

## 2.1 Introduction

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

**2.1.2** Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether 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 expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

## 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2015-16 against 67 grants/appropriations is given in **Table 2.1**:

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

(₹ in crore)						
	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	91310	14552	105862	96996	(-)8866
	II Capital	17041	4346	21387	14340	(-)7047
	III Loans and Advances	752	102	854	861	7
<b>Total Voted</b>		<b>109103</b>	<b>19000</b>	<b>128103</b>	<b>112197</b>	<b>(-)15906</b>
<b>Charged</b>	IV Revenue	24235	846	25081	23559	(-)1522
	V Capital	6	-#	6	2	(-)4
	VI Public Debt-Repayment	38894	365	39259	20179	(-)19080
<b>Total Charged</b>		<b>63135</b>	<b>1211</b>	<b>64346</b>	<b>43740</b>	<b>(-)20606</b>
<b>Grand Total</b>		<b>172238</b>	<b>20211</b>	<b>192449</b>	<b>155937</b>	<b>(-)36512</b>

Source: Appropriation Accounts; Difference w.r.t. Appropriation Accounts is due to rounding.

Note: The expenditure excludes the recoveries adjusted as reduction of expenditure under revenue expenditure ₹ 1728 crore (Voted : ₹ 1727.73 crore and Charged : ₹ 0.29 crore) and capital expenditure ₹ 1921.75 crore (Voted).

#Actual figure is ₹ 8.49 lakh

The overall saving of ₹ 36512 crore was the result of saving of ₹ 38933 crore in 55 grants and 25 appropriations under revenue section and 54 grants and 18 appropriations under capital section, *offset* by excess of ₹ 2421 crore in nine grants and two appropriations under revenue section and two grants and two appropriations under capital section.

The savings/excesses (Detailed Appropriation Accounts) were intimated to the Departmental Controlling Officers (DCOs) requesting them to explain the significant variations. Explanations for variations in respect of the sub-heads mentioned in Appropriation Accounts 2015-16 were not received from any department. Substantial excesses occurred in Health & Family Welfare, Food & Supplies and Power & Non-Conventional Energy departments whereas savings occurred in Finance, School Education, Public Works, Panchayat & Rural Development and Irrigation & Waterways departments.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Expenditure in excess of budget provisions during 2015-16 requiring regularisation

**Table 2.2** contains the summary of total excess expenditure under 11 grants amounting to ₹ 2419 crore from the Consolidated Fund of the State over the amounts authorised by the State Legislature during 2015-16, which requires regularisation under Article 205 of the Constitution.

**Table 2.2: Excess over provisions during 2015-16 requiring regularisation**

Sl. No.	Number and title of grant/appropriation		Total grant/ appropriation	Expenditure	Excess
			( ₹ i n c r o r e )		
<b>Voted Grants</b>					
1	5-Revenue	Agriculture	1709	1711	2
2	7-Revenue	Backward Classes Welfare	1258	1470	212
3	21-Revenue	Food and Supplies	3173	3864	691
4	24-Revenue	Health & Family Welfare	5165	5896	731
5	27-Revenue	Home	5144	5237	93
6	35-Revenue	Labour	719	739	20
7	40-Capital	Panchayat and Rural Development	31	39	8
8	43-Capital	Power and Non-Conventional Energy	1720	2126	406
9	45-Revenue	Public Health Engineering	1587	1707	120
10	48-Revenue	Science and Technology	23	25	2
11	56-Revenue	Women Development and Social Welfare	1038	1172	134
<b>Total</b>					<b>2419</b>

Source: Appropriation Accounts

### 2.3.2 Excess expenditure of previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. The time limit for regularisation of expenditure has, however, not been prescribed under the Article. Regularisation of excess

expenditure is done after completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure amounting to ₹ 32218 crore for the years 2006-2015 was yet to be regularised as of September 2016 as detailed in **Table 2.3**.

