

Chapter 2

Financial Management and Budgetary Control

2.1 Introduction

2.1.1 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, surrender 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.

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 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. This chapter contains audit observations in respect of the Appropriation Accounts prepared by the Controller of Accounts, Government of NCT of Delhi for the year 2009-10.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2009-10 against 12 grants/appropriations was as given in the **Table 2.1** indicated below:

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	10870.52	996.58	11867.10	11344.03	(-) 523.07
	II Capital	4363.77	745.29	5109.06	4736.16	(-) 372.90
	III Loans and Advances	4240.65	1254.76	5495.41	5701.30	(+) 205.89
	Total Voted	19474.94	2996.63	22471.57	21781.49	(-) 690.08
Charged	IV Revenue	2832.79	10.13	2842.92	2573.84	(-) 269.08
	V Capital	0.05	0	0.05	--	(-) 0.05
	VI Loans and Advances	735.22	0	735.22	606.47	(-) 128.75
	Total Charged	3568.06	10.13	3578.19	3180.31	(-) 397.88
	Appropriation to Contingency Fund	NIL	NIL	NIL	NIL	NIL
	Grand Total	23043.00	3006.76	26049.76	24961.80	(-) 1087.96

The overall saving of ₹ 1087.96 crore was a result of saving of ₹ 792.15 crore in 11 grants and one appropriation under Revenue Section, ₹ 372.95 crore in eight grants and one appropriation under Capital Section and in one grant/appropriation (Public Debts-Repayments) under Loan and Advances Section, there was excess of ₹ 205.89 crore in Revenue Section and saving of ₹ 128.75 crore in Capital Section.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

While framing the estimates the department should take into account the past performance, the stages of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme, the constraints on spending by the spending agencies etc. with the objective of minimizing the scope for surrenders at a later stage.

It was evident from appropriation accounts for the year 2009-10 that in 67 cases, there were savings exceeding ₹ 5.00 crore (₹ 1.00 crore for CSS/SCSP) or by more than 20 *per cent* of total provision (**Appendix-2.1**). Against the total savings of ₹ 2156.75 crore (including re-appropriation to other heads), savings of ₹ 1439.01 crore (67 *per cent*) exceeding ₹ 50.00 crore occurred in eight cases relating to 3 grants (including public debt) due to excessive provisions made which resulted in large saving as detail given in **Table 2.2** below:

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

(₹ in crore)

Sl. No.	No. and Name of the Grant/Appropriation	Total Grant	Actual Expenditure	Savings	Reasons
	GRANT				
	Revenue-Voted				
	7. MEDICAL AND PUBLIC HEALTH				
1	2210 A.1(3)(3)(7)-GIA to Institute for Liver and Biliary Sciences	100.00	38.00	62.00	Less release of grant to Institute for Liver and Biliary Sciences
	11 URBAN DEVELOPMENT AND PUBLIC WORKS DEPARTMENT				
2	2217 A8(2)(1)(26) Grant in aid to Municipal Reforms Revenue-Charged	201.93	3.00	198.93	Release of less grants to MCD.
	12. PUBLIC DEBT				
3	2049 A 1(1)(1) Interest of loans for state/union territory plan schemes	2736.29	2472.93	263.36	336 Less receipt of claim under the scheme
	Capital-Voted				
	11 URBAN DEVELOPMENT AND PUBLIC WORKS DEPARTMENT				
4	5054 BB 11(1)(1)(7) – CWG	1237.00	1041.06	195.94	Due to slow progress of work
5	4801 EE 2(1)(1)(5) – Equity contribution to JVC Power Plant at Jhajjar, Haryana	80.00	-	80.00	Due to non-release of equity contribution

6	4801 EE 2(1)(1)(6) – Equity contribution to Pragati Power Project III, Bawana	360.00	-	360.00	Due to non-release of equity contribution
7	6215 AA 2(2)(1)(13) – Loan to DJB for JNNRUM Project	200.00	50.00	150.00	Due to less release of loan to DJB under the scheme
Capital-Charged					
8	12. PUBLIC DEBT 6004 AA(1)(1)(2) – Share of small savings collection	735.22	606.44	128.78	Due to less receipt of claims
Total				1439.01	

The primary reasons of large savings of ₹ 2156.75 crore were:

- Against the provision of ₹ 100.00 crore made for the Institute of Liver and Biliary Sciences during 2009-10, a sum of ₹ 38.00 crore only was released. Records revealed that the Institute requested for release of balance amount for the procurement of machinery and equipment. Due to non-release of grants amounting to ₹ 62.00 crore, the Institute had to postpone the procurement.
- A provision of ₹ 7.17 crore was allotted for procurement of equipment and training etc. under Grant No.7 under MH 2210 Directorate of Health Service A1 (4)(1)(8) for CWG 2010. Records revealed that due to non-finalization of procurement tenders, an amount of ₹ 6.75 crore could not be utilized which resulted in non-procurement of equipments.
- Less release of grant to MCD for municipal reforms;
- Less release of loan to DJB for Jawaharlal Nehru National Urban Renewal Mission;
- As per Budget speech 2009-10 of Government of NCT of Delhi, the Pragati Power Project III, Bawana and Jhajjar Power Plant of Aravali Power Corporation were supposed to be completed and produce/provide 2250 MW additional power to Delhi. An amount of ₹ 440 crore was provided in the budget but the entire budget was not utilized due to non-release of equity contribution amounting to ₹ 440 crore for JVC Plant at Jhajjar (₹ 80 crore) and Pragati Power Project III, Bawana (₹ 360 crore). "
- There was original provision of ₹ 50 lakh for Pre-Matric Scholarship Scheme (CCS) and an amount of ₹ 3.50 crore was re-appropriated to this head due to receipt of more funds from GOI, but out of ₹ 4.00 crore an amount of ₹ 1.49 crore could not be used due to late receipt of cheques, i.e., on 31 March 2010 and 25 June 2010 from Ministry of Minority Affairs.
- A provision of ₹ 9.00 crore was made for SCERT during 2009-10. It was observed that the entire grant could not be released as an unspent balance amount of ₹ 7.89 crore for financial year 2008-09 was already lying with the SCERT which shows improper assessment of the requirement before making provision.

