

CHAPTER II : ANALYSIS OF OUTCOME BUDGET

2.1 Objectives of Outcome Budget

The objectives of the Outcome Budget were to address certain weaknesses that have crept in the performance budget documents such as lack of clear one-to-one relationship between the Financial Budget and the Performance Budget and inadequate target-setting in physical terms for the ensuing year and to address growing concern as to tracking of not just the physical “outputs” that are more readily measurable but the “outcomes” which are the end objectives of State intervention and the financial outlays.

2.2 Audit Objectives, Sample and Scope

Audit undertook an exercise to assess whether the various orders and instructions relating to preparation of outcome budget had been followed so as to enable it to serve its intended purpose.

Outcome Budgets for the years 2013-14 to 2016-17 of two Ministries i.e. Ministry of Drinking Water and Sanitation and Ministry of Urban Development were selected for examination in audit. In addition, an analysis was also carried out of the financial outlays and achievement of physical targets of two centrally sponsored schemes/programmes i.e. (i) National Rural Drinking Water Programme (NRDWP) and (ii) Swachh Bharat Mission-Gramin (SBM-G) under the Ministry of Drinking Water and Sanitation (MoDW&S) and (i) Heritage City Development and Augmentation Yojana (HRIDAY) and (ii) Urban Infrastructure Development Scheme in Satellite Towns around seven mega cities (UIDSSST) under the Ministry of Urban Development (MoUD).

2.3 Audit findings

2.3.1 Ministry of Drinking Water and Sanitation

2.3.1.1 Deviation from the Government Instructions

(i) Absence of Gender budgeting in Outcome Budget

NRDWP guidelines takes into account the importance of women as the major stakeholder group and efforts have been made to involve women groups/self-help groups in planning, implementation and operations and maintenance of water supply programmes through representation in Gram Panchayats (GPs)/Village Water and Sanitation Committees (VWSCs).

The Outcome Budget, however, indicated financial outlay and physical outputs specific to women in respect of NRDWP as “Not Applicable.” It did not even indicate the extent of involvement of women in planning, implementation of the

programme and operation and maintenance of water supply programmes though it is women who primarily did collection of drinking water in villages.

Under SBM (G) guidelines, all women headed households are eligible for incentives for construction of individual households' latrine and there is special provision for construction of community sanitary complexes for women in order to ensure better hygienic conditions and ensure dignity of women. Women were also to be involved at each stage of planning, implementation and post implementation management of sanitation issues. However, the Outcome Budget neither indicated the provisions earmarked for gender based activities nor the extent of involvement of women in planning and implementation of the programme.

(ii) Non-depiction of information regarding 'Normal Savings', 'Under/Non-utilization' and 'Surrender'

As per the Guidelines, Outcome Budget should contain information regarding (a) Normal Savings-Savings resulting from economic use of resources; (b) Under/Non-Utilization- Savings due to non-implementation/delay in execution of projects/programme; and (c) Surrenders-Savings due to obsolete/defunct projects/programme or due to completion of a project/programme and the funds are no more required. Such information was not provided in the Outcome Budget for the years 2013-14 to 2016-17 despite depicting savings and surrender in the Appropriation Accounts of the Ministry during the said period.

2.3.1.2 Financial and physical Outlays vis-à-vis Outcome

(i) National Rural Drinking Water Programme (NRDWP):

A review of the financial as well as physical targets *vis-à-vis* achievements of the programme (**Annexe-I**) revealed that targets and achievements were shown against the financial outlays in respect of central share (outlays in respect of MoDW&S) only. Targets indicated for providing safe drinking water were achieved during the year 2013-14 and 2014-15 but there was shortfall of 84 *per cent* and 44 *per cent* during the subsequent years 2015-16 and 2016-17 respectively.

(ii) Swachh Bharat Mission-Gramin (SBM-G)

A review of the financial as well as physical targets *vis-a-vis* achievements of the programme (**Annexe-II**) indicated that there was no direct co-relation between financial outlays with physical targets. Targets in 2015-16 were kept at same levels despite upwards revision at the Revised Estimates stage. Targets and achievements were shown against the financial outlays in respect of central share in respect of MoDW&S.

