

## **CHAPTER-II: BUDGETARY MANAGEMENT**



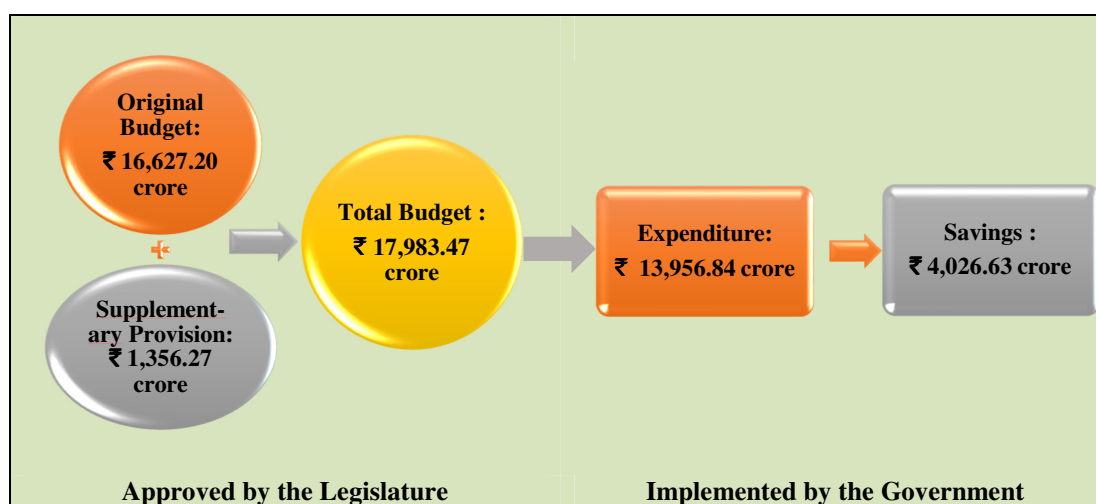
## Chapter II: Budgetary Management

### 2.1 Introduction

Effective financial management ensures that decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds. This Chapter reviews the allocative priorities of the State Government and comments on the transparency of budget formulation and effectiveness of its implementation.

The total amount approved by the State Legislature including the original and supplementary budgets, expenditure and savings during the year 2018-19 are depicted in **Chart No 2.1**.

**Chart No 2.1 Summary of Budget and Expenditure of Tripura for 2018-19**



### 2.2 Budget Preparation Process

The Government of Tripura follows a bottom-up approach of budgeting. The process followed by the State in budget preparation is broadly as follows.

- The requirement of funds along with the base data and budgetary assumptions are obtained by the Finance Department from the Controlling Officers (COs) of various administrative departments in the prescribed format within the specified due dates. Each Controlling Officer is responsible for the correct preparation of the estimates (both for initial budget and revised) in respect of the receipts and expenditure of the department concerned;
- At the outset, resources required for State share of Centrally Sponsored Schemes (CSS), counter party funding for externally aided projects, State funding for NEC<sup>1</sup>, NLCPR<sup>2</sup> projects etc., are estimated and provided for;

<sup>1</sup> North Eastern Council

<sup>2</sup> Non-lapsable Central Pool of Resources

- Allocations for Tripura Tribal Areas Autonomous District Council (TTAADC) are made based on the requirement projected by the departments responsible for the activities of the TTAADC;
- Anticipated receipts from Central tax transfers and funding for CSS are assessed and the quantum of funds required for committed expenditure on salaries, pension, repayment of loan, etc. are also worked out by the Finance Department and provided for.

The State Government secures Legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and 63 Demands for Grants/Appropriations. Normally, every department has one Demand for Grant, to ensure that the Head of the Department takes responsibility for implementing the policy decisions and expending public funds for the intended purposes.

Supplementary or additional Grant/Appropriation is provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount. Further, the State Government also re-appropriates/re-allocates funds from various Units of Appropriation where savings are anticipated, to Units where additional expenditure is envisaged (within the Grant/Appropriation) during the year.

Budget Estimates (BE) of the State Government provide an estimate of Receipts and Expenditure thereof for a particular financial year. The projected estimates are important, as they guide the State Government's fiscal policy for a financial year. Accuracy in estimating the receipts and expenditure reflects the fiscal marksmanship and effective implementation of fiscal policies for the overall socio-economic development of the State.

Budget is only an indicative envelope of Government expenditure, as actual expenditure depends on periodical release of funds to line departments by the Finance Department. The Finance Department in turn releases funds only when CSS funds have been received or when State has sufficient revenues/cash receipts after meeting its commitments.

### **2.3 Financial Accountability and Budget Review**

Appropriation Accounts provide details of expenditure of the Government for the financial year, compared with the amounts of the voted grants and charged appropriations for various purposes specified in the Schedules appended to the Appropriation Act passed by the Legislature. These Accounts depict the original budget provision, supplementary grants, savings, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act. Appropriation Accounts are therefore, complementary to Finance Accounts.

Audit of appropriations by the CAG 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 so incurred is in conformity with the law, relevant rules, regulations and instructions.

