

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2014-2016)**

SIXTIETH REPORT

(Presented on 9th July, 2014)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2014

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On

**Paragraphs relating to Finance Department contained in the Report of
Comptroller and Auditor General of India for the year
ended 31 March, 2010 (State Finances)**

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INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the 60th Report on paragraphs relating to Finance Department contained in the Report of Comptroller and Auditor General of India for the year ended 31 March, 2010 (State Finances).

The Report of the Comptroller and Auditor General of India for the year ended 31 March, 2010 (State Finances) was laid on the Table of the House on 28th June, 2011.

The Committee considered and finalised this Report at the meeting held on 30th June, 2014.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General in the examination of the Audit Report.

Thiruvananthapuram,
9th July, 2014.

DR. T. M. THOMAS ISAAC,
Chairman,
Committee on Public Accounts.

REPORT
FINANCE DEPARTMENT
FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

AUDIT PARAGRAPH

Introduction

Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of 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 reappropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts thus facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the 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 authorisation 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 incurred is in conformity with the law, relevant rules, regulations and instructions.

Summary of Appropriation Accounts

The summarised position of actual expenditure during 2009-10 against 48 grants/appropriations is given in Table 2.1:

TABLE 2.1: SUMMARISED POSITION OF ACTUAL EXPENDITURE VIS-À-VIS ORIGINAL/
 SUPPLEMENTARY PROVISIONS

(₹ in crore)					
<i>Nature of Expenditure</i>	<i>Original grant/ appropriation</i>	<i>Supplementary grant/ appropriation</i>	<i>Total</i>	<i>Actual Expenditure</i>	<i>Saving(-)/ Excess(+)</i>
(1)	(2)	(3)	(4)	(5)	(6)
Voted					
I Revenue	25712.74	2426.73	28139.47	25829.02	(-)2310.45

(1)	(2)	(3)	(4)	(5)	(6)
II Capital	1647.91	944.80	2592.71	2076.09	(-)516.62
III Loans and Advances	1036.33	402.26	1438.59	876.68	(-)561.91
Total Voted	28396.98	3773.79	32170.77	28781.79	(-)3388.98
Charged					
IV Revenue	5711.09	12.31	5723.40	5697.28	(-)26.12
V Capital	70.87	2.73	73.60	2.75	(-)70.85
VI Public Debt Repayment	12147.78	..	12147.78	2405.68	(-)9742.10
Total Charged	17929.74	15.04	17944.78	8105.71	(-)9839.07
Appropriation to Contingency Fund (if any)
Grand Total	46326.72	3788.83	50115.55	36887.50*	(-)13228.05

Source: Appropriation Accounts of the State Government, 2009-10.

The overall savings of ₹ 13228.05 crore was the result of savings of ₹ 13317.11 crore in 35 grants and 18 appropriations under the Revenue Section and 24 grants and 11 appropriations under the Capital Section, offset by excess of ₹ 89.06 crore in nine grants and two appropriations under the Revenue Section and one grant under the Capital Section.

The status of savings/excess (as per Appropriation Accounts) was intimated (July 2010) to the Controlling Officers, requesting them to explain the significant variations. Out of 916 sub-heads in respect of which savings/excess were reported, explanations for variations were not received (August 2010) in respect of 745 sub-heads (Savings: 586 sub-heads and Excess: 159 sub-heads)

Financial Accountability and Budget Management

Appropriation vis-à-vis Allocative Priorities

The appropriation audit revealed that in 14 cases, savings exceeded ₹ 10 crore in each case and were also more than 20 per cent of the total provisions

* These are gross expenditure figures without taking into account the recoveries adjusted in accounts as reduction of expenditure (revenue: ₹ 393.92 crore and capital: ₹ 19.46 crore, Total: ₹ 413.38 crore).

(Appendix III). Against the total savings of ₹ 11768.45 crore, savings of ₹ 11629.49 crore (98.8 per cent) occurred in nine cases* relating to eight grants and one appropriation as indicated in Table 2.2.

TABLE 2.2: LIST OF GRANTS/APPROPRIATION WITH SAVINGS OF ₹ 50 CRORE AND ABOVE

								(₹ in crore)
Sl. No.	Number and name of Grant/ Appropriation	Original	Supple- mentary	Total	Expen- diture	Savings	Surrender	Net savings(-)/ excess (+)
Revenue (Voted)								
1	XI District Administration and Miscellaneous	461.77	413.86	875.63	495.16	380.47	223.73	(-)156.74
2	XXI Housing	142.18	17.35	159.53	55.40	104.13	0.58	(-)103.55
3	XXII Urban development	876.28	0.85	877.13	345.91	531.22	524.92	(-)6.30
4	XXIV Labour and Labour Welfare	289.44	93.37	382.81	302.01	80.80	83.31	2.51
Capital (Voted)								
5	XX Water supply and Sanitation	937.00	132.03	1069.03	523.30	545.73	555.00	9.26
6	XXIX Agriculture	98.40	3.00	101.40	36.44	64.96	44.88	(-)20.08
7	XXXVIII Irrigation	227.35	127.97	355.32	235.26	120.06	130.11	10.05
8	XLII Tourism	69.04	6.57	75.61	15.59	60.02	14.61	(-)45.41
Capital (Charged)								
9	Public debt repayment	12147.78	..	12147.78	2405.68	9742.10	9743.96	1.86
Total		15249.24	795.00	16044.24	4414.75	11629.49	11321.10	(-)308.39

Source: Appropriation Accounts of the State Government, 2009-10.

* Savings of ₹ 50 crore and above in each case.

The reasons for the savings under 'Housing', 'Labour and Labour Welfare' and 'Tourism' were not furnished by the concerned departments. However, the savings under 'District Administration and Miscellaneous' (Revenue Section) were due to receipt of less assistance from Government of India towards the Tsunami Rehabilitation programme.

The savings under 'Urban Development' (Revenue Section) were mainly due to non-disbursement of funds for the Kerala Local Government Development Fund consequent on delay in setting-up of an Asset Management Company, poor response to tender calls, delay in land acquisition, etc., for works taken up under the Kerala Sustainable Urban Development Project and the Jawaharlal Nehru National Urban Renewal Mission as well as slow progress in the Integrated Housing and Slum Development Programme.

The savings under 'Water Supply and Sanitation' (Capital Section) were due to release of less funds as loan to the Kerala Water Authority consequent to the slow progress of works in the Kerala Water Supply Project assisted by the Japan International Co-operation Agency.

The savings under 'Agriculture' (Capital Section) were mainly due to non-issue of letter of credit for payment of pending bills, non-receipt of contractors' bills in the case of National Bank for Agriculture and Rural Development assisted minor irrigation works, lift irrigation works, etc.

The savings under 'Irrigation' (Capital Section) were mainly due to lack of sufficient time for tendering and awarding the works after getting administrative sanctions under the scheme 'Malabar Irrigation Package' and non-payment of funds earmarked for compensation in land acquisition cases relating to major irrigation projects as well as want of sufficient letter of credit for payment for coastal zone management works under the Twelfth Finance Commission award.

The savings under 'Public debt repayment' were due to non-availing of overdraft and availing of less ways and means advances from Reserve Bank of India in view of the improved liquidity position of the State as well as non-availing of ways and means advances from Government of India.

Persistent savings

In seven cases, there were persistent savings in excess of ₹ 50 lakh in each case and also 20 per cent or more of the provision for the last three years as shown below:

TABLE 2.3: PERSISTENT SAVINGS

Sl. No.	Number and Name of Grant/Appropriation	Amount of Saving (Percentage)		
		2007-08	2008-09	2009-10
<i>(₹ in crore)</i>				
Revenue Voted				
1	XXII Urban Development	414.99(63)	148.16(22)	531.22(61)
Capital Voted				
2	XXIX Agriculture	64.52(68)	50.63(62)	64.96(64)
3	XXXI Animal Husbandry	13.74(88)	3.72(51)	2.97(40)
4	XXXIV Forest	8.49(44)	3.48(20)	3.53(21)
5	XXXVIII Irrigation	46.70(22)	102.08(33)	120.06(34)
6	XXXIX Power	56.00(85)	63.79(92)	11.25(96)
7	XLII Tourism	4.96(32)	14.16(45)	60.02(79)

Drawal of funds to avoid lapse of budget grant

As per the provision of Article 40(c)(7) of the Kerala Financial Code Volume I, a Government servant should not, on any account, reserve or appropriate by transfer to a deposit or any other head or draw from the treasury and keep in a cash chest, any portion of an appropriation remaining unexpended during the year in order to prevent it from lapsing and use it for expenditure after the end of the year. Funds provided in the budget are for actual expenditure to be incurred during the year and any unspent provision lapses at the close of the financial year. Audit scrutiny revealed instances of drawal of huge amounts

and depositing them in the Treasury Savings Banks/Treasury Public Accounts or releasing them to the implementing agencies towards the close of the financial year 2009-10 to prevent them from lapsing as indicated in Table 2.4:

TABLE 2.4: DRAWAL OF FUNDS DURING 2009-10 TO AVOID LAPSE OF BUDGET GRANT

(₹ in crore)

<i>Sl. No.</i>	<i>Name of the drawing officer</i>	<i>Amount drawn and date of drawal</i>	<i>Purpose of drawal</i>	<i>Present position</i>
(1)	(2)	(3)	(4)	(5)
1	Director of Scheduled Caste Development	6.00 (31st March, 2010)	For core fund for Madrassa Teachers' Welfare Fund Pension Scheme	The Director stated (July 2010) that this amount along with ₹ four crore drawn on 31st March, 2009 was released to the Madrassa Teachers Welfare Fund Board on 24th June, 2010.
2	do.	77.28 (31st March, 2010)	Loan Waiver Scheme	The Kerala State Scheduled Castes and Scheduled Tribes Development Corporation Ltd. is the implementing agency. No amount was utilised as of June 2010 as no direction was issued by the Director of Scheduled Caste Development for operationalising the scheme.
3	Director of Scheduled Tribe Development	8.50 (19th March, 2010)	Conservation-cum-Development Plan for Particularly Vulnerable Tribal Groups	The amount formed part of ₹ 9.60 crore released by Government of India in January 2009 for the scheme. The Director reported (August 2010) that the administrative sanction was issued only in February 2010

(1)	(2)	(3)	(4)	(5)
				though the department obtained supplementary grant in July 2009. Only ₹ 1.57 crore was spent as of September 2010.
4	Director of Sports and Youth Affairs	20.00 (16th March, 2010) 55.00 (31st March, 2010)	Renovation/ Construction of stadia in connection with 35th National Games	Only ₹ 2.94 crore was spent as of August 2010.
5	Registrar of Co-operative Societies	13.42 (31st March, 2010)	Reimbursement of interest loss to co-operative societies/banks under Agricultural Debtor's (Temporary Relief) Act, 2001.	The Registrar of Co-operative Societies stated (August 2010) that no amount was spent as of August 2010 as the pre-audit verification of the claim statements of societies/banks was not completed.
6	Labour Commissioner	10.00 (31st March 2010)	Scheme for welfare of labourers from other States (Kerala Migrant Workers' Welfare Scheme)	The amount was transferred to the Kerala Building and other Construction Workers' Welfare Fund Board, the implementing agency. An amount of ₹ 9 crore was deposited in Treasury Fixed Deposit for creating a Corpus Fund. Out of the balance of ₹ 1 crore, ₹ 75 lakh was deposited in savings bank account. The actual expenditure as of September 2010 was only ₹ 10.39 lakh.

(1)	(2)	(3)	(4)	(5)
				The Board stated (October 2010) that initial steps for the registration of migrant labourers had been started.
7 Director of Public Instruction	4.58 (31st March, 2010)	For the project '1000 books for 1003 schools' using Twelfth Finance Commission Award	The amount was disbursed to Kerala Book Marketing Society by demand draft. The Secretary of the Society stated (October 2010) that only ₹ 1.24 crore could be utilised as of September 2010 as the publishers had not supplied all the books selected by the Director of Public Instruction.	

The irregular deposit of funds enabled the departments to avoid lapse of budget provision and to bypass budgetary compulsions to spend the amount before the close of the financial year. Further, utilising funds voted for expenditure during a financial year in the subsequent year amounted to bypassing the control of the Legislature over expenditure out of the Consolidated Fund of the State. Moreover, as the funds drawn were not spent during the financial year, the Government accounts did not reflect the factual position.

Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts and the connected Audit Report by the Public Accounts Committee (PAC). However, excess expenditure amounting to ₹ 530.12 crore for the years 1990-91 to 2008-09 was still to be regularised (October 2010) as summarised in Table 2.5. The year-wise and grant-wise amounts of excess expenditure pending regularisation and the stage of consideration by the PAC are detailed in Appendix III.

TABLE 2.5: EXCESS OVER PROVISIONS RELATING TO THE PREVIOUS YEARS REQUIRING REGULARISATION

Year	Number of		(₹ in crore)
	Grant	Appropriation	Amount of excess over provision
1990-91	1	..	0.36
1992-93	1	..	0.04
1995-96	2	..	22.44
1996-97	..	1	0.00*
1997-98	1	..	3.93
1998-99	1	..	7.88
2000-01	1	..	14.65
2001-02	2	..	29.08
2002-03	1	1	18.82
2003-04	3	1	129.83
2004-05	2	..	15.85
2005-06	1	..	21.27
2006-07	2	1	7.16
2007-08	1	1	154.78
2008-09	7	1	104.03
Total	26	6	530.12

Source: As per records maintained by Principal Accountant General (Audit).

Non-regularisation of excesses over grants/appropriations over the years is a breach of legislative control over appropriations.

Excess over provision during 2009-10 requiring regularisation

The Appropriation Accounts disclosed excess of ₹ 89.06 crore over the authorization from the Consolidated Fund of the State during 2009-10 in 10 grants and two appropriations. Out of this, excess of ₹ 65.99 crore in Grant No. XL—Ports (₹ 28.55 crore) and in Grant No. XLII—Tourism (₹ 37.44

* ₹ 32,791 only.

crore) did not require regularisation because the excess occurred due to booking of expenditure by the Accountant General (A&E) under these grants to adopt the authorized classification even though provision was actually available under another grant (No. XI—District Administration and Miscellaneous). Excess of ₹ 23.07 crore over authorization from the Consolidated Fund of the State in respect of eight grants and two appropriations required regularisation under Article 205 of the Constitution as summarized in Table 2.6:

TABLE 2.6: EXCESS OVER PROVISION REQUIRING REGULARISATION DURING 2009-10

(₹ in crore)					
Sl. No.	Number and Title of grant/appropriation	Total grant/ appropriation	Expenditure	Excess	Surrender
Voted Grants—Revenue					
1	III—Administration of Justice	203.48	203.59	0.11	1.44
2	V—Agricultural Income tax and Sales tax	130.99	136.81	5.82	0.11
3	VII—Stamps and Registration	98.75	104.30	5.55	2.06
4	IX—Taxes on Vehicles	32.32	33.98	1.66	Nil
5	XXVIII—Miscellaneous Economic Services	53.03	54.33	1.30	0.37
6	XXXI—Animal Husbandry	211.15	213.83	2.68	2.24
7	XXXIV—Forest	212.46	215.68	3.22	4.63
Voted Grants—Capital					
8	XIX—Family Welfare*
	Total Voted	942.18	962.52	20.34	10.85
Charged Appropriation—Revenue					
9	XI—District Administration and Miscellaneous	1.03	1.05	0.02	Nil
10	XVI—Pensions and Miscellaneous	12.78	15.49	2.71	0.21
	Total Charged	13.81	16.54	2.73	0.21
	Grand Total	955.99	979.06	23.07	11.06

Source: Appropriation Accounts of the State Government, 2009-10.