**Table 2.3: Excess over provisions relating to previous years requiring regularisation**

Year	Number of		Amount of excess over provision (₹ in crore)
	Grants	Appropriations	
2006-07	12 (Grant Nos. 8, 9, 11, 13, 20, 26, 28, 30, 31, 43, 45, 54)	8 (Grant Nos. 5, 6, 20, 23, 27, 42, 47, 53)	293
2007-08	14 (Grant Nos. 3, 4, 5, 9, 18, 20, 21, 26, 32, 43, 44, 46, 50, 56)	8 (Grant Nos. 6, 9, 18, 23, 34, 42, 53, 55)	12146
2008-09	13 (Grant Nos. 4, 9, 18, 20, 21, 25, 27, 35, 50, 52, 53, 54, 59)	4 (Grant Nos. 12, 18, 39, 53)	706
2009-10	16 (Grant Nos. 4, 5, 19, 20, 21, 23, 24, 25, 27, 28, 33, 35, 40, 43, 53, 56)	6 (Grant Nos. 5, 18, 20, 29, 32, 43)	3493
2010-11	13 (Grant Nos. 4, 5, 15, 18, 20, 22, 23, 25, 27, 33, 35, 46, 60)	10 (Grant Nos. 11, 18, 23, 27, 35, 42, 43, 45, 47, 53)	8331
2011-12	6 (Grant Nos. 4, 5, 18, 25, 47, 60)	13 (Grant Nos. 5, 12, 18, 20, 23, 25, 27, 32, 39, 42, 43, 46, 53)	5000
2012-13	7 (Grant Nos. 7, 11, 13, 21, 43, 45, 60)	7 (Grant Nos. 19, 20, 23, 27, 36, 39, 40)	465
2013-14	13 (Grant Nos. 13, 15, 18, 26, 27, 35, 36, 40, 43, 45, 53, 60, 64)	7 (Grant Nos. 9, 18, 19, 32, 36, 40, 45)	1504
2014-15	7 (Grant Nos. 7, 24, 27, 31, 33, 49, 53)	4 (Grant Nos. 36, 39, 40, 43)	280
<b>Total</b>	<b>101</b>	<b>67</b>	<b>32218</b>

Source: Appropriation Accounts

Thus, excess expenditure for the years 2006-07 to 2015-16 amounting to ₹ 34637 crore<sup>1</sup> needs regularisation. In case of most of the grants, inadequate supplementary provision led to excess expenditure, indicating lack of control over financial management by the controlling officers.

### 2.3.3 Persistent Excesses

There were persistent excesses during the last five years in seven sub heads under four grants. Details are given in **Appendix 2.1**. Persistently high excesses were observed under revenue-voted section in (i) Medical education, training and research, (ii) Expenses on sale of stamps and (iii) Government of India's crash programme of nutrition for children etc. In revenue-charged section, excesses persistently occurred under (a) Interest payment on NSSF for non-transferrable special securities and (b) Interest on loans for share of small savings collections. Under capital-voted section, excess expenditure was persistently observed under scheme against RIDF P.W. (Roads) Department.

### 2.3.4 Significant excess expenditure

In 11 cases, expenditure aggregating ₹ 2419 crore exceeded the approved provisions by more than ₹ 1 crore in each case or by more than 20 per cent of the total provisions. Details are given in **Appendix 2.2**.

<sup>1</sup> ₹ 32218 crore pertaining to 2006-15 plus ₹ 2419 crore pertaining to 2015-16

### 2.3.5 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, observed that expenditure of ₹ 5503 crore was incurred in 153 cases as detailed in **Appendix 2.3** without any provision in the original estimates/ supplementary demand and without any re-appropriation orders to this effect.

Excess expenditure was incurred mainly on interest payments of ₹ 1744 crore for which no provision had been made. Similar excess expenditure of ₹ 3101 crore and ₹ 1366 crore had also been incurred on interest payment during 2013-14 and 2014-15, respectively.

Liabilities on account of interest is ascertainable with a fairly high degree of accuracy at the time of budget making. Non-provision of funds on this account in the budget had led to underestimation of revenue deficit by ₹ 1744 crore.

### 2.3.6 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit shows that in 145 cases<sup>2</sup>, savings exceeded ₹ 1 crore or by more than 20 per cent of the total provision (**Appendix 2.4**). Savings exceeding ₹ 500 crore occurred in each of the nine cases relating to eight grants listed in **Table 2.4**.