2.3.2 Persistent savings

According to Rule 48(2) of the General Financial Rules, Ministries/ Departments are required to prepare their estimates, keeping in view the trends of disbursements during the previous years and other relevant factors like instructions on economy issued by the Ministry of Finance, from time to time. Scrutiny of Appropriation Accounts for the years 2005-10 revealed that there were persistent savings of more than ₹ 1.00 crore in four cases which were more than 20 *per cent* of the total grant indicating unrealistic budgeting, deficient financial management and slackness on the part of the departments in implementing the schemes as detailed in **Table 2.3 below**:

Table 2.3: List of Grants indicating Persistent Savings during 2005-10

(₹ in crore)

Sl. No.	Head No. and Name of the grant		2005 -06	2006 -07	2007 -08	2008 -09	2009 -10	Reasons
Revenue-Voted								
06 EDUCATION								
1	A1(2)(8)(20)	O	38.00	27.00	46.00	40.00	27.00	Non-finalization of proposals for purchase of computers
	Introduction of	S	25.76	10.80	14.76	21.90	10.44	
	Computer Science at +2 stage	%	67.79	40.00	32.09	55.00	38.67	
2	A 4 Mid-day Meals	O	6.07	7.38	55.75	57.80	81.05	Suspension of supply of mid day meals in East Delhi, due to hospitalization of children , due to closures of school in extreme cold in Delhi, pending of bills etc.
		S	2.34	4.51	20.37	17.70	19.45	
		%	38.55	60.98	36.54	31.00	24.00	
07 MEDICAL AND PUBLIC HEALTH								
3	K 1 (3)(1) Urban Family Welfare Centres (CSS)	O	5.70	11.00	11.00	13.16	15.00	Non release of grant to MCD and NGOs
		S	1.92	5.24	3.03	10.83	12.22	
		%	33.68	47.64	27.55	82.00	81.47	
4	O 1 (1) (1) (1) Rajiv Gandhi Super Speciality Hospital	O	15.00	15.00	15.00	15.00	5.00	Non finalization of purchase proposals for procurement of store items in time.
		S	14.46	14.58	14.53	12.95	2.98	
		%	96.40	97.20	98.87	86.00	60.00	

O-Original Provision, S - Savings, % - Percentage.

From the above it was evident that there were persistent savings during 2005-10 in respect of 'Education' and 'Medical and Public Health' grants, which show that there is need for review of budgetary assumption on the part of the programme management.

Records revealed that in respect of 'Education Grant', an amount of ₹ 27.00 crore was made in the budget for 2009-10 for 'Introduction of Computer Science at +2 stage', out of which ₹ 10.44 crore (39 *per cent*) was not utilized due to non-finalization of proposals for purchase of computers and less number of beneficiaries. The persistent trends of large unspent provisions in the aforesaid heads of grant are indicative of unrealistic estimation of funds requirement and failure to take effective measures to consume the resources and avoid persistent unspent provisions by the department.

In respect of 'Medical and Public Health' Grant, an amount of ₹ 15.00 crore was made in the budget for 2009-10 for Urban Family Welfare Centres, out of which ₹12.22 crore (81 *per cent*) remained

unutilized due to non- release of grant to MCD. Similarly, ₹ 5.00 crore was made in the budget for 2009-10 for 'Rajiv Gandhi Super Specialty Hospital', out of which ₹ 2.98 crore (60 *per cent*) remained unutilized due to non finalization of tender for procurement of store items.

'Mid-day Meals scheme' envisages that every child in primary school be provided meals during the schools hours with the objective to meet nutritional deficiency and to prevent children from purchasing unhygienic food from the hawkers and reduce number of absentees in the classes. Scrutiny of records of Education Planning Department revealed that grants provided for 'Mid-day Meals' were not fully utilized as shown in the **Table 2.4** below:

Table 2.4: Budget and expenditure of scheme

(₹ in crore)

Head	Original budget (O) Re-appropriation (R)	Total provision	Actual expenditure	Saving
M.H. 2236 A.4(1)(1)(1)Mid -day Meal for children	(O) 28.65 R (-) 13.95	14.70	13.99	0.71
A.4(1)(2)(1)Mid -day Meal for children (SCSP)	(O) 6.30	6.30	5.07	1.23
A.4(1)(1)(6)GIA to aided schools for Mid -day Meal programme	(O) 4.10 R (-) 1.00	3.10	1.53	1.57
A.4(1)(2)(5) GIA to aided schools for Mid -day Meal programme (SCSP)	0.90	0.90	0.23	0.67
Total	(O) 39.95 R (-) 14.95	25.00	20.82	4.18

Audit observed that against the original provision of ₹ 39.95 crore made under the above schemes (2009-10), the Education Department could spend an amount of ₹ 20.82 crore (52 *per cent*) only. The main reasons for non-utilization of funds included suspension of supply of mid-day meals to approximately one lakh students in East Delhi for 42 days and non-supply of mid day meals in all the Government schools of NCT Delhi for 11 days due to hospitalization of children, closure of schools in extreme cold in Delhi, pending bills due to various reasons and attending of less number of children due to examination and late implementation of the scheme in the upper primary level.

Further, the department had incurred only ₹ 1.27 crore which is 0.03 *per cent* of the budgeted amount till the end of November 2009 (i.e. after a lapse of more than eight months of the scheme). The reasons for this poor flow of expenditure were not furnished by the Department.

2.3.3 Excess Expenditure

Audit scrutiny of records revealed that under Major Head '2225 C1(1)(1)(5)- Free supply of Books & Stationery to Scheduled Caste students in school (SCSP)' in Grant No. 8- Social Welfare, against the budget provision of ₹ 6.31 crore, an expenditure of ₹ 7.90 crore was incurred which exceeded the approved provision by ₹ 1.59 crore.

The Department stated that due to large number of beneficiaries in Directorate of Education under the above head has exceeded in 2009-10, which could either be due to overbooking or wrong booking by PAO. The reasons for non-regularisation were not furnished.

2.3.4 Excess over provisions relating to previous years requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for the 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, however, as a practice the excess expenditure is said to be regularized after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to ₹ 38.02 crore for the years 2006-09 was yet to be regularized as detailed in **Appendix-2.2**. The year-wise amount of excess expenditure pending regularization for grant/appropriation is summarized in **Table 2.5** below:

Table:2.5: Excess over provisions relating to previous years requiring regularization

(₹ in crore)

Year	Number of Grants	Appropriation	Amount of excess over provision	Status of Regularization
2006-07	7 (38 sub heads)	-	9.12	Not yet regularized
2007-08	5 (30 sub heads)	-	11.55	Not yet regularized
2008-09	5 (29 sub heads)	-	17.35	Not yet regularized
Total		-	38.02	

In response to the audit observation, Department/Principal Accounts Office stated that no information has been received from Finance Department or from any concerned department regarding regularization of excess expenditure of ₹ 38.02 crore.

