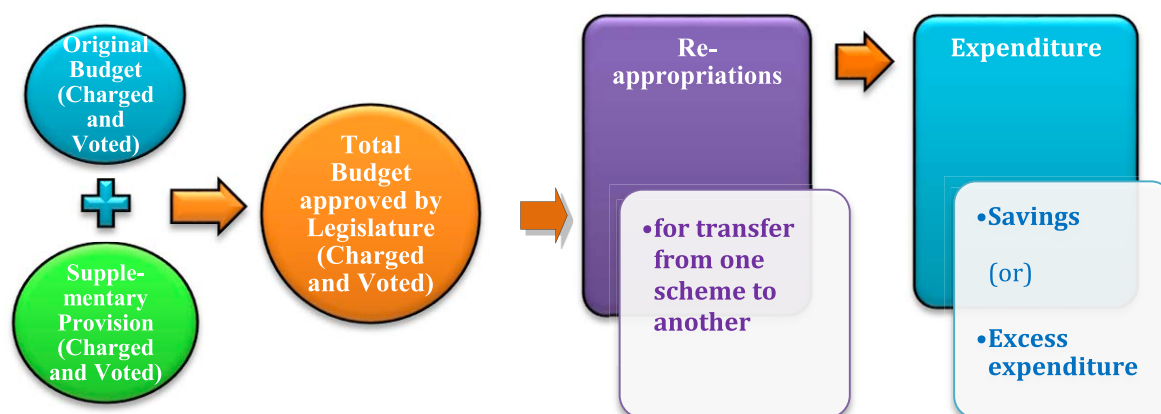


The Comptroller and Auditor General of India performs the audit of appropriations to ascertain whether the expenditure actually incurred under various grants underlying the budget is within authorisations given under the Appropriation Act for the year, that expenditure required to be charged under provisions of the Constitution is so charged, and whether, expenditure is incurred in conformity with the law, relevant rules, regulations and instructions. This chapter analyses the Appropriation Accounts of the Government for the year 2018-19.

## 2.1 Financial Accountability and Budget Management

The Andhra Pradesh Financial Code (APFC), Andhra Pradesh Budget Manual (APBM) and other instructions<sup>1</sup> lay down the procedure to be followed with regard to all matters concerning finance and budget. The State Legislature initially approves the annual budget. The Government presents *Supplementary demands* (Para 15.24 of the Budget Manual) before the Legislature, when the initial allocation is found to be inadequate or expenditure has to be incurred on a new item. Further, Re-appropriation is a mechanism which allows the State Government to transfer Savings from one sub-head (usually a scheme) to another, provided such transfers occur within the same Grant<sup>2</sup> and under the same section<sup>3</sup>. Appropriation Accounts captures the data along the entire process of budget formulation and implementation (**Chart 2.1**).

**Chart 2.1: Flow chart of budget implementation**



Approval by the Legislature

Implementation by the Government

*Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts*

## 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2018-19 against 40 grants/appropriations is given in **Table 2.1**.

<sup>1</sup> GO Ms No.657 Finance (BG) Department dated 23 September 2004

<sup>2</sup> Grant means the amount voted by the Legislative Assembly in respect of a demand for grant

<sup>3</sup> Capital, Revenue or Loans

**Table 2.1: Position of actual expenditure vis-à-vis allocation for the year 2018-19**

(₹ in crore)

Section	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Provision	Actual Expenditure	Savings (-) / Excess (+)	Savings <sup>4</sup> / Excess <sup>5</sup> in percentage
	1	2	3	4= (2+3)	5	6=(5-4)	
Voted	Revenue	1,37,106.09	35,277.31	1,72,383.40	1,20,621.55	(-)51,761.85	(-)30.03
	Capital	29,522.37	12,496.16	42,018.53	20,473.85	(-)21,544.68	(-)51.28
	Loans and Advances	1,261.96	1,252.15	2,514.11	1,869.44	(-)644.67	(-)25.65
Total Voted		<b>1,67,890.42</b>	<b>49,025.62</b>	<b>2,16,916.04</b>	<b>1,42,964.84</b>	<b>(-)73,951.20</b>	<b>(-) 34.10</b>
Charged	Revenue	15,156.72	33.81	15,190.53	15,407.08	216.55	1.43
	Capital	25.69	38.51	64.20	16.68	(-)47.52	(-)74.02
	Public Debt Repayment	10,851.17	25.57	10,876.74	73,273.74*	62,397.00	573.68
Total Charged		<b>26,033.58</b>	<b>97.89</b>	<b>26,131.47</b>	<b>88,697.50</b>	<b>62,566.03</b>	<b>239.43</b>
Grand Total		<b>1,93,924.00</b>	<b>49,123.51</b>	<b>2,43,047.51</b>	<b>2,31,662.34</b>	<b>(-)11,385.17</b>	<b>(-) 4.69</b>

**Source:** Appropriation Accounts. \* Including Ways and Means Advances (Budget Provision: ₹ 1,500 crore and repayments during the year: ₹ 59,729.01 crore)

The total provision for expenditure in 2018-19 was ₹ **2,43,047.51 crore**. The actual gross expenditure during the year was ₹ **2,31,662.34 crore**. There was an overall excess of ₹ 64,005.68 crore and savings of ₹ 75,390.85 crore which resulted in net savings of ₹ 11,385.17 crore in 2018-19.