**Table 2.4 : List of Grants with major savings**

(₹ in crore)

Sl. No.	Number and name of the Grant	Original	Supplementary	Total	Actual expenditure	Savings
<b>Revenue-Voted</b>						
1.	15-School Education	20993	-	20993	16971	4022
2.	39-Municipal Affairs	4602	1225	5827	4920	907
3.	40-Panchayat and Rural Development	10925	7335	18260	16967	1293
4.	47-Disaster Management	940	1331	2271	1646	625
	<b>Total</b>	<b>37460</b>	<b>9891</b>	<b>47351</b>	<b>40504</b>	<b>6847</b>
<b>Capital-Voted</b>						
1.	25-Public Works	3468	1619	5087	3610	1477
2.	32-Irrigation and Waterways	2004	68	2072	869	1203
3.	38-Minority Affairs and Madrasah Education	1427	-	1427	442	985
	<b>Total</b>	<b>6899</b>	<b>1687</b>	<b>8586</b>	<b>4921</b>	<b>3665</b>
<b>Revenue-Charged</b>						
1.	18-Finance	23925	816	24741	23293	1448
	<b>Total</b>	<b>23925</b>	<b>816</b>	<b>24741</b>	<b>23293</b>	<b>1448</b>
<b>Capital-Charged</b>						
1.	18-Finance	38805	339	39144	20093	19051
	<b>Total</b>	<b>38805</b>	<b>339</b>	<b>39144</b>	<b>20093</b>	<b>19051</b>

Source: Appropriation Accounts

<sup>2</sup> Comprising 57 cases in Revenue-Voted section, 53 cases in Capital-Voted section, 21 cases in Revenue-Charged section and 14 cases in Capital-Charged section.

### 2.3.7 Persistent Savings

There were persistent savings during the last five years in 13 sub heads under 10 grants. Details are given in *Appendix 2.5*. Persistently high savings were observed under capital-voted section in the scheme for Construction and Upgradation of Fire Stations. In revenue-voted section, high savings occurred persistently in (a) Development of Sundarban, (b) Deep Tubewell Irrigation, (c) Schemes under RIDF and (d) Interest subvention to Co-operative Banks for financing crop loans to farmers.

### 2.3.8 Anticipated savings not surrendered

As per Budget Manual, the spending departments are required to surrender the grants/appropriations or portions thereof, to the Finance department as and when savings are anticipated. At the close of the year 2015-16, under 52 grants and 17 appropriations, no part of the aggregate savings of ₹ 35437 crore was surrendered by the concerned departments, as detailed in *Appendix 2.6*. Such savings, which were not surrendered, accounted for 91 *per cent* of the total savings of ₹ 38933 crore during 2015-16.

Similarly, out of total savings of ₹ 974 crore under eight grants/appropriations, only ₹ 590 crore was surrendered (short surrender by ₹ one crore and above in each case), leaving balances not surrendered aggregating ₹ 384 crore (39 *per cent* of savings under those grants), details of which are given in *Appendix 2.7*.

Besides, in 11 cases against 11 grants (surrender of funds in excess of ₹ one crore), ₹ 1133 crore were (*Appendix 2.8*) surrendered on the last working day of March 2016, indicating inadequate financial control and the fact that these funds could not be gainfully utilised for other development purposes.

Under **Grant number 39 – Municipal Affairs (Revenue Voted)**, out of total grant of ₹ 5827 crore, there were savings of ₹ 907 crore. The Department, however, surrendered ₹ 1805 crore, indicating excess surrender of ₹ 898 crore.

Similarly, under **Grant number 40 – Panchayat and Rural Development (Revenue Voted)**, out of total grant of ₹ 18260 crore, there were savings of ₹ 1293 crore. The Department, however, surrendered ₹ 3516 crore, indicating excess surrender of ₹ 2223 crore.

Under **Grant No. 27 – Home (Revenue Voted)**, in spite of excess expenditure of ₹ 93 crore, the Department surrendered ₹ 208 crore.

A similar case was observed under **Grant No. 45 – Public Health Engineering (Revenue Voted)** where Department surrendered ₹ 89 crore in spite of excess expenditure of ₹ 120 crore.

### 2.3.9 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating ₹ 263062 crore obtained in 50 cases (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in

**Appendix 2.9.** On the other hand, in nine cases, supplementary provision of ₹ 3863 crore proved insufficient by more than ₹ 1 crore in each case, leaving an aggregate uncovered excess expenditure of ₹ 2284 crore (**Appendix 2.10**). Few illustrative cases are described below:

Under **Revenue-Voted Section of Grant Number 54- Urban Development**, savings out of original provision was ₹ 51 crore, further supplementary provision of ₹ 152 crore was unnecessary.