* The total grant, expenditure and excess expenditure relating to this grant was ₹ 57,000, ₹ 61,000 and ₹ 4,000 respectively.

Note: The actual excess expenditure in the above 10 grants/appropriation would be ₹ 34.13 crore if the surrender of funds amounting to ₹ 11.06 crore made on 31st March, 2010 in Grant Nos. III, V, VII, XXVIII, XXXI, XXXIV and XVI is also taken into account. However, the excess disclosed in the Appropriation Accounts (₹ 23.07 crore) only has been shown in the above table as requiring regularisation.

Unnecessary/Excessive/Inadequate Supplementary provision

Supplementary provisions aggregating ₹ 542.09 crore, obtained in 17 cases of ₹ 50 lakh or more in each case during the year, proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in Appendix III.

In 27 cases, against the additional requirement of ₹ 1545.32 crore, supplementary grants of ₹ 2832.43 crore were obtained, resulting in savings exceeding ₹ 1 crore and above in each case, aggregating ₹ 1287.11 crore (Appendix III).

In six cases, supplementary provisions of ₹ 49.93 crore proved insufficient by more than ₹ 1 crore in each case, leaving an aggregate uncovered excess expenditure of ₹ 21.27 crore (Appendix III).

Excessive/unnecessary reappropriation of funds

Reappropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. There were excesses/savings of more than ₹ 2 crore in 87 sub-heads even after reappropriation as detailed in Appendix III. Reasons for the variations were not furnished by the department/Government.

Unexplained reappropriations

Para 86 (3) of the Kerala Budget Manual lays down that the authority sanctioning re-appropriations should satisfy himself that the reasons given in the sanctions are full, frank and forthright and are not in vague terms such as 'based on actual requirement', 'based on trend of expenditure', 'expenditure is less than that anticipated', etc., as they have to be incorporated in the Appropriation Accounts which are examined by the Public Accounts Committee of Legislature. However, a test check of re-appropriation orders relating to 12 grants issued by the Finance Department revealed that in respect of 365 out of 797 items (46 per cent), the reasons given for withdrawal of provision/additional provision in reappropriation orders were of general nature like 'expenditure is less than anticipated', 'reduced provision is sufficient to meet the expenditure', etc.

Substantial surrenders

Substantial surrenders (where more than 50 per cent of the total provision* were surrendered) were made in respect of 366 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹ 1283.84 crore in these 366 sub-heads, ₹ 1040.76 crore (81 per cent) was surrendered, which included cent per cent surrender in 44 sub-heads, the details of which are given in Appendix III.

Surrender in excess of actual saving

In 21 cases (grants) the amounts surrendered (₹ 50 lakh or more in each case) was in excess of the actual savings indicating lack of or inadequate budgetary control. As against savings of ₹ 10822.04 crore, the amount surrendered was ₹ 10989.36 crore, resulting in excess surrender of ₹ 167.32 crore. Details are given in Appendix III.

Injudicious surrender

In seven grants, surrender of ₹ 11.06 crore (₹ 10 lakh or more in each case) made on 31st March, 2010 proved injudicious as there were eventual excesses under these grants at the close of the financial year. Details are given in Appendix III.

Anticipated savings not surrendered

As per Para 91 of the Kerala Budget Manual, spending departments are required to surrender grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. At the close of the year 2009-10, there were, however, five grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was ₹ 22.54 crore (0.2 per cent of the total savings) the details of which are given in Appendix III.

Similarly, out of the total savings of ₹ 1935.22 crore under 19 grants/appropriations with savings of ₹ one crore and above in each grant/appropriation, amounts aggregating ₹ 870.72 crore (45 per cent of savings) were not surrendered, details of which are given in Appendix III. Besides, in 33 cases, (surrender of funds in excess of ₹ 10 crore), ₹ 3477.53 crore (Appendix III) was surrendered on the last two working days of March 2010, indicating inadequate financial control and the fact that these funds could not be utilised for other development purposes.

* Total provision refers to Original provision plus Supplementary provision.

Rush of expenditure

According to para 91 (2) of the Kerala Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 47 sub-heads listed in Appendix III, expenditure of ₹ 10 crore and above and also more than 50 per cent of the total expenditure for the year was incurred in March 2010. Table 2.7 also presents the Major Heads where more than 50 per cent expenditure was incurred either during the last quarter or during the last month of the financial year.

TABLE 2.7: CASES OF RUSH OF EXPENDITURE TOWARDS THE END OF THE FINANCIAL YEAR 2009-10

(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2010	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	2075—Miscellaneous General Services	659.98	357.12	54.11	293.29	44.44
2	2204—Sports and Youth Services	141.54	112.59	79.55	103.07	72.82
3	2215—Water Supply and Sanitation	357.97	195.81	54.70	188.53	52.67
4	2216—Housing	55.40	34.83	62.87	30.60	55.23
5	2217—Urban Development	345.91	224.37	64.86	222.97	64.46
6	2225—Welfare of SC/ST and Other Backward Classes	745.25	438.66	58.86	300.05	40.26
7	2245—Relief on Account of Natural Calamities	232.77	155.89	66.97	133.33	57.28

(1)	(2)	(3)	(4)	(5)	(6)	(7)
8	2501—Special Programmes for Rural Development	63.32	52.65	83.15	52.42	82.79
9	2506—Land Reforms	11.72	11.72	100.00	11.72	100.00
10	2551—Hill Areas	23.54	23.06	97.96	20.10	85.39
11	2810—New and Renewable Energy	62.10	59.89	96.44	56.44	90.89
12	2851—Village and Small Industries	209.93	121.06	57.67	89.67	42.71
13	3051—Ports and Light Houses	47.97	34.21	71.32	32.68	68.13
14	3055—Road Transport	15.00	15.00	100.00	0.00	0.00
15	3452—Tourism	133.06	78.73	59.17	60.53	45.49
16	4058—Capital Outlay on Stationery and Printing	1.25	0.86	68.80	0.75	60.00
17	4059—Capital Outlay on Public Works	65.34	37.14	56.84	31.52	48.24
18	4202—Capital Outlay on Education, Sports, Art and Culture	49.46	31.80	64.29	11.13	22.50
19	4216—Capital Outlay on Housing	8.91	6.30	70.71	4.90	54.99
20	4225—Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	37.88	27.85	73.52	23.55	62.17

(1)	(2)	(3)	(4)	(5)	(6)	(7)
21	4235—Capital Outlay on Social Security and Welfare	3.84	3.60	93.75	3.16	82.29
22	4250—Capital Outlay on other Social Services	1.84	1.29	70.11	0.87	47.28
23	4402—Capital Outlay on Soil and Water Conservation	13.21	8.87	67.15	5.99	45.34
24	4403—Capital Outlay on Animal Husbandry	4.11	2.39	58.15	1.84	44.77
25	4405—Capital Outlay on Fisheries	69.86	56.44	80.79	39.96	57.20
26	4406—Capital Outlay on Forestry and Wildlife	13.22	8.21	62.10	5.89	44.55
27	4425—Capital Outlay on Co-operation	43.93	40.63	92.49	33.12	75.39
28	4515—Capital Outlay on other Rural Development Programmes	5.00	5.00	100.00	5.00	100.00
29	4701—Capital Outlay on Medium Irrigation	47.62	42.67	89.61	33.93	71.25
30	4702—Capital Outlay on Minor Irrigaion	18.61	10.28	55.24	9.56	51.37
31	4711—Capital Outlay on Flood Control Projects	145.11	110.57	76.20	99.36	68.47

(1)	(2)	(3)	(4)	(5)	(6)	(7)
32	4853—Capital Outlay on Non-ferrous Mining and Metallurgical Industries	8.00	8.00	100.00	0.00	0.00
33	4858—Capital Outlay on Engineering Industries	1.32	1.32	100.00	0.00	0.00
34	4859—Capital Outlay on Telecommunication and Electronic Industries	115.69	90.30	78.05	57.37	49.59
35	4860 Capital Outlay on Consumer Industries	13.55	13.05	96.31	13.05	96.31
36	4885—Capital Outlay on Industries and Minerals	46.00	45.00	97.83	0.00	0.00
37	5051—Capital Outlay on Ports and Lighthouses	36.19	30.23	83.53	5.01	13.84
38	5056—Capital Outlay on Inland and Water Transport	10.91	9.20	84.33	9.11	83.50
39	5075—Capital Outlay on other Transport Services	90.33	79.44	87.94	67.11	74.29
40	5452—Capital Outlay on Tourism	15.59	14.58	93.52	14.15	90.76

Non-reconciliation of departmental figures

Pendency in submission of Detailed Countersigned Contingent bills against Abstract Contingent bills

According to Rule 187 (d) of the Kerala Treasury Code, all contingent claims that require the countersignature of the controlling authority after payment

are to be initially drawn by the Drawing and Disbursing Officer (DDO) from the treasury by presenting Abstract Contingent bills in the prescribed form (Form TR 60). Abstract Contingent (AC) bills can be drawn only by an authorised officer for the items of expenditure listed in Appendix 5 to the Kerala Financial Code. The DDO should maintain a register of AC bills and monitor submission of detailed bills there against. The Detailed Contingent (DC) bills in respect of such claims should be submitted to the controlling authority for countersignature not later than the 10th of the month succeeding that to which they relate. The detailed bills pertaining to a month's claim should reach the Accountant General (A&E) not later than the 20th of the succeeding month.

According to the records maintained by the Accountant General (A&E), 17 AC bills drawn by 12 DDOs up to March 2010 involving ₹ 2.05 crore were not adjusted as of July 2010 due to non-receipt of DC bills, details of which are enumerated in Appendix III. Year-wise details are given in Table 2.8.

TABLE 2.8: PENDENCY IN SUBMISSION OF DETAILED COUNTERSIGNED CONTINGENT BILLS AGAINST ABSTRACT CONTINGENT BILLS

(₹ in crore)

Year	AC bills		DC bills		DC bills as percentage of AC bills	Outstanding AC Bills	
	Number	Amount	Number	Amount		Number	Amount
2008-09	546	3.96	544	3.92	99	2	0.04
2009-10	367	5.98	352	3.99	66	15	2.01
Total		9.94		7.91		17	2.05

Source: Information furnished by Accountant General (A&E).

Unreconciled expenditure

To enable the Controlling Officers of the departments to exercise effective control over expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, para 74 of the Kerala Budget Manual stipulates that the expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (A&E). Even though non-reconciliation of departmental figures is being pointed out regularly in the Audit Reports, lapses on the part of the Controlling Officers in this regard continued to persist during 2009-10 also.

One hundred and fifty six Controlling Officers did not reconcile expenditure amounting to ₹ 22995.88 crore as of June 2010. In respect of 62 Controlling Officers (given in Table 2.9), amounts exceeding ₹ 10 crore in each case remained unreconciled during 2009-10.

TABLE 2.9: LIST OF CONTROLLING OFFICERS WHERE AMOUNTS EXCEEDING ₹ 10 CRORE IN EACH CASE REMAINED UNRECONCILED DURING 2009-10

		(₹ in crore)
Sl. No.	Name of the Controlling Officer	Amount not reconciled
(1)	(2)	(3)
1	Secretary to Government, General Administration (BW) Department	98.40
2	Principal Secretary to Government, Finance Department	8568.56
3	Director of Survey and Land Records	51.48
4	Commissioner of Land Revenue	460.64
5	Excise Commissioner	80.62
6	Commissioner of Transport	46.48
7	Director of Treasuries	733.22
8	Principal Secretary to Government, Revenue (F) Department	15.00
9	Director General of Police (Prisons)	74.19
10	Controller of Stationery	15.43
11	Director of Printing	45.84
12	Commandant, Fire and Rescue Services	46.78
13	Chief Engineer, Buildings and Local Works, Public Works Department	243.39
14	Chief Engineer, National Highways, Public Works Department	206.84
15	Chief Engineer, Roads and Bridges, Public Works Department	1563.83
16	Director of State Lotteries	501.79

(1)	(2)	(3)
17	Director of Public Instruction	2525.47
18	Director of Collegiate Education	524.61
19	Director of Vocational Higher Secondary Education	111.74
20	Principal Secretary to Government, Higher Education (B) Department	171.54
21	Director, Sports and Youth Affairs	75.00
22	Director of Archeology	10.45
23	Chief Electrical Inspector	10.95
24	Secretary, Kerala Sports Council	14.08
25	Chairman, Science, Technology and Environment Department	65.37
26	Registrar, Mahatma Gandhi University	23.21
27	Director of Higher Secondary Education	1920.53
28	Textbook Officer	43.63
29	Director of Indian Systems of Medicine	79.68
30	Administrative Officer, Employees State Insurance	58.18
31	Director, Regional Cancer Centre	26.86
32	Director of Homoeopathy	39.23
33	Director of Health Services	699.17
34	Secretary to Government, Health and Family Welfare Department	130.00
35	Secretary to Government, Water Resources (WS B) Department	507.53
36	Chief Town Planner	37.27
37	Director, Kerala Sustainable Urban Development Project	150.00
38	Director of Urban Affairs	102.48
39	Labour Commissioner	86.15

(1)	(2)	(3)
40	Director of Training	40.43
41	Director of Scheduled Castes Development	539.55
42	Secretary to Government, Local Self Government Department	10.03
43	Secretary to Government, Revenue (SLMC) Department	121.93
44	Registrar of Co-operative Societies	24.73
45	Director of Agriculture	449.42
46	Chief Engineer, Irrigation and Administration	327.54
47	Director of Civil Supplies	21.43
48	Director of Animal Husbandry	141.80
49	Director of Fisheries	26.59
50	Chief Conservator of Forests	101.98
51	Director of Panchayats	16.69
52	Commissioner of Rural Development	280.21
53	Secretary, Kerala Khadi and Village Industries Board	18.95
54	Director of Industries and Commerce Department	82.00
55	Secretary to Government, Information Technology Department	77.67
56	Chief Engineer, Project I (Irrigation)	38.22
57	Chief Engineer, Project II (Irrigation)	16.58
58	Secretary to Government, Transport (C) Department	30.00
59	Director of State Water Transport	16.68
60	Director of Tourism	55.48
61	Director of Social Welfare	309.84
62	Secretary, Land Board	19.55
	Total	22932.92

Source: Information furnished by Accountant General (A&E).