### 2.2.1 Revenue, Capital and Loans and Advances

As per para 15.10 of the Budget Manual, the Government expenditure is categorised into three sections (i) Revenue expenditure<sup>6</sup>, (ii) Capital expenditure<sup>7</sup> and (iii) Loans and advances<sup>8</sup>. Savings occurred in Revenue, Capital Account and Loans & Advances, while excess expenditure occurred in Public Debt repayment (**Chart 2.2**).

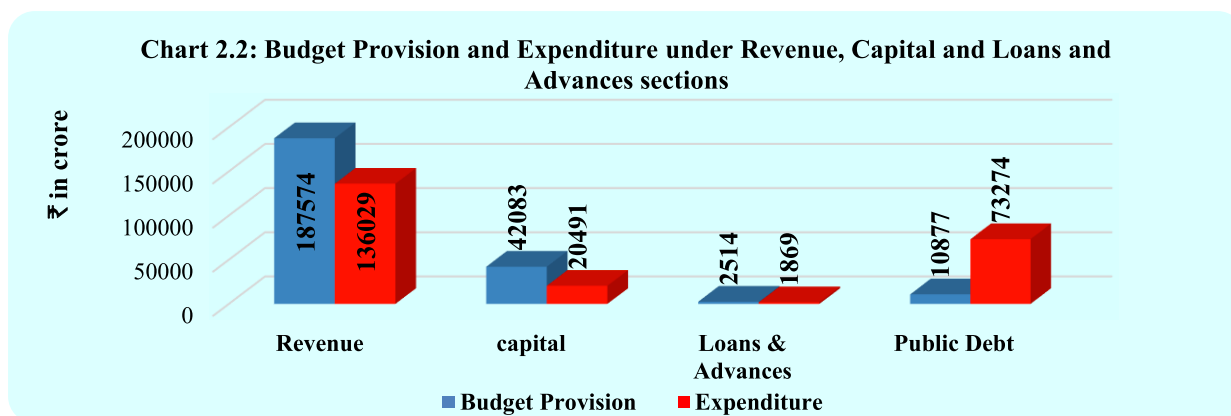
<sup>4</sup>Savings is the term used for indicating the amount that could not be spent out of Total provision

<sup>5</sup>Excess is the term used for indicating the amount spent more than the Total provision

<sup>6</sup> Revenue expenditure is the account of current expenditure of the State. For example, wages, salaries, maintenance works, repairs etc.

<sup>7</sup> Capital Expenditure means expenditure of a Capital nature such as construction of irrigation projects, bridges, buildings, laying of roads, irrigation and electricity projects etc.

<sup>8</sup> Loan account is the account of public debt incurred and discharged and loans and advances made by the State Government to local bodies, employees and others and recovered from them



*Source: Appropriation Accounts 2018-19*

Expenditure on Revenue Account was 72.52 *per cent* of Budget Provision. In Capital Account, only 48.69 *per cent* of budget provision was utilised.

Non-utilisation of allocated budget for capital expenditure optimally delays infrastructure growth of the State and also consequent asset creation.

Expenditure on Public Debt (₹ 73,273.74 crore) was in excess (₹ 62,397 crore) of budget provision (₹ 10,876.74 crore) which was mainly on account of repayment of Ways and Means Advances (WMA) to the tune of ₹ 59,729.01 crore under Public Debt.

State Government replied (July 2020) that under Public Debt Repayment an amount of ₹ 59,729.01 crore has to be excluded as the Ways and Means Advances was a facility provided by RBI to manage the State Finances mismatch in day to day administration.

Reply of the Government needs to be viewed in the light of the following:

- As per the prescribed format of Finance Accounts, Public Debt includes Gross and not Net figures (Net of Receipts and Expenditure) on account of Ways and Means Advances and their Repayment during the year.
- The Appropriation Accounts captures the Gross expenditure figures and not the Net expenditure figures and hence gross provision was required to be made for Ways and Means Advances in the budget.
- The State Government could have anticipated the extent of Ways and Means Advances required at the time of making Supplementary Demands for Grants and made a supplementary provision accordingly.

### 2.2.2 Grant-wise analysis

As per the Budget Manual, the authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned Grant or appropriation. The expenditure of Andhra Pradesh Government is incurred through 40 different Grants. For determining excess expenditure or savings, Revenue (voted), Revenue (charged), Capital (voted), Capital (charged) and Loans (voted) are treated as independent grants/appropriations. Savings and Excess expenditures for grants/ appropriations under Revenue, Capital and Loans and Advances section are in **Table 2.2:**

**Table 2.2: Total excess or savings under different grants**

Description	Revenue		Capital		Loans and Advances		Amount (₹ in crore)
	Number of grants <sup>9</sup>	Number of appropriations <sup>10</sup>	Number of grants	Number of appropriations	Number of grants	Number of appropriations	
Savings occurred in	39	8	35	3	04	--	75,390.85
Excess expenditure occurred in	1	1	0	0	1	1	64,005.68

Source: Appropriation Accounts

Excess expenditures were in Grants that provide funds for day to day administration whereas savings were in Grants under which major schemes are implemented.

### 2.2.2.1 Excess expenditure

As per Article 204 (3) of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriations made by law passed in accordance with the provisions of this article. As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature.

#### (i) Excess expenditure in current year

Excess expenditure over budget provision of ₹ 64,005.68 crore, occurred in grants/ appropriations during the year, as shown in **Appendix 2.1**.

The excess expenditure under Grant IX – Fiscal Administration, Planning, Surveys and Statistics was mainly on account of repayment of Ways and Means Advances<sup>11</sup> (₹ 58,229.01 crore) to the Reserve Bank of India and under Loans section.