Under **Capital-Voted Section of Grant Number 5- Agriculture**, savings out of original provision was ₹ 195 crore, further supplementary provision of ₹ 204 crore was unnecessary.

Under **Capital-Voted Section of Grant Number 45- Public Health Engineering**, savings out of original provision was ₹ 75 crore, further supplementary provision of ₹ 166 crore was unnecessary.

Under **Revenue-Voted Section of Grant Number 21- Food and Supplies**, supplementary provision of ₹ 1883 crore proved insufficient, leaving an uncovered excess expenditure of ₹ 691 crore.

Under **Revenue-Voted Section of Grant Number 24- Health and family Welfare**, supplementary provision of ₹ 267 crore proved insufficient, leaving an uncovered excess expenditure of ₹ 731 crore.

Under **Capital-Voted Section of Grant Number 43- Power and Non-Conventional Energy**, supplementary provision of ₹ 538 crore proved insufficient, leaving an uncovered excess expenditure of ₹ 406 crore.

### **2.3.10 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. Cases were seen where injudicious re-appropriation proved excessive or insufficient leading to savings of ₹ 170564 crore (in 451 sub-heads under 39 grants) and excess expenditure of ₹ 125714 crore (in 81 sub-heads under 32 grants). Out of this, cases of injudicious re-appropriation proved excessive or insufficient, leading to savings of ₹ 1348 crore (₹ 5 crore and above in 56 sub-heads under 23 grants) and excess expenditure of ₹ 1178 crore (₹ 5 crore and above in 29 sub-heads under 13 grants), details of which are mentioned in **Appendix 2.11**.

### **2.3.11 Rush of expenditure**

According to Rule 389 A of West Bengal Financial Rules (WBFR), rush of expenditure in the closing month of the financial year should be avoided.

During the year 2015-16, ₹ 21159 crore was expended in March 2016, of which ₹ 5297 crore expended on the last working day of March 2016.

It was observed that on the last working day of 2015-16, ₹ 550 crore out of ₹ 5297 crore was drawn towards 'subsidy for procurement of food grains under Public Distribution system'. The amount was kept in the bank account by Food and Supplies Department and remained unutilised till 31 March 2016.

High percentage of expenditure in March, especially on the last working day of March indicates that uniform flow of expenditure during the year, a primary requirement of budgetary control, was not maintained.

### 2.3.12 New Service/New Instrument of Service

Article 205 of the Constitution provides that expenditure on a “New Service” not contemplated in the Annual Financial Statement (Budget), can be incurred only after its specific authorisation by the Legislature.

In 38 cases, expenditure aggregating ₹ 969 crore, which should have been treated as “New Service”/“New Instrument of Service”, was met without obtaining the requisite approval of the Legislature. Amongst these substantial expenditure was incurred in PMGSY (₹ 627 crore) under Panchayat and Rural Development Department and Supplementary Nutrition Programme for Children and Expectant and Nursing Mother (₹ 104 crore) under Child Development Department. Details of all cases are given in *Appendix 2.12*.

### 2.3.13 Booking of prior period expenditure due to defective budgeting

West Bengal Financial Rules (WBFR) stipulate that demands for appropriation of the necessary amounts for expenditure, when placed before Legislature, should include suitable provision for anticipated liabilities.

It was observed that during 2015-16 DPPG<sup>3</sup> had incurred ₹ 309 crore as interest payment to provident fund deposits of employees of non-government educational institutions, local bodies etc pertaining to the period 2008-15. As payment of PF interest was committed expenditure, which could have been reasonably anticipated for making budget provision in the respective financial year, such non-estimation of regular and recurring liabilities was indicative of defective budgeting in violation of the WBFR.

Further, from the budget documents 2015-16, it was observed that there was no disclosure specifying the fact that budget provisions were to be utilized for meeting liabilities of earlier years, instead of meeting the current year’s liabilities resulting in by-passing of legislative control over expenditure.

### 2.3.14 Drawal of capital outlay by transfer to the deposit accounts

West Bengal Treasury Rules prohibit drawal of funds unless required for immediate disbursement and utilization thereof for purposes other than those laid down in the Appropriation Act. During 2015-16, State Government drew ₹ 3168 crore through different DDOs from the Consolidated Fund under capital outlay heads by contra credit to deposit heads of accounts<sup>4</sup>.

