

**FINANCIAL MANAGEMENT  
AND  
BUDGETARY CONTROL**

# Chapter 2 Financial Management and Budgetary Control

## 2.1 Introduction

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

Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

## 2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2013-14 against 49 grants/appropriations (48 Grants and one Appropriation) are given in **Table-2.1**.

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

(₹ in crore)

Nature of expenditure		Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	5,688.99	146.15	5,835.14	4,604.01	(-) 1,231.13
	II Capital	630.90	642.91	1,273.81	699.39	(-) 574.42
	III Loans and Advances	2.10	15.60	17.70	30.71	(+) 13.01
<b>Total Voted</b>		<b>6,321.99</b>	<b>804.66</b>	<b>7,126.65</b>	<b>5,334.11</b>	<b>(-)1,792.54</b>
Charged	IV Revenue	319.95	0.93	320.88	322.73	(+)1.85
	V Capital	-	-	-	-	-
	VI Public Debt Repayment	104.72	503.56	608.28	956.66	(+) 348.38
<b>Total Charged</b>		<b>424.67</b>	<b>504.49</b>	<b>929.16</b>	<b>1,279.39</b>	<b>(+) 350.23</b>
Appropriation to Contingency Fund (if any)		-	-	-	-	-
<b>Grand Total</b>		<b>6,746.66</b>	<b>1,309.15</b>	<b>8,055.81</b>	<b>6,613.50</b>	<b>(-) 1,442.31</b>

The overall savings of ₹ 1,442.31 crore was the result of savings of ₹ 1,942.42 crore in 45 grants under Revenue Section, 18 grants under Capital Section which was offset by excess

of ₹ 500.11 crore in three grants and one appropriation under Revenue Section and one grant and one appropriation under Capital Section.

The Appropriation accounts of 2013-14 included 48 Grants and one Appropriation. Major savings occurred in Planning and Programme Implementation Department (₹ 921.40 crore), Agriculture (₹ 110.68 crore), School Education (₹ 53.04 crore), Environment and Forests (₹ 52.50 crore) and Local Administration Department (₹ 37.75 crore) under Revenue section. Substantial savings also occurred in Public Works Department (₹ 187.20 crore), Minor Irrigation (₹ 131.60 crore), Urban Development & Poverty Alleviation (₹ 113.27 crore) and Food Civil Supplies & Consumer Affairs (₹ 53.25 crore) under Capital Section (**Appendix-2.1 A**).

The reasons for savings/excess were called for from the concerned Departments. However, no reply was received (September 2014).

## 2.3 Financial Accountability and Budget Management

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

The outcome of the appropriation audit revealed that savings aggregating ₹ 1,374.93 crore in 32 cases (Revenue) and ₹ 560.82 crore in 13 cases (Capital) exceeded ₹ one crore in each case or more than 12 *per cent* of the total provision (**Appendix-2.1**). Also savings aggregating ₹ 1,890.21 crore in 32 cases (Revenue Voted, Revenue Charged and Capital Voted), exceeded ₹ 10 crore and above or more than 12 *per cent* of the total provision (**Appendix-2.1 A**). Against the overall savings of ₹ 1,942.42 crore during 2013-14, savings of ₹ 1,622.97 crore (83.55 *per cent*) occurred in eight cases relating to eight grants where savings were more than ₹ 50 crore and above as indicated in **Table-2.2**:

**Table-2.2: List of Grants with savings of ₹ 50 crore and above**

(₹ in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
<b>Revenue-Voted</b>						
1	14-Planning and Programme Implementation	955.32	5.23	960.55	39.15	<b>921.40</b>
2	31-Agriculture	175.29	103.20	278.49	167.81	<b>110.68</b>
3	20-School Education	580.07	147.10	727.17	674.13	<b>53.04</b>
4	36-Environment and Forests	84.42	60.95	145.37	92.86	<b>52.51</b>
<b>Capital-Voted</b>						
1	45-Public Works	95.02	312.45	407.47	220.26	<b>187.21</b>
2	47-Minor Irrigation	131.60	0.19	131.79	0.19	<b>131.60</b>
3	46-UD&PA	102.86	70.93	173.79	60.51	<b>113.28</b>
4	17-Food and Civil Supplies	178.27	89.26	267.93	214.68	<b>53.25</b>
<b>Total</b>		<b>2,302.85</b>	<b>789.31</b>	<b>3,092.56</b>	<b>1,469.59</b>	<b>1,622.97</b>

