

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2409

ANSWERED ON:23.08.2013

UTILISATION OF FUNDS QUESTION

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Will the Minister of FINANCE be pleased to state:

- (a) The allocation and utilization of funds during each of the last three years, Ministry/Department-wise;
- (b) The reasons for partial utilization, if any, Ministry/Department-wise; and
- (c) The mechanism put in place for ensuring optimum utilization of the funds by the Ministries/Departments of the Government of India?

Answer

To be answered by : Shri Namu Narain Meena

Part (a) and (b)

Allocation and Expenditure for the last three years 2009-2010, 2010-2011 and 2011-2012 in respect of Civil Ministries is enclosed at Annexure-A. As regards the Ministry of Defence, Railways and the Department of Posts details are as per Annexure B.

The reasons for partial utilization of Funds (Civil Ministries) are available in Union Government Appropriation Accounts (Civil) for the years 2009-10, 2010-11 and 2011-12 which have already been laid in the Parliament. In addition, the reasons in respect of Ministry of Defence, Railways and the Department of Posts is as per Annexure-C

Part (c)

In Civil Ministries, A Cash Management System – Modified Exchequer Control based Expenditure Management System is in operation in the Central Govt. Ministries/Departments applicable in 23 Demands for Grants w.e.f. 1st April, 2006. The system seeks to achieve, inter alia, the following objectives:-

- (i) Obtain greater evenness in the budgeted expenditure within the financial year, especially in respect of items entailing large sums of advance releases and transfers to corpus funds;
- (ii) Reduce rush of expenditure during the last quarter, especially the last month of the financial year;
- (iii) Reduce tendency of parking of funds;
- (iv) Effectively monitor the expenditure pattern;
- (v) Better planning of Indicative Market Borrowing Calendar of the Central Government.

On the basis of recommendations of Fourteenth Report of Second ARC titled 'Strengthening Financial Management System' a decision has been taken by the Group of Ministers (GoM) that the Modified Cash Management System should be strictly adhered to and extended to all Demands for Grants. From 1st April, 2012 Modified Cash Management System was further extended to 23 more High Spending Demand for Grants.

Further, based on the recommendation of 51st Report of the Standing Committee on Finance Demands for Grants (2012-13) of MoF, it has been decided that henceforth, all the Demands for Grants irrespective of whether they are covered under Cash Management System or not, are required to prepare and send their Monthly Expenditure Plan (MEP) and Quarterly Expenditure Allocations (QEA) to Cash Management Cell for better monitoring and compliance of the guidelines of MoF regarding the expenditure management. However, the Ministries/Departments have been provided with the flexibility for designing the MEP, taking in consideration factors like seasonability or any other factor relevant while preparing the same. In case of savings in a QEA, the Ministry/Department is allowed to utilize the same in the next quarter. Similarly, if the expenditure is anticipated to be more than the projected in a quarter MoF may be approached for approval.

As per the extant guidelines of D/o Expenditure, in order to avoid the rush of expenditure in the last quarter of the financial year and in the month of March, the ceiling of 33% and 15% of the Budget Estimates is applicable during these periods.

Department of Posts conducts video conferences with the heads of circles on monthly basis and issue necessary instructions to Circles/Divisions of the Directorate to monitor plan funds at the various levels for maximum utilizations of the funds.

As regards the Defence Budget, utilization is monitored through the mechanism of financial compilation prepared by CGDA. These capture Expenditure incurred under various budget heads against the available allotment. These are periodically reviewed at various levels in the Ministry and Service Headquarters to identify any areas whereas expenditure may be exhibiting a pace below the normal trend and areas where expenditure may be higher than normal trend.

Ministry of Railways has a well established mechanism both at the ministry level and in the filed units for regular monitoring of progress of expenditure vis-À-vis the allotments so as to ensure optimum utilisation of funds. The Budgetary provisions are reviewed at budgetary review stages like August Review, Revised Estimates, Final Modifications etc. during the course of the year . There are regular interactions with the General Managers and Financial Advisors of the Railways with Board in General Managers' and FAs' meetings to monitor the financial position and ensure corrective actions wherever necessary.