Advances from Contingency Fund

The Contingency Fund of the State has been established under the Kerala Contingency Fund Act, 1957 in terms of provisions of Article 267 (2) and

283 (2) of the Constitution of India. Advances from the Fund are to be made only for meeting expenditure of an unforeseen and emergent nature, postponement of which, till its authorisation by the Legislature, would be undesirable. The Fund is in the nature of an imprest and its corpus is ₹ 100 crore. Till the close of the year, ₹ 26.27 crore drawn (26th March, 2010) under '6216 Loans for Housing' was not recouped to the Fund.

Review of Selected Grants

A review of budgetary procedure and control over expenditure for 2009-10 conducted in July-August 2010 relating to 'Grant No. XXVII—Co-operation' and 'Grant No. XXXVII—Industries' revealed the following:

Persistent savings

Persistent savings were noticed in Grant No. XXVII (Co-operation) and Grant No. XXXVII (Industries) both under Revenue and Capital during the consecutive three years from 2007-08 to 2009-10.

Belated surrender of funds

As per the provisions in the Kerala Budget Manual, reappropriation and surrender proposals for a financial year are to be sent not later than 15th February of the year. Audit scrutiny revealed that reappropriation proposals were sent by the Director of Handloom and Textiles and the Director of Coir Development only in March 2010. The dates of sending reappropriation proposals were not furnished by the Director of Industries and Commerce. Surrender proposals were sent by the Director of Handloom and Textiles, the Director of Industries and Commerce and the Director of Coir Development only on the last day of the financial year. Similarly, the Registrar of Co-operative Societies sent reappropriation proposals on 16th February, 2010 and 31st March, 2010 and surrender proposals on 31st March, 2010. As surrender of funds was made on the last day of the financial year, the funds could not be allocated to needy departments.

Drawal of funds to avoid lapse of budget provision

Financial rules prohibit drawal of funds at the close of the financial year with a view to prevent lapse of budget provisions. However, the following Drawing and Disbursing Officers drew ₹ 119.27 crore meant for various schemes

on the last day of the financial year (31st March, 2010) and disbursed the same to the implementing agencies. It is apparent that this was done to prevent lapse of budget provisions.

TABLE 2.10: DRAWAL OF FUNDS ON THE LAST DAY OF FINANCIAL YEAR

<i>Name of Drawing and Disbursing Officer</i>	<i>Number of bills</i>	<i>Amount (₹ in crore)</i>
The Registrar of Co-operative Societies	16	46.75
The Director of Coir Development	16	30.53
The Director of Industries and Commerce	26	40.49
The Director of Handloom and Textiles	2	1.5
Total	60	119.27

Parking of funds in bank accounts

† The State Government accorded administrative sanction (March 2010) for setting-up a Common Facility Centre each in Garment cluster, Kollam, in Ethnic Food Processing Women cluster, Pala, Kottayam and in Printer's cluster, Ernakulam at a cost of ₹ 35.48 lakh, ₹ 98.97 lakh and ₹ 51.33 lakh respectively. The Centres were to be established with the help of Kerala Bureau of Industrial Promotion (K-Bip)*. As per orders of the Government, the Director of Industries and Commerce drew (29th March, 2010) ₹ 1.86 crore and deposited it in bank accounts of K-Bip. As no formal sanction had been received from the Development Commissioner (MSME†), New Delhi by K-Bip for disbursement of the amount to the clusters, the amount remained unutilised in the bank accounts as of July 2010.

Outcome of inspection of treasuries

There were 23 District Treasuries, 186 subtreasuries and 12 Stamp depots in the State as of March 2010. The Accountant General (A&E) inspected 145 treasuries (District Treasury: 23; subtreasuries: 117 and Stamp depot: 5). Some of the irregularities and deficiencies noticed in the functioning of treasuries are mentioned in the succeeding paragraphs:

* A State autonomous body for promoting the potential business opportunities and highlight the ideal business climate prevailing in Kerala to the entrepreneurs.

† Micro, Small and Medium Enterprises.

Excess payment of pension

There was excess payment of pension/family pension amounting to ₹ 31.98 lakh in 1006 cases in 92 treasuries (including 13 district treasuries) during 2009-10. The main reasons for excess payments were errors in calculation of revised pension, non-reduction of family pension after expiry of authorised period, payment of ineligible festival allowance, medical allowance and incorrect calculation of dearness relief. Out of the excess payment of ₹ 31.98 lakh, treasuries* recovered ₹ 2.92 lakh and the balance amount of ₹ 29.06 lakh remained to be recovered as of March 2010.

Unoperated Treasury Savings Bank Account

As per Rules 28 and 40 of the Treasury Savings Bank Rules, Treasury Savings Bank Accounts which remain unoperated for more than five completed financial years will cease to earn interest and balance under such accounts should be transfer-credited to Revenue Deposit. It was noticed that 1163 such unoperated accounts in 53 treasuries were not closed and the balance transfer-credited to Revenue Deposit.

Mustering of pensioners

In terms of Rule 280 (a) of the Kerala Treasury Code Vol.I, the Treasury Officer should conduct mustering of pensioners annually in the case of pensioners/family pensioners/Pension Treasury Savings Bank holders and once in three years, where payment of pension is made through money orders. These provisions are made to prevent fraudulent payments. However, in 308 cases, in 69 treasuries as listed in Appendix III, mustering of pensioners was pending for two to three years.

Public Works Deposits

Public Works Deposits comprise transactions of the following categories:

- (a) Cash deposits from subordinates as security
- (b) Cash deposits from contractors as security including percentage deduction from the bills
- (c) Deposits for works to be done
- (d) Sums due to contractors on closed accounts
- (e) Sums due to other Governments on closed accounts
- (f) Miscellaneous deposits.

* 22 treasuries have recovered full amount and in respect of others part recovery has been made.

A test check conducted in July 2010 of the accounts of 17* Divisions (out of 121 Divisions) holding ₹ 231.62 crore under Public Works Deposits as on 31st March, 2010 revealed the following:

General deficiencies

The deficiencies in financial control and non-observance of rules noticed during audit are detailed below:

- According to para 15.4.1 (iii) of the Kerala Public Works Account Code, balances unclaimed for more than three completed account years should lapse and the amounts thereof should be credited to Government as 'lapsed deposits' in the month of March each year. It was noticed that in 13† out of 17 divisions, lapsed deposits amounting to ₹ 3.37 crore were not credited to Government account. In the remaining four divisions, details regarding lapsed deposits could not be ascertained as the information regarding dates of deposit was not available.
- The subhead "Miscellaneous Deposits" is intended for the temporary accommodation of statutory deductions such as the Family Benefit Scheme, Life Insurance, Sales tax, etc., and other items pending immediate clearance by credit/transfer to the respective heads of account. The total amount outstanding as of March 2010 in 17 Divisions worked out to ₹ 23.59 crore, indicating that funds credited were not paid to the respective agencies.
- In five‡ Divisions, bills amounting to ₹ 1.54 crore were not paid for want of Special Letter of Credit from the Government, even though the entire amounts were received as deposits from the department and the works had already been completed.

* Buildings Division, Alappuzha, Ernakulam, Kollam, Kottayam, Kozhikode and Thiruvananthapuram; Harbour Engineering Division, Kannur; Roads division, Alappuzha, Ernakulam, Kannur, Kollam, Kottayam, Kozhikode and Thiruvananthapuram; Special Buildings Division, Thiruvananthapuram and National Highway Division, Kozhikode and Thiruvananthapuram.

† Buildings Division, Alappuzha, Ernakulam, Kottayam and Kozhikode; Harbour Engineering Division, Kannur; National Highway Division, Kozhikode and Thiruvananthapuram; Roads Division, Alappuzha, Kannur, Kottayam, Kozhikode and Thiruvananthapuram and Special Buildings Division, Thiruvananthapuram.

‡ Buildings Division, Kozhikode, National Highway Division, Kozhikode; Roads Division, Kollam and Thiruvananthapuram and Special Buildings Division, Thiruvananthapuram.

Irregular deposit of funds for Government works

The Public Works Department (PWD) is the executing agency for all Government works and provision of funds for such works is included in the Public Works Budget. Non Government works are also executed by PWD out of funds deposited in cash or otherwise placed at its disposal and are termed 'deposit works'. According to clause 10.3.39 of the Kerala PWD Manual, works of Government departments executed by PWD when the provisions are included in those departments' budgets are treated as deposit works. The manual also prescribes that no deposit need be insisted upon in such cases. Only indication of willingness to accept debit raised by PWD is necessary. This is to ensure that only actual expenditure incurred during the year is debited to the concerned heads. In 11 (out of 17) test checked divisions, ₹ 71.80 crore was remaining as deposit relating to Civil Departments as of March 2010. Details are given in Appendix III. The following cases were also seen:

In seven* out of these divisions, ₹ 6.37 crore was received as deposit during March 2010 for 52 works.

In three† divisions, four works were at standstill. Even though agreements were executed for all the four works during 2004-05 and 2005-06 the reasons for not commencing the works were not intimated by the divisions except in the case of one division where the work had been abandoned subsequently. However, in this case, the deposit had not been refunded.

In three divisions‡, though ₹ 1.53 crore was received as deposit between April 2003 and August 2008 from Tourism, Jails, Animal Husbandry and Scheduled Castes Development Departments, works for ₹ 0.86 crore only were arranged in April 2009 and works for the remaining amount of ₹ 0.67 crore had not been arranged as of July 2010.

The lodging of budgeted funds in PW deposits even though such a procedure was not required under the rules to take up Government works, enabled Civil Departments to prevent lapse of budget provision and to retain unspent balances at the end of the financial year and use the same in subsequent years. This was highly irregular and negated the financial control of the Legislature over the Consolidated Fund.

* Buildings Division, Alappuzha, Ernakulam, Kottayam, Kozhikode and Thiruvananthapuram; Harbour Engineering Division, Kannur and Special Buildings Division, Thiruvananthapuram.

† Special Buildings division, Thiruvananthapuram; Roads Division, Ernakulam and Buildings Division, Ernakulam.

‡ Roads Division, Kollam; Buildings division, Kottayam and Buildings division, Kozhikode.

Conclusion

During 2009-10, expenditure of ₹ 36887.50 crore was incurred against total grants and appropriations of ₹ 50115.55 crore, resulting in savings of ₹ 13228.05 crore. The overall savings were the net result of savings of ₹ 13317.11 crore, offset by excess of ₹ 89.06 crore. Excess expenditure of ₹ 23.07 crore, in eight grants and two appropriations during 2009-10 required regularisation under Article 205 of the Constitution of India. Apart from this, regularisation of excess expenditure under Article 205 of the Constitution of India was pending for ₹ 530.12 crore from 1990-91 to 2008-09 as of October 2010. In 33 cases, surrenders of funds amounting to ₹ 3477.53 crore were made on the last two working days of the financial year, while in 19 grants/appropriations, savings amounting to ₹ 870.72 crore were not surrendered. In 21 cases, ₹ 167.32 crore was surrendered in excess of actual savings. In 87 cases, augmentation/reduction of provisions by re-appropriation proved either in excess of requirement or insufficient as the final expenditure of the reappropriated sub heads resulted in savings/excess by more than ₹ 2 crore.

Recommendations

- Budgetary controls need be strengthened in all the Government departments.
- Re-appropriation/surrender of funds may be done at the earliest in order to make the funds available to the needy departments of the Government.

[Audit paragraphs 2.1 to 2.10 contained in the Report of the C&AG of India (State Finances) for the financial year 31 March, 2010.]

Notes received from Government on the above audit paragraphs is included as Appendix II.

To a query of the Committee, the witness, Officer on Special Duty, Finance (Resources) Department replied that normally the Finance Department would not submit Action Taken Report on the general comments of the C&AGI, which was considered as a consolidated report on the Appropriation Accounts and Auditing. So Finance Department did not take any step to furnish RMT statement before the Committee. He assured the Committee that the department would take steps to submit action taken report in the coming years promptly.

2. The Committee was at a loss to note that there was no appropriation control during 2009-10, since total expenditure incurred by the departments exceed by ₹ 89.06 crore whereas the overall savings is ₹ 13317.11 crore. It remarked that had the unspent amount surrendered in time, it could have been re-appropriated for some other purposes.

3. Regarding the audit paragraph the Officer on Special Duty, Finance (Resources) Department informed that most administrative departments were hesitant either to surrender or reappropriate the unspent balance in time. The fund allotted for some schemes without checking its viability left unoperated till the end of the financial year. In this regard the Committee suggested that the administrative department should stick on the directions issued by the Finance Department about the ceiling on expenditure for each quarter. The Committee decided to recommend that at the beginning of the fourth quarter of a financial year, Finance Department should review the projects which did not spend half of the total allocation and in the case of projects which did not utilise any amount, directions should be issued to the concerned administrative department to examine and report whether the particular project is executable or not.

4. When the Committee stressed the need for implementing an effective monitoring mechanism over the utilisation of funds, the Officer on Special Duty, Finance (Resources) Department apprised that as implementation of Treasury Information System has not been completed, the monitoring could not be done effectively. The Committee reiterated its earlier recommendation that treasury computerisation should be completed on war footing.

5. The Committee understood that Agriculture Department incurred persistent savings and opined that it is high time to review the procedures followed for budget preparation and suggested that expenditure incurred during the previous year also be taken into account rather than increasing the allotment by 10%. Then the Officer on Special Duty, Finance (Resources) Department submitted that savings incurred were mainly under the plan heads and it would not be practical to cut down the plan fund allocation of primary sector like Agriculture. Meanwhile the official from the Office of the Accountant General informed that Agriculture Department sustained persistent savings up to 60% of the total allocation. The Officer on Special Duty, Finance (Resources) Department opined that while submitting budget proposals, the administrative departments would consider their absorption capacity also. The Committee

decided to recommend that Planning Board should review the heads of account under which persistent savings incurred and should analyse the reason for non-utilisation of fund. As per the direction of the Planning Board the fund should be reallocated effectively. It also decided to take evidence from Departments which incurred persistent savings after getting the data related to persistent savings and directed the Finance Department to furnish notes on persistent savings under different minor heads.