2.3.5 Excess over provisions during 2009-10 requiring regularization

Article 205 of the Constitution of India, provides that if any money has been spent for any services during a financial year in excess of the amount granted for that service for that year, the excess expenditure should be regularized by the State Legislative Assembly. It was, however, observed from the head wise appropriation accounts for the year 2009-10 that in three cases of three grants and appropriation, though the expenditure to the extent of ₹ 5.62 crore had exceeded the available provisions under the respective heads, the authority administering the concerned grant/appropriation did not issue re-appropriation orders to accommodate the final excess expenditure over the available provision, indicating poor budgetary control, requiring regularization under Article 205 of the Constitution as indicated in **Appendix-2.3**.

Significant excess over sanctioned grant occurred under the following heads of account.

- Grant No.7-Medical- 2210. M.1(3)(1)(2)(1) GIA (CSS)-₹ 0.70crore.
- Grant No. 8- Social Welfare 2225 C1(1)(1)(5)-free supply of books & stationery to SC students in school (SCS)- ₹ 1.59 crore.
- Grant No. 11- Urban Development & PWD 2059 B(1)(1)(4)- Maintenance & repairs - ₹ 3.31 crore.

The excess expenditure of ₹ 5.62 crore required regularization as per provision of Article 205 of the Constitution. This is indicative of defective budgetary control.

2.3.6 Unnecessary/Excessive Supplementary provision

While obtaining a supplementary grant, department has to keep in view the resources available or likely to be available during the year and exercise due caution while forecasting its additional budgetary requirement of funds. Resort to supplementary demand should only be made in exceptional and urgent cases.

Audit scrutiny of appropriation accounts for the year 2009-10 revealed that supplementary grants amounting to ₹ 15.14 crore under 7 sub-heads were obtained in anticipation of higher expenditure. However, the final expenditure was less than even the original grant/appropriation as detailed in **Appendix-2.4**.

The main reasons for non utilization of supplementary grant were attributed to slow progress of work, less receipt of bills due to procurement of less store items and non- implementation of the scheme. The unnecessary supplementary grants in the following cases need special attention of the department.

- (i) There was original provision of ₹ 2.30 crore under Grant No. 3- Administration of Justice for computerization of High Court, out of which ₹ 1.60 crore was incurred resulting in saving of ₹ 0.70 crore. However, an amount of ₹ 0.85 crore was obtained as supplementary for computerization of High Court, but the entire supplementary grant remained unutilized due to slow progress of work and paucity of time.
- (ii) There was original provision of ₹ 5.45 crore under Grant No. 3-preparation and printing of electoral rolls, out of which ₹ 4.65 crore was incurred resulting in saving of ₹ 0.80 crore. However, an amount of ₹ 5.91 crore was obtained as supplementary grant for preparation and printing of electoral rolls, but the entire supplementary grant remained un-utilized due to receipt of less claims.
- (iii) In the same grant, out of ₹ 15.70 crore which was the original provision for Lok Sabha Elections, only ₹ 15.34 crore was incurred. However, department obtained supplementary grant of ₹ 0.58 crore for additional expenditure on Lok Sabha Election, but the entire supplementary grant remained unutilized due to receipt of less claims

Thus, the entire supplementary provisions remained unutilized, which reflects deficient budgeting.

2.3.7 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 or insufficient and resulted in savings of over ₹ 88.87 crore under 71 sub heads as detailed in **Appendix-2.5** The main reasons for savings were:

- (i) Non-filling of vacant posts in Government Secondary School and Commercial Institute.
- (ii) Non-finalization of tender in World Bank Scheme (CSS) and non-receipt of claims in time.
- (iii) Non-filling up of vacant posts and procurement of less store items in Hospital and State Election Commission.
- (iv) An amount of ₹ 1.01 crore was re-appropriated under head "Streamline of Public Distribution Systems with focus on Below Poverty Line" (BPL), but ₹ 2.76 crore was saved due to non-receipt of claims from Assistant Commissioner/Zonal office for Margin and Transportation.
- (v) An amount of ₹ 25.56 crore was re-appropriated under the head 'Government Secondary Schools' for 2nd installment of arrears of 6th Central Pay commission and payment of Traveling Allowance to staff on election duties, but an amount of ₹ 26.61 crore (more than 100 per cent) remained unutilized due to non-filling of vacant posts and non-clearance of arrear bills.

Thus, the excessive/unnecessary re-appropriation of fund pointed towards deficient budgeting.

2.3.8 Unexplained re-appropriations

The Finance Department stated (October 2010) that all re-appropriation orders issued by the Finance Department have been taken in the Appropriation Accounts. Thus, there was no unexplained re-appropriation in the Appropriation Accounts of Government of NCT of Delhi.

2.3.9 Substantial surrenders

Substantial surrenders (more than 40 *per cent* of total provision) were made in respect of four sub-heads on account of either due to non-release of grant or slow progress of work in the following schemes/works:

- I. Grant-in-aid to Minority Commission
- II. Maintenance of LAN in Delhi Secretariat and setting up of WAN in Delhi
- III. 'Digital Delhi- preparation of Common Wealth Games
- IV. Preparation of Geo-Spatial Data base for Delhi

Out of a total provision of ₹ 104.00 crore in these sub-heads ₹ 55.76 crore (54 *per cent*) was surrendered. However, under the head Grant in aid to Minority Commission 100 *per cent* (₹ 4 crore) was surrendered due to non-release of grant, as an amount of ₹ 1.83 crore was lying with the commission as an unspent balance of the previous year (2008-09). The details of such selected cases audited/verified by the audit are given in **Appendix-2.6**

2.3.10 Surrender in excess of actual saving

Scrutiny of Appropriation Accounts revealed that in two sub-heads amounts in excess of savings was surrendered showing lack of budgetary control as shown below:

Table 2.6: Surrendered amount in excess of Savings.

(₹ in crore)

Sl. No.	Number & Name of Grant	Major Head	Original	Expenditure	Savings available	Surrendered
1	4-Finance	2016 B 1(1)(1) Dte. of Audit.	7.61	6.88	0.73	0.90
2	4-Finance	3451C 1(1)(1)(1) Planning & Evaluation	4.30	4.12	0.18	0.37
		Total			1.01	1.27

The department stated that the surrender was made from the object head of salary and re-appropriation of funds were made in the other object heads below the sub-head and the net effect was the same. The reply is not acceptable, as total available savings after re-appropriation, if any, have to be surrendered, but the department had surrendered more than the savings.

2.3.11 Anticipated savings not surrendered

Rule 56 (2) of General Financial Rules stipulates that savings as well as provisions that cannot be profitably utilized should be surrendered to the Government immediately as soon as they are foreseen without waiting till the end of the year. The objective is to minimize the scope for avoiding surrenders at a later stage.