Test Check of records of Health & Family Welfare Department showed that during 2015-16 ₹ 1361 crore had been drawn and transfer-credited to the deposit account of West Bengal Medical Services Corporation Limited for implementation of different schemes, of which the agency could utilize only ₹ 624 crore, leaving an unspent balance of ₹ 737 crore as of June 2016.

<sup>3</sup> Director of Pension, Provident Fund and Group Insurance, West Bengal

<sup>4</sup> PD Account: ₹ 890 crore; Local Fund Account: ₹ 462 crore and other Deposit Account: ₹ 1816 crore

Similarly, Urban Development department transfer-credited ₹ 65 crore to the deposit account of West Bengal Housing Infrastructure Development Limited for construction of State Convention Center which remained unspent upto June 2016.

Thus, ₹ 689 crore, though booked as expenditure under the Consolidated Fund, did not represent actual expenditure, thereby inflating expenditure on capital outlay to the same extent. Moreover, the action of executives in transferring funds to the deposit accounts without keeping any watch over their proper utilization and leading to idling of funds was not only irregular but also jeopardized the system of legislative control over funds.

## **2.4 Budget Management in selected Grants**

In the light of provisions contained in West Bengal Financial Rules (WBFR) and West Bengal Budget Manual (WBBM), the system of preparation of budget as well as expenditure control mechanisms of three departments namely, Health and Family Welfare (Grant No. 24), Minority Affairs and Madrasah Education (Grant No. 38) and Transport (Grant No. 53) during 2013-14 to 2015-16, were reviewed in audit. Various deficiencies in budget preparation process, control over expenditure as well as lack of prudence in financial management and implementation of schemes within these grants, as discussed in the succeeding paragraphs, were observed.

### **2.4.1 Health and Family Welfare Grant**

This grant is administered by Health and Family Welfare Department (H&FWD).

#### **2.4.1.1 Budget preparation**

As per provisions contained in WBFR and WBBM, Revised Estimates (RE) for the current year and Budget Estimates (BE) for the following year after due approval of the Departmental Secretary has to be sent to Finance Department (FD) by 31 October of the current year for incorporation in Budget documents.

Scrutiny of budget documents prepared during 2013-16 showed that in deviation of the above, provisions for BE/ RE for non-plan components had been proposed for inclusion in the budget documents after delays ranging between 43 days and 103 days. H&FWD stated (July 2016) that approval of re-appropriation orders by Finance Department by the end of December and submission of budgetary documents of health related units in the middle of January caused the delay.

#### **2.4.1.2 Budget and Expenditure**

Total budget allocation for H&FWD for the year 2015-16 was ₹ 7006 crore. Details of budgetary provisions, actual expenditure and savings/ excesses in this grant during the period 2013-14 to 2015-16 are as follows:

Table 2.5: Budget vis-à-vis expenditure

(₹ in crore)

Section	2013-14			2014-15			2015-16		
	B	E	S/E	B	E	S/E	B	E	S/E
Revenue	4388.21	4159.53	(-) 228.68 (5%)	5120.86	5193.22	(+) 72.36 (1%)	5165.18	5896.35	(+) 731.17 (14%)
Capital	1756.06	571.61	(-) 1184.45 (67%)	1352.13	1066.14	(-) 285.99 (21%)	1840.56	1834.82	(-) 5.74 (0.3%)

B: Budget; E: Expenditure; S/E: Savings (-)/ Excess (+)

Source: Appropriation Accounts

Revenue section of the grant registered an excess of 14 per cent during 2015-16 from the saving of five per cent during 2013-14 mainly due to excess expenditure of ₹ 534 crore in special programme under NRHM (2210-03-789-SP009 and SP015). However, saving in capital section of the grant was drastically reduced to almost nil from 67 per cent during the aforesaid period.

#### 2.4.1.3 Expenditure incurred without Budget Provision

In terms of Rule 382 of WBFR and Rule 14 of WBBM, expenditure should not be incurred on a scheme/ service where there is no budget provision.

Scrutiny showed that during 2013-16, an expenditure amounting to ₹ 132 crore was incurred under 14 sub-heads (*Appendix 2.13*) where there were no budget provisions.