6. The Committee remarked that the current practice of transferring funds either to TSB or Bank Account to avoid fund lapse should be curtailed and suggested that the unspent balance should be transferred to the next year's budget allocation in the case of ongoing schemes. Then the witness, Officer on Special Duty, Finance (Resources) Department apprised that if such an unconditional option was offered, all departments would demand to carry-over the unspent balance in the next year's budget without even considering the requirement. In case of continuing schemes, fund would be provided in the succeeding budget and if the allocation do not meet the requirement, the department could move for supplementary demands for grants.

7. He continued that usually unspent fund owed to Public Sector Undertakings, grant-in-aid institutions, etc. would be drawn and deposited to Bank account and a few departments were allowed to operate TSB account. The fund transferred to PD account could not be put under budgetary control or appropriation control. Considering all these aspects, the Committee decided to recommend that Finance Department should restrict the operation of PD Accounts except under inevitable circumstances and it should be scrutinized. The Committee urged that necessary steps should be taken to ensure that PD account would get closed automatically, unless the amount so transferred expended within 6 months and also directed to prescribe time limit for all the newly opening TSB accounts and Transfer Credits.

8. Regarding the audit paragraph, the Officer on Special Duty, Finance (Resources) Department submitted that bill to regularise the excess expenditure would be moved during the next assembly session.

9. To a query of the Committee, the Officer on Special Duty, Finance Department apprised that though in principle, Finance Department is against the

allocation of supplementary grants, it is compelled to do that. Yet only 5% of the requests received from departments were included in the demands. Then the Committee directed that Finance Department should be more vigilant in moving Supplementary Demands for Grants and the proposals should be scrutinized to ensure the necessity.

10. Regarding the audit paragraph, the Officer on Special Duty, Finance (Resources) Department admitted that reappropriation within a grant from one unit of appropriation where savings are anticipated to another unit when additional funds are needed is a common phenomena and lack of proper assessment by the controlling officer is the reason for reappropriation or resumption unconditionally. In this regard the official from the office of the Accountant General pointed out that non-maintenance of an expenditure register would result in miscalculation. The Committee reiterated the point put forth by the official from AG and directed that Finance Department should issue necessary direction in this regard urgently.

11. To a query of the Committee, the Officer on Special Duty, Finance Department replied that unless the amount surrendered in time, it would get lapsed and the department would not have any control over it.

12. Regarding the audit paragraph, the Committee directed that Finance Department should ensure that the administrative departments were strictly following the directions regarding time limit prescribed for the expenditure, on each quarter of financial year.

13. The Committee reiterated its earlier recommendation that advance permitted to a Drawing and Disbursing Officer at a time should be limited to three.

14. The Officer on Special Duty, Finance (Resources) Department informed the Committee that there must be a feedback system to reconcile the expenditure under a particular head. He added that after accomplishing treasury computerisation, each department could generate data through online treasury management system and reconcile it with the figures of the Accountant General. The Committee remarked that unreconciled expenditure is high and unrealistic and suggested that considering the urgency of the matter, treasury computerisation procedures should be accelerated.

15. The Officer on Special Duty, Finance (Resources) Department apprised that the cases in which advances drawn from contingent fund after moving final supplementary grants for the year, were recouped as per the provisions in the contingency fund rules.

16. The Officer on Special Duty, Finance (Resources) Department informed the Committee that certain Public Sector Undertakings and grant-in-aid institutions were permitted to operate bank account. The transaction involving large amount need to be made through Real Time Gross Settlement (RTGS) and for RTGS bank account is essential. He supplemented that measures are being taken to restrict such mode of transaction.

17. When enquired about the measures taken to avoid excess payment of pension, the Officer on Special Duty, Finance (Resources) Department replied that the pension issued through bank was not subjected to proper scrutiny or auditing and hence excess payment, if any, happened could not be identified. He added that a project viz., PRISM is introduced to build up a data base of pensioners. Once it is completed, all payments including DA could be authorized through it and accordingly excess payments could be avoided.

18. Regarding the audit observation, the Officer on Special Duty, Finance (Resources) Department informed that steps had been initiated in the year 2009 itself to close the unoperated Treasury Savings Bank accounts. It is envisaged to carry-out periodically. Then the Committee suggested that strict measures should be taken to close all TSB accounts which remain unoperated for more than five years.

19. The Committee remarked that AG's observation was that there is no justification in depositing fund by the Department for executing works and enquired about the opinion of the Finance Department. Then the witness, Officer on Special Duty, Finance (Resources) Department informed that in case of capital works deposit would not be required as the controlling authority is the Chief Engineer. But in case of non engineering departments, payment of minor works could be deposited under PWD's account since the heads under which fund for the purpose were operated by civil sections.

20. The Committee pointed out that with the completion of computerization of treasuries, almost all problems could be solved out. Then the Officer on Special Duty, Finance (Resources) Department acquainted that though budget preparation and treasury system were computerized, networking could not be entertained. A new system viz., BEAMS developed by NIC is proposed to be introduced for the purpose. He deposed that it was envisaged to integrate all these systems to develop a new system called ITMS (Integrated Treasury Management System).

Conclusion/Recommendation

21. The Committee notices that during 2009-10, total expenditure incurred by the departments exceed by ₹ 89.06 crore whereas the overall savings was ₹ 13317.11 crore. It remarks that, had the unspent amount surrendered in time, it could have been reappropriated fruitfully. It admonishes the Finance Department for the poor budgeting and directs that the department should be vigilant to maintain appropriation controls.

22. Regarding the audit paragraph appropriation visa-vis Allocative Priorities, the Committee suggests that the administrative department should stick on the directions issued by the Finance Department about the ceiling on expenditure for each quarter. The Committee directs that the Finance Department should review the expenditure incurred by departments at the beginning of the fourth quarter of a financial year and should check whether expenditure is in proportionate to the progress of the year. It recommends that Finance Department should review the projects which had not expended half of the total allocation at the end of the third quarter and in the case of project which did not utilise any amount, directions should be issued to the concerned administrative department to examine and report whether the particular project is executable or not.

23. The Committee recommends that Planning Board should review the heads of account under which persistent savings incurred and should analyse the reason for non-utilisation of fund. Accordingly Planning Board should issue necessary suggestions to reallocate the fund effectively. The Committee urges the Finance Department to furnish a report containing the details of departments incurring persistent savings.

24. It reiterates its earlier recommendation that advances permitted to a drawing and disbursing officer should be limited to three at a time.

25. The Committee came to know that many departments withdraw unspent fund owed to Public Sector Undertakings, grant-in-aid institutions, etc. and deposited it into Bank account shown it as expenditure. A few departments were allowed to operate TSB account. The fund transferred either to savings bank account or PD account could not be put under budgetary control or appropriation control. Considering all these aspects, the Committee recommends that Finance Department should restrict the operation of PD Accounts except under inevitable circumstances and it should be scrutinized.

26. The Committee recommends that necessary measures should be taken to ensure that PD account would get closed automatically, unless the amount so transferred expended within 6 months. It also directs to prescribe time limit for all the newly opening TSB accounts and Transfer Credits. The Committee suggests that all the TSB account which remaining idle for more than 5 years should be closed.

27. The Committee finds that in departments lack of proper assessment of the requirements by the controlling officers is the main reason for reappropriation or resumption unconditionally. The Committee remarks that non-maintenance of an expenditure register would result in miscalculation and recommends that every department should invariably maintain an expenditure register and directs that Finance Department should issue necessary direction in this regard urgently.

28. It also suggests to examine the feasibility of providing the unspent portion of the budget allocation for ongoing schemes in the succeeding years budget.

29. The Committee recommends that all the administrative Departments should adhere to the directions issued regarding the time limit prescribed for the expenditure and Finance Department should ensure that the administrative departments comply with the directions.

30. The Committee reiterates its earlier recommendation that treasury computerization should be completed on war footing.

Thiruvananthapuram,
9th July, 2014.

DR. T. M. THOMAS ISAAC,
Chairman,
Committee on Public Accounts.

APPENDIX I

SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/Recommendation</i>
(1)	(2)	(3)	(4)
1	21	Finance	The Committee notices that during 2009-10, total expenditure incurred by the departments exceed by ₹ 89.06 crore whereas the overall savings was ₹ 13317.11 crore. It remarks that, had the unspent amount surrendered in time, it could have been reappropriated fruitfully. It admonishes the Finance Department for the poor budgeting and directs that the department should be vigilant to maintain appropriation controls.
2	22	„	Regarding the audit paragraph appropriation <i>visa-vis</i> Allocative Priorities, the Committee suggests that the administrative department should stick on the directions issued by the Finance Department about the ceiling on expenditure for each quarter. The Committee directs that the Finance Department should review the expenditure incurred by departments at the beginning of the fourth quarter of a financial year and should check whether expenditure is in proportionate to the progress of the year. It recommends that Finance Department should review the projects which had not expended half of the total allocation at the end of the third quarter and in the case of project which did not utilise any amount, directions should be issued to the concerned administrative department to examine and report whether the particular project is executable or not.
3	23	„	The Committee recommends that Planning Board should review the heads of account under which persistent savings incurred and should analyse the reason for non-utilisation of fund. Accordingly Planning Board should issue necessary suggestions to reallocate the fund effectively. The Committee urges

(1)	(2)	(3)	(4)
			the Finance Department to furnish a report containing the details of departments incurring persistent savings.
4	24	Finance	It reiterates its earlier recommendation that advances permitted to a drawing and disbursing officer should be limited to three at a time.
5	25	„	The Committee came to know that many departments withdraw unspent fund owed to Public Sector Undertakings, grant-in-aid institutions, etc. and deposited it into Bank account shown it as expenditure. A few departments were allowed to operate TSB account. The fund transferred either to savings bank account or PD account could not be put under budgetary control or appropriation control. Considering all these aspects, the Committee recommends that Finance Department should restrict the operation of PD Accounts except under inevitable circumstances and it should be scrutinized.
6	26	„	The Committee recommends that necessary measures should be taken to ensure that PD account would get closed automatically, unless the amount so transferred expended within 6 months. It also directs to prescribe time limit for all the newly opening TSB accounts and Transfer Credits. The Committee suggests that all the TSB account which remain idle for more than 5 years should be closed.
7	27	„	The Committee finds that in departments lack of proper assessment of the requirements by the controlling officers is the main reason for reappropriation or resumption unconditionally. The Committee remarks that non-maintenance of an expenditure register would result in miscalculation and recommends that every department should invariably maintain an expenditure register and directs that Finance Department should issue necessary direction in this regard urgently.

(1)	(2)	(3)	(4)
8	28	Finance	It also suggests to examine the feasibility of providing the unspent portion of the budget allocation for ongoing schemes in the succeeding years budget.
9	29	„	The Committee recommends that all the administrative Departments should adhere to the directions issued regarding the time limit prescribed for the expenditure and Finance Department should ensure that the administrative departments comply with the directions.
10	30	„	The Committee reiterates its earlier recommendation that treasury computerization should be completed on war footing.

NOTES FURNISHED BY GOVERNMENT

STATEMENT OF ACTION TAKEN ON AUDIT PARAS OF THE COMPTROLLER AND AUDITOR GENERAL REPORT OF THE YEAR ENDED 31ST MARCH 2010 ON STATE FINANCES		Action Taken	
Sl. No	Para No.	Audit Observation	
1	2.2 & 2.6.1	<p>The overall savings of Rs.13228.05 crore was the result of savings of Rs.13317.11 crore in 35 grants and 18 appropriations under the Revenue Section and 24 grants and 11 appropriations under the Capital Section, offset by excess of Rs.89.06 crore in 9 grants and two appropriations under the Revenue Section and one grant under the Capital Section.</p>	<p>Chapter 8 of Kerala Budget Manual contains provisions for control of appropriation for ensuring financial accountability and prudent budget management. However it has been noticed that several spending departments do not strictly adhere to these provisions thus paving the way for occurrence of variation between budgetary appropriation and actual expenditure. To ensure appropriation control and prudent execution of budget, Govt issues necessary instructions to all departments time to time reiterating the need for adherence to the relevant provisions in the Kerala Budget Manual to avoid recurrence of such instances in the ensuing years. In the budget circular issued every year, all heads of departments and controlling officers are given specific instructions to personally ensure that estimates are prepared with utmost care and accuracy taking into account all aspects that are normally available at the time of estimation so as to avoid instances of huge variations between estimates and actuals. Heads of departments and controlling officers are also given instructions to prepare budget estimates of expenditure as accurately as possible so that amounts proposed for each function/programme or scheme do not turn out to be either excessive or inadequate later on. Instruction to this effect is also included in the budget circular issued in 2013 also (Circular No.60/2013/Fin dated: 1st August 2013).</p>
2	2.3.13 & 2.6.4	<p>According to Para 91 (2) of the Kerala Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 47 sub-heads, expenditure of Rs. 10 crore and above and also more than 50 per cent of the total expenditure for the year was incurred in March 2010.</p>	<p>A practice of drawing huge amounts of advance both as cash and demand draft during the closing days of the financial year is seen resorted to by Drawing and Disbursing Officers of various Departments. The main intention behind the practice of advance drawal is to avoid lapsing of budget provisions. Such drawals are made in respect of incomplete works and purchases in violation of the rules pertaining to financial propriety, to be observed by each and every Drawing and Disbursing Officer. To avoid rush of expenditure at the close of the financial year, Govt. have fixed</p>

			<p>quarterly targets of plan expenditure to be achieved by Departments against budget allocation. To ensure early presentation of bills, cheques, challan by departments to treasuries, specific time limit has been prescribed, thereby the bunching of expenditure at the flag end of the financial year can be avoided. Instructions are given to controlling Officers to ensure that copies of letters of allotment are reached sub controlling officers on time. Treasuries were also instructed to comply strictly the guidelines issued time to time by the Government to this effect. Instructions in this regard are contained in Circular No. 31/12/Fin dtd:02.06.2012 and Circular No. 17/2011/Fin dtd:07/03/2011.</p>
3	2.6.2	<p>As per the provisions in the Kerala Budget Manual, re-appropriation and surrender proposals for a financial year are to be sent not later than 15th February of the year. Audit scrutiny revealed that reappropriation proposals were sent by the Director of Handloom and Textiles and the Director of Coir Development only in March 2010. The dates of sending reappropriation proposals were not furnished by the Director of Industries and Commerce. Surrender proposals were sent by the Director of Handloom and Textiles, the Director of Industries and Commerce and the Director of Coir Development only on the last day of the financial year. Similarly, the Registrar of Cooperative Societies sent reappropriation proposals on 16 February 2010 and 31 March 2010 and surrender proposals on 31 March 2010. As surrender of funds was made on the last day of the financial year, the funds could not be allocated to needy departments.</p>	<p>The Budget Manual (Para 93) stipulates that the latest dates by which proposals for re-appropriation/surrender of savings should reach Government by 15th February in Administrative Department and duly recommended by the Administrative Department. Every year Finance Department issues circular instructions to all Controlling Officers/Heads of Departments for strict compliance of timeframes fixed for submission of resumption proposals. The latest circular instructions in this regard issued in Government Circular No. 3/2013/Fin dtd:15.01.2013. Finance Department will be taking all efforts to get these time lines adhered to by all controlling officers/HoDs.</p>
4	2.6.3	<p>Financial rules prohibit drawal of funds at the close of the financial year with a view to prevent laps of budget provisions. However an amount of Rs.119.27 crore for various schemes was drawn by the controlling officers on the last day of the financial year and disbursed the same to the implementing</p>	<p>As a matter of policy, Govt. do not encourage withdrawal of money for retaining in TSB accounts in order to prevent it from lapsing and use it for expenditure after the end of the year. However if the drawing and disbursing officers need advance drawal for any unavoidable expenditure, Govt. usually permits opening of special TSB account for a limited period and retention of money in TSB</p>