### 2.3.2 Persistent Savings

In one case, during the last six years there were persistent savings of more than ₹ one crore (Table-2.3).

**Table-2.3: List of Grants indicating Persistent Savings during 2008-14**

(₹ in crore)

Sl. No.	No. and Name of the grant	Amount of savings					
		2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	14 - Planning and Programme Implementation Department	112.39	8.85	109.03	50.00	29.40	921.40
		(80.00)	(21.00)	(77.95)	(61.12)	(40.51)	(95.92)

Figures in the parentheses indicate percentage to total provision of that grant

### 2.3.3 Excess Expenditure

Revenue expenditure aggregating ₹ 655.92 crore in 12 cases exceeded the approved provisions (₹ 374.97 crore) by ₹ 280.96 crore which was more than the approved provision by one crore in each case or more than 33 per cent of the total provision. Also Capital expenditure of ₹ 870.48 crore in six cases exceeded the approved provisions (₹ 500.14 crore) by ₹ 370.34 crore (Appendix-2.2). In six cases, expenditure exceeded more than 50 per cent over the approved provisions. Moreover, there were expenditure without any provisions/appropriations in four cases. Details are given in Table-2.4.

**Table-2.4: Grants/Appropriations where expenditure exceeded more than 50 per cent over the approved provisions during 2013-14**

(₹ in lakh)

Sl. No.	Grant No	Name of the Grant/Appropriation with Major or Minor heads	Total Grant/ Appropriation	Expenditure	Excess Expenditure	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue (Voted)						
1	9	Finance 2071-01-101(01) Pension	9,500.00	29,624.20	20,124.20	211.83
		2071-01-104(01) Pension/Gratuities	4,350.00	6,752.51	2,402.51	55.23
		2071-115(01) Leave Encashment	2,800.00	4,671.25	1,871.25	66.83
		2071-01-103-01 Compassionate Allowances	1.00	190.66	189.66	18,966.00
2	15	General Administration Department 2053-093-04 DC, Champhai	317.63	513.16	195.53	61.56
3	30	Disaster Management & Rehabilitation 2245-80-103(01) State Disaster Response Fund (FC)	445.50	869.00	423.50	95.06
4	Public Debt	2049-01-115-02 Overdraft	0.00	12.68	12.68	---
Total			17,414.13	42,633.46	25,219.33	---

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(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Capital (Voted)</b>						
1	45	Public Works 4202-01-203-02 SMS for construction of college buildings (SCA)	14.44	44.44	30.00	207.76
		4202-01-203-11 Construction of three College Buildings (Auditorium for Lunglei Government College)	0.00	200.00	200.00	---
		4202-01-203-12 SMS for construction of three college buildings (Auditorium for Lunglei Government College)	0.00	22.22	22.22	---
2	Public Debt	6003-110-02 Overdraft	0.00	21,950.65	21,950.65	---
<b>Total</b>			<b>14.44</b>	<b>22,217.31</b>	<b>22,202.87</b>	<b>---</b>
<b>Grand Total</b>			<b>17,428.57</b>	<b>64,850.77</b>	<b>47,422.20</b>	<b>---</b>

### 2.3.4 Expenditure without provision

Expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 221.86 crore was incurred in four cases without any provision of funds in the original estimates/supplementary demand and without any re-appropriation orders to this effect as given in **Table-2.5**.