At the close of the year 2009-10, there were six appropriations in which savings occurred but not surrendered by the concerned department. The amount involved in these cases was ₹ 224.17 crore, (21 per cent of the total savings, i.e., ₹ 1087.96 crore) (**Appendix-2.7**).

Similarly, out of the savings of ₹ 1085.74 under 12 grants/appropriation including public debt (savings of ₹ 1 crore and above were indicated in each grant/appropriation), amount aggregated to ₹ 836.72 crore (77 per cent) were not surrendered, as detailed in **Appendix-2.8**. Besides, in 16 cases, (nine cases of surrender of funds in excess of ₹ 1.00 crore and seven cases of less than ₹ 1.00 crore), savings of ₹ 197.51 crore were (**Appendix-2.9**) surrendered on the last working days of March 2010, indicating inadequate financial control besides the fact that these funds could not be utilized for other development purposes.

Scrutiny of records further revealed that out of ₹ 12 crore surrendered under M.H. 3454, an amount of ₹ 10.40 crore was surrendered from sub-head 'Digital Delhi- Preparation of Common Wealth Games'. However, in the surrender order dated 31 March 2010 issued by the Finance (Budget) Department, Government of NCT of Delhi, there was no order for surrender of unspent provisions.

Thus, the department failed to minimize the scope for avoiding surrenders at a later stage.

2.3.12 Unrealistic Budgeting

As per Rule 48 (2) of the General Financial Rules, Ministries/ Departments have to inter alia prepare their estimates keeping in view the trends of disbursements during the previous years and other relevant factors like the economy instructions issued by the Ministry of Finance from time to time.

Scrutiny of records for the year 2009-10 revealed that a provision of ₹ 13.08 crore was made under sub-head under Centrally Sponsored Schemes (CSS) Schedule Caste Sub-Plan (SCSP). The main objectives of the schemes are as under:

- Substantial reduction in poverty and unemployment.
- Human resource development of the Scheduled Castes by providing adequate educational and health services, and
- Provision of Physical and financial security against all types of exploitation and oppression.

However, it was observed that the entire provision of ₹ 13.08 crore (**Appendix-2.10**) remained unutilized due to non-implementation of the schemes, thus defeating the original purpose for which the budget provisions were passed by the Legislative Assembly.

This indicates that the budget estimates were not prepared after adequate pre-budget scrutiny of projects and schemes.

'Subsidy for electrification of houses under 20 point programme for SC/ST'

As per cabinet decision dated 19 October 2006, ₹ 4000/- was to be paid to the allottee of the house of Government of NCT of Delhi through Department for the Welfare of SC/ST/OBC/Minorities towards charges for electrification of un-electrified houses under 20 point programme in respect of houses allotted to SC/ST. The funds were to be paid to the original allottee of the house after verification by

the Office of the Divisional Commissioner, Government of NCT Delhi. Audit scrutiny of records revealed that a provision of ₹ 50 lakh, ₹ 5 crore, ₹ 5 crore and ₹ 50 lakh were made in the year 2006-07, 2007-08, 2008-09 and 2009-10 respectively, but the entire amount remained unutilized in the scheme in all the financial years due to non-implementation of the scheme.

This shows that the Department had not shown any seriousness in implementing the scheme for the benefit of SCs and STs, resulting in non-implementation of the scheme even after a lapse of four years of cabinet approval.

2.3.13 Rush of Expenditure

As per Rule 56 (3) of the General Financial Rules, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and should be avoided. The head-wise expenditure incurred by the department during the month of March 2010 under the following sub-heads ranged between 56 per cent and 100 per cent of the total expenditure in gross violation of the aforesaid rule as shown in **Table 2.8** below:

Table 2.8 Rush of expenditure in the end of the year 2009-10

(₹ in crore)

SL. No.	Grant No.	M.H. /Sub-head	Total provision	Total expenditure	Exp. Incurred during last quarters		Exp. In March	
					Amount	Percentage	Amount	Percentage
1	02	M.H. 2052 H 1(1)(3) GIA to Samajik Suvidha Sangam	8.00	6.00	4.00	66.67	4.00	67
2	04	M.H. 3454 I.1 (1)(2)(11) – Preparation of Geo – Spatial database for Delhi	79.00	36.00	36.00	100	36.00	100
3	06	M.H. 2202 F 1(1)(1)(3) Grants to Punjabi Academy for Punjabi Teaching Programs in School	5.64	5.64	3.74	66.31	3.74	66
4	06	M.H. 2205 F. 2(1)(10) – GIA to Sahitya Kala Parishad for organization of state functions	6.40	6.40	5.20	81.25	4.00	63
5	07	M.H. 2210 A.1 (1)(4)(6) GIA to Delhi State Cancer Institute	30.00	30.00	25.00	83.33	25.00	83
6	08	M.H. 4225 CC 1(1)(30(1) Delhi SC Financial & Dev. Cor. Ltd. (SCSP)	6.00	6.00	6.00	100	6.00	100
7	08	M.H. 5055 DD1(3)(1) Introduction to electronic trolley – Alternative modes of transport	60.00	30.00	30.00	100	30.00	100
8	11	M.H. 2202 A 4(1)(1)(3) Delhi Cantt. Board	2.28	2.20	2.20	100	2.20	100
9	11	M.H. 2202 A 4 (2)(1)(2) GIA to MCD for maintenance of School Bldg.	26.08	25.03	25.03	100	25.03	100
10	11	M.H. A 6(1)(1)(5) Special scheme for GIA to DVB for development of sewerage and water supply	70.00	70.00	43.65	62.36	43.65	62
11	11	M.H. A 8(2)(1)(25) GIA to MCD	26.08	25.03	25.03	100	25.03	100
12	11	M.H. 3054 A 12(1)(1)(2)(1) Grants to MCD, Urban Roads	120.00	120.00	67.50	56.25	67.50	56
13	8	MH 2225C1(1)(3)(10) Reimbursement of Tuition Fees in Public School	1.10	1.10	1.09	99	0.93	85

The reasons for huge expenditure incurred in the month of March were awaited from the Departments as of January 2011. However, scrutiny of records of Department of Information Technology revealed that Department made a payment of ₹ 36.00 crore (100 per cent) (Sl. No. 2 above) on last day of financial year 2009-10 (31 March 2010).