State Government replied (July 2020) that ₹ 58,229.01 crore of the excess amount was on account of repayment of Ways and Means Advances from RBI under the Loan Section of Grant IX. It was also replied that action will be taken to regularize the excess expenditure incurred.

#### (ii) Persistent Excess expenditure

Cases of excess expenditure are reported every year through Audit Reports on State Finances. There was, however, one grant in which excess expenditure has occurred persistently during the last four years as shown in **Table 2.3** below:

**Table 2.3: Grant/Appropriation with persistent excess during the period 2015-19**

Sl.No.	No. and Name of the Grant/Appropriation	Amount of Excess (₹ in crore)			
		2015-16	2016-17	2017-18	2018-19
1	IX-Fiscal Administration, Planning, Surveys and Statistics (PDC)	33,357.36 <sup>#</sup>	1,568.14	47,071.84 <sup>#</sup>	62,397.00 <sup>#</sup>

Source: Appropriation Accounts of respective years; RV-Revenue Voted; PDC-Public Debt Charged (i) <sup>#</sup>Including excess on account of Ways and Means of Advance of ₹ 31,602.66 crore during 2015-16, ₹ 44,130.29 crore in 2017-18 and ₹ 58,229.01 in 2018-19 respectively.

<sup>9</sup> Grants are the provisions voted by the Legislature for incurring voted expenditure

<sup>10</sup> Appropriation is the provision made in the budget for incurring expenditure which is directly charged and not subject to the voting of the Legislature

<sup>11</sup> Total Budget Provision: ₹ 1,500 crore and Expenditure during the year: ₹59,729.01 crore



Such repeated excess expenditure over grants approved by the State Legislature are in violation of the will of the Legislature and the basic principle of legislative control over expenditure that not a rupee can be spent without the approval of the House of the People/State Legislative Assembly, and, therefore, need to be viewed seriously. It is important to note that the persistent excess have mainly occurred in Finance Department.

State Government replied (July 2020) that action would be taken to prevent recurrence of such instances in future.

**Recommendation 2:** *State Government may analyse the reasons for persistent excess expenditure, placing Grant IX – Fiscal Administration on priority. The Finance Department should ensure that no Departmental controlling officers, resort to excess expenditure over the regular allocations approved by the State Legislature.*

#### **2.2.2.2 Expenditure incurred without Budget Provision**

As per paragraph 17.3.1 and 17.6.1(c) of APBM, expenditure should not ordinarily be incurred on a scheme/service without provision of funds. An expenditure of ₹ 2,790.08 crore was incurred in 11 cases (₹ one crore and above in each case) without budget provision as detailed in **Appendix 2.2**. In all these cases, budget provision (either original or supplementary) was not made and expenditure was met from the funds obtained by way of re-appropriation which undermined the sanctity of budgeting process and legislative control.

State Government replied (July 2020) that on account of decisions taken in the middle of financial year 2018-19, the expenditure under the schemes was being met by way of re-appropriation and added that action will be taken to prevent recurrence of such instances.

**Recommendation 3:** *The Finance Department may ensure that whenever requirement of budget provision could not be anticipated at the time of preparation of budget estimates, such cases may be covered by providing adequate Supplementary Provision to avoid expenditure without provision in future as it undermines Legislative authority.*

#### **2.2.2.3 Excess expenditure over provision relating to previous years not regularised**

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. The excess expenditure needs to be regularised after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). For this purpose, the Departments concerned are required to submit Explanatory Notes for excess expenditure to PAC through Finance Department.

As of May 2020, excess expenditure amounting to ₹ 1,02,504.55 crore over the allocation pertaining to the years from 2004-05 to 2017-18 was yet to be regularised (**Appendix 2.3**). After bifurcation of the State an excess expenditure of ₹ 98,823.02 crore pertaining to the years 2014-15 to 2017-18 occurred which was yet to be regularized. Explanatory Notes (ENs) were furnished by the concerned Administrative Departments/Finance Department to Audit for excess expenditure requiring regularisation relating to the years 2014-15 to 2017-18 only as detailed in **Appendix 2.4**. This is in violation of Article 204 of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State legislature. This vitiates the system of budgetary and financial control and encourages

financial indiscipline in management of public resources.

State Government stated (July 2020) that consolidated Explanatory Notes would be submitted to Public Accounts Committee (PAC) for approval of State Legislature for regularisation.

**Recommendation 4:** All the existing cases of excess expenditure need to be got regularised at the earliest and, in future, such expenditure may be completely stopped.

#### 2.2.2.4 Savings

In the year 2018-19, the total savings were ₹ 75,390.85 crore. Of these, ₹ 61,475.00 crore (81.54 per cent) pertains to 24 grants with savings of more than ₹ 500 crore each and also by more than 20 per cent of total provision in each case (**Appendix 2.5**).

Savings of ₹ 47,670.66 crore (63.23 per cent of total savings) occurred in 11 cases exceeding ₹2000 crore and by more than 20 per cent of the outlay in each case, as indicated in **Table 2.4**.