**Table-2.5: Details of expenditure incurred without provision during 2013-14**

(₹ in lakh)

Sl. No.	No. and Name of Grants	Amount of expenditure without provision	Reasons/Remarks
1	<b>45-Public Works</b> 4202-01-203-11 Construction of three College Building (Auditorium for Lunglei Government College)	200.00	Reasons has not been intimated (September 2014)
	4202-01-203-12 SMS for construction of three College Building (Auditorium for Lunglei Government College)	22.22	-do-
2	<b>Public Debt</b> 2049-01-115-02 Overdraft	12.68	Due to payment of interest on overdraft which was not assessed at the time of Budget Estimation
	6003-110-02 Overdraft	21,950.65	Due to inability of the Finance Dept. to assess the requirement for repayment of Loans & Advances and Overdraft
<b>Total</b>		<b>22,185.55</b>	

### 2.3.5 Unutilised provision of Fund

Appropriation of fund for a work/scheme during a financial year is approved by the Legislature through budget for implementation of the work/scheme. During the year 2013-14, a provision of ₹ 54.77 crore including supplementary grant for implementation of Finance Commission, NLCPR Schemes, etc. under seven departments was approved. The Departments, however, could not utilise the funds as approved and resulted in savings of the entire provision. The details are given in **Appendix-2.3**.

### 2.3.6 Excess over provisions relating to previous years requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Article, but the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to ₹ 124.17 crore for the years 2010-11 to 2012-13 was yet to be regularised. The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table-2.6**.

**Table-2.6: Excess over provisions relating to previous years requiring regularisation**

(₹ in crore)

Year	Number of grants/appropriations	Grant/Appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2010-11	3	17, 28 & 42	4.69	-
2011-12	3	27,16 & 25	0.59	-
2012-13	2	9 & 49	118.89	-
<b>Total</b>	<b>8</b>	<b>-</b>	<b>124.17</b>	<b>-</b>

### 2.3.7 Excess over provision during 2013-14 requiring regularisation

**Table-2.7** contains the summary of total excess in four grants and one appropriation amounting to ₹ 500.10 crore over authorization from the Consolidated Fund of the State (CFS) during 2013-14 and requires regularisation under Article 205 of the Constitution.

**Table-2.7: Excess over provisions requiring regularisation during 2013-14**

(₹ in crore)

Sl. No.	Number and title of grant/appropriation	Total grant/appropriation	Expenditure	Excess
<b>Voted Grants</b>				
1	9-Finance (Revenue)	402.95	552.56	149.61
2	19-Local Administration (Capital)	4.48	4.49	0.01
3	44-Trade & Commerce (Revenue)	4.54	4.58	0.04
<b>Total (Voted)</b>		<b>411.97</b>	<b>561.63</b>	<b>149.66</b>
<b>Charged Grants</b>				
4	10-Mizoram Public Services Commission (Revenue)	4.63	4.67	0.04
5	Public Debt (Revenue)	305.37	307.39	2.02
6	Public Debt (Capital)	608.28	956.66	348.38
<b>Total (Charged)</b>		<b>918.28</b>	<b>1268.72</b>	<b>350.44</b>
<b>Total</b>		<b>1,330.25</b>	<b>1,830.35</b>	<b>500.10</b>

**2.3.8 Unnecessary/Excessive/Inadequate supplementary provision**

Supplementary provision aggregating ₹ 218.77 crore obtained in 17 cases, ₹ 10 lakh or more in each case, during the year proved unnecessary as the original provision was not fully utilised as detailed in **Appendix-2.4**. Out of the above 17 cases, ₹ 215.35 crore proved unnecessary in eight cases and were more than one crore and above in each case as detailed in **Table-2.8**.

