenditure needs to be regularised as per provisions under Article 205 of the Constitution.

Fund releases and issuance of re-appropriation/surrender orders at the end of the financial year, particularly on the last working day, should be avoided.

Rush of expenditure during the last quarter of the financial year particularly in the month of March should be avoided.