#### 2.4.1.4 Unjustified Supplementary Provision

During 2013-14, Supplementary Provision amounting to ₹ 835 crore against sub-head '4210-03-105-SP016' for the purpose of Machinery & Equipment and Land & Building for setting up of New Medical Colleges proved to be unjustified as actual expenditure (₹ 27 crore) reached only 90 per cent of the original budget provision.

It was further observed that no proposal for supplementary/additional budgetary provisions was sent to the Finance Department during 2013-14 while framing the revised estimate under the above head of account.

#### 2.4.1.5 Lapse of Budgetary Provisions

- **Backward Region Grant Fund**

As per instruction of FD, GoWB (April 2012), release of subsequent instalment under Backward Region Grant Fund (BRGF) was reliant on receipt of UC of the previously released fund.

For the purpose of augmentation of health infrastructure under BRGF, the implementing agency was provided funds as per physical progress of works and the works were not affected by shortage of funds. The Administrative Department, till February 2015, could utilize only ₹ 696 crore out of ₹ 709 crore. Thus, GoI, in keeping with progress of utilization, did not release ₹ 263 crore (47 per cent of the BP) during 2014-15.

### 2.4.2 Minority Affairs and Madrasah Education Grant

This grant is administered by Minority Affairs and Madrasah Education Department (MAMED).

#### 2.4.2.1 Budget and Expenditure

Total budget allocation for MAMED for the year 2015-16 was ₹ 2957 crore. Details of budgetary provisions, actual expenditure and savings in this grant during the period 2013-14 to 2015-16 are as follows:

**Table 2.6 : Budget vis-à-vis expenditure**

Section	2013-14			2014-15			2015-16		
	B	E	S/E	B	E	S/E	B	E	S/E
Revenue	1639.86	1623.25	(-) 16.61 (1%)	1484.28	1310.90	(-) 173.38 (12%)	1529.52	1373.18	(-) 156.34 (10%)
Capital	438.00	125.14	(-) 312.86 (71%)	865.00	662.76	(-) 202.24 (23%)	1427.50	442.09	(-) 985.41 (69%)

B: Budget; E: Expenditure; S/E: Savings (-)/ Excess (+)  
Source: Appropriation Accounts

Savings in Revenue section of the grant increased to 10 per cent in 2015-16 from one per cent in 2013-14. Under capital section of the grant, unutilized provisions/savings increased to 69 per cent during 2015-16 from 23 per cent during the year 2014-15.

#### 2.4.2.2 Expenditure incurred without Budget Provision

In terms of Rule 382 of WBFR and Rule 14 of WBBM, expenditure should not be incurred on a scheme/ service where there is no budget provision.

Scrutiny showed that during 2014-16, expenditure amounting to ₹ 43 crore were incurred under three sub-heads (*Appendix 2.13*), where there were no budget provisions.

#### 2.4.2.3 Saving of entire provision

During 2013-16, budget provision aggregating ₹ 1097 crore authorised by the Legislature through Appropriation Acts could not be spent by the department and the entire provision thus remained unutilised (*Appendix 2.14*).

Savings of the entire provision is indicative of the fact that the budget provisions were not prepared after adequate scrutiny of the projects/ schemes.

#### 2.4.2.4 Lapse of budgetary provisions

- **Rural Infrastructure Development Fund (RIDF)**

NABARD approved and financed RIDF loan assistance at a lower rate of interests<sup>5</sup>, enabling MAMED to complete ongoing rural infrastructure projects. Department failed to avail of loan assistance during 2013-15, as can be seen from the following:

Twenty six numbers of projects under RIDF-XIX were approved by NABARD at the fag-end of the financial year 2013-14. MAMED,

<sup>5</sup> With effect from 1 April 2012, interest rates on RIDF loans have been linked to the Bank Rate prevailing at the time of disbursement. As of now, lending rate (irrespective of tranche) is Bank Rate minus 1.5 percentage points (as on the date of disbursement).

administratively approved the projects in April 2014, thereby leaving no scope to avail of the provision (₹ 229 crore).

The department stated (May 2016) that (i) lengthy implementation process, (ii) shortage of technical personnel, (iii) legal problems and (iv) land problems contributed to failure in availing of RIDF loans.