**Table-2.8: Statement showing unnecessary Supplementary Provision of ₹ one crore and above**

(₹ in lakh)

Sl. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary Provision
<b>A. Revenue (Voted)</b>					
1	14- Planning and Programme Implementation	95,531.75	3,915.27	91,616.48	523.18
2	19-Local Administration	6,341.47	3,028.41	3,313.06	461.69
3	30-Disaster Management and Rehabilitation	1,728.01	1,684.36	43.65	555.55
4	31-Agriculture	17,529.27	16,781.06	748.21	10,320.00
<b>Total for Revenue (Voted)</b>		<b>1,21,130.50</b>	<b>25,409.10</b>	<b>95,721.40</b>	<b>11,860.42</b>
<b>B. Capital (Voted)</b>					
5	9-Finance	2,475.00	253.40	2,221.60	253.40
6	16-Home	2,466.00	2,114.47	351.53	2,114.47
7	38-Rural Development	4,432.00	4,401.75	30.25	214.35
8	46-Urban Development and Poverty Alleviation	10,286.00	6,051.32	4,234.68	7,092.77
<b>Total for Capital (Voted)</b>		<b>19,659.00</b>	<b>12,820.94</b>	<b>6,838.06</b>	<b>9,674.99</b>
<b>Grand Total (A+B)</b>		<b>1,40,789.50</b>	<b>38,230.04</b>	<b>1,02,559.46</b>	<b>21,535.41</b>

Further, in 56 cases, Supplementary Provisions aggregating ₹ 1,440.87 crore, ₹ 20 lakh and above in each case, proved excessive/inadequate as detailed in **Appendix-2.5**. Out of these, there were 40 cases where supplementary provision proved excessive by more than ₹ one crore as detailed in **Table-2.9**.

**Table-2.9: Statement showing excessive supplementary provision (₹ one crore and above)**

(₹ in lakh)

Sl. No.	Number and Name of the Grant	Original Provision	Supplementary Provision	Total Provision	Expenditure	Supplementary Provision Excess (+)/ Less (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>A. Revenue (Voted)</b>						
1	4 Law and Judicial	1,553.91	291.73	1,845.64	1,712.63	133.01
2	6 Land Revenue and Reforms	1,851.56	601.04	2,452.60	2,263.48	189.12
3	8 Taxation	1,154.90	308.37	1,463.27	1,345.49	117.78

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(1)	(2)	(3)	(4)	(5)	(6)	(7)
4	14 Planning and Programme Implementation	95,531.75	523.18	96,054.93	3,915.27	92,139.66
5	15 General Administration Department	5,076.18	6,303.16	11,379.34	10,150.59	1,228.75
6	16 Home	43,581.02	3,286.90	46,867.92	45,197.04	1,670.88
7	17 Food, Civil Supplies & Consumer Affairs	6,713.74	3,079.44	9,793.18	8,054.51	1,738.67
8	19 Local Administration Department	6,341.47	461.69	6,803.16	3,028.41	3,774.75
9	20 School Education	58,007.60	14,709.61	72,717.21	67,413.12	5,304.09
10	21 Higher & Technical Education	10,711.19	12,711.10	23,422.29	22,446.17	976.12
11	24 Medical & Public Health Services	16,792.86	9,346.03	26,138.89	24,801.26	1,337.63
12	25 Water Supply & Sanitation	10,886.00	3,020.09	13,906.09	13,692.88	213.21
13	27 District Councils	21,073.00	6,989.59	28,062.59	24,514.54	3,548.05
14	29 Social Welfare	3,216.11	10,931.79	14,147.90	13,269.38	878.52
15	30 Disaster Management and Rehabilitation	1,728.01	555.55	2,283.56	1,684.36	599.20
16	31 Agriculture	17,529.27	10,320.00	27,849.27	16,781.06	11,068.21
17	32 Horticulture	2,241.70	9,088.16	11,329.86	10,749.87	579.99
18	33 Soil and Water Conservation	1,819.53	3,756.52	5,576.05	5,210.90	365.15
19	34 Animal Husbandry & Veterinary	3,536.58	11,251.47	14,788.05	13,730.07	1,057.98
20	35 Fisheries	670.55	2,491.84	3,162.39	2,738.80	423.59
21	36 Environment & Forest	8,442.04	6,094.50	14,536.54	9,286.10	5,250.44
22	38 Rural Development	5,473.40	3,267.15	8,740.55	7,700.77	1,039.78
23	39 Power	27,910.04	5,123.37	33,033.41	31,716.33	1,317.08
24	40 Industries	4,201.46	6,351.20	10,552.66	10,451.08	101.58
25	41 Sericulture	1,156.85	893.70	2,050.55	1,881.74	168.81
26	42 Transport	4,365.81	88.00	4,453.81	3,490.66	963.15
27	45 Public Works	15,286.41	2,229.70	17,516.11	17,173.99	342.12
28	46 Urban Development and Poverty Alleviation	3,675.01	3,522.38	7,197.39	6,954.10	243.29
29	47 Minor Irrigation	1,608.75	17.70	1,626.45	1,024.68	601.77
<b>Total for Revenue (Voted)</b>		<b>3,82,136.70</b>	<b>1,37,614.96</b>	<b>5,19,751.66</b>	<b>3,82,379.28</b>	<b>1,37,372.38</b>