### 2.3.1 Summary of Appropriation Accounts

The summarised position of budget including supplementary budget, actual expenditure, and excess/saving during 2018-19 against 63 Grants/ Appropriations (62 Grants and one Appropriation) is given below in **Table No 2.1**.

**Table No 2.1: Summarised position of Expenditure vis-à-vis Budget provision during 2018-19**

	Nature of expenditure	Grant/Appropriation			Actual expenditure	Savings	Percentage of savings to total budget
		Original	Supplementary	Total			
Voted	I. Revenue	12104.62	775.56	12880.18	10887.55	(-) 1992.63	15.47
	II. Capital	2817.09	570.72	3387.81	1514.61	(-) 1873.20	55.29
	III. Loans & Advances	5.65	0.00	5.65	1.12	(-) 4.53	80.18
	<b>Total</b>	<b>14927.36</b>	<b>1346.28</b>	<b>16273.64</b>	<b>12403.28</b>	<b>(-) 3870.36</b>	<b>23.78</b>
Charged	IV. Revenue	1179.34	6.88	1186.22	1055.51	(-) 130.71	11.02
	V. Capital	0.00	0.00	0.00	0.00	0.00	0.00
	VI. Public Debt- Repayment	520.50	3.11	523.61	498.05	(-) 25.56	4.88
	<b>Total</b>	<b>1699.84</b>	<b>9.99</b>	<b>1709.83</b>	<b>1553.56</b>	<b>(-) 156.27</b>	<b>9.14</b>
	Appropriation to Contingency Fund (if any)	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Grand Total</b>	<b>16,627.20</b>	<b>13,56.27</b>	<b>17,983.47</b>	<b>13,956.84*</b>	<b>(-) 4,026.63</b>	<b>22.39</b>

*Source: Appropriation Accounts 2018-19.*

\* Includes recovery of ₹ 87.60 crore (Revenue: ₹ 53.87 crore and Capital: ₹ 33.73 crore during the year 2018-19.

As can be seen from **Table No 2.1** the overall net savings of ₹ 4,026.63 crore was 22.39 per cent of total Grants/Appropriations and was almost thrice the size of the supplementary budget of ₹ 1,356.27 crore obtained during the year, which raises questions about the budget formulation process.

### 2.4 Errors in preparation of Budget

Review of State budget documents for the year 2018-19 revealed that funds were allocated for the development of Scheduled Castes (SCs) and Scheduled Tribes (STs) under Minor Heads '796- Tribal Area Sub-plan for ST' and '798-Special Component Plan for SC' in the Original Budget of various departments for the year 2018-19. However, Supplementary budget was provided under these two Minor Heads in Demand No.19 relating to 'Tribal Welfare Department' and Demand 20 'Welfare of Scheduled Caste Department' respectively, instead of providing additional funds in the Grants of the concerned departments, which had received original budgetary allocation.

Consequently, the Appropriation Accounts reflected huge savings in Demand No.19 (₹ 342.48 crore) and Demand No.20 (₹ 251.89 crore) under both Revenue and Capital Heads during the year. Simultaneously, excess expenditure was booked in Minor Heads '796' and '798' by various departments during the year 2018-19 as detailed in **Appendix 2.1**.

Further, it was seen in the Expenditure Budget documents for the year 2018-19 that the Revenue and Capital expenditure are shown together at Sub-Head/Object Head level instead of showing separately under Voted and Charged expenditure as per the

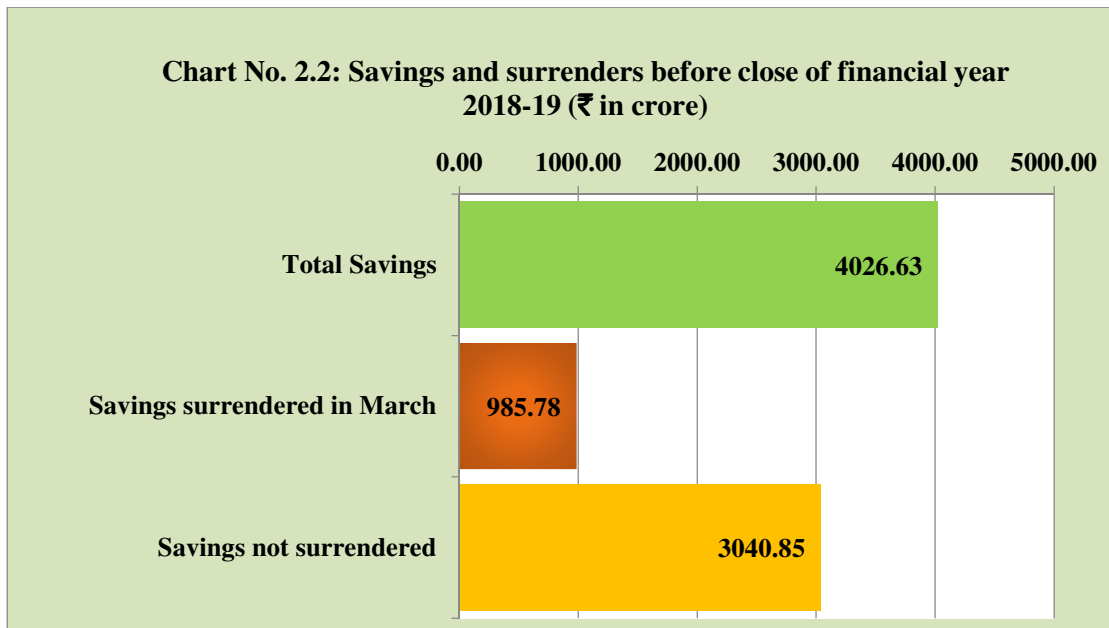
classification structure of Budget and Accounts. Also, the totals for each Major Head and Minor Head (s) in a Grant have not been shown.