**Table 2.4: Grants with substantial savings (more than ₹ 2000 crore)**

(₹ in crore)							
Sl. No	Grant No.	Name of the Grant	Total Grant	Expenditure	Savings	Percentage of savings to total grant	Reasons for savings
Revenue Voted							
1	V	Revenue Registration and Relief	6,942.26	3,886.61	3,055.65	44.02	Specific reasons for savings were not intimated.
2	XII	School Education	23,192.58	17,479.25	5,713.33	24.63	
3	XVII	Municipal Administration and Urban Development	8,629.99	5,243.03	3,386.96	39.25	
4	XXI	Social Welfare	4,221.64	2,121.06	2,100.58	49.76	
5	XXIII	Backward Classes Welfare	6,278.36	2,804.39	3,473.97	55.33	
6	XXVII	Agriculture	15,569.41	8,020.53	7,548.88	48.49	
7	XXXI	Panchayat Raj	7,367.03	4,880.90	2,486.13	33.75	The reason for savings of ₹ 344 crore was stated to be non-receipt of requisition from unit offices
8	XXXVI	Industries and Commerce	4,696.67	1,010.12	3,686.55	78.49	Specific reasons for savings were not intimated.
9	XXXVIII	Civil Supplies Administration	3,673.00	6,97.69	2,975.31	81.00	
Capital Voted							
10	XI	Roads Buildings	4,369.72	1,087.60	3,282.12	75.11	Savings of ₹ 1,717 crore was stated to be due to non-commencement of works for want of administrative orders
11	XXXIII	Major and Medium Irrigation	20,638.50	10,677.32	9,961.18	48.27	The reason for savings of ₹ 176 crore was stated to be non-commencement of works for want of Administrative orders.
Total			1,05,579.16	57,908.50	47,670.66	45.15	

Source: Appropriation Accounts 2018-19

### 2.2.2.5 Persistent Savings

There were savings of more than 20 *per cent* of the total grant in 11 cases (exceeding ₹ 20 crore in each case) during last four years. The details are given in **Table 2.5**.

**Table 2.5: Grants with persistent savings of more than ₹ 20 crore during 2015-19**

(₹ in crore)

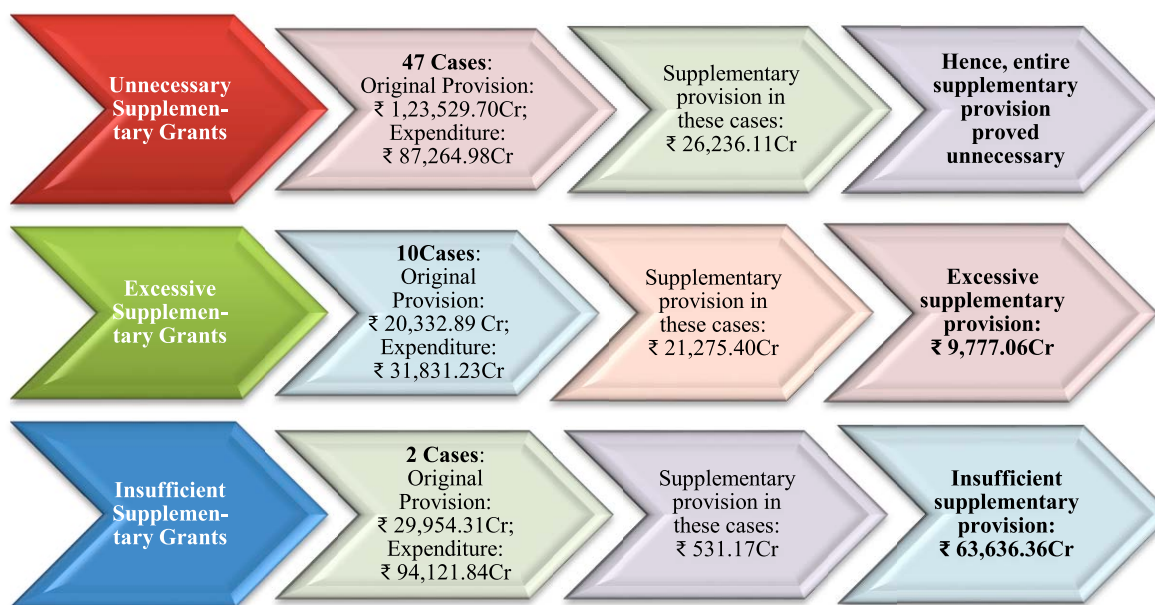
Sl.No.	No. and Name of the Grant	Amount of Savings			
		2015-16	2016-17	2017-18	2018-19
Revenue Voted					
1	XXXVI-Industries and Commerce	306.05	351.87	399.56	3686.55
Capital Voted					
2	V-Revenue, Registration and Relief	101.06	141.82	436.58	877.33
3	IX-Fiscal Administration, Planning ,Surveys and Statistics	411.22	526.33	314.37	264.20
4	X-Home Administration	120.07	133.89	147.34	637.35
5	XVII-Municipal Administration and Urban Development	433.17	1,438.12	1,584.74	744.71
6	XXI-Social Welfare	63.91	343.70	183.71	150.05
7	XXII-Tribal Welfare	60.70	89.09	54.92	117.95
8	XXIV-Minority Welfare	23.00	84.70	100.00	89.44
9	XXV-Women, Child and Disabled Welfare	53.24	125.54	122.11	168.96
10	XXVIII-Animal Husbandry and Fisheries	35.98	55.51	45.24	92.27
11	XXXVI-Industries and Commerce	102.85	123.53	325.21	959.52

*Source: Appropriation Accounts of respective years*

State Government attributed persistent savings to non-commencement of works for want of administrative orders, non- receipt of requisition from unit offices, non-filling up of vacancies, non-finalisation of Infrastructure creation plans *etc.* Persistent savings in these Grants for the past four years indicated that the estimating officers were not reviewing the budget formulations and also not ensuring prerequisites for proposed expenditure before submitting the final estimates to the Finance Department.