	<p>agencies. It is apparent that this was done to prevent lapse of budget provisions.</p>	<p>accounts in certain cases where spill over payments are to be made immediately after the end of the financial year. Bunching of expenditure at the flag end of the financial year is viewed as one of the reasons for compulsion to transfer the amount to treasury public account. To avoid bunching of expenditure at the close of the financial year, Govt. have fixed quarterly targets of plan expenditure to be achieved by Departments against budget allocation. Government have issued instructions to all HoDs to this effect by reiterating that practice of transferring plan funds to TSB towards the end of the financial years will not be permitted. All HoDs were informed that any withdrawal of money for avoiding lapse of money in anticipation of future expenditure and keeping money in cash chest (DD/Cheque) would be viewed as irregularity of serious nature and responsibility and accountability will be fixed accordingly (Circular No.31/12/Fm dated : 02/06/2012).</p>
<p>5</p>	<p>2.9</p> <p>During 2009-10, expenditure of Rs.36887.50 crore was incurred against total grants and appropriations of Rs.50115.55 crore, resulting in savings of Rs.13228.05 crore. The overall savings were the net result of savings of Rs.13317.11 crore, offset by excess of Rs.89.06 crore. Excess expenditure of Rs.23.07 crore, in eight grants and two appropriations during 2009-10 required regularization under Article 205 of the Constitution of India. Apart from this, regularization of excess expenditure under Article 205 of the Constitution of India was pending for Rs.530.12 crore from 1990-91 to 2008-09 as of October 2010. In 33 cases, surrender of funds amounting to Rs.3477.53 crore were made on the last two working days of the financial year, while in grants/appropriations, savings amounting the Rs.870.72 crore were not surrendered. In 21 cases, Rs.167.32 crore was surrendered in excess of actual savings. In 87 cases augmentation/reduction of provisions by reappropriation proved either in excess of requirement</p>	<p>The Committee on Public Accounts (2011-14) in its 19th Report recommended for the regularization of excess expenditure over voted grants/charged appropriations for the years from 1990-91 to 2009-10 (12 years) involving Rs.192.74 crore under Article 205 of the Constitution of India. Action is being taken by Finance Department to present the Demands for Excess Grants to regularize excess expenditure to the tune of Rs.192.74 crore in the next session of the Assembly. As per para 91 of the Kerala Budget Manual, all Chief controlling officers and Heads of departments are liable for surrender of funds found to be in excess of requirements under each unit of appropriation at the end of the financial year to Govt. in finance department. Usually finance department gives specific instructions to all departments to take necessary steps for the resumption of the savings anticipated at the end of the financial year as per the provisions in the Kerala Budget Manual. The latest instruction in this regard were issued in Circular No.3/2013/Fm dated 15/01/2013.</p>

6	<p>or insufficient as the final expenditure of the reappropriated sub-heads resulted in savings/excess by more than two crore.</p> <p>Budgetary controls need be strengthened in all the Govt. departments.</p> <p>Reappropriation/surrender of funds may be done at the earliest in order to make the funds available to the needy departments of the Govt.</p>		<p>To ensure appropriation control and prudent execution of budget, Govt. issues necessary instructions to all departments time to time reiterating the need for adherence to the relevant provisions in the Kerala Budget Manual to avoid recurrence of such instances in the ensuing years. Heads of departments and controlling officers are also given instructions to prepare budget estimates of expenditure as accurately as possible so that amounts proposed for each function/programme or scheme do not turn out to be either excessive or inadequate later on. Instruction to this effect is also included in the budget circular issued in 2013 also (Circular No.60/2013/Fin dated: 1st August 2013. As per Para 91 of Kerala Budget Manual, all Chief Controlling Officers and Heads of Departments are liable for surrender of funds found to be in excess of requirements under each unit of appropriation at the end of the financial year to Government in Finance Department. Every year during the month of January/February Finance Department usually gives specific instructions to all Departments to take necessary steps for the resumption of the savings anticipated at the end of the financial year. The latest instructions in this regard were issued in Circular No. 3/2013/Fin dttd: 15.01.2013.</p>
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GOVERNMENT OF KERALA
Finance (SS) Department

Circular

No.17/2011/Fin.

Thiruvananthapuram, Dated: 07/03/2011

Sub:- Treasury Transactions - Drawal of Advance and rushing of bills during the close of the financial year - Avoidance of - Instructions issued.

It has been observed by the Comptroller and Auditor General of India in the report on State Finances that over the years the Drawing and Disbursing Officers have been resorting to the practice of drawing huge amounts of advance both as cash and demand draft during the closing days of the financial year. The main intention behind this practice is to avoid lapse of the budget provision. Many a times, it has been found that such drawals are made in respect of incomplete works and purchases in violation of the rules of financial propriety to be practiced by each and every Drawing and Disbursing Officer.

2. Another common practice is the presentation of huge numbers of bills, cheques, chalangas etc. to the treasuries towards the end of March. Unless the bills, cheques, chalangas either for encashment or for adjustment are presented sufficiently early by the departmental officers, the treasuries may find it difficult to scrutinise them properly and complete the work in time on the last day of the financial year. Since both the agencies viz., banks and treasuries have switched over to an entirely computer based system, the banking transactions on 31-03-2011 will have to end at the latest by 12 midnight on 31-03-2011. Hence the treasuries cannot be found fault with, for non-passing of bills presented after the prescribed time.

3. In order to avoid these difficulties, all Drawing and Disbursing Officers are directed to strictly observe the following guidelines for the remaining period of the current financial year :-

- (i) Final bills of all advances drawn in the current financial year should be settled on or before 31.03.2011. In the case of advance

claims for which final bills could not be submitted before the close of the financial year, advance drawal in the form of cash, demand draft or by transfer of credit to treasury deposits by Drawing and Disbursing Officers, Head of Departments etc. will not be permitted. However, such drawal of advances by Government Departments/LSGIs permitted by any special or general order will be honoured.

- (ii) Advance drawal as cash or demand draft for the purchases on the basis of invoices/proforma invoices for which the formalities of purchase cannot be completed or for which the supply could not materialise and final vouchers could not be obtained before the close of financial year, will not be permissible.
- (iii) All Heads of Department and Drawing and Disbursing Officers have to present bills, cheques, challans etc. to the treasuries latest by 2 P.M. on 28-03-2011. If any urgent claims are to be made after this date, the transactions should be completed before 10 P.M. on 31-03-2011.
- (iv) All controlling officers should ensure that the copies of letters of allotment to sub controlling officers made out of the existing budget provisions are submitted to the respective treasuries latest by 25/03/2011.
- (v) In case of any doubt regarding any advance claim, the Sub Treasury Officers /District Treasury Officers have to get in touch with the Director of Treasuries who in turn shall consult Officer on Special Duty (Finance-Resources)/ Joint Secretary, Finance (Secret Section) Department before allowing or rejecting the claim.
- (vi) The non-banking treasuries should ensure that the cash retained by them at the end of financial year is the least/ minimum possible and should close their business not later than 12 O' clock during the night of March 31, 2011 and report the closing balance to Director of Treasuries by fax or email and the Director of

Treasuries in turn will immediately report the same to the Finance Department.

- (vii) Treasuries are not authorised to allow any exemptions from the above instructions without specific directions from the Finance Department.

4. However if the Drawing and Disbursing officers want to incur advance drawal for any unavoidable expenditure, it can be incurred with the prior approval from Finance Department and the advances thus drawn have to be kept in the treasury account itself for which they will be permitted to open special TSB accounts for a limited period.

5. All Heads of Department are requested to issue urgent directions to the Controlling Officers/Drawing and Disbursing Officers to comply with the above instructions scrupulously. Any lapse in this regard would be viewed seriously.

Dr. A.K. Dubey,
Principal Secretary (Finance).

To

The Principal Accountant General (Audit), Kerala, Thiruvananthapuram.
The Accountant General (Accounts & Entitlements), Kerala, Thiruvananthapuram.
All Heads of Departments and Offices.
All Departments (All Sections) of Secretariat
The Secretary, Kerala Public Service Commission, Thiruvananthapuram (with C.L.)
The Registrar, High Court of Kerala, Ernakulam (with C.L.).
The Advocate General, Ernakulam (with C.L.)
The Registrar, Kerala Agricultural University, Thrissur (with C.L.)
The Registrar, University of Kerala/Cochin/Calicut/Mahatma Gandhi/Kannur (with C.L.).
The Secretary, Kerala State Electricity Board, Thiruvananthapuram (with C.L.)
The General Manager, Kerala State Road Transport Corporation, Thiruvananthapuram (with C.L.).
All Secretaries, Additional Secretaries, Joint Secretaries, Deputy Secretaries and Under Secretaries to Government
The Private Secretaries to Chief Minister, other Ministers and Leader of Opposition
The Secretary to Governor.
The Additional Secretary to Chief Secretary
The Private Secretary to Speaker/Deputy Speaker
The Director of Public Relations, Thiruvananthapuram
The Director of Treasuries, Thiruvananthapuram
The Nodal Officer, www.finance.kerala.gov.in



**GOVERNMENT OF KERALA
FINANCE (PLANNING A) DEPARTMENT**

No. 31/12/Fin

Dated, Thiruvananthapuram, 02.06.2012

CIRCULAR

Sub:- Annual Plan 2012-13 Incurring of Plan Expenditure -Avoidance of bunching of expenditure- Instructions -issued

For the last many years, it has been the practice of most of the Government departments/ agencies that the major portion of the plan expenditure is incurred particularly in the last quarter of the financial year. This adversely affects the quality of spending and also creates difficulty in raising requisite resources, its allocation and evolving a need-based borrowing strategy. It has also been observed that there is an increasing trend on the part of Plan implementing officers to transfer funds to TSB/Bank accounts and to project such transfers as actual expenditure. A conscious and concerted effort has to be made to incur plan expenditure during the 12th Five Year Plan in such manner that bunching of expenditure towards the fog end of the financial year is avoided.

2. With a view to regulate cash flow and ensure plan spending in a balanced manner, all Government departments including Local Self Institutions are to ensure that at least 10% of the plan expenditure is achieved in the first quarter ending 30th June, 30% (progressive expenditure) in the second quarter ending 30th September, 60% (progressive expenditure) in the third quarter ending 31st December and the remaining 40% of the outlay in the last quarter of the financial year, subject to a further ceiling of 10% plan expenditure in March 2013.

3 All the Administrative Departments and Heads of Departments are therefore directed to prepare a calendar of action in respect of the Plan Schemes of 2012-13 sufficiently in advance specifying various activities such as formulation of schemes, issue of administrative sanctions and technical sanctions, etc. so that the aforesaid targeted levels of spending are achieved and steady progress of plan expenditure is maintained during the whole of the financial year. It is further made clear that the practice of transferring Plan funds to TSB/Bank accounts towards the end of the financial years will not be encouraged by Government and therefore such practice should be totally avoided in future.

4 The General rules to be observed while incurring public expenditure are stipulated in Article 40 of KFC Vol.1. Particular reference is invited to Article 40(C) (7) which stipulates that "a Government servant should not, on any account reserve or appropriate by transfer to a deposit or any other head or draw from the treasury and keep in a cash chest, any portion of an appropriation remaining unexpended during the year in order to prevent it from lapsing and use it for expenditure after the end of the year. No attempt should be made to prevent the lapse of an appropriation by any undue rush of expenditure during March." Cash as per the above stipulation includes Demand Drafts and Cheques also. It is being noticed that during the fag end of the financial year a large number of Demand Drafts are being drawn in contravention of the stipulation in Article 40(C) (7). It is reiterated that any withdrawal for avoiding lapse of fund in expectation of future expenditure and kept in cash chest (DD and Cheque) will be viewed as an irregularity of serious nature and responsibility and accountability will be fixed accordingly. The DDs drawn for genuine purposes should be delivered to the payees within a period of 5 days from the date of its drawal. Retaining DDs undelivered in the offices will be viewed as a serious irregularity and disciplinary action initiated against the officers responsible. They will also be liable to pay penal interest @ 12% per annum on the DD amount for the period of such unauthorized retention of the DD in office.

S The Finance (Inspection NT) Department will bring verification of compliance of these instructions also in the ambit of their inspections.

K.JAYAKUMAR
Chief Secretary

To

All secretaries

All Heads of Departments

Private Secretaries to all Ministries

XThe Nodal Officer, www.finance.kerala.gov.in



GOVERNMENT OF KERALA

Finance (Budget Wing-F) Department

CIRCULAR

No. 3/2013/Fin.

Dated: Thiruvananthapuram, 15th January, 2013.

**Sub: Budget Estimates 2012-13 Reappropriation/Resumption of Funds
Instructions issued Reg.**

The Budget Manual (Para 93) stipulates that the latest dates by which proposals for Reappropriation and surrender of savings should reach Government by 15th February in the Administrative Department and by 25th February in the Finance Department, duly recommended by the Administrative Department. The general practice of Controlling Officers and the Administrative Departments in furnishing proposals for final Reappropriation/Resumption of funds towards the close of financial year causes much difficulty in processing and issuing orders by Finance Department. Due to this, Finance Department is not in a position to prioritise the areas requiring more attention and additional budgetary support by Government. The Accountant General has pointed out that the practice of issuing orders of Reappropriation on the last day of financial year after incurring expenditure violates the system of appropriation control. In most of the proposals, the reasons of the savings available for Reappropriation/Resumption are not seen explained properly. This has also invited severe criticism by the Accountant General.

In these circumstances, the following instructions are issued for strict compliance:

- (1) All Controlling Officers/Heads of Departments should furnish proposals for Reappropriation/Resumption of funds before 15th February, 2013 to the Administrative Department.
- (2) The above proposals duly recommended by the Administrative Department should reach Finance Department before 25th February, 2013.