2.4 Non-reconciliation of Department figures

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

Rule 118 of Receipt and Payment Rules, stipulates that moneys drawn on abstract contingent (AC) bills for payment of advances to suppliers of stores should be adjusted within a period of one month from the date of drawal by submission of detailed bill. The total amount of Detailed Countersigned Contingent (DCC) Bills received during the years 2006-10 was ₹ 772.16 crore against an amount of Abstract Contingent (AC) bills of ₹ 1154.55 crore, leading to an outstanding balance of DCC bills of ₹ 382.39 crore as on 31 March 2010. Year wise details are given in **Table 2.9** below:

Table 2.9: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

(₹ in crore)

Year	Amount of AC bills	Amount of DCC bills	Outstanding AC bills
Upto 2006-07	598.56	515.89	82.67
2007-08	157.52	65.90	91.62
2008-09	197.19	139.69	57.50
2009-10	201.28	50.68	150.60
Total	1154.55	772.16	382.39

Scrutiny of records revealed that there were 8846 outstanding bills for the amount of ₹ 382.39 crore as on 31 March 2010. As can be seen, an amount of ₹ 82.67 crore drawn on account of AC bills is pending adjustment for more than four years due to non submission of DCC bills in respect thereof. The year-wise details of these bills were not available.

Moreover, due to non-submission of DCC bills by different departments, it could not be ensured that funds had been utilized for the purpose for which these had been drawn. The practice of drawal of huge amount on AC bills without submitting for years together is not only irregular but is fraught with the risk of fraud, embezzlement and misappropriation of public funds. This practice also dilutes the system of legislative control over public expenditure.

2.4.2 Un-reconciled Expenditure

As per statement of Principal Account Office, Government of NCT Delhi there was no expenditure in any Department, which remained un-reconciled during the year 2009-10.

2.4.3 Non adjustment of Temporary Advances

No such case was noticed during the audit of appropriation accounts.

2.5 Advances from Contingency Fund

Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorization by the legislature would be undesirable. There

were no such cases noticed during the audit of appropriation accounts of Government of NCT of Delhi for the year 2009-10.

2.6 Personal Deposit Accounts

As per information furnished by the Principal Accounts Office No personal deposit account is being operated for the purpose of parking funds by debit to the consolidated fund of the state. However, three Personal Deposit accounts were opened with the prior approval of CGA, Ministry of Finance, Government of India as detailed below :

- (i) **Housing Commissioner, Land & Building:-** Deposits are received in the shape of receipts towards cost of compensation/enhanced from the land requisitioning agencies like DDA etc. and the same subsequently released in favour of land acquisitions collectors for further payment to land owner whose land is acquired under the scheme "large scale of acquisition of land" .
- (ii) **Delhi High Court:** The Personal Ledger Account is funded with the deposit of scrutiny charges in paper book cases, security charges and fees of election petitions.
- (iii) **District and Sessions Judge:** The account is operated for the purpose of Deposits/Withdrawal of rent etc. of litigants as per the orders of the court.

2.7 Recoveries in reduction of expenditure

The Demands for Grants presented to the Legislature are for gross expenditure including credits and recoveries, which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the Budget Estimates. During 2009-10 such recoveries were anticipated at ₹ Nil. Actual recoveries during the year, however, were ₹ 35.89 crore. Position of estimated and actual recoveries during the previous five years is depicted in the **Table 2.10** below:

Table 2.10 Recoveries in Reduction of Expenditure

(₹ in crore)

Year	Estimated recoveries	Actual recoveries	Excess(+) Shortfall (-)	Percent age of Variation Excess (+) Short fall
2009 - 10	Nil	35.89	(+) 35.89	(+)100.00
2008 - 09	16.67	27.92	(+) 11.25	(+) 67.49
2007 - 08	17.49	58.86	(+) 41.37	(+) 236.54
2006 - 07	919.36	1070.97	(+) 151.61	(+) 16.49
2005 - 06	1283.01	1222.22	(-) 60.79	(-) 4.74

2.8 Suspense Balances

The Government of NCT Delhi has no separate Public Account and such transactions are carried out under the "Public Account of the Union Government". All such transactions are ultimately cleared either by payment of recovery in cash or by book adjustment. These are recorded initially under the Suspense Heads which are required to be reviewed at short intervals so as to ensure that no item remains unadjusted longer than is reasonably necessary and its clearance is brought about in the ordinary course with due regard to the rules applicable in each case. There is, therefore, a need to clear these balances expeditiously and to classify them to appropriate heads of account.

Examination of such transactions in the Public Accounts (Central) prepared by the Government of NCT of Delhi revealed that large balances were outstanding under "Suspense Heads" during the last five years as below in the **Table 2.11**:

Table 2.11 Amount under Suspense Heads

(₹ in crore)

At the end of March	Net amount
2010	*Dr. 101.02
2009	Dr. 631.52
2008	Dr. 19.68
2007	Dr. 169.64
2006	Dr. 251.69

*The details of balances under various Suspense Heads as on 31 March 2010

(₹ in crore)

Pay and Accounts office Suspense Account	Dr. 34.66
Cash Settlement Suspense Account	Dr. 117.41
Provident Fund Suspense Account	Dr. 0.09
Public Sector Bank Suspense Account	Cr. 15.56
Material Purchase Suspense Account	Cr. 35.48
Suspense Account	Cr. 0.10
Total	Dr. ₹ 101.02

Principal Accounts Office, Government of NCT of Delhi stated that major portion of the outstanding amount under the Head Cash Settlement Suspense Account (CSSA) pertains to PAO (NS) MORTH, Government of India and Delhi Police, under Ministry of Home Affairs and added that the matter has been taken up with the Engineer-in-Chief, PWD, Government of NCT of Delhi for clearance of outstanding balances under MPSSA and CSSA. Regarding PSB Suspense, the department stated that due to introduction of Core Banking Systems, there was a debit balance amounting to ₹ 431.73 crore at the end of March 2009 which has been liquidated during 2009-10. Thus, the resultant balance stood at ₹ 15.56 crore (credit) at the end of 31 March 2010.

2.9 Other Audit Observations

All the departments of Government of NCT of Delhi were advised by the Finance (Budget) Department (June 2009) to allocate the provision under the object head 'Office Expenses' into different items of expenditure in such a way that sufficient funds are available during the entire year to pay for the bills of electricity, water and telephone etc. Further, the Finance Department did not consider the requests for augmentation of provision under "Office Expenses" simply on the ground that electricity, water, telephone and petrol etc. bills were pending for payment.

Audit scrutiny of records (Re-appropriation orders) revealed that an amount of ₹ 29.17 crore in Plan and ₹ 20.15 crore under Non-plan Heads in 8 grants/appropriations as detailed in **Appendix-2.11** have been re-appropriated in 'office expenses' head for making payments of pending electricity, water, telephone etc. bills during the year 2009-10.