**2.5 Impact of non-surrender of savings**

As per Rule 62 (1) of General Financial Rules, 2017, the departments incurring expenditure are required to surrender the Grants/Appropriations or portion thereof to the Finance Department as and when the savings are anticipated before the close of the financial year. At the close of the financial year 2018-19, in 86 cases, there were savings of ₹ 3,647.21 crore, with a saving of more than ₹ 20 lakh in each case. Out of these 86 cases, in 69 cases, more than 50 per cent of the savings were not surrendered before the close of the financial year 2018-19. The details of these are shown in **Appendix 2.2**.

The Departments that had savings of more than ₹ 10 crore but had not surrendered any amount during the year were (i) Election (ii) Home (Police) (iii) Public Works (Water Resources) (iv) Tribal Welfare (v) Welfare of SC & OBC (vi) Food, Civil Supplies & Consumer Affairs (vii) Urban Development (viii) Rural Development (ix) Education (Higher) (x) Family Welfare and Preventive Medicine and (xi) Finance Department.

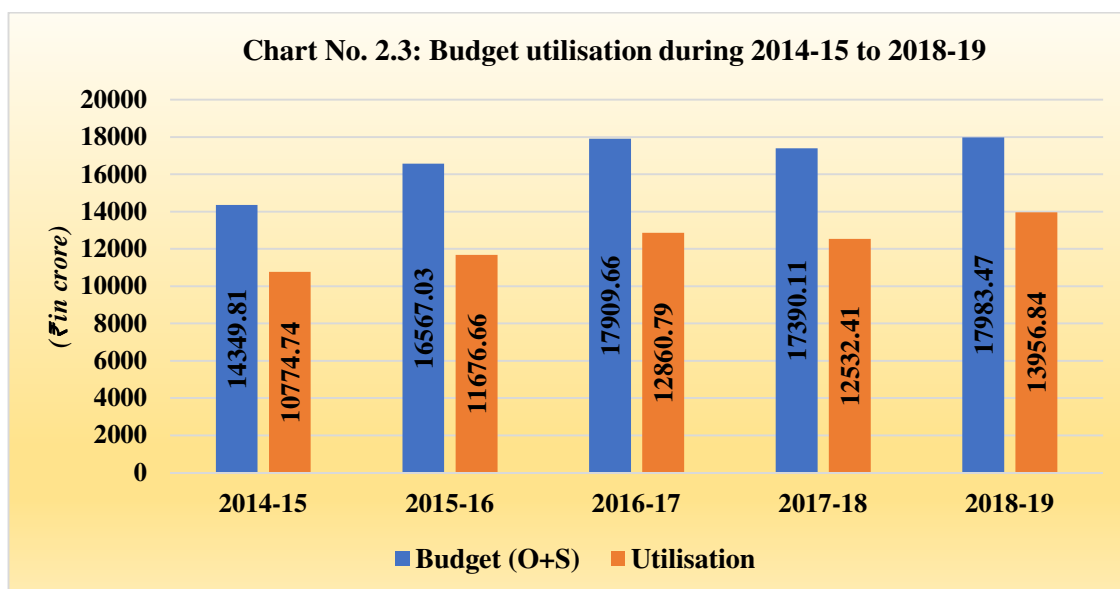
During 2018-19, against the overall saving of ₹ 4,026.63 crore, only ₹ 985.78 crore (24.48 per cent of the total savings) was surrendered before the close of the financial year and ₹ 3,040.85 crore was not surrendered.



Non-surrendering of anticipated savings on time not only deprives the other needy Departments of resources, but also reflects on the unrealistic nature of budget preparation process and lack of efficiency in budget management. It also clearly shows that the State Government prepared a budget which it did not have the ability to implement and/or its Departments have not done the ground work to be able to utilise the allocated funds within the envisaged timeframe.

## 2.6 Sub-optimal Utilisation of Budgeted Funds

Utilisation of budgeted funds by the State has been sub-optimal every year during the past few years. The extent of savings during the last five years is given in **Chart No. 2.3**.



As can be seen from the **chart** above, utilisation of budget ranged between 70.48 *per cent* in 2015-16 to 77.61 *per cent* in 2018-19. This was despite the stated initiatives taken by the State Government while formulating its budget for the year 2018-19 as detailed in **Paragraph 2.2** of this Chapter.

Large amount of savings in allocated funds indicate both inaccurate assessment of requirement as well as inadequate capacity to utilise the funds for intended purposes.

## 2.7 Missing/ Incomplete Explanation for Variation from Budget

Apart from showing the expenditure against the approved budget, Appropriation Accounts also provide explanation for cases where the expenditure varies significantly from the budgeted provision (Original + Supplementary). The limit beyond which, such variation at the Sub-Head level (Unit of Appropriation) are to be explained in the Appropriation Accounts is set by the Public Accounts Committee (PAC).