- (3) The time frame prescribed should be strictly adhered to by the Controlling Officers/Heads of the Departments.
- (4) The Finance Department will not be in a position to process the proposals for Reappropriation/Resumption of funds, if they are received towards the close of the financial year.
- (5) The Controlling Officers/Heads of the Departments/Administrative Departments should furnish valid and specific reasons for savings located for Reappropriation/Resumption of funds.

All the Controlling Officers/Heads of the Departments/Administrative Departments should take advance action to ensure that the proposals for Reappropriation/Resumption of funds reach Finance Department sufficiently early.

JOITH MATHEW,

*Additional Secretary to Government
For Principal Secretary (Finance).*

To

- The Principal Accountant General (Audit), Kerala, Thiruvananthapuram.
- The Accountant General (A&E), Kerala, Thiruvananthapuram.
- The Additional Chief Secretaries/Principal Secretaries/Special Secretaries to Government.
- All Heads of Departments and Officers.
- All District Collectors.
- The Secretary, Kerala Public Service Commission, Thiruvananthapuram (with C. L.).
- The Registrar, High Court, Ernakulam (with C. L.).
- The Registrar, Kerala Lok-Ayukta, Thiruvananthapuram.
- The Advocate General, Ernakulam (with C. L.).
- The Secretary to Governor.
- The Officers of the Secretariat of and above the rank of Under Secretaries (including Law and Legislature Secretariat).
- The Deputy Secretary to Chief Secretary.
- All Departments (all Sections) of the Secretariat including Law and Legislature.
- The Director, Information and Public Relations Department.
- The Nodal Officer, www.finance.kerala.gov.in.
- Stock file/Office copy.

APPENDIX III

APPENDICES FROM AG'S REPORT (STATE FINANCES) FOR THE
FINANCIAL YEAR ENDED 31 MARCH, 2010

APPENDIX III

SAVINGS IN EXCESS OF ₹ 10 CRORE IN EACH CASE AND MORE THAN
20 PER CENT OF THE TOTAL PROVISIONSavings in excess of ₹ 10 crore in each case and more than 20 per cent of
the total provision

(In crore)					
Sl. No	Grant No. and Name	Total Grant/ Appropriation	Savings	Percentage of savings	
Revenue Voted					
1	XI District Administration and Miscellaneous	875.63	380.47	43.44	
2	XXI Housing	159.53	104.13	65.27	
3	XXII Urban development	877.13	531.22	60.56	
4	XXIV Labour and Labour Welfare	382.81	80.80	21.11	
Capital Voted					
5	XVII Education, Sports, Art and Culture	87.38	37.71	43.16	
6	XX Water Supply and Sanitation	1069.03	545.73	51.05	
7	XXV Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	60.31	22.31	36.99	
8	XXIX Agriculture	101.40	64.96	64.07	
9	XXXVIII Irrigation	335.32	120.06	33.79	
10	XXXIX Power	11.75	11.25	95.74	
11	XLIH Tourism	75.61	60.02	79.38	
Capital Charged					
12	XV Public Works	22.38	21.38	95.53	
13	XXXVIII Irrigation	47.48	46.31	97.53	
14	Public Debt Repayment	12147.78	9742.10	80.20	
	Total	16273.54	11768.45		

APPENDIX III

EXCESS OVER PROVISION OF PREVIOUS YEARS REQUIRING
REGULARISATION

Year	Number of Grants/Appropriations	Grant/Appropriation numbers	Amount of excess (Rs %)	Stage of consideration by Public Accounts Committee (PAC)
1990-91	1 Grant	Revenue - XXVIII	36,58,715	Final/Revised copies of notes not received. Not yet discussed by PAC.
1992-93	1 Grant	Capital - XXV	3,67,400	Final/Revised copies of notes not received. Not yet discussed by PAC.
1995-96	2 Grants	Revenue - XIV	1,31,86,314	Discussed by PAC. Draft Report containing recommendation for regularisation awaited. Final/Revised copies of notes not received. Not yet discussed by PAC.
		Revenue - XXVI	21,12,10,533	
1996-97	1 Appropriation	Capital - XXV	32,791	Final/Revised copies of notes not received. Not yet discussed by PAC.
1997-98	1 Grant	Capital - XXV	3,92,65,631	Final/Revised copies of notes not received. Not yet discussed by PAC.
1998-99	1 Grant	Revenue - XXV	7,87,64,570	Final/Revised copies of notes not received. Not yet discussed by PAC.
2000-01	1 Grant	Revenue - XXV	14,65,60,697	Final/Revised copies of notes not received. Not yet discussed by PAC.
2001-02	2 Grants	Revenue - XI	19,35,59,472	Final/Revised copies of notes not received. Not yet discussed by PAC.
		Capital - XVIII	9,72,09,039	
2002-03	1 Grant	Capital - XVIII	18,22,48,978	Discussed by PAC. Draft Report containing recommendation for regularisation awaited.
	1 Appropriation	Revenue - I	59,86,857	Discussed by PAC. Draft Report containing recommendation for regularisation awaited.
2003-04	3 Grants	Revenue - XI	4,11,22,987	Initial Notes not received. Not yet discussed by PAC. Final/Revised copies of notes not received. Not yet discussed by PAC.
		Revenue - XLIII	2,64,00,000	
		Revenue - XVII	1,21,86,09,617	
	1 Appropriation	Revenue - I	1,21,89,740	Discussed by PAC.
2004-05	2 Grants	Revenue - XIX	14,82,58,936	Final/Revised copies of notes not received. Not yet discussed by PAC. Final/Revised copies of notes not received. Not yet discussed by PAC.
		Capital - XV	1,02,31,142	
2005-06	1 Grant	Revenue - XIX	21,27,48,025	Final/Revised copies of notes not received. Not yet discussed by PAC.
2006-07	2 Grants	Revenue - XIX	5,88,05,423	Discussed by PAC. Draft Report containing recommendation for regularisation awaited Initial Notes not received. Not yet discussed by PAC
	1 Appropriation	Revenue - I	25,755	
2007-08	1 Grant	Revenue - XVI	1,54,78,10,307	Discussed by PAC. Draft Report containing recommendation for regularisation awaited
	1 Appropriation	Capital - XVIII	1,932	
2008-09	7 Grants	Revenue - I	42,06,436	Initial notes not received. Not yet discussed by PAC
		Revenue - VII	3,54,86,464	
		Revenue - IX	24,22,867	
		Revenue - XII	28,37,441	
		Revenue - XV	99,22,90,290	
		Capital - XII	19,84,814	
	Capital - XIX	3,77,031		
1 Appropriation	Capital - XXXVIII	6,62,216		
	Total		5,30,12,97,315	

APPENDIX III

CASES WHERE SUPPLEMENTARY PROVISION (₹ 50 LAKH OR MORE
IN EACH CASE) PROVED UNNECESSARY

(₹ in crore)

Sl. No.	Number and name of Grant	Original provision	Actual expenditure	Savings out of original provision	Supplementary provision
Revenue (Voted)					
1.	VIII Excise	84.76	83.34	1.42	2.35
2.	XII Police	1037.65	1009.01	28.64	10.65
3.	XVI Pensions and Miscellaneous	5483.31	5351.56	131.75	131.46
4.	XVII Education, Sports, Art and Culture	6346.05	6120.51	225.54	216.91
5.	XXI Housing	142.19	55.40	86.79	17.35
6.	XXII Urban development	876.28	345.91	530.37	0.85
7.	XXXVIII Irrigation	206.52	174.51	32.01	10.65
8.	XXXIX Power	11.87	7.06	4.81	0.59
Revenue (Charged)					
9.	Debt charges	5588.02	5569.18	18.84	1.50
Capital (Voted)					
10.	XX Water supply and sanitation	937.00	523.30	413.70	132.03
11.	XXVII Co-operation	53.14	48.68	4.46	3.20
12.	XXX Agriculture	98.40	36.44	61.96	3.00
13.	XXX Food	36.81	32.20	4.61	1.37
14.	XXXI Animal Husbandry	6.20	4.49	1.71	1.27
15.	XXXIX Power	11.25	0.50	10.75	0.50
16.	XLII Tourism	69.04	15.58	53.46	6.56
Capital (Charged)					
17.	XXXVIII Irrigation	45.43	1.18	44.25	2.05
	Total	21033.92	19378.85	1655.07	842.09

APPENDIX III

CASES OF EXCESSIVE SUPPLEMENTARY GRANTS/APPROPRIATIONS

									(₹ in crore)
Sr. No.	Number and name of Grant/ Appropriation	Original	Supplementary	Total	Expenditure	Savings	Surrender of funds	Net savings/ excess (+)	
Revenue (Voted)									
1.	II Heads of States, Ministers and Headquarters Staff	214.89	24.14	239.03	223.52	15.51	13.12	2.39	
2.	IV Elections	36.43	26.17	60.60	58.23	2.35	2.55	(+)0.20	
3.	VI Land Revenue	288.15	11.59	219.74	288.72	11.02	23.15	(+)14.13	
4.	X Treasury and Accounts	91.50	13.31	104.81	96.94	7.87	7.35	0.52	
5.	XI District Administration and Miscellaneous	461.77	413.86	875.63	495.16	380.47	223.73	156.74	
6.	XIII Jails	47.78	12.41	60.19	56.04	4.15	2.89	1.26	
7.	XIV Stationery and Printing and Other Administrative Services	171.56	9.01	180.57	173.47	7.10	9.03	(+)1.93	
8.	XV Public Works	1062.78	308.91	1391.69	1266.76	124.93	71.61	53.32	
9.	XVIII Medical and Public Health	1433.82	69.64	1503.46	1437.43	46.03	54.87	(+)8.84	
10.	XX Water Supply and Sanitation	224.15	150.38	374.53	357.97	16.56	8.06	8.5	
11.	XXIV Labour and labour welfare	289.44	93.38	382.82	302.02	80.80	83.31	(+)2.51	
12.	XXV Welfare of Scheduled Caste/ Scheduled Tribes and Other Backward Classes	719.22	81.21	800.43	734.23	46.20	47.82	(+)1.62	
13.	XXVI Relief on account of natural calamities	207.82	51.02	258.84	232.78	26.06	26.01	0.05	
14.	XXVII Co-operation	122.02	35.80	157.82	151.33	6.49	5.94	0.55	
15.	XXX Agriculture	779.06	196.56	975.62	905.10	70.52	80.75	(+)10.23	
16.	XXXV Panchayat	102.62	22.50	125.12	115.26	9.86	5.20	4.66	
17.	XXXVI Community Development	270.56	44.46	315.02	293.95	21.07	25.58	(+)4.51	
18.	XXXVII Industries	264.43	19.41	283.89	269.49	14.40	14.47	(+)0.07	
19.	XLV Miscellaneous Loans and Advances	8.04	50.00	58.04	54.44	3.60	3.13	0.47	
20.	XLVI Social security and welfare	778.86	163.76	942.62	884.08	58.54	5.36	53.18	
Capital (Voted)									
21.	XV Public Works	340.73	657.85	1198.58	1058.67	139.91	25.66	114.25	
22.	XVII Education, Sports, Art and Culture	46.10	41.28	87.38	49.67	37.71	38.37	(+)0.66	
23.	XVIII Medical and Public Health	44.52	38.85	73.37	62.65	10.72	4.52	6.20	
24.	XXI Housing	15.71	2.47	18.18	15.77	2.41	0	2.41	
25.	XXXVII Industries	221.68	119.49	337.17	325.11	12.06	4.28	7.78	
26.	XXXVIII Irrigation	227.33	127.97	355.32	235.26	120.06	130.11	(+)10.05	
27.	XLI Transport	170.56	63.00	233.56	222.85	10.71	10.06	0.65	
	Total	6781.48	3852.43	11634.91	10925.82	1287.11	224.59		

APPENDIX III

STATEMENT OF VARIOUS GRANTS WHERE SUPPLEMENTARY
PROVISION PROVED INSUFFICIENT BY MORE THAN
₹ ONE CRORE IN EACH CASE

(₹ in crore)

Sl. No.	Number and name of grant	Original provision	Supplementary provision	Total	Expenditure	Excess
Revenue (Voted)						
1.	V Agricultural Income Tax and Sales Tax	108.89	22.11	131.00	136.81	5.81
2.	VII Stamps and Registration	81.71	17.04	98.75	104.30	5.55
3.	XXVIII Miscellaneous Economic Services	52.89	0.14	53.03	54.33	1.30
4.	XXXI Animal Husbandry	207.87	3.27	211.14	213.82	2.68
5.	XXXIV Forest	208.09	4.37	212.46	215.68	3.22
Revenue (Charged)						
6.	XVI Pensions and Miscellaneous	9.78	3.00	12.78	15.49	2.71
	Total	669.23	49.93	719.16	748.43	21.27

APPENDIX III

EXCESS/UNNECESSARY/INSUFFICIENT REAPPROPRIATION OF FUNDS

(Rupees Lakhs)					
Sl. No.	Grant number and Description	Head of Account	Reappropriation	Final Excess (+) / Deficit (-)	
1.	II Heads of States, Ministers and Head quarters staff	2052-00-090-99	(-) 20.81	430.08	
2.		2251-00-090-99	0.14	204.98	
3.		3451-00-101-54	(-) 200.00	500.00	
4.	V Agricultural Income Tax and Sales Tax	2040-00-101-97	38.07	538.03	
5.	VI Land Revenue	2029-00-101-99	(-) 183.54	995.75	
6.		2029-00-102-95	(-) 670.22	215.72	
7.	VIII Excise	2039-00-001-98	(-) 40.11	(-) 333.34	
8.	Debt Charges	2049-01-123-00	(-) 4324.00	2128.15	
9.		2049-03-104-99	41.34	(-) 2377.77	
10.		2049-04-101-99	(-) 4881.60	221.98	
11.	X Treasury Accounts	2054-00-097-99	(-) 31.31	(-) 248.94	
12.	XI District Administration and miscellaneous	2053-00-900-94	(-) 223.15	(-) 16030.00	
13.	XII Police	2055-00-001-99	(-) 701.72	201.45	
14.		2055-00-101-99	(-) 272.43	715.84	
15.		2055-00-104-99	(-) 6572.07	1051.10	
16.		2055-00-100-99	2267.93	1373.72	
17.	XV Public Works	3054-03-103-99	(-) 43.00	(-) 710.78	
18.		3054-03-337-99	221.60	(-) 985.51	
19.		3054-04-105-99	(-) 7.65	(-) 1042.68	
20.		3054-03-337-98	135.68	(-) 769.66	
21.		3054-04-101-97	49.00	(-) 597.83	
22.		3054-04-337-98	125.00	(-) 2662.21	
23.		3054-05-337-99	213.21	(-) 436.00	
24.	XVI Pensions and Miscellaneous	2071-01-101-99	27500.00	22801.50	
25.		2071-01-102-99	(-) 39403.48	(-) 19515.38	
26.		2071-01-104-99	(-) 18595.62	(-) 10463.98	
27.		2071-01-105-99	7937.98	(-) 540.78	
28.		2071-01-109-99	6802.00	2776.26	
29.		2071-01-111-99	1259.71	(-) 537.73	
30.		2071-01-115-99	(-) 6512.66	(-) 3664.80	
31.		2071-01-900-97	535.09	(-) 264.43	
32.		2071-00-800-34	(-) 7.56	327.13	
33.		XVII Education, Sports, Art and Culture	2202-01-101-99	(-) 118.08	1566.30
34.			2202-01-101-98	(-) 34.20	(-) 3187.06
35.	2202-01-102-99		(-) 136.50	5102.73	
36.	2202-01-192-50		(-) 306.17	(-) 419.13	
37.	2202-02-001-99		(-) 25.43	277.78	
38.	2202-02-001-98		(-) 35.88	217.37	
39.	2202-02-107-93		(-) 239.49	(-) 280.00	
40.	2202-02-109-99		(-) 122.50	(-) 8141.54	
41.	2202-02-109-93		(-) 2.80	(-) 405.50	
42.	2202-02-109-86		(-) 25.51	(-) 12840.48	
43.	2202-02-109-82		1105.12	1301.78	
44.	2202-02-110-99		(-) 93.77	(-) 10462.43	
45.	2202-02-800-87		(-) 14.46	(-) 1466.47	
46.	2202-03-104-99		(-) 6110.73	(-) 2232.40	
47.	2203-00-103-99		(-) 403.78	668.19	
48.	2203-00-112-81		(-) 33.10	219.01	
49.	2202-02-105-99	(-) 187.30	291.34		