### 2.2.3 Supplementary provision

The details of Unnecessary/Excessive/Insufficient Supplementary provisions are detailed in **Chart 2.3**.

**Chart 2.3: Unnecessary/Excessive/Insufficient Supplementary provision**

Source: Appropriation Accounts 2018-19

Details of Unnecessary/Excessive/Insufficient Supplementary provision are given in **Appendix 2.6, Appendix 2.6 (a) and 2.6 (b)** respectively.

From the above chart, it is evident that supplementary grant of ₹ 36,013.17 crore<sup>12</sup> i.e., 73 per cent of total supplementary grant (₹ 49,123.51 crore) was unnecessary/ excessive in 57 cases. On the other hand, in two cases under Grant IX- Fiscal Administration, Planning, Surveys and Statistics, the supplementary grant of ₹ 531.17 crore was insufficient as the total provision (₹ 30,485.48 crore) was not adequate to meet the expenditure requirement (₹ 94,121.84 crore).

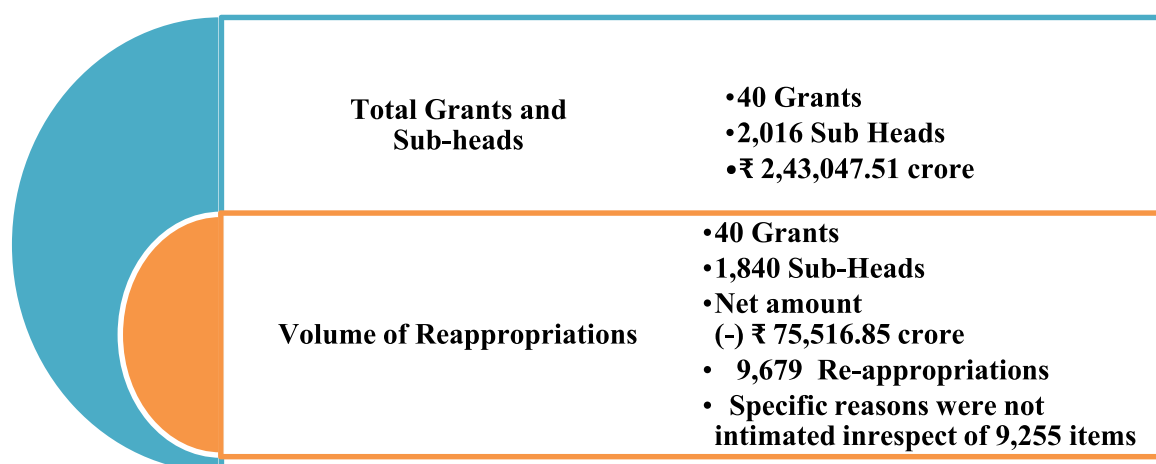
State Government replied (July 2020) that the Comprehensive Financial Management System (CFMS) would avoid these discrepancies from the year 2019-20.

#### 2.2.4 Re-appropriations

By definition, Re-appropriations are meant for transfer of savings from one scheme / unit to another within the same grant and under same section (i.e., Capital, Revenue or Loans). Finance Department, however, issued re-appropriation orders mainly to withdraw the budget provisions, on the last day of the financial year.

The analysis of Re-appropriations is depicted in **Chart 2.4**.

<sup>12</sup> ₹26,236.11 crore+₹ 9,777.06 crore

**Chart 2.4: Re-appropriation in the overall budget**

Source: Appropriation Accounts 2018-19

State Government stated (July 2020) that due to receipt of surrender/re-appropriation proposals from Chief Controlling Officers during the month of March, the re-appropriation orders were issued at the end of financial year. It was further stated that all re-appropriations will be issued with remarks against each detailed Head/sub detailed Heads in future in Finance department.

#### 2.2.4.1 Surrender in excess of savings

In three grants and one appropriation, there were savings of ₹ 3,311.70 crore. The amount surrendered was ₹ 3,766.70 crore, resulting in excess surrender (₹ one crore or more in each case) amounting to ₹ 455 crore as detailed in **Table 2.6**.

**Table 2.6: Surrender in excess of savings during 2018-19**

(₹ in crore)					
Sl. No	Number and name of the grant/ appropriation	Total grant/ appropriation	Savings	Amount surrendered	Amount surrendered in excess
<b>Revenue Voted</b>					
1	XXI- Social Welfare	4,221.64	2,100.58	2,115.58	15.00
2	XXV- Women Child and Disable Welfare	3,152.17	1,141.36	1,163.99	22.63
<b>Capital Voted</b>					
3	III- Administration of Justice	98.00	69.76	98.00	28.24
<b>Public Debt Charged</b>					
4	IX-Fiscal Administration, Planning, Surveys and Statistics	10,876.74	0	389.13	389.13
<b>Total</b>		<b>18,348.55</b>	<b>3,311.70</b>	<b>3766.70</b>	<b>455.00</b>

Source: Appropriation Accounts 2018-19.

The excess surrender indicated that these departments had failed to exercise necessary budgetary controls by watching flow of expenditure through monthly expenditure statements.