Thus, it appears that the concerned Departments, in utter violation of instructions of Finance Department, had not retained sufficient funds under the head "Office Expenses" with the result that huge expenditure was re-appropriated under Office Expenses head.

Reasons for not making sufficient provisions under Office Expenses were not furnished.

2.10 Error in Appropriation Accounts

Audit scrutiny of Appropriation Accounts revealed that the expenditure against Sub-head 2225-C1 (1)(3)(2) Coaching and Allied schemes (Pre-exam training) of Grant No. 8 - Department for Welfare of SC/ST & OBC the expenditure was shown as ₹ 26.99 lakh against the budget provision of ₹ 25.05 lakh. Thus, there was an excess expenditure of ₹ 1.94 lakh under the sub-head. The Department for Welfare of SC/ST and OBCs conveyed that the reconciled figures of ₹ 23.13 lakh which indicated that there was a saving of ₹ 1.92 lakh. However, the Pr. PAO stated that the figure of ₹ 26.99 lakh was taken after reconciliation with the Department. The reply of the Pr. PAO is not acceptable as the reconciled figure submitted by the Department to PAO was ₹ 23.13 lakh. Thus, the figure remained unreconciled between the Department for welfare of SC/ST and OBCs and Pr. PAO.

2.11 Unnecessary provision for vacant posts

As per instructions issued by Department of Finance, Government of NCT of Delhi, no provision should be kept for the posts lying vacant for one year or more and likewise no provision should be kept in respect of such posts, which have been kept in abeyance. However, the scrutiny of records revealed that the Departments were making provisions of funds for vacant posts in the Budget estimates in violation of extant instructions with the result that savings occurred in the following Departments due to provisions for vacant posts as detailed in **Table 2.12**:

Table 2.12: Unnecessary provision for vacant posts

(₹ in crore)

Sl. No.	Grant No. & name	Department	Major Head/Sub Head	Description	Original grant/Total grant	Savings/re-appropriation
1	6-Education	Directorate of Education	2202 A.1 (2)(5)	Government Sec. Schools	781.92	26.61
2	-do-	Directorate Of Training & Technical education	2203 B.1(4)	Polytechnics	47.70	7.74
3	-do-	Labour & employment	2230 B.2(1)(2)(1)	Craftsman training scheme	54.31	4.99
4	10- Development	Cooperative Department	2425 C.1(1)(1)	Hqrs. Establishment	8.91	1.19
5	-do-	-do-	2425 C.1(3)(1)	Audit Unit	1.16	0.52

Reasons for making provisions of vacant posts in Budget Estimates/Revised Estimates were awaited as of January 2011.

2.12 Outcome of Review of Grant No. 11 - Urban Development and Public Works Department

2.12.1 Introduction

Grant No. 11 is the biggest grant of Government of NCT of Delhi for the year 2009-10. It covers grants for major departments like Urban Development Department, Public Works Department, Power Department besides Land and Building Department, Housing Loan Department and State Election Commission. The grant of first three departments constitutes 99.77 *per cent* and 100 *per cent* of revenue and capital budget respectively of this Grant.

A) Urban Development Department

As per 2001 census, out of the total population of 138.51 lakh of Delhi, 129.06 lakh is urban and 9.45 lakh is rural. Thus, 93.00 *per cent* of the total population is urban. In Delhi, the density of population is 9340 per sq. km, which is highest in the country. The decennial population growth rate 1991-2001 was 47.02 *per cent*, which is also an indicator of rate of increase of population and pressure on civic services and infrastructure in Delhi. This has created a number of problems like shortage of dwelling units, mushrooming growth of Jhuggies, encroachment of public land, expansion of unauthorized colonies and creation of slums etc.

Keeping in view this peculiar and gigantic problem, it has been decided to frame urban development policy by taking up a number of measures like environmental improvement in urban slums, provisions of various facilities in urbanized villages, additional facilities in resettlement colonies and development of regularized unauthorized colonies. On the environmental front, a number of steps are being taken up like mechanization of conservancy and sanitation services, environmental improvement through horticultural works, construction of public toilets and community centers on a mass scale in different sub-standard localities. All these steps have brought a significant change in the development process of Delhi and its results are visible on the ground.

B) Public Works Department

Public Works Department (PWD), Delhi is the premier agency of Government of NCT of Delhi engaged in planning, designing, construction and maintenance of Government assets in the fields of built environment and infrastructure development. Assets in built environment include hospitals, schools, colleges, technical institutes, police buildings, prisons, courts etc. Assets in infrastructure development include roads, bridges, flyovers, footpaths, subways, and foot over bridges etc. PWD, Delhi also sustains and preserves these assets through a well developed system of maintenance which includes amongst others specialized services like rehabilitation works, roads signages and aesthetic treatments like interiors, monument lighting, landscaping etc. PWD Delhi carries out its activities of assets creation on the basis of the needs and requirement decided by the Government of Delhi and as assessed and appreciated by the PWD through its in-house technical expertise. Works are carried out after obtaining formal administrative approval and expenditure sanction from the Government of Delhi within the allotted funds for the schemes.

C) Department of Power

The Department of Urban Development had a "Electricity Branch" which used to deal with the subject matter of power under the Local Self Government Department. Then, it was decided in September 2000 that reforms would be undertaken in the power sector and consequently, electricity branch was separated from Urban Development Department in September 2000.

The Department of Power came into existence to facilitate the electricity reform process. It coordinates with the entities namely: (i) Delhi Transco Limited, (ii) Delhi Power Company Ltd., (iii) Indraprastha Power Generation Company Ltd., (iv) Pragati Power Company Ltd., (v) BSES Rajdhani Power Limited, (vi) BSES Yamuna Power Limited and (vii) North Delhi Power Limited for smooth functioning of Generation, Transmission and Distribution of electricity. Besides, it coordinates with Delhi Electricity Regularity Commission (DERC) a statutory body for fixing the tariff and other functions as envisaged under the Electricity Act, 2003. The mission and vision of the Department is to provide quality power at affordable price to the consumers in the National Capital Territory of Delhi.

2.12.2 Budget and expenditure

The overall position of budget provisions, actual disbursements and unspent provisions under the grant for the last three years is given below:

Table 2.13: Budget provision, actual disbursement and un-spent provision

(₹ in crore)

Year	Provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2007 - 08	3276.46	4824.13	3216.03	4783.62	60.43	40.51
2008 - 09	3921.98	5127.65	3606.21	4919.77	315.77	207.88
2009 - 10	4247.90	6563.53	4193.05	6433.10	54.85	130.43
Total	11446.34	16515.31	11015.29	16136.49	431.05	378.82

Note: excludes 'Charged' appropriation and disbursement

2.12.3 Large Savings under various Sub-heads

The Department while framing the estimates should take into account the past performance, the stages of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme, the constraints on spending by the spending agencies etc., with the objective of minimizing the scope for surrenders at a later stage.