Sl. No.	Grant number and Description	Head of Account	** Reappropriation	Final Excess (+) / Saving (-)
50.	XVIII Medical and Public Health	2210-01-102-99	6.85	248.52
51.		2210-01-110-98	(-) 451.41	587.91
52.		2210-01-110-97	23.01	(-) 648.54
53.		2210-01-110-96	320.45	(-) 586.29
54.		2210-01-110-90	(-) 2.69	(-) 206.26
55.		2210-02-101-97	(-) 13.13	341.52
56.		2210-02-102-99	(-) 172.33	(-) 396.90
57.		2210-03-103-99	(-) 389.89	3573.21
58.		2210-03-103-97	27.29	(-) 448.09
59.		2210-03-103-96	(-) 78.26	(-) 471.81
60.		2210-03-103-94	(-) 44.63	(-) 304.27
61.		2210-03-103-75	(-) 53.02	(-) 224.08
62.		2210-06-003-97	(-) 32.34	1256.09
63.		2210-06-101-98	(-) 20.79	212.35
64.		2210-06-101-97	(-) 38.93	(-) 212.03
65.		2210-06-101-91	(-) 11.44	(-) 1336.15
66.		2210-06-101-79	(-) 8.67	(-) 285.72
67.		XIX Family Welfare	2211-00-001-98	(-) 1.66
68.	2211-00-101-98		(-) 4.03	327.38
69.	2211-00-101-96		(-) 3.06	(-) 382.79
70.	XX Water Supply and Sanitation	2215-01-190-98	(-) 38500.00	926.52
71.	XXII Urban Development	2217-01-800-99	(-) 526.92	(-) 244.53
72.		2217-03-001-65	255.29	(-) 286.31
73.	XXV Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	2225-01-197-50	(-) 63.80	(-) 215.64
74.		2225-02-197-50	(-) 482.38	445.33
75.		4225-02-277-83	132.99	(-) 212.99
76.	XXIX Agriculture	2401-00-001-96	(-) 143.41	1130.35
77.	XXXI Animal Husbandry	2403-00-101-98	(-) 54.14	684.46
78.		2403-00-101-97	(-) 94.97	243.28
79.		2403-03-102-99	(-) 26.09	(-) 303.84
80.	XXXIV Forest	2406-01-001-95	394.96	236.52
81.	XXXV Panchayat	2515-00-800-81	(-) 53.79	(-) 446.01
82.	XXXVIII Irrigation	4711-02-103-93	(-) 1235.57	(-) 1973.78
83.	XLII Tourism	3452-80-001-95	(-) 25.05	(-) 216.86
84.	XLVI Social Security and Welfare	2235-02-102-98	289.33	224.11
85.		2235-60-192-50	(-) 394.24	260.09
86.		2235-60-198-50	3787.75	(-) 1151.50
87.		2235-60-200-76	(-) 4526.03	(-) 2882.44

APPENDIX III

RESULTS OF REVIEW OF SUBSTANTIAL SURRENDERS MADE
DURING THE YEAR

(In crore)

Sl. No.	Number and title of Grant	Name of the scheme (Head of account)	Amount of surrender	Percentage of surrender	Remarks	
1.	VI Land Revenue	National Land Records Modernisation Programme (2506-00-800-96)	6	100	Due to non-receipt of administrative approval for the scheme from Government of India.	
2.	Debt charges	Interest on Ways and Means Advances (2049-04-106)	10	100	Due to non-availing of Ways and Means Advances from Government of India.	
3.		Interest on over draft account with RBI (2049-01-115-97)	2	100	Due to non-availing of over draft during the year from Reserve Bank of India.	
4.		Mid year meal for high school students (2202-02-112-99)	10	100	Due to non-implementation of the programme.	
5.	XVII Education, Sports, Art and Culture	Scheme for small Hydro Generation (RIDF) (2810-00-800-91)	5	100	Delay in implementation of the scheme 'Small Hydro Power Project' during the year due to low progress in obtaining willingness for relinquishment/acquisition of land from land owners.	
6.		Curriculum restructuring of HBE (ACA) (2202-02-800-66)	1	100	Reasons not intimated.	
7.		New Engineering Colleges started during previous plans (RIDF) (4202-02-105-96)	8	100	Reasons not intimated.	
8.		Development of all Government polytechnics (RIDF) (4202-02-104-96)	7	100	Reasons not intimated.	
9.		Construction of building for Directorate of Higher Secondary Education and Vocational Higher Secondary Education Department (4202-01-202-96)	3	100	Reasons not intimated.	
10.		Construction of building for ITI, Wyzad (4202-02-800-90)	3	100	Reasons not intimated.	
11.		New Engineering Colleges started during previous plan (4202-02-105-96)	2.25	100	Reasons not intimated.	
12.		Construction of buildings for colleges and hostels (RIDF) (4202-01-203-96)	2	100	Reasons not intimated.	
13.		XVIII Medical and Public Health	Completion of ongoing construction works (Major/Minor) GH/WCA/Other Hospitals under DHB - NABARD (4210-01-110-75)	1	100	Reasons not intimated.
14.			Development of Mental Health Care - NABARD (4210-01-110-77)	1	100	Reasons not intimated.
15.	Opening of new Homoeo Dispensaries (NABARD) (4210-02-110-88)		1	100	Reasons not intimated.	
16.	Development of facilities in Panchakarma Hospitals (4210-10-110-82)		1	100	Reasons not intimated.	
17.	Strengthening of Ayurveda Rural Dispensaries (4210-02-110-90)		1	100	Reasons not intimated.	

Sl. No.	Number and title of Grant	Name of the scheme (Head of account)	Amount of expenditure	Percentage of expenditure	Remarks
18.		Ayurveda College, Kassar (4210-03-101-90)	1	100	Reasons not intimated.
19.		Dental College - Land Acquisition and Buildings (4210-03-105-88)	1	100	Reasons not intimated.
20.		Romoco Medical College Hospital, Thiruvananthapuram (4210-03-102-96)	1	100	Reasons not intimated.
21.		Romoco Medical College Hospital, Kozhikode (4210-03-102-95)	1	100	Reasons not intimated.
22.		Ayurveda College, Tripunithur (4210-03-101-91)	1	100	Reasons not intimated.
23.	XXIV Labour and Labour Welfare	Starting of new ITI in Wynad district (2230-03-101-78)	3	100	Reasons not intimated.
24.	XXV Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	Upgradation and Reconditioning of Solar Home lighting systems in remote SC hamlets installed by ANERT and various other agencies (2225-01-800-27)	5	100	Non-receipt of viable projects from ANERT.
25.		Construction of girls hostels (Post metric) - Babu Jagjivan Ram Chhatrasala Yojana (4225-01-277-91)	3	100	Reasons not intimated.
26.	XXVI Relief on account of natural calamities	Assistance to farmers for purchase of agricultural inputs (2245-02-114-99)	5	100	Reasons not intimated.
27.		Gratuitous Relief - Food and Clothing (2245-01-101-98)	1	100	Reasons not intimated.
28.	XXVII Co-operation	RIDF Assisted Investments (4425-200-99)	5	100	Reasons not intimated.
29.	XXX Agriculture	Repairs to Class II Minor Irrigation Works - NABARD Assisted Scheme (2702-01-800-89)	18	100	This was due to re-classification of expenditure under 2702-03-101-98 to adopt correct classification.
30.		Repairs to damages caused to Minor Irrigation structures (District Plan) (2702-01-800-95)	2.07	100	This was due to re-classification of expenditure under 2702-03-101-98 to adopt correct classification.
31.		Repairs of Class II Minor Irrigation works which got damaged due to Natural calamities - Other Programme (District Plan) (2702-01-800-97)	1	100	This was due to re-classification of expenditure under 2702-03-101-98 to adopt correct classification.
32.		Puriyar Project (2705-101-86)	1	100	Due to winding up of Puriyar Valley Project on 16 January 2009
33.		Modernisation of Lift Irrigation Scheme (4702-101-80)	7	100	Reasons not intimated.
34.		Malabar Irrigation Package (MIRPA) - Special package for Brackish - Revamping of existing Lift Irrigation Schemes (4702-101-88)	6	100	Reasons not intimated.
35.		Integrated Kuttanad Development Project. RIDF IX - NABARD Assisted project implemented by	5	100	Reasons not intimated.

Sl. No.	Number and title of Grant	Name of the scheme (Head of account)	Amount of surrender	Percentage of surrender	Remarks
		the KLDC (4702-800-91)			
36.	XXXIII Fisheries	Integrated Coastal Area development project under RIDF (4405-800-81)	5	100	Due to non-approval of project by NABARD
37.	XXXVII Industries	Integrated Handloom Development Schemes (2851-103-17)	5.50	100	Due to lack of sufficient number of applications.
38.		Group approach for Development of Handloom (CSS) (2851-103-46)	2.35	100	Due to lack of sufficient number of applications.
39.		Mahila Coir Yojana (75 per cent. CSS) (2851-106-82)	1	100	Due to non-receipt of Central assistance for the scheme
40.		Strengthening of Handloom Organisation (Hastan and Hanveev) (50 per cent CSS) (4851-195-64)	8.20	100	Reasons not intimated.
41.	XXXVIII Irrigation	Malabar Irrigation Package (MIRPA) Construction and Repairs of Regulator, Check Dam, etc. (4711-01-103-93)	30	100	Due to non-finalisation of tender formalities
42.		Malabar Irrigation Package (MIRPA) Modernisation and Revamping of Kuttyadi Irrigation Project (4711-01-103-92)	20	100	Due to non-finalisation of tender formalities
43.		Payment of compensation to land acquisition cases relating to Major Irrigation Projects (4700-80-800-92)	45	100	Due to non-payment of compensation in land acquisition cases in respect of major irrigation works.
44.	Public debt repayment	Ways and Means Advances (6004-06)	350	100	Non-availing of Ways and Means Advances from Government of India.

APPENDIX III

SURRENDER (₹ 50 LAKH OR MORE IN EACH CASE) IN EXCESS
OF ACTUAL SAVINGS

Sl. No.	Number and name of the grant/appropriation	Total grant/appropriation	Saving	Amount surrendered	Amount surrendered in excess
(₹ in crore)					
Revenue (Voted)					
1.	I State Legislature	33.49	0.90	1.05	0.15
2.	IV Elections	60.61	2.35	2.55	0.20
3.	VI Land Revenue	219.74	11.02	25.15	14.13
4.	XII Police	1048.11	39.09	73.38	34.29
5.	XIV Stationery and Printing and Other Administrative Services	180.57	7.10	9.03	1.93
6.	XXIII Information and Publicity	29.54	0.31	0.83	0.52
7.	XXIV Labour and Labour Welfare	382.82	80.80	83.31	2.51
8.	XXV Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	800.43	46.20	47.82	1.62
9.	XXIX Agriculture	975.62	70.52	80.75	10.23
10.	XXXII Dairy	41.66	0.49	1.30	0.81
11.	XXXVI Community Development	315.02	21.07	25.58	4.51
12.	XXXVII Industries	283.89	14.40	14.47	0.07
13.	XXXVIII Irrigation	217.17	42.66	43.63	0.97
14.	XLI Transport	31.38	6.51	6.90	0.39
Revenue (Charged)					
15.	II Heads of States, Ministers and Headquarters Staff	57.05	6.68	6.74	0.06
16.	Debt charges	5589.52	20.35	92.99	72.64
17.	XX Water supply and sanitation	1069.03	545.73	555.00	9.27
Capital (Voted)					
18.	XVII Education, Sports, Art and Culture	87.38	37.71	38.37	0.66
19.	XXX Food	38.18	5.99	6.44	0.45
20.	XXXVIII Irrigation	355.32	120.06	130.11	10.05
Capital (Charged)					
21.	Public Debt Repayment	12147.78	9742.10	9743.96	1.86
	Total	23964.31	10822.64	10989.36	167.32

APPENDIX III

STATEMENT OF SURRENDERS (₹ 10 LAKH OR MORE) UNDER
VARIOUS GRANTS WHICH PROVED INJUDICIOUS

(₹ in crore)					
Sl. No.	Number and name of grant/ appropriation	Total grant	Actual expenditure	Excess	Amount surrendered
Revenue (Voted)					
1.	III Administration of Justice	203.48	203.59	0.11	1.44
2.	V Agricultural Income Tax and Sales Tax	131.00	136.81	5.81	0.11
3.	VII Stamps and Registration	98.75	104.30	5.55	2.06
4.	XXVIII Miscellaneous Economic Services	53.03	54.33	1.30	0.37
5.	XXXI Animal Husbandry	211.14	213.82	2.68	2.24
6.	XXXIV Forest	212.46	215.68	3.22	4.63
Revenue (Charged)					
7.	XVI Pensions and Miscellaneous	12.78	15.49	2.71	0.21
	Total	922.64	944.82	21.38	11.86

APPENDIX III

STATEMENT OF GRANTS/APPROPRIATIONS IN WHICH SAVINGS OCCURRED
BUT NO PART OF WHICH HAD BEEN SURRENDERED

(₹ in crore)