#### 2.2.4.2 Anticipated savings not surrendered

As per paragraph 17.2.2 of Budget Manual, controlling officers are to surrender all savings anticipated in the Budget under their control as soon as the certainty of non-requirement is known. A review of savings of grants and appropriations and surrender thereof showed that out of total savings of ₹ 30,307.09 crore in 15 cases, only ₹ 29,980.10 crore was surrendered (short surrender

by ₹ one crore and above in each case), leaving balances not surrendered aggregating ₹ 326.99 crore. Details are given in *Appendix-2.7*.

## 2.3 Review of Selected Grants

Two grants viz., (i) Panchayat Raj and (ii) Energy, Infrastructure & Investment were selected for detailed audit scrutiny to ascertain compliance with budgeting processes, utilisation of funds, expenditure control mechanisms and implementation of schemes/programmes within these grants. Audit findings in this regard are discussed below:

### *Budget and Expenditure trends*

Details of budgetary provisions, actual expenditure and savings/ excess in these grants during the years 2014-15 to 2018-19 are given in **Table 2.7**.

**Table 2.7: Budget vis-à-vis Expenditure under Panchayat Raj and Energy, Infrastructure & Investment Grants during 2014-19**

Year	Revenue			Capital			Loans		
	B	E	Savings(-)/ Excess(+)	B	E	Savings(-)/ Excess(+)	B	E	Savings(-)/ Excess(+)
<b>Panchayat Raj</b>									
2014-15	5,871.17	6,445.97	(+)574.80 (9.79)	232.69	77.99	(-)154.70 (66.48)	-	-	-
2015-16	5,650.63	4,946.77	(-)703.86 (12.46)	86.29	59.90	(-)26.39 (30.58)	-	-	-
2016-17	5,339.90	5,260.13	(-)79.77 (1.49)	655.73	542.18	(-)113.55 (17.32)	-	-	-
2017-18	7,490.82	7,046.75	(-)444.07 (5.93)	1,900.81	1,164.21	(-)736.60 (38.75)	-	-	-
2018-19	7,367.03	4,880.90	(-)2,486.13 (33.75)	2,731.27	1,501.09	(-)1,230.18 (45.04)	-	-	-
<b>Energy, Infrastructure &amp; Investment</b>									
2014-15	7,096.80	12,368.71	(+)5,271.91 (74.29)	0.84	2,046.69	(+)2,045.85 (243553.57)	81.00	69.77	(-)11.23 (13.95)
2015-16	4,271.70	3,794.53	(-)477.17 (11.17)	-	-	-	94.12	62.07	(-)32.05 (34.05)
2016-17	12,119.52	11,605.43	(-)514.09 (4.24)	261.82	119.94	(-)141.88 (54.19)	120.31	116.43	(-)3.88 (3.22)
2017-18	3,862.24	3,475.54	(-)386.70 (10.01)	168.45	131.78	(-)36.67 (21.77)	405.33	342.89	(-)62.44 (15.40)
2018-19	3,496.83	2,146.26	(-)1,350.57 (38.62)	664.16	422.83	(-)241.33 (36.34)	998.90	316.00	(-)682.90 (68.37)

**Source:** Appropriation Accounts of respective years, B: Budget {Original (+) Supplementary}, E: Expenditure; Figures in parenthesis indicates percentage of Savings/Excess to budget provision.

From the above table it can be seen that at an aggregate level, there were savings under both grants. During 2018-19, more than 30 *per cent* of budget under all sections remained unspent in both the grants.

Test check of schemes/ programmes under the above grants revealed the following with regard to utilisation of budget/funds provided for the year 2018-19:



### 2.3.1 Panchayat Raj

#### 2.3.1.1 Swachh Bharath Mission

##### (i) Release of funds at the end of the year

Article 39 of the APFC requires that expenditure should be evenly distributed throughout the year and no attempt should be made to prevent the lapse of an appropriation by any undue rush of expenditure during March end.

The GoI and GoAP had released (February and March 19) ₹ 940.53<sup>13</sup> crore to Swachh Andhra Corporation at the fag end of the financial year 2018-19. Release of funds at the fag end of financial year is not only against prudent financial management but also against the codal provisions.

Department replied that the funds were non-lapsable and hence, the funds released at the fag end of the year would be utilised in 2019-20. The reply was not convincing since these funds pertaining to 2018-19 remained unutilised even after three quarters of the next financial year *i.e.*, December 2019.

##### (ii) Non submission of Utilisation Certificates for the year 2018-19:

The GoI released (January and February 2019) Extra Budget Resources (EBR) funds of ₹ 818.12 crore directly to Swachh Andhra Corporation for implementation of Swachh Bharath Mission-Gramin (SBM-G). Out of this, ₹ 21 crore was released (March 2019) to the implementing agencies for which no Utilisation Certificate were furnished as of December 2019, though required.

The Department replied that finalisation of Utilisation Certificates was under progress and would be furnished to GoI.

##### (iii) Non-release of Matching State share for EBR funds:

The GoI released (February 2019) ₹ 690.53 crore of EBR funds to the State Government of AP towards 2<sup>nd</sup> installment of grants-in-aid under SBM-G during 2018-19. As per SBM-G guidelines, the State Government had to release ₹ 460.35 crore towards matching State share against the Central share of ₹ 690.53 crore. However, the GoAP had not released the matching State share as of December 2019.

The Department stated that the matter was pursued with the Finance Department.