2.3.1.3 Reliability of Data

Web-based online systems are one of the tools to monitor programme implementation. The Integrated Management Information System (IMIS) is a comprehensive web based information system which enables the states and the Centre to monitor the progress of implementation of the programme. Audit observed the following:

(i) NRDWP

Targets depicted in the Outcome Budgets for 2013-14, 2014-15, 2015-16 and 2016-17 did not match with the corresponding figures of web-based online system (IMIS) as depicted in **Table No. 1** given below.

Table: 1: Discrepancy in depiction of Targets -NRDWP

Year	Target as per Outcome Budget (Number of habitations)				Target as per IMIS (Number of habitations)			
	Quality affected	Partially covered	Fully Covered	Total	Quality affected	Partially covered	Fully Covered	Total
2013-14	21771	122259	0	144030	25345	116493	0	141838
2014-15	20000	75000	0	95000	23427	118671	0	142098
2015-16	56941	0	0	56941	9111	47080	0	56191
2016-17	8000	54000	0	62000	12812	44023	26978	83813

Similarly, there was discrepancy in presentation of figures of achievements in terms of number of habitations covered in 2014-15 as depicted in **Table No. 2** given below:

Table-2: Discrepancy in depiction of Achievements-NRDWP

Year	Achievement as per Outcome Budget (Number of habitations)				Achievement as per IMIS (Number of habitations)			
	Quality affected	Partially covered	Fully Covered	Total	Quality affected	Partially covered	Fully Covered	Total
2014-15	15588	120529	0	136117	15579	61419	59108	136106

(ii) SBM (G)

Outcome Budget of 2016-17 depicted achievement of IHHL¹ at 58.55 lakh in 2014-15 whereas MIS depicted achievement of IHHL at 58.86 lakh during the said year which indicates discrepancy in data.

2.3.2 Ministry of Urban Development

2.3.2.1 Deviation from Government instructions

(i) As per the stipulated format, the Outcome Budget should be in the form of a document separate for each Ministry/Department. An Executive Summary, apart from summarizing relevant chapters, should prominently highlight the details of the monitoring mechanism and the public information system put in place by the Ministry/Department to regularly monitor physical and financial

¹ IHHL-Individual Household Latrine.

progress during the course of the year and to inform the general public. Audit observed that the Executive Summary of the Outcome Budgets for the years 2013-14 to 2016-17 did not mention monitoring and public information mechanism and it contained only brief details of six chapters.

(ii) As per the Outcome Budget guidelines, a tabular format is to be prepared which would contain details of financial outlays, projected physical outputs, and projected/budgeted outcomes (intermediate/partial and final) for the current year with Complementary Extra Budgetary (CEB) resources meant for entities other than the Central Government.

Audit observed that Outcome Budgets for the years 2013-14 to 2016-17 in respect of UIDSST (Plan segment) did not indicate any amount under CEB resources during the said period. Further, under the column quantifiable deliverables/physical outputs, only scheme objectives and unquantifiable/immeasurable things were mentioned.

(iii) Under HRIDAY scheme, only general objectives of the scheme in the projected outcomes columns were mentioned instead of specific outcomes that were anticipated from the scheme during 2015-16 and 2016-17.

(iv) Audit scrutiny of Outcome Budgets for the years 2013-14 to 2016-17 revealed that no timeline was indicated for UIDSST and for '10 per cent Lumpsum Provision Scheme for Benefit of North Eastern States including Sikkim' as required by the guidelines.

(v) The guidelines for Outcome Budget for 2013-14 to 2016-17 stipulated that there should be a separate table for each Central Public Sector Enterprise (CPSE²) under the administrative control of the Ministry with itemized listing of major projects in hand. The Outcome Budget in respect of CPSEs was to be prepared even if there was no budgetary support. No such table was included in respect of NBCC (India) Ltd. for the years 2013-14 to 2016-17.

(vi) The guidelines for 2015-16 and 2016-17 stipulates that the Outcome Budget should also indicate normal savings, under/non-utilization and surrenders. It was noted that no such savings and surrenders were depicted separately in Outcome Budgets for the years 2015-16 and 2016-17.

(vii) Chapter-IV of Outcome Budget depicts performance of previous two years. Accordingly, for example, the Outcome Budget of 2014-15 should indicate past performance review of 2012-13 and 2013-14 in terms of targets set,

² NBCC (India) Limited, a public sector undertaking under MoUD is a schedule "A" and ISO-9001 company with status of NAVRATNA.

scheme wise physical performance including reasons for variation, scope and objectives of individual program/scheme giving their physical targets and achievements.