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(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>C. Capital (Voted)</b>						
30	4 Law and Judicial	185.00	37.60	222.60	37.60	185.00
31	9 Finance	2,475.00	253.40	2,728.40	253.40	2,475.00
32	16 Home	2,466.00	2,114.47	4,580.47	2,114.47	2,466.00
33	17 Food, Civil Supplies & Consumer Affairs	17,826.70	8,966.41	26,793.11	21,467.92	5,325.19
34	24 Medical & Public Health Services	0.50	447.51	448.01	312.01	136.00
35	34 Animal Husbandry & Veterinary	470.00	619.14	1,089.14	594.39	494.75
36	38 Rural Development	4,432.00	214.35	4,646.35	4,401.75	244.60
37	39 Power	1,500.00	6,489.56	7,989.56	6,606.44	1,383.12
38	45 Public Works	9,502.00	31,244.75	40,746.75	22,026.35	18,720.40
39	46 Urban Development & Poverty Alleviation	10,286.00	7,092.77	17,378.77	6,051.32	11,327.45
40	47 Minor Irrigation	13,160.00	19.00	13,179.00	19.00	13,160.00
<b>Total for Capital (Voted)</b>		<b>62,303.20</b>	<b>57,498.96</b>	<b>1,19,802.16</b>	<b>63,884.65</b>	<b>55,917.51</b>
<b>Grand Total</b>		<b>4,44,439.90</b>	<b>1,95,113.92</b>	<b>6,39,553.82</b>	<b>4,46,263.93</b>	<b>1,93,289.89</b>

### 2.3.9 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive/inadequate or insufficient in 30 sub-heads and resulted in savings/excess of over ₹ 10 lakh and above as detailed in **Appendix-2.6**.

### 2.3.10 Substantial surrenders

Substantial surrenders (the cases where more than 50 per cent of total provision was surrendered) were made in respect of 62 sub-heads on account of either non-filling up of vacant posts or non-receipt/release of sanction order from Government of India or re-provision of fund for the next financial year. Out of the total provision amounting to ₹ 1,793.58 crore in these 62 Schemes, an amount of ₹ 1,653.59 crore was surrendered (**Appendix-2.7**) which included 100 per cent surrender in 32 Schemes (₹ 1,157.84 crore).

### 2.3.11 Surrenders in excess of actual savings

As against savings of ₹ 285.13 crore, an amount of ₹ 295.94 crore was surrendered resulting in excess surrender of ₹ 10.81 crore as detailed in **Appendix-2.8**. There were three cases where the surrender in excess (₹ 9.28 crore) were more than ₹ 50 lakh as shown in **Table-2.10**.