##### (iv) Non-release of penal interest of ₹ 8.64 crore on delayed release of GoI Share

The GoI released (7<sup>th</sup> May 2018) ₹562.99 crore towards 1<sup>st</sup> installment under SBM-G for the year 2018-19 and instructed the GoAP to transfer these funds along with matching State share of ₹ 375.33 crore to Swachha Andhra Corporation (implementing Agency) within 15 working days positively from date of receipt of funds. In case of delay in transfer of funds by the State

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<sup>13</sup> GoI share of ₹ 690.53 crore directly transferred to savings account of Swachh Bharat Mission on 28.02.2019 and GoAP share of ₹ 250 crore deposited in PD Account of Swachh Bharat Mission on 19.03.2019.

Government beyond the stipulated period, a penal interest @ 12 per cent per annum for the period of delay shall be transferred by the State Government to the Implementing Agency concerned along with principal amount of the fund.

GoAP transferred (20<sup>th</sup> June 2018) the funds to Swachha Andhra Corporation with a delay of 28 days beyond specified period of 15 days. However, the GoAP did not release penal interest of ₹ 8.64 crore<sup>14</sup> to the Corporation.

Department stated that soon after receipt of the proposal from the Swachha Andhra Corporation, the matter would be taken up with the Finance Department for release of interest of ₹ 8.64 crore.

### 2.3.1.2 Rural roads

#### (i) Shortfall in achievement of the intended targets

The details of scheme wise targets and achievements for the year 2018-19 are given in **Table 2.8**.

**Table 2.8: Details of scheme wise targets and achievements for the year 2018-19**

S. N o.	Name of the scheme	Financial (₹ in crore)			Physical (Kms)			Reasons for not achieving intended targets
		Target	Achievement	Shortfall	Target	Achievement	Shortfall	
1	Prime Minister Gramin Sadak Yojana (PMGSY)	600.00	235.72	364.28 (61 per cent)	500.00	336.73	163.27 (33 per cent)	The Department stated that due to left wing extremism, want of forest clearance, rains etc., the intended laying of roads could not completed
2	Panchayat Raj Engineering Department (PRED) road assets	105.00	10.82	94.18 (90 per cent)	210.00	46.47	163.53 (78 per cent)	The Department stated that due to delay in administrative sanctions coupled with freezing of funds and election code, intended physical and financial targets could not be achieved.
3	Assistance to PRIs for maintenance of rural roads- Revenue	100.00	28.80	71.20 (71 per cent)	361.77	41.71	320.06 (88 per cent)	The Department stated that due to delay in administrative sanctions coupled with freezing of funds and election code, the intended physical and financial targets could not be achieved.
<b>Total</b>		<b>805.00</b>	<b>275.34</b>	<b>529.66 (66 per cent)</b>	<b>1,071.77</b>	<b>424.91</b>	<b>646.86 (60 per cent)</b>	

### 2.3.1.3 Pradhan Mantri Gram Sadak Yojana (PMGSY)

#### (i) Non-payment of interest of ₹ 3.82 crore on delayed release of GoI share

The GoI released (31<sup>st</sup> August 2018) ₹ 97.75 crore towards 1<sup>st</sup> instalment under PMGSY for 2018-19 and instructed the GoAP to transfer these funds to Andhra Pradesh State Rural Roads Development Agency (APSRRDA) within three working days positively from the date of receipt

<sup>14</sup>₹ 938.32crore X 12% X 28/365 = ₹ 8.64 crore

of funds. In case of non-transfer, the GoAP should be liable to pay interest @ 12 *per cent* for the period of delay beyond the specified period.

GoAP transferred (3<sup>rd</sup> January 2019) the funds to APSRRDA with a delay of 119 days. However, GoAP did not release interest of ₹ 3.82 crore<sup>15</sup> to the APSSRDA.

The Department stated that two to three weeks were required for the procedural compliances at Government, HoD and PAO levels. Reply of the Department is not acceptable as the GoAP had not adhered to the instructions of GoI regarding release of interest for delay in release of funds.

**(ii) Non-release of GoI share of ₹ 97.75 crore and GoAP share of ₹ 65.17 crore**

The GoI released (24<sup>th</sup> January 2019) ₹ 97.75 crore towards 2<sup>nd</sup> instalment under PMGSY for 2018-19. However, the GoAP did not transfer ₹ 162.92 crore [GoI share of ₹ 97.75 crore (60 *per cent*) and GoAP share of ₹ 65.17 crore (40 *per cent*)] as of December 2019.

The Department stated that adjustment of funds was pending for clearance from the Finance Department.

**2.3.1.4 National Rural Drinking Water Programme**

**Short release of GoI share of ₹ 132.68 crore along with matching State share of ₹ 130.80 crore**

The GoI released (May 2018 to January 2019) ₹ 185.85 crore towards implementation of National Rural Drinking Water Programme (NRDWP) for 2018-19 and instructed the GoAP to transfer these funds to the implementing agency (Office of the Engineer-in-Chief, Rural Water Supply Schemes) within 15 days of its receipt along with equal amount of State share. In aggregate, out of ₹ 371.70 crore<sup>16</sup> to be released to NRDWP account, the GoAP released only ₹ 108.22 crore<sup>17</sup> (29 *per cent*) leaving a balance of ₹ 263.48 crore (71 *per cent*) untransferred.

The department replied that the funds were being adjusted to Green Channel<sup>18</sup> PD account of the department. However, no records in support of such transfer were submitted.

**2.3.2 Energy, Infrastructure and Investment**

**(i) Surrender of Entire Provision**

In respect of certain schemes as listed in **Table 2.9**, entire provision amounting to ₹128.02 crore was Surrendered/Re-appropriated without incurring any expenditure.