Accountant General (A&E) provides the draft Appropriation Accounts to the Controlling Officers of the departments and seeks the reasons/explanation for the variations in expenditure with reference to approved budgetary allocation in keeping with the limits set by the PAC.

The monetary limits of savings/excesses to be commented upon in the Appropriation Accounts as approved by the PAC in May 2008 are shown in **Table No 2.2**.

**Table No 2.2: Monetary limits of savings/excesses to be commented upon**

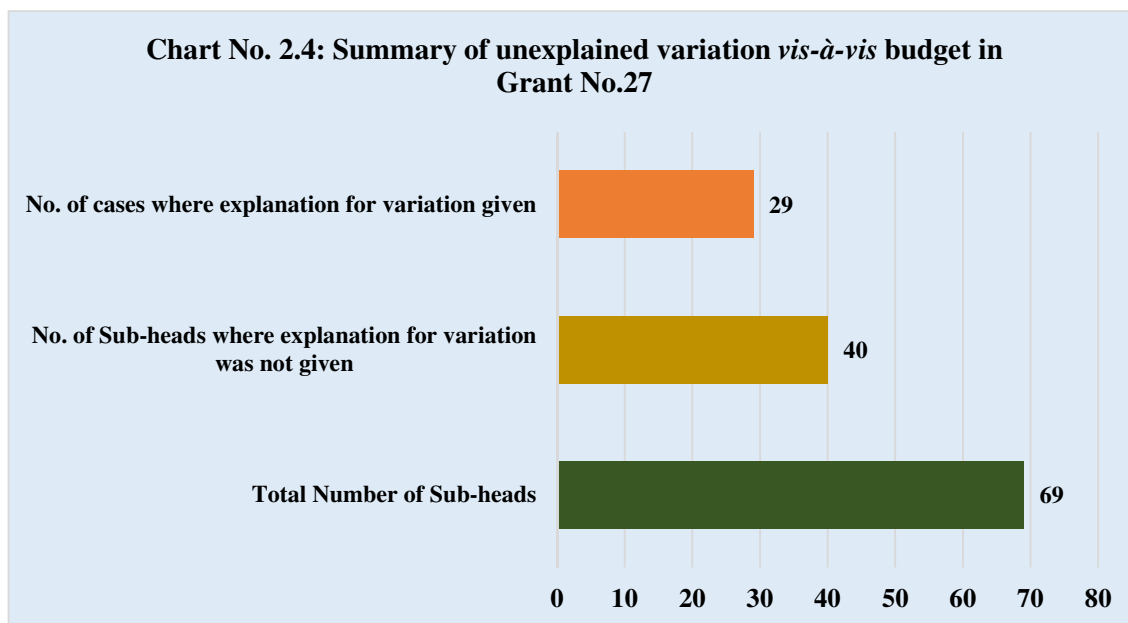
<b>Savings</b>	<ul style="list-style-type: none"> <li>Comments are to be made if savings under Sub-Heads of Grants/Appropriations are over ₹ 20 lakh</li> </ul>
<b>Excess</b>	<ul style="list-style-type: none"> <li>Comments are to be made if excesses under Sub-Heads of Grants/Appropriations are over ₹ 5 lakh</li> </ul>

Financial Rules state that reasons for additional expenditure/ savings should be explained with case specific comments, and vague expressions such as “based on actual requirements”, “release/sanction of fund by the Government of India”, *etc.*, should be avoided.

Audit of Appropriation Accounts of 2018-19 revealed that, in many cases, the Controlling Officers have not provided explanation for the variations in the expenditure *vis-à-vis* budgeted allocations and were not precise even where the explanations were provided.

Audit scrutiny of **Grant No. 27**: Agriculture Department on a sample basis, revealed that, augmentation/reduction of provision through re-appropriation/supplementary grant was stated to be “based on actual requirement”. However, excess expenditure/savings in each of the Sub-Heads within the grant that received re-appropriation/supplementary provision would indicate that there was no requirement of additional funds.

Out of the 69 Sub-Heads operated under **Grant No. 27**, explanation for variation was not received in respect of 40 Sub-Heads (58 *per cent*) as shown below in **Chart No. 2.4**.



Ambiguous response or absence of explanation for variation between the budgeted allocation and its utilisation by the Controlling Officers limits legislative control over budget as a means of ensuring financial accountability of the Government.

### 2.8 Budgetary allocation at Primary Unit of Appropriation

Sub-Head is the primary unit of appropriation, and the Appropriation Accounts accordingly bring out instances of deviations from approved budgetary allocations at this level, as per the criteria specified by the PAC. The Tripura Budget Manual states that primary unit of appropriation is the lowest unit of classification denoting the objects of expenditure.

There are 1,173 units of appropriation in the State budget at the primary unit of appropriation, *i.e.*, at the lowest level of accounting classification. The distribution of



Sub-Heads by size and total budgetary allocation during 2018-19 is given in **Table No. 2.3**.