**Table-2.10: Surrenders in excess of actual savings (₹ 50 lakh or more)**

(₹ in lakh)

Sl. No.	Number and name of the grant/appropriation	Total grant/appropriation	Saving	Amount surrendered	Amount surrendered in excess
<b>Revenue (Voted)</b>					
1	30 -Disaster Management and Rehabilitation	2,283.56	599.20	1,022.70	423.50
2	46-Urban Development and Poverty Alleviation	7,197.39	243.29	498.59	255.30
<b>Capital (Voted)</b>					
3	45-Public Works	40,746.75	18,720.40	18,969.62	249.22
<b>Grand Total</b>		<b>50,227.70</b>	<b>19,562.89</b>	<b>20,490.91</b>	<b>928.02</b>

In 67 cases, an amount of ₹ 1,209.29 crore was surrendered without furnishing any reason as detailed in **Appendix-2.9**. The amount surrendered in excess of actual savings indicated lack of budgetary control in these Departments.

### 2.3.12 Anticipated savings not surrendered

As per extant Financial Rules, the spending Departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the financial year 2013-14, there were, however, six grants/appropriations in which savings of ₹ 3.08 crore (0.16 per cent of the total savings) occurred but no part of the available savings was surrendered by the concerned Departments as shown in **Table-2.11**.

**Table-2.11: Statement of various grants/appropriations in which savings occurred but no part of which had been surrendered**

(₹ in lakh)

Sl. No.	Number and Name of Grants/Appropriation	Saving which remained to be surrendered
1	11-Secretariat Administration	0.35
2	4-Law and Judicial	185.00
3	25-Water Supply and Sanitation	49.74
4	35-Fisheries	0.09
5	37-Co-operation	72.38
6	42-Transport	0.06
<b>Total</b>		<b>307.62</b>

Out of total savings of ₹ 1,498.44 crore under 40 grants/appropriations, savings of ₹ 115.32 crore remained to be surrendered as shown in **Appendix-2.10**. Besides, out of total savings of ₹ 191.29 crore under seven grants/appropriations where savings was ₹ one crore and above in each case, only savings amounting to ₹ 81.28 crore (42.49 per cent) was surrendered leaving a balance savings of ₹ 110.01 crore (57.51 per cent) not surrendered as shown in **Table-2.12** below:

**Table-2.12: Details of savings not surrendered (₹ one crore and above)**

(₹ in lakh)

Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Saving which remained to be surrendered
<b>Revenue (Voted)</b>				
1	20- School Education	5,304.09	4,523.44	780.65
2	24- Medical And Public Health Services	1,337.63	1,049.03	288.60
3	27- District Councils	3,548.05	505.00	3,043.05
4	42- Transport	963.15	774.03	189.12
<b>Capital (Voted)</b>				
5	4- Law and Judicial	185.00	0.00	185.00
6	16- Home	2,466.00	438.00	2,028.00
7	17- Food, Civil Supplies and Consumer Affairs	5,325.19	838.31	4,486.88
<b>Total</b>		<b>19,129.11</b>	<b>8,127.81</b>	<b>11,001.30</b>

### 2.3.13 Rush of Expenditure

According to Financial Rules, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 25 Grants listed in **Appendix-2.11**, expenditure of more than 25 *per cent* of the total expenditure for the year was incurred in March 2014. Of these, in 18 cases involving ₹ 57.17 crore, the whole amount was incurred in March, indicating there was no control over the flow of expenditure.

## 2.4 Reconciliation of Departmental figures

### 2.4.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

As per Central Treasury Rules, Abstract Contingent (AC) bills must be regularized by Detailed Countersigned Contingent (DCC) bills. An AC bill should not be encashed without a certificate to the effect that DCC bills in respect of earlier AC bills drawn more than a month before the date of that bill have been submitted to the Controlling Officer. The Controlling Officers must submit the DCC bills to the Principal Accountant General within one month from the date of receipt of the DCC bills in his office.

It was noticed that against the total amount (₹ 1,239.89 crore) drawn in AC bills during the period 2000-01 to 2013-14, DCC bills for ₹ 1,210.33 crore have been received by the Principal Accountant General as of 31 March 2014. Thus, an amount ₹ 29.56 crore (2.38 *per cent*) drawn in AC bills remained outstanding as of March 2014 due to non-submission of DCC bills to that extent. The year wise details are given in **Table-2.13**.