<sup>15</sup> ₹97.75 crore X 12% X 119/365 = ₹ 3.82 crore

<sup>16</sup> GoI share (₹ 185.85 crore) + matching State share (₹ 185.85 crore)

<sup>17</sup> GoI Share (₹53.17 crore) + matching State share (₹ 55.05 crore)

<sup>18</sup> As per G.O.Ms. No. 147 dated 11.07.2011 Green channel scheme was introduced to implement various schemes/ Programmes that extend direct benefit to poorer sections of population.

**Table 2.9: Details of schemes where entire provision was surrendered**

(₹ in crore)

Sl. No.	Head of Account and description	Total Budget	Re-appropriation/ Surrender	Reasons for surrender of entire provision
1.	2801-05-800-10 - Assistance to Andhra Pradesh TRANSCO/ DISCOMS towards reimbursement under INDIRAMMA Scheme	26.84	26.84	Specific reasons have not been intimated.
2.	3053-02-102-05 – Aerodromes- Regional Airports	0.81	0.81	Specific reasons have not been intimated.
3.	5053-02-190-11-26 - Investments in Public Sector and Other Undertakings- Tirupathi Airport	5.00	5.00	Reasons were stated to be non-commencement of works for want of administrative orders
4.	5425-00-800-40 – Andhra Pradesh Science city, Amaravathi	27.37	27.37	Reasons were stated to be non-commencement of works for want of administrative orders
5.	6801-00-789-03-13 - Green Energy Corridors Intra State Transmission System in Andhra Pradesh	51.00	51.00	Specific reasons have not been intimated.
6.	6801-00-796-13 - Green Energy Corridors Intra State Transmission System in Andhra Pradesh	17.00	17.00	Specific reasons have not been intimated.
<b>Total</b>		<b>128.02</b>	<b>128.02</b>	

Source: Grant Audit Registers (GARs) prepared by O/o Accountant General (A&E)

**(ii) Anticipated savings not surrendered before 31 March 2019**

As per paragraph 17.2.2 of Budget Manual, controlling officers are required to surrender to the Finance department all savings anticipated in the Budget under their control as soon as the certainty of non-requirement is known.

However, an amount of ₹2,205.45 crore was surrendered on 31 March 2019, which indicates poor financial controls.

**(iii) Substantial surrenders due to Improper Planning while preparing Budget**

In seven cases, there was surrender of ₹ 1,936.63 crore, exceeding ₹10 crore and by 50 per cent or more of the budget provision provided in each case, as indicated in **Table 2.10**.

**Table 2.10: Schemes with substantial Surrenders (more than ₹ 10 crore)**

(₹ in crore)

Sl. No	Head of Account and description	Total provision	Re-appropriation	Net appropriation	Expenditure	Reasons for surrender
1	2801-05-800-06 - Assistance to APTRANSCO for Agricultural and allied Subsidy	2,500.00	(-) 1,250.00	1,250.00	1,250.00	Specific Reasons for surrenders had not been intimated
2	5053-02-190-25 - Investments in Public Sector and Other Undertakings- Rajahmundry Airport	40.00	(-) 37.88	2.12	2.12	Surrender of ₹10 crore was stated to be due to non-commencement of works for want of administrative orders. Reasons for remaining decrease had not been intimated.

Sl. No	Head of Account and description	Total provision	Re-appropriation	Net appropriation	Expenditure	Reasons for surrender
3	5053-02-190-29 - Investments in Public Sector and Other Undertakings- Bhogapuram Airport	50.00	(-) 39.08	10.92	10.92	Surrender of ₹10 crore was stated to be due to non- commencement of works for want of administrative orders. Reasons for remaining decrease had not been intimated.
4	6801-00-205-11 - Loans for APTRANSCO for 24X7 Power for all Schemes	530.00	(-) 345.44	184.56	184.56	Specific Reasons for surrenders had not been intimated
5	6801-00-205-13 - Green Energy Corridors Intra State Transmission System in Andhra Pradesh	240.00	(-) 177.59	62.41	62.41	
6	6801-00-789-11 - Loans for APTRANSCO for 24X7 Power for all Scheme	107.00	(-) 66.32	40.68	40.68	
7	6801-00-796-11- Loans for APTRANSCO for 24X7 Power for all Scheme	33.00	(-) 20.32	12.68	12.68	
<b>Total</b>		<b>3,500.00</b>	<b>(-) 1,936.63</b>	<b>1,563.37</b>	<b>1,563.37</b>	

Source: Appropriation Accounts 2018-19

## 2.4 Opening of new Sub- Heads

Article 150 of the Constitution mandates the prescription of the form of accounts by the President on the advice of the Comptroller and Auditor General of India (CAG). Accordingly, the State Government has to take prior concurrence of the Principal Accountant General (Accounts & Entitlement) (PAG (A&E)) Andhra Pradesh before opening any new sub head. It was, however observed that during 2018-19, the State Government had opened 308 new Sub-Heads without prior concurrence of the PAG (A&E). Total provision made under these Sub-Heads was ₹ 10,393.14 crore against which expenditure of ₹ 10,021.02 crore was incurred, disregarding the statutory provision.

Such opening of new Sub-Head without concurrence of the PAG (A&E) was a persistent feature, as ₹ 12,515.88 crore was provided under 209 new Sub-Heads in 2017-18, ₹ 268 crore was provided under 11 new Sub-Heads in 2016-17 and ₹ 1,512 crore was provided under 43 new Sub-Heads in 2015-16.