Sl. No.	Number and name of grant/ appropriation	Saving
Revenue (Voted)		
1.	XXXIX - Power	5.41
2.	XLIII - Compensation and Assignments	0.42
Capital (Voted)		
3.	XXI- Housing	2.41
4.	XXXIX - Power	11.25
Capital (Charged)		
5.	XVII - Education, Sports, Arts and Culture	3.05
Total		22.54

APPENDIX III

DETAILS OF SAVING OF ₹ ONE CRORE AND ABOVE
NOT SURRENDERED

(₹ in crore)				
Sl. No.	Number and name of grants/ appropriation	Saving (₹ 1 crore and above)	Surrender	Saving which remained to be surrendered
Revenue (Voted)				
1.	II Heads of States, Ministers and Headquarters Staff	15.51	13.12	2.39
2.	VIII Excise	3.77	1.32	2.45
3.	XIII Jails	4.15	2.89	1.26
4.	XV Public Works	124.93	71.61	53.32
5.	XVI Pensions and Miscellaneous	263.21	164.57	98.64
6.	XVII Education, Sports, Art and Culture	442.45	110.74	331.71
7.	XIX Family Welfare	4.59	1.09	3.50
8.	XX Water Supply and Sanitation	16.56	8.06	8.50
9.	XXI Housing	104.13	0.58	103.55
10.	XXII Urban development	531.22	524.92	6.30
11.	XXXV Panchayat	9.86	5.20	4.66
12.	XLVI Social Security and Welfare	58.54	5.36	53.18
Capital (Voted)				
13.	XV Public Works	139.92	25.67	114.25
14.	XVIII Medical and Public Health	10.72	4.52	6.20
15.	XXV Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes	22.31	16.07	6.24
16.	XXIX Agriculture	64.96	44.88	20.08
17.	XXXVII Industries	12.06	4.28	7.78
18.	XLII Tourism	60.02	14.61	45.41
Capital (Charged)				
19.	XXXVIII Irrigation	46.31	45.01	1.30
Total		1935.22	1064.90	870.72

APPENDIX III

CASES OF SURRENDER OF FUND IN EXCESS OF ₹ 10 CRORE ON
30 AND 31 MARCH 2010

(₹ in crore)				
Sl. No.	Grant No.	Major head	Amount of surrender	Percentage of total provision
1.	II	3451 Secretariat Economic Services	11.79	9.38
2.	VI	2029 Land Revenue	15.50	7.82
3.	XI	2053 District Administration	221.14	29.55
4.	XII	2055 Police	72.86	6.95
5.	XV	3054 Roads and Bridges	67.35	5.33
6.	XV	5054 Capital outlay on Roads and Bridges	20.86	2.10
7.	XVI	2071 Pensions and Other Retirement Benefits	162.24	3.24
8.	XVII	2202 General Education	86.66	1.46
9.	XVII	2204 Sports and Youth Services	14.07	8.87
10.	XVII	4202 Capital Outlay on Education, Sports, Art and Culture	38.37	45.01
11.	XVIII	2210 Medical and Public Health	55.07	3.66
12.	XX	6215 Loans for Water Supply and Sanitation	555.00	61.67
13.	XXII	2217 Urban Development	524.92	59.85
14.	XXIV	2230 Labour and Employment	83.31	21.74
15.	XXV	2225 Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	46.81	5.91
16.	XXV	4225 Capital outlay on Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes	16.05	26.68
17.	XXVI	2245 Relief on account of Natural Calamities	26.01	7.17
18.	XXIX	2401 Crop Husbandry	22.55	4.07
19.	XXX	2551 Hill Areas	14.30	38.64
20.	XXXIX	2702 Minor Irrigation	34.38	18.54
21.	XXXIX	4702 Capital outlay on Minor Irrigation	37.96	66.97
22.	XXXIII	4405 Capital outlay on Fisheries	14.78	19.53
23.	XXXVI	2515 Other Rural Development Programmes	22.77	6.83
24.	XXXVII	2851 Village and Small Industries	13.24	5.93
25.	XXXVIII	2700 Major Irrigation	21.80	18.84
26.	XXXVIII	2701 Medium Irrigation	20.62	20.21
27.	XXXVIII	4700 Capital outlay on Major Irrigation	86.57	66.05
28.	XXXVIII	4701 Capital outlay on Medium Irrigation	18.44	27.62
29.	XXXVIII	4711 Capital outlay on Flood Control Projects	70.11	34.21
30.	XLII	5452 Capital Outlay on Tourism	14.61	19.32
31.		2049 Interest payments	92.99	1.75
32.		6003 Internal Debt of the State Government	938.12	8.14
33.		6004 Loans and Advances from the Central Government	36.28	5.78
		Total	3477.53	

APPENDIX III

RUSH OF EXPENDITURE TOWARDS THE END OF THE YEAR

(In crores)

Sl. No.	Grant No	M/J	S.M/J	M/J	S/M	Total Expenditure	Expenditure incurred during January-March 2010	Expenditure incurred during March 2010	Percentage of total expenditure incurred during	
									January-March 2010	March 2010
1.	XV	3854	80	190	99	46.80	46.80	40.00	100	100
2.	XVII	2204	00	104	18	20.80	20.80	20.00	100	100
3.	XVIII	2204	00	104	15	95.80	55.00	55.00	100	100
4.	XXIX	2401	00	800	34	16.19	16.19	10.81	100	98
5.	XXVIII	2425	00	308	40	16.80	16.80	16.80	100	100
6.	XXIV	2230	01	800	98	16.65	16.65	10.65	100	100
7.	XXXVIII	4781	18	800	87	26.22	24.22	20.24	100	79
8.	XXXVII	4859	02	800	93	20.80	20.00	10.00	100	90
9.	XXXV	4859	02	290	94	16.80	10.00	10.00	100	100
10.	XXXVII	2851	00	104	30	13.41	13.41	13.24	100	99
11.	XXXVI	2851	00	103	42	11.80	11.80	11.80	100	100
12.	XXXVI	2515	00	800	48	26.80	26.50	26.50	100	100
13.	XXXVI	2501	06	197	47	31.80	31.59	31.59	100	100
14.	XLI	5075	60	800	85	12.80	12.50	12.50	100	100
15.	XXIV	2230	01	103	34	10.80	10.80	10.80	100	100
16.	XXII	2217	05	800	89	76.34	76.34	76.34	100	100
17.	XXII	2217	03	191	74	37.27	37.27	37.27	100	100
18.	XXI	2216	80	103	99	17.70	17.70	17.00	100	96
19.	XX	2215	01	800	84	18.80	10.00	10.00	100	100
20.	XX	2215	01	800	73	28.80	25.00	25.00	100	100
21.	XXXIII	4405	00	800	80	26.80	26.54	23.12	100	87
22.	XXXIX	2551	01	101	08	21.22	21.09	18.82	99	89
23.	XXVII	4425	00	108	42	24.73	24.55	24.28	99	98
24.	XXV	2225	01	800	26	79.90	78.90	59.10	99	74
25.	XVII	2202	01	192	50	17.20	16.13	15.48	94	90

Sl. No.	Grant No	MJH	III-5			Total Expenditure	Expenditure incurred during January-March 2010	Expenditure incurred during March 2010	Percentage of total expenditure incurred during	
			BMJH	MJH	SBH				January-March 2010	March 2010
26.	XVI	2075	00	103	98	232.84	208.01	203.89	93	92
27.	XV	3054	04	105	99	96.10	89.07	74.17	93	77
28.	XV	4059	01	051	91	11.14	10.23	10.23	92	92
29.	XV	3054	03	103	99	46.46	41.46	27.39	89	59
30.	XXXVII	4839	02	800	97	47.67	42.28	24.35	89	51
31.	XII	2033	00	115	99	21.80	19.30	16.06	89	74
32.	XLI	5075	60	800	89	76.18	66.13	54.27	87	71
33.	XLVI	2235	60	200	76	28.91	24.72	16.77	85	58
34.	XVII	2282	01	198	58	34.21	29.82	25.10	85	73
35.	XXV	2225	01	800	57	78.30	64.13	57.63	82	74
36.	II	3431	00	101	33	29.21	31.71	31.71	81	81
37.	XXVII	2425	00	108	80	26.80	15.00	15.00	75	75
38.	XVII	2202	02	109	82	49.87	34.82	29.69	71	60
39.	XLVI	2235	02	102	69	88.79	56.38	43.61	70	54
40.	XXXVI	2501	06	197	48	29.87	19.97	19.74	69	68
41.	XXII	2217	05	800	83	24.14	17.69	17.69	68	68
42.	XXVI	2265	01	102	99	18.28	12.09	10.28	66	56
43.	XX	2215	01	190	99	268.16	176.14	142.39	66	53
44.	XXXVIII	4711	02	103	93	92.23	58.90	48.30	64	52
45.	XXV	2225	01	197	50	26.94	22.89	22.20	64	62
46.	XXII	2217	80	800	91	150.80	82.66	82.66	55	55
47.	XLVI	2235	60	198	50	319.31	168.58	164.23	53	51

MJH - Major Head; BMJH - Sub-Major Head; MJH - Minor Head; SBH - Sub head

APPENDIX III

STATUS OF DETAILED CONTINGENT BILLS AGAINST ABSTRACT
CONTINGENT (AC) BILLS UP TO 2009-10

On 0

Sl. No.	Name of Drawing and Disbursing Officer	Number of AC bills	Amount
1.	Project officer, Integrated Tribal Development Project, Kannur	1	5,00,000
2.	Project officer, Integrated Tribal Development Project, Nilambur	1	5,00,000
3.	Project officer, Integrated Tribal Development Project, Wayanad	1	2,00,000
4.	Superintendent, Central Prison, Kannur	5	21,00,000
5.	Superintendent, Sub Jail, Alathur	1	15,000
6.	Tribal Development Officer, Palakkad	1	9,573
7.	Principal Agricultural Officer, Palakkad	2	1,59,08,100
8.	Assistant Soil Chemist, Soil Testing lab, Pattanam	1	1,45,000
9.	Project Officer, Regional Artificial Insemination Centre, Mammenkad	1	24,500
10.	Veterinary Surgeon, Veterinary Hospital, Ambalapuzha	1	5,000
11.	Principal Agricultural Officer, Thiruvur	1	10,00,000
12.	Assistant Director, Livestock Management Training Centre, Malampuzha	1	50,000
	Total	17	2,04,57,173

APPENDIX III
NON-MUSTERING OF PENSIONERS

Sl. No.	Name of Treasury	Number of cases
1.	Sub Treasury, Chavakkad	5
2.	Sub Treasury, Thalappilly	5
3.	Sub Treasury, Karimnnoor	3
4.	Additional Sub Treasury, Thrissur	6
5.	District Treasury, Thrissur	6
6.	Sub Treasury, Devikulam	3
7.	Sub Treasury, Karuvarakundu	2
8.	Sub Treasury, Kaduthurufy	3
9.	Sub Treasury, Perinthalmanna	4
10.	Sub Treasury, Uzhavoor	3
11.	Sub Treasury, Ponnani	6
12.	Sub Treasury, Piravom	4
13.	Sub Treasury, Kunnathunadu	4
14.	Sub Treasury, Kolencherry	4
15.	District Treasury, Malappuram	2
16.	Sub Treasury, North Parur	3
17.	Sub Treasury, Angamaly	3
18.	Sub Treasury, Ahuva	4
19.	Sub Treasury, Payyannur	4
20.	Sub Treasury, Mattancherry	3
21.	Pension Payment Sub Treasury, Ernakulam	11
22.	Sub Treasury, Pazhayangadi	4
23.	Sub Treasury, Katnur	5
24.	Sub Treasury, Peravur	4
25.	Rural District Treasury, Mattannur	5
26.	Sub Treasury, Chattachal	3
27.	Sub Treasury, Moncombu	3
28.	Sub Treasury, Manjeshwar	4
29.	Pension Payment Sub Treasury, Alleppey	4
30.	Sub Treasury, Mallappally	3
31.	Sub Treasury, Medical College, Thiruvananthapuram	6
32.	Pension Payment Sub Treasury, Neyyattinkara	6
33.	Sub Treasury, Kilimanoor	5
34.	Sub Treasury, Kazhakuttom	7
35.	Sub Treasury, Vithura	2

Sl No.	Name of Treasury	Number of cases
36.	Sub Treasury, Secretariat	4
37.	Additional Sub Treasury, Trivandrum	3
38.	Sub Treasury, Vythiri	4
39.	Principal Sub Treasury, Trivandrum	7
40.	Sub Treasury, Dwaraka	3
41.	District Treasury, Trivandrum	4
42.	Sub Treasury, Mananthavady	5
43.	Pension Payment Sub Treasury, Kollam	7
44.	Sub Treasury, Palfuruthy	6
45.	Rural District Treasury, Irinjialakuda	4
46.	Sub Treasury, Changannur	9
47.	Sub Treasury, Mavelikara	3
48.	Sub Treasury, Kayamkulam	5
49.	Sub Treasury, Kollengode	4
50.	Sub Treasury, Pathanapuram	5
51.	Sub Treasury, Chadayamangalam	3
52.	Sub Treasury, Ottappalam	4
53.	Sub Treasury, Pattambi	5
54.	Sub Treasury, Kootanad	4
55.	District Treasury, Kottayam	3
56.	Sub Treasury, Sreekrishnapuram	5
57.	Sub Treasury, Mannarkad	10
58.	Sub Treasury, Gandhi Nagar	3
59.	Sub Treasury, Changanacherry	2
60.	Rural District Treasury, Thamarassery	5
61.	Sub Treasury, Vadakara	5
62.	Sub Treasury, Thottilpalam	4
63.	District Treasury, Pathanamthitta	5
64.	Sub Treasury, Kozhi	5
65.	Sub Treasury, Pandalam	6
66.	Sub Treasury, Kumbanad	2
67.	Sub Treasury, Kozhencherry	5
68.	Sub Treasury, Koyilandy	4
69.	Sub Treasury, Thiruvalla	6
	Total	308

APPENDIX III

DETAILS OF DEPOSITS MADE BY CIVIL DEPARTMENTS
OUTSTANDING AS OF MARCH 2010

(₹ in crore)

Sl. No.	Name of division	Amount
1.	Buildings division, Thiruvananthapuram	22.92
2.	Special Buildings Division, Thiruvananthapuram	9.97
3.	Roads Division, Kollam	1.53
4.	Buildings division, Kollam	5.69
5.	Buildings division, Alappuzha	4.26
6.	Roads division, Kottayam	0.10
7.	Buildings division, Kottayam	5.11
8.	Roads division, Ernakulam	3.00
9.	Buildings division, Ernakulam	5.73
10.	Buildings division, Kozhikode	8.18
11.	Harbour Engineering Division, Kannur	5.31
	Total	71.80