**Table-2.13: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills**

(₹ in crore)

Year	Amount drawn in AC bills	Amount adjusted through DCC bills	Amount outstanding (as of 31 March 2014)	Percentage of outstanding amount
Upto 2011-12	1,217.53	1,199.05	18.48	1.52
2012-13	0.28	0.09	0.19	67.86
2013-14	22.08	11.19	10.89	49.32
<b>Total</b>	<b>1,239.89</b>	<b>1,210.33</b>	<b>29.56</b>	<b>2.38</b>

Source: Finance Account 2013-14 (Vol-I)

Non-adjustment of advances for long period is fraught with risk of misappropriation and therefore, requires close monitoring by the respective Drawing and Disbursing Officers (DDOs).

#### 2.4.2 Un-reconciled Expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budgetary grants and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Principal Accountant General (A&E). Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of Controlling Officers continued to persist during 2013-14 also.

It was noticed that during the year 2013-14, out of 79 Controlling Officers, 72 Controlling Officers (91.14 per cent) reconciled the expenditure of ₹ 4,048.06 crore (62.24 per cent of the total expenditure). Similarly, out of 42 Controlling Officers under Receipt Heads, 13 Controlling Officers (30.95 per cent) reconciled receipts of ₹ 243.01 crore (4.22 per cent against the total receipts). As a result, expenditure of ₹ 2,455.68 crore and receipts of ₹ 5,510.19 crore remained un-reconciled with the Books of Accounts of the Principal Accountant General during the year 2013-14.

## 2.5 Conclusion and Recommendations

### *Conclusion*

The estimates of receipts and expenditure under Consolidated Fund, Contingency Fund and Public Account were prepared without adequate and due diligence in observing prescribed budgetary regulations.

Non-maintenance of Budget calendar, poor verification of departmental figures *etc.*, indicate absence of financial control. Besides, failure to put in place control mechanism, huge excess expenditure over budget provisions, non-utilisation of budget provisions and persistent savings *etc.* were noticed.

During 2013-14, an expenditure of ₹ 6,613.50 crore was incurred against the total grants and appropriations of ₹ 8,055.81 crore, resulting in savings of ₹ 1,442.31 crore. The overall savings of ₹ 1,442.31 crore were the net result of savings of ₹ 1,942.42 crore which was offset by excess of ₹ 500.11 crore. The excess requires regularisation under Article 205 of the Constitution of India. Moreover, it was seen that at the close of the financial year 2013-14, there were six grants/appropriations in which savings of ₹ 3.08 crore (0.16 *per cent* of the total savings) occurred but no part of the available savings was surrendered by the concerned Departments.

Out of the total provision amounting to ₹ 1,793.58 crore in 62 Schemes, an amount of ₹ 1,653.59 crore was surrendered which included 100 *per cent* surrender in 32 Schemes amounting to ₹ 1,157.84 crore.

In 19 cases, as against savings of ₹ 285.13 crore, an amount of ₹ 295.94 crore was surrendered resulting in excess surrender of ₹ 10.81 crore. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of over ₹ 10 lakh and above in 30 sub-heads.

**Recommendations**

- ❖ *Government should put in place an effective mechanism to ensure financial discipline and prepare realistic budget. Budgetary controls should be strengthened in all the Government Departments where savings/excesses persisted for the last three years. Issuance of re-appropriation/surrender orders at the end of the year should be avoided. Provision of funds through supplementary provisions should be used as an instrument to fine-tune the flow of expenditure and should be applied in a judicious manner so that budget provisions and actual expenditure are convergent to each other as nearest as possible.*

*A close and rigorous monitoring mechanism should be put in place by the DDOs to adjust the Abstract Contingent Bills within thirty days from the date of drawal of the amount.*