### 2.4.3 Transport Grant

This grant is administered by Transport Department.

#### 2.4.3.1 Budget Preparation

Scrutiny of records showed that no input had been obtained from the Unit Offices to assess the actual requirements for preparation of BE under both Plan & Non-Plan Heads. The Department prepared BEs on the basis of gross approximation, by adding a percentage on the budget of previous financial year. Thus the Budget had not been prepared on the basis of actual requirement of the unit offices, as per procedures laid down in the WBBM.

#### 2.4.3.2 Non-adherence to utilization provisions

WBBM specifically stipulates that unspent balances should be surrendered to the administrative departments by 14<sup>th</sup> February for onward transmission to Finance department by 21<sup>st</sup> February each year.

Audit observed that in spite of savings of ₹ 178 crore, ₹ 112 crore and ₹ 72 crore during 2013-14, 2014-15 and 2015-16 respectively, under Capital Heads, no portion of the savings had been surrendered during 2014-15 to 2015-16, defeating the provision laid down in WBBM, as depicted in the Table below:

**Table 2.7 : Budget vis-à-vis Expenditure** (₹ in crore)

Section	2013-14			2014-15			2015-16		
	B	E	S/E	B	E	S/E	B	E	S/E
Revenue	936.39	964.61	(+) 28.22	831.90	878.56	(+) 46.66	914.17	911.32	(-) 2.85
Capital	341.01	163.06	(-) 177.95	303.12	190.64	(-) 112.48	425.22	353.09	(-) 72.13

B: Budget; E: Expenditure; S/E: Savings (-)/ Excess (+)  
Source: Appropriation Accounts

#### 2.4.3.3 Excess expenditure over provisions requiring regularization

Scrutiny showed that the excess expenditure amounting to ₹ 123 crore from 2013-14 to 2015-16 under different heads (*Appendix 2.15*) had not been regularized (August 2016) by the Department, thereby breaching legislative control over appropriations.

#### 2.4.3.4 Expenditure without Provision

An expenditure of ₹ 241 crore was incurred during the period from 2013-14 to 2015-16 without any provisions in the original estimates or in the supplementary demands, as shown in *Appendix 2.13*.

## **2.5 Passing of contingency bills without sub-vouchers**

In order to reap the benefits of the IFMS<sup>6</sup> State Government switched over from the LOC system to Treasury allotment system for transactions related to execution of works and forest expenditure. Consequently, a new one page treasury bill form namely TR-70 was introduced to obviate submission of sub-vouchers and RA bills for regulating expenditure related to works and forest including works contingency forming part of works estimates like watch and ward staff, contractual and casual staff, survey and material testing cost, inauguration expenses, tender advertisement cost, works related stationery expenses etc. Thus, the payments for normal office contingency were to be made by drawing contingency bills through treasury bill form TR-26, duly enclosing sub-vouchers as per provision of Treasury rules.

However, it was observed that 46 works divisions drew 480 bills involving ₹ 11 crore pertaining to regular office contingency expenditure like purchase of office furniture, stationeries, LED TVs, annual maintenance contracts for various office equipment etc. through TR-70 without enclosing any sub vouchers. Thus, these divisions utilised the Government directives for their convenience thereby diluting the provisions of Treasury Rules regarding submission of detailed vouchers and weakening the control/pre-check system at treasury level. Moreover, such drawal of funds left scope for misutilisation, diversion and inadmissible payments leading to quality of expenditure being compromised.

## **2.6 Conclusion and Recommendation**

Deficient budgetary control in Government departments was apparent from the instances of injudicious supplementary provisions, unnecessary/excessive re-appropriations, inadequate provision of funds, etc.

Procedure of preparation of budget as prescribed in the budget manual was not properly followed.

Excess expenditure for the years 2006-07 to 2015-16 amounting to ₹ 34637 crore needs regularisation.

During 2015-16, expenditure of ₹ 5503 crore was incurred in 153 cases without any provision in the original estimates/ supplementary demands and without any re-appropriation orders to this effect. Besides, anticipated savings were either not surrendered or surrendered on the last day of the year leaving no scope for utilising these funds for other development purposes.

### **Recommendation:**

***The Government may consider taking steps to get the excess expenditure over budgetary allocations for the years 2006 to 2016 regularised by due process.***

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<sup>6</sup> *Integrated Financial Management System*