**Table No. 2.3: Distribution of Sub-Heads (Unit of Appropriation) by Size**  
(₹ in crore)

Budget allocation	No. of Grants/ Appropriation	Total No. of Sub-Heads	Percentage share of Sub-Heads	Percentage of allocation at Sub-Head level	Percentage of budget allocation
Less than ₹50 lakh	1	6	0.51	0.24	0.00
₹ 50 lakh - ₹1 crore	1	1	0.09	0.75	0.00
₹ 1 crore to ₹10 crore	11	23	1.96	62.23	0.35
₹ 10 crore to ₹100 crore	26	195	16.62	1110.20	6.17
More than ₹100 crore	24	948	80.82	16810.05	93.48
<b>Total</b>	<b>63</b>	<b>1,173</b>	<b>100</b>	<b>17,983.47</b>	<b>100</b>

As can be seen from the table above, about 80.82 per cent of the Sub-Heads account for 93.48 per cent of the total budgetary allocation under 24 Grants/Appropriations where the budget allocation was more than ₹ 100 crore, while 16.62 per cent of the Sub-Heads account for 6.17 per cent of the total budgetary allocation under 26 Grants/Appropriations where the budget allocation was ₹10 crore to ₹100 crore.

## 2.9 Large and Persistent Savings in Grants/Appropriations

During the last five years from 2014-15 to 2018-19, there were persistent savings of more than ₹ one crore in 54 cases (33 cases in revenue and 21 cases in capital heads of account). The number and name of Grants/Appropriations where persistent savings of more than ₹ one crore occurred in each case during the last five years are shown in **Appendix-2.3**.

During the five-year period 2014-15 to 2018-19, out of 54 cases of persistent savings of more than ₹ one crore, savings of more than ₹10 crore occurred in 14 cases under revenue heads, of which, in two cases, the savings were more than ₹100 crore each year. In the capital heads, there were persistent savings of more than ₹10 crore in seven cases; in two cases, the savings were more than ₹100 crore. The Grants/Appropriations where persistent savings of more than ₹100 crore occurred during 2014-15 to 2018-19 were (i) Grant No.19-Tribal Welfare Department (both Revenue and Capital), (ii) Grant No.20-Welfare of Scheduled Castes Department (Revenue) and (iii) Grant No. 31- Rural Development Department (Capital).

Persistent savings over a period of five years or more indicated that the basic assumptions behind the overall budget formulation process were not realistic and there was lack of proper assessment as well as prudent utilisation of the allocated budgetary provision.

The issue of persistent savings is being pointed out every year in the Report of the Comptroller and Auditor General of India on State Finances, however, no corrective measures have been taken by the departments concerned for minimising the savings, as savings continued in most of the departments even during 2018-19.

In 25 out of 63 Grants/Appropriations, there were savings of more than ₹ 20 lakh during 2018-19 and these savings constituted over 50 per cent of the budget allocation in these Grants/Appropriations. The details in this regard are given in **Table No. 2.4**.

**Table No. 2.4: Grants/Appropriations where saving was more than ₹ 20 lakh and 50 per cent of the Budget during the year 2018-19**

(₹ in lakh)

Grant No	Revenue-Voted	Total Budget	Expenditure	Savings	% of savings
14	Power Department	6013.00	2744.85	3268.15	54.35
20	Welfare of Scheduled Castes and Other Backward Classes Department	21410.59	5441.89	15968.70	74.58
48	High Court	83.31	35.18	48.13	57.77
56	Information Technology Department	1372.00	186.15	1185.85	86.43
63	Industries & Commerce (Skill Development) Department	2407.20	13.31	2393.89	99.45
<b>Revenue-Charged</b>					
12	Co-operation Department	150.00	67.11	82.89	55.26
35	Urban Development Department	120.00	21.18	98.82	82.35
<b>Capital-Voted</b>					
4	Election Department	224.20	106.50	117.70	52.50
5	Law Department	4150.74	1669.85	2480.89	59.77
6	Revenue Department	10516.75	3748.62	6768.13	64.36
10	Home (Police) Department	4813.93	627.71	4186.22	86.96
11	Transport Department	2069.97	910.68	1159.29	56.01
12	Co-operation Department	860.00	424.32	435.68	50.66
15	Public Works (Water Resource) Department	6271.63	1962.94	4308.69	68.70
19	Tribal Welfare Department	24267.38	2516.67	21750.71	89.63
20	Welfare of Scheduled Castes and Other Backward Classes Department	9400.41	180.48	9219.93	98.08
21	Food, Civil Supplies & Consumer Affairs Department	993.39	425.59	567.80	57.16
27	Agriculture Department	11214.76	3920.59	7294.17	65.04
29	Animal Resource Development Department	971.67	176.45	795.22	81.84
31	Rural Development Department	78561.69	15783.27	62778.42	79.91
36	Home (Jail) Department	260.00	37.01	222.99	85.77
39	Education (Higher) Department	4664.44	901.08	3763.36	80.68
40	Education (School) Department	2895.79	325.25	2570.54	88.77
49	Fire Service Organisation	1028.31	27.87	1000.44	97.29
52	Family Welfare and Preventive Medicine	6241.73	2303.33	3938.40	63.10
57	Welfare of Minorities Department	5491.11	1683.58	3807.53	69.34
61	Welfare of Other Backward Classes Department	61.00	28.80	32.20	52.79

Similar details for the last four years are given in **Appendix-2.4**.