Scrutiny of the head-wise appropriation accounts for the year 2009-10 revealed that the department made excessive provisions under various sub-heads, which resulted in large savings. A list of savings of ₹ one crore and more is given in **Appendix-2.12**.

Large savings occurred due to slow progress of work, less release/non-release of grant, receipt of less claims, release of less tax and non release of share contribution etc. Large savings indicate that expenditure could not be incurred as estimated and were pointers to deficiencies in the system of public expenditure management.

2.12.4 Persistent savings

According to Rule 48(2) of the General Financial Rules, Ministries/ Departments are required to prepare their estimates, keeping in view the trends of disbursements during the previous years and other relevant factors like instructions on economy issued by the Ministry of Finance, from time to time.

Scrutiny of Appropriation Accounts for the years 2007-10 revealed that there were persistent unspent/under-utilized provisions under the following sub-heads, which indicated unrealistic budgeting, deficient financial management and slackness on the part of the department in implementing the schemes. The details of sub-heads are given in the following table:

Table 2.14: Persistent savings

Sl. No.	Sub-Head	(₹ in crore)					
		2007-08		2008-09		2009-10	
		Total provision	Savings	Total provision	Savings	Total provision	Savings
1	2217 A8(4)(1)(1)(2) schemes to be implemented through other agencies (MLA Funds)	180.00	24.93	199.50	90.14	198.00	11.26
2	3054 A12(1)(1)(2)(6) JNNURM (MCD GIA)	165.00	165.00	140.00	140.00	50.00	37.50
3	2215 A6(2)(1)(2) Yamuna River Authority (DJB GIA Plan)	0.1	0.1	50.10	50.10	0.1	0.1
4	6801 EE1(1)(2) GENCO for renovation/modification of Rajghat Power Station (Power Deptt. Loan)	5.00	5.00	10.00	10.00	5.00	5.00
5	2801 EE2(1)(2)(2) Establishment of Spl. Court (Power Deptt. Loan)	0.75	0.75	1.1	1.1	0.50	0.50
6	2217 A8 (1)(1)(9) Preparation of perspective plan for sub-standard area (MCD S&JJ)	0.4	0.4	0.4	0.4	0.3	0.3
7	2217 A8(2)(1)(13) In Situ upgradation of JJ clusters (MCD S&JJ)	0.1	0.1	0.1	0.1	0.1	0.1
8	2216 A7(1)(1)(2) Construction of houses for weaker section (JNN URM) (MCD S&JJ)	10.00	10.00	10.00	10.00	15.00	15.00
9	6801 EE1(2)(5) Loan for renewal and maintenance of CCGT (Power Deptt. Loan)	44.46	7.50	38.00	38.00	4.00	4.00

The above table shows that there is a need to review budgetary assumptions and to improve the efficiency of the programme management. The reasons for savings included the following:

- Savings during the year 2008-09 at Sl. No. 1 were mainly due to operation of model code of conduct for general election of Lok Sabha. As the funds are released on the recommendations of MLAs under the scheme no reasons however were furnished for the saving for the year 2007-08 and 2009-10.
- From Sl No. 2 to Sl. No. 8 in above cases, persistent savings were due to non-implementation of schemes.
- In the last case persistent savings were due to slow progress of work.

2.12.5 Schemes affected by persistent unspent provisions

Some of the schemes affected by persistent under spending are discussed below:

a) Yamuna River Authority

For the last many years, the Delhi stretch of river Yamuna has been practically converted into an open drain carrying sullage and industrial effluents. Though various master plans of Delhi provided that

this part of the river should be made pollution free and some projects under Yamuna Action Plan - I and Yamuna Action Plan - II were also taken up by the various public agencies, yet the degradation of this stretch of the river has only worsened. This has been largely because of the non-availability of fresh water for dilution on round-the-year basis and unplanned and rapid expansion of habitants in the National Capital Territory of Delhi.

To address these issues with the objective of rejuvenation and development of the river, the Prime Minister constituted a High Powered Committee under the Chairmanship of Lieutenant Governor, Delhi in August 2007.

During the scrutiny of records (Re-appropriation Accounts and Monthly Expenditure Statements), it was noticed that provisions of ₹ 10 lakh, ₹ 5010 lakh and ₹ 10 lakh were provided in the Original Budget Estimate (OBE) for the year 2007-08, 2008-09 and 2009-10 respectively under the sub-head MH 2215 A6(2)(1)(2) 'Yamuna River Authority'. However, no expenditure was incurred during these years, defeating the purpose for which the Yamuna River Authority was created.

b) Delhi Urban Shelter Improvement Board

The Delhi Urban Shelter Improvement Board was constituted and enforced with effect from 1st July 2010 by issue of Extraordinary Delhi Gazette Notification dated 31 May 2010. Under MH 2217 and sub-head A8(3)(1)(7)-Slum Development Board under MCD (Slum & JJ), budget provisions of Grant-in-aid for ₹ 10 crore and 10 lakh were made in the year 2008-09 and 2009-10 respectively, which were reduced in re-appropriation from ₹ 10 crore to ₹ 10 lakh and ₹ 10 lakh to 1 lakh for year 2008-09 and 2009-10 respectively. No expenditure was however, incurred in both the years. Thus, the budget provision of grant-in-aid for ₹ 10 crore and 10 lakh during 2008-09 and 2009-10 respectively was unjustified in the absence of any corrective action plan for execution.

c) Low Cost Houses for EWS

A scheme for construction of 2256 Low Cost Houses for Economically Weaker Section (EWS) under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) under Plan Scheme of MCD (Slum & JJ) for total cost of ₹ 62.80 crores (revised) was approved. For this project, ₹ 10 crore were released by Urban Development Department as Grant-in-aid during the financial year 2006-07 [MH 2216 A 7(1)(1)(2) Construction of Houses for weaker sections JNNURM]. Against the release of ₹ 10 crore, an expenditure of ₹ 'Nil', ₹ 1.41 lakh, ₹ 6.36 lakh and ₹ 401.30 lakh had been incurred during the years 2006-07, 2007-08, 2008-09 and 2009-10 respectively, thus, leaving an amount of ₹ 590.93 lakh as unspent balance as on 31st March, 2010. The physical progress of construction of 1024 (736+288) units (part project) was only 15 and 18 *per cent* respectively till September 2010. Thus, underutilization of the approved outlay of the scheme indicated laxity in implementation and non-achievement of the objectives of the scheme.