Scrutiny of the Outcome Budgets for the years 2013-14 to 2016-17 revealed inconsistency in depicting scheme-wise achievements (outcomes) against targets already set in previous years. Audit noted the following:

➤ The Outcome Budget 2013-14 indicated unquantifiable targets like improvement of roads, bridges, drains, construction of market complexes, flyovers etc. against an outlay of ₹ 150 crores but achievements or outcomes were not included in the Outcome Budget of the following year i.e. 2014-15. Similarly, against an outlay of ₹ 150 crore in the year 2014-15 for the scheme, no quantifiable targets were specified and no outcomes/achievements were depicted in the 2015-16 Outcome budget.

➤ UIDSST scheme had been in operation since July 2009 with an outlay of ₹ 278 crores during 2013-14 to 2015-16. But in the Outcome Budgets of the respective years, quantifiable deliverables/physical outputs were not indicated against targets and outlays of previous years. In place of quantifiable or measurable targets, details of processing of proposals and Utilization Certificates in MoUD were included under achievements in the Outcome Budgets of 2014-15 and 2015-16 for the scheme.

➤ In respect of HRIDAY for the year 2015-16, targets for all 12 selected cities were set in the Outcome Budget with a Plan Outlay of ₹ 200 crore. However, Outcome Budget of 2016-17 did not indicate achievements against these targets and outlay of 2015-16.

(viii) The Outcome Budget of 2014-15 depicted Budget Estimate 2013-14, Revised Estimate 2013-14 and Budget Estimate 2014-15 but no overall trends of expenditure were shown against these budgetary outlays. Trends in Expenditure were also not depicted in respect of Outcome Budgets for 2015-16 and 2016-17.

2.3.2.2 Inconsistencies in reporting of physical targets

No quantifiable physical achievements were indicated in the Outcome Budgets for the years 2013-14 to 2016-17 in respect of HRIDAY, UIDSST and 10 *per cent* Lumpsum Provision Scheme for Benefit of North Eastern States including Sikkim.

In respect of UIDSST scheme, Outcome Budget of 2016-17 indicated that one water supply project at Pilkhuwa, Uttar Pradesh, was completed in 2014-15 and the budget allocation had been fully utilized. Audit noted that there were a total of 17 projects approved by the MoUD under UIDSST and as per Outcome Budget only one project was completed during 2014-15. The position of remaining uncompleted project was not explained in the Outcome Budget.

With regard to HRIDAY, no information on physical targets achieved during 2015-16 was incorporated in the Outcome Budget for the year 2016-17.

2.3.2.3 Issues relating to monitoring mechanism

Contrary to the Guidelines, the Outcome Budgets for the years 2013-14 to 2016-17 provided no details as to the monitoring mechanism of either HRIDAY or UIDSST.

2.3.2.4 Assessment of action taken by the Ministries/Department on non-achievement of physical targets

Since quantifiable deliverables/physical targets were not fixed by MoUD for 2013-14 to 2016-17 with regard to UIDSST and '10 *per cent* Lumpsum Provision Scheme for Benefit of North Eastern States including Sikkim's MoUD did not indicate the actions/efforts it had taken to achieve the physical targets depicted in the Outcome Budget documents for the years 2013-14 to 2016-17.

2.4 Conclusion

The objective of the Outcome Budget was to establish a co-relationship between the financial budget and performance budget and to track not just the intermediate physical outputs but also the outcomes. However, deviations from the guidelines on preparation of Outcome Budget undermined this fundamental objective. There was no direct co-relation between financial outlay and physical outcomes; achievements within the same budgetary allocation were more as compared to the targets; there was discrepancy in depiction of targets figures of the programmes between Outcome Budgets and web-based online system and monitoring of the progress of implementation of the programmes through Web-based online system suffered from data unreliability.

Further, non-depiction of physical targets and achievements against each component of various schemes/programmes defeated the purpose of the Outcome Budget of serving as a performance measurement tool of the Ministry. It may be added that individual Ministry-wise Outcome Budget has been dispensed with from 2017-18 and the same is being incorporated in the Outcome Budget of the Ministry of Finance.