Budget provision sought and obtained by some Departments far in excess of actual requirement and their inability to utilize, deprives allocation of resources to other priority sectors and also leads to poor legislative control over public finances.

### 2.10 Expenditure without Budget Provision

As per the Financial Rules, expenditure should not be incurred on a scheme/service without provision of funds. Audit scrutiny revealed that expenditure of ₹101.54 crore was incurred in 19 Grants/Appropriations without any provision in the original estimates/supplementary demands and without any re-appropriation orders to this effect. While details of the scheme/service where expenditure was incurred without any

provision of funds are given in **Appendix –2.5**, the Department wise/Grant wise details are given below:

**Table No. 2.5: Department/Grant-wise excess expenditure**

(₹ in crore)

Grant No.	Name of the Grant/Appropriation	Expenditure without budget provision
06	Revenue Department	38.01
13	Public works (Roads and Building) Department	1.45
14	Power Department	4.15
16	Health Department	2.43
17	Information and Cultural Affairs Department	0.30
19	Tribal Welfare Department	1.86
20	Welfare of Scheduled Castes Department	0.03
21	Food, Civil Supplies & consumer Affairs Department	1.14
23	Panchayati Raj Department	1.09
24	Industries and Commerce Department	7.28
25	Industries & Commerce (Handloom, Handicrafts and Sericulture Department)	1.48
26	Fisheries Department	0.02
27	Agriculture Department	0.03
28	Horticulture Department	10.04
29	Animal Resource development	0.10
30	Forest Department	0.38
39	Education (Higher) Department	0.21
51	Public Works (Drinking Water and Sanitation) Department	19.20
62	Education (Elementary) Department	12.34
<b>Total</b>		<b>101.54</b>

**Table No. 2.5** shows that there were 12 Grants/Appropriations, where expenditure of more than ₹ one crore in each case was incurred during the year without budgetary provision, of which, in three cases under two Grants (Grant No. 6 Revenue Department and Grant No. 51 Public Works (DWS) Department), the amount involved in each of the cases was more than ₹ 10 crore; Government has not furnished any reasons for incurring expenditure without budgetary provision. The details of schemes where expenditure more than ₹10 crore was incurred are given below:

**Table No. 2.6: Scheme wise details of expenditure of more than ₹ 10 crore**

Sl. No	Grant No. and name of Grant/Appropriation	Details of Schemes	Expenditure (₹ in crore)
1	6-Revenue Department	2245- relief on account of Natural Calamities 05- State Disaster Response Fund 789- Special Component Plan for Schedule Castes 89- C.S. Scheme-IV	29.19
2	6-Revenue Department	2245- relief on account of Natural Calamities 05- State Disaster Response Fund 796- Tribal Area Sub-Plan 89- C.S. Scheme-IV	53.22
3	51- Public Works (Drinking Water and Sanitation) Department	4215- Capital Outlay on water Supply and Sanitation 02- Sewerage and Sanitation 796- Tribal Area Sub-Plan 87- C.S. Scheme- II	12.40

Audit scrutiny revealed that an expenditure of ₹ 179.15 crore was incurred in 20 cases during the year by providing funds through re-appropriation. The Grant-wise details of the cases where expenditure was incurred without budget provision is given in **Table No. 2.7**.

**Table No. 2.7: Expenditure without original budget but funds provided through re-appropriation during 2018-19**

(₹ in lakh)

Grant No.	Details of Grant/Appropriation	Expenditure (₹ in lakh)	Number of Schemes/Sub Heads
5	Law Department	103.78	3
6	Revenue Department	203.66	2
10	Home (Police) Department	2.05	1
11	Transport Department	34.06	2
13	Public Works (Roads and Buildings) Department	135.00	1
23	Panchayati Raj Department	1181.88	5
24	Industries and Commerce Department	63.96	1
26	Fisheries Department	19.67	1
27	Agriculture Department	74.76	1
29	Animal Resource Development Department	16.44	6
30	Forest Department	34.69	3
31	Rural Development Department	76.72	1
39	Education (Higher) Department	47.72	2
40	Education (School) Department	11.36	1
41	Education (Social) Department	7.23	1
43	Finance Department	15612.30	3
49	Fire Service Organisation	1.44	1
51	Public Works (Drinking Water and Sanitation) Department	40.76	1
52	Family Welfare and Preventive Medicine	9.14	1
62	Education (Elementary) Department	238.00	1
	<b>Total</b>	<b>17914.62</b>	<b>38</b>

The details of all Heads of Account where expenditure was incurred during the year 2018-19 without budget provision are given in **Appendix 2.6**. Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of lack of financial discipline in Government Departments.

### **2.11 Excess Expenditure requiring Regularisation**

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. Although no time limit for regularisation of expenditure has been prescribed under the Article, regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC).

Expenditure incurred in excess of the budget provision under both Voted and Charged categories by various departments of the State Government are being reported every year in the Reports of the Comptroller and Auditor General of India on the State Finances of Government of Tripura.