2.12.6 Huge unspent provision

Rules 56 (2) of GFR provide that no savings should be held in reserve for possible future excesses. Test-check revealed that contrary to this, the Department of Urban Development, Government of NCT

of Delhi issued sanctions to release of ₹ 237.92 crore and ₹ 200.96 crore to Municipal Corporation of Delhi (MCD) and Delhi State Industrial Development Corporation (DSIDC) respectively on the last day of the financial year, i.e., 31 March 2010.

It was impossible for the receiving agency to utilize them during the same financial year by way of actual expenditure. Reasons for sanctions issued on last day of the financial year were awaited as of January 2011.

2.12.7 Surrender of unspent provision at the end of financial year

Rule 56(2) of the General Financial Rules provides that unspent provisions in a grant or appropriation are to be surrendered as soon as these are foreseen without waiting for the end of the financial year. Unspent provision should also not be held in reserve for any possible future excess. Test-check revealed that contrary to this, the Department surrendered unspent provisions of ₹ 8 lakh (non-plan) to the Finance Department at the end of the financial year, i.e., on 31 March 2010. The details are given in the following table:

Table 2.15: Surrender of un-spent provisions on last day of the Financial Year

(₹ in crore)

Year	Sub - head	Amount surrendered	Date of surrender
2009-10	2235 C2(1)(1)(3) Office expenses	0.02	31.03.2010
2009-10	2251 C3(1)(1)(8) Other Charges	0.06	31.03.2010

Had the above-unspent provisions been surrendered as soon as these were noticed, these could have been fruitfully utilized in other priority schemes/projects/programmes of the Government instead of being allowed to lapse.

Reasons for surrendering the budget at the end of the financial year were awaited as of January 2011.

2.12.8 Rush of expenditure

As per Rule 56 (3) of the General Financial Rules, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and should be avoided.

Audit scrutiny revealed that in 42 cases (**Appendix-2.13**) the head-wise expenditure incurred by the Departments during the month of March and last quarter of financial year in last three years ranged between 50 *per cent* and 100 *per cent* of the total expenditure.

It was also revealed that in 36 out of 42 cases (86 *per cent*), the expenditure incurred in the last month of the financial year were more than 60 *per cent* of the total expenditure which clearly indicates that the departments were not observing financial rules thus breaching the conditions of financial propriety.

2.12.9 Unrealistic Budgeting

As per Rule 48(2) of the General Financial Rules, Ministries/Departments have to inter alia prepare their estimates keeping in view the trends of disbursements during the previous years and other relevant factors like the economy instructions issued by the Ministry of Finance, from time to time.

Scrutiny of records revealed that entire provisions remained unutilized in 51, 50 and 32 cases under different sub-heads during the years 2007-08, 2008-09 and 2009-10 respectively as shown in the **Appendix-2.14**. Thus, the very purpose for which the Legislative Assembly passed the budget provisions was defeated.

The reasons for unutilized provision were stated to be non-implementation of the schemes, non release of grant to MCD, DDA, NDMC etc. This indicates that the budget estimates were not prepared after adequate pre-budget scrutiny of projects and schemes.

2.12.10 Unnecessary supplementary grants

While obtaining a supplementary grant, the Ministry/Department has to keep in view the resources available or likely to be available during the year and exercise due caution while forecasting its additional budgetary requirement of funds. Resort to supplementary demands should only be made in exceptional and urgent cases.

Audit scrutiny revealed that in the following cases, the departments sought supplementary provisions in anticipation of higher expenditure, but the final expenditure was even less than the original grant/appropriation in one case and in another two cases the whole supplementary grants remained unspent as no expenditure was incurred, which shows that supplementary provisions were unnecessary.

Table 2.16 Unnecessary Supplementary Grant

(₹ in crore)

Sl No.	Year	Sub-head	Provision	Actual expenditure	Unspent provision
1	2009-10	4059 BB2(1)(2)(1) Delhi Govt. Secretariat	0-23.85 S-6.15	22.81	7.19
2	2009-10	2070 A3(3)(1) State Finance Commission	S-0.01 R-(+) 0.79	Nil	0.8
3	2009-10	4250 BB8(2)(4)(1) World Bank Share	S-0.75	Nil	0.75

Reasons for not spending the supplementary grants were awaited as of January 2011.

2.12.11 Excess expenditure over appropriation

Article 205 of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service for that year, the excess expenditure should be regularized by the state legislative assembly.

Audit scrutiny of records (Grant No. 11 Urban Development) revealed that excess over sanctioned grant (including re-appropriation and supplementary grant) was incurred in 24 cases (more than ₹ 5 lakh) during the financial year 2007-08 and 2008-09 (**Appendix 2.15**). The reason of excess expenditure and the date of regularization of excess expenditure were awaited as of January 2011.

2.13 Conclusion

During 2009-10, expenditure of ₹ 24961.80 crore was incurred against the total grants and appropriation of ₹ 26049.76 crore resulting in saving of ₹ 1087.96 crore. The saving was mainly due to less release of grant to various organizations, slow progress of work, non-filling of vacant posts and non-finalization of purchase proposals etc. In seven cases ₹ 15.14 crore was obtained as supplementary grant in anticipation of huge expenditure, but the final expenditure was less than the original grant/appropriation due to slow progress of work and non-implementation of schemes etc. In eight grants/appropriations an expenditure of ₹ 29.17 crore under plan head and ₹ 20.15 crore under non-plan head was re-appropriated in Head "Office Expenses" for payment of pending electricity, water and telephone bills etc in violation of instruction issued by Finance (Budget) Department of Government of NCT Delhi to allocate the provision under the object head "Office Expenses". There were 8846 outstanding AC bills of ₹ 382.39 crore awaited adjustment since many years.

2.14 Recommendation

Budgetary control needs to be strengthened in all the Government Departments, where saving/excess persisted for last five years. Re-appropriation/surrender order should not be issued at the end of the year as earlier pointed out in previous audit reports. Re-appropriation/supplementary grant is to be provided after proper assessment in such heads where actual additional funds are needed. The provision should be allocated under the object head "Office Expenses" into different items of expenditure in such a way that sufficient funds are available to pay for bills of electricity, water and telephone etc. to avoid the re-appropriation from any other head. The practice of drawal of huge amount of AC bills without submitting the adjustment bills for years together need to be analyzed and immediate necessary steps to be taken at higher levels to adjust long pending outstanding AC bills.