The total amount of expenditure that exceeded budgetary allocation was ₹ 178.47 crore as of 31 March 2019. The summarised position of excess expenditure over provision during the last six years is given in **Table No. 2.8**.

**Table No. 2.8: Grants with excess expenditure over budget requiring regularisation***(₹ in crore)*

Year	Number and details of Grants/Appropriations	Excess over provision	Status of regularisation
2013-14 <sup>3</sup>	5 (12, 24, 28, 51, 56)	11.97	Not regularised as of 31 March 2019
2014-15	4 (16, 51, 52, 61)	71.60	
2015-16	5 (2,16,43,45,51)	24.98	
2016-17	5 (13, 24, 27, 51 60)	43.80	
2017-18	4 (15, 24, 25, 27)	5.18	
2018-19	9 (14, 19, 23, 25, 26, 33, 42, 51, 59)	20.94	
<b>Total:</b>		<b>178.47</b>	

The details of excess expenditure over the approved allocation during the last six years, which require regularisation by the State Legislature, are given in **Appendix-2.7**.

The latest position of regularisation of excess expenditure by the State Legislature/PAC pertaining to the previous years up to 2017-18 has not been furnished (October 2019) by the State Finance Department despite a specific request to this effect (July 2019).

During 2018-19, an amount of ₹ 20.94 crore was incurred in excess of the budget provision in nine Grants/Appropriations which was required to be regularised by the State Legislature as per Article 205 of the Constitution. 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.

Such excess expenditure over budgetary allocation is a matter of concern, as it is indicative of poor budgetary management and dilutes legislative oversight over public funds. Government needs to view this seriously and take appropriate corrective measures.

### **2.12 Unnecessary/excessive/inadequate Supplementary Provision**

The Tripura Budget Manual, 1998 (Para 23 of Chapter –IV) provides that, “When unforeseen circumstances make it necessary to incur expenditure not contemplated in the Appropriation Act, every effort should be made to meet it from savings elsewhere within the same grant (voted or charged, as the case may be) by postponement or curtailment of less urgent expenditure. Only if it is not possible to make the requisite amount available by this means, recourse should be had to supplementary estimate after Finance Department agreeing in writing or allocating additional fund. The responsibility in regard to proposals for supplementary estimates rests on the Finance Department. Greatest care should be taken while preparing proposals for supplementary estimates since if on the closing of the accounts any supplementary Grants or Appropriation actually obtained are found to have been unnecessary or excessive, the Audit will draw attention to the fact in the Audit Report on the Appropriation Accounts and the action of the department will

<sup>3</sup> Excess expenditure upto 2012-13 have been regularised

attract the criticism of the Public Accounts Committee”.

Scrutiny of Appropriation Accounts for the year 2018-19 revealed that, Supplementary provision aggregating ₹ 696.64 crore was obtained in 36 cases (more than ₹ 10 lakh in each case) during the year which proved to be unnecessary, as the expenditure in each case was less than even the original provision. Details in this regard are given in **Appendix-2.8**. Out of the supplementary provision of ₹ 696.64 crore, ₹ 379.59 crore was obtained in respect of 19 cases under Revenue (Voted), while ₹317.05 crore was obtained in respect of 17 cases under Capital (Voted) grants where the savings out of the original provision was ₹ 978.80 crore and ₹ 1,297.87 crore respectively, during the year. Thus supplementary provision proved unnecessary in all 36 cases.

Further, there were 16 cases where supplementary provision was obtained in excess of the requirement, resulting in savings of more than ₹ 25 lakh in each case during 2018-19. Details of the Grants/Appropriations where supplementary provision was obtained in excess of the requirement are given in **Appendix-2.9**

Scrutiny of Appropriation Accounts for the year 2018-19 revealed that in respect of seven Grants/Appropriations, supplementary provision was insufficient as compared to the requirement, resulting in excess expenditure by more than ₹ 50 lakh during the year which is required to be regularised as per Article 205 of the Constitution. Details are given below in **Table No. 2.9**.

**Table No. 2.9: Details of insufficient Supplementary provision**

(₹ in lakh)

Grant No.	Details of Grant/ Appropriation	Original provision	Actual expenditure	Suppl. required	Suppl. obtained	Excess expenditure
<b>Capital- Voted</b>						
14	Power Department	1969.00	4709.92	2740.92	1503.03	1237.89
23	Panchayati Raj Department	2.00	224.56	222.56	120.15	102.41
25	Industries & Commerce (Handloom, Handicrafts & Sericulture) Department	1417.00	1693.20	276.20	160.82	115.38
26	Fisheries Department	337.00	763.71	426.71	241.57	185.14
33	Science, Technology & Environment Department	63.78	512.16	448.38	235.84	212.54
42	Education (Sports & Youth Programme) Department	5.00	475.62	470.62	257.55	213.07
<b>Total</b>		<b>3793.78</b>	<b>8379.12</b>	<b>4585.39</b>	<b>2518.96</b>	<b>2066.43</b>

### **2.13 Excessive/unnecessary/insufficient Re-appropriation of Funds**

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where need for additional funds is identified. The



Tripura Budget Manual, 1998 (Para 20 of Chapter –V) provides that, the Finance Department can sanction any re-appropriation of funds within a Grant from one head to another provided such re-appropriation does not involve transfer of funds from “Voted” to a “Charged” head or vice versa.

Scrutiny of detailed Appropriation Accounts for 2018-19 revealed that in 33 Grants/Appropriations, there were 123 cases under various Major Heads, where the amount of re-appropriation was in excess or less than the requirement, resulting in savings or excess of more than ₹ 50 lakh in each case. Details in this regard are given in **Appendix –2.10**.

## 2.14 Review of selected Grants

During the year 2018-19, Grant No. 31 relating to Rural Development Department was selected for detailed scrutiny to assess compliance with prescribed budgetary procedures, monitoring of funds, internal control mechanism and implementation of schemes within the grant. Outcome of the audit is discussed in the succeeding paragraphs.

### 2.14.1 Introduction

Rural Development Department spearheads the fight for eradication of rural poverty through its various socio economic developmental programmes and endeavour to reach out to the last and most disadvantaged sections of society through implementation of various Centrally-sponsored, State-funded, and Externally-aided schemes for poverty alleviation, employment generation, sanitation, capacity building and women’s socio-economic empowerment, apart from provision of basic amenities and services. The Department is also responsible for augmentation of infrastructure relating to their livelihood support systems.

### 2.14.2 Financial Position

The overall budget and actual expenditure of Grant No. 31 during the year 2018-19 are given below in **Table No. 2.10**.

**Table No 2.10: Budget and actual expenditure during 2018-19**

Section	Budget			Actual expenditure	Savings	Amount surrendered
	Original	Supplementary	Total			
Revenue	270.65	5.72	276.37	147.13	129.24	42.19
Capital	746.77	38.85	785.62	157.83	627.78	Nil
<b>Total</b>	<b>1,017.42</b>	<b>44.57</b>	<b>1,061.99</b>	<b>304.96</b>	<b>757.02</b>	<b>42.19</b>

*Source: Appropriation Accounts 2018-19*

As against the total provision of ₹ 1,061.99 crore, the actual expenditure incurred by the Department during 2018-19 was only ₹ 304.96 crore (28.72 per cent) resulting in savings of ₹ 757.02 crore (71.28 per cent) during the year. Out of the total savings of ₹ 757.02 crore, ₹ 42.19 crore (5.57 per cent) was surrendered by the Department before the close of the financial year.

Non-surrendering of substantial savings by the Department before the close of the financial year violated the Financial Rules and deprived other Departments where additional funds were required during the year.

### 2.14.3 Substantial savings under Sub-Heads

There were savings of ₹ 747.78 crore out of a budgetary provision of ₹ 7,317 crore under various Sub-Heads of Rural Development Grant during 2018-19. Details of Heads of Account where there were savings of over ₹ one crore are given in **Table No. 2.11**.

**Table No. 2.11: Substantial savings in sub-heads**

(₹ in lakh)

Sl. No.	Heads of Account	Total provision	Total expenditure	Saving
<b>Revenue-voted</b>				
1	2215-01-799-65-Suspense Account	2000.00	906.37	1093.63
2	2501-01-001-30-Rural Development	7378.27	7144.73	233.80
3	2501-06-102-91-Central Assistance to State Plan	2069.47	1260.17	809.30
4	2501-06-789-91-Central Assistance to State Plan	1567.40	931.43	635.97
5	2501-06-796-90-State Share for Central Assistance to State Plan	540.00	365.27	174.73
6	2501-06-796-91-Central Assistance to State Plan	5532.00	3287.40	2244.60
7	2501-04-105-90-State Share for Central Assistance to State Plan	132.89	0.00	132.89
8	2501-04-105-91-Central Assistance to State Plan	1196.00	0.00	1196.00
9	2501-04-789-91-Central Assistance to State Plan	425.00	0.00	425.00
10	2501-04-796-90-State Share for Central Assistance to State Plan	156.67	0.00	156.67
11	2501-04-796-91-Central Assistance to State Plan	1500.00	0.00	1500.00
<b>Total:</b>		<b>22497.70</b>	<b>13895.37</b>	<b>8602.59</b>
<b>Capital-Voted</b>				
12	4216-03-789-90-State Share for Central Assistance to State Plan	433.08	21.28	411.80
13	4216-03-789-91-Central Assistance to State Plan	4420.00	122.56	4297.44
14	4216-03-796-90-State Share for Central Assistance to State Plan	1528.50	95.32	1433.18
15	4216-03-796-91-Central Assistance to State Plan	15600.00	815.30	14784.70
16	4216-03-800-30-Rural Development	345.00	135.05	209.95
17	4515-00-102-91-Central Assistance to State Plan	17098.19	997.20	16100.99
18	4515-00-103-89-C.S. Scheme - IV	1196.00	301.72	894.28
19	4515-00-789-89-C.S. Scheme - IV	1093.95	173.73	920.22
20	4515-00-789-91-Central Assistance to State Plan	5957.14	742.85	5214.29
21	4515-00-796-70-State Share	390.00	63.80	326.20
22	4515-00-796-89-C.S. Scheme - IV	3861.00	677.46	3183.54
23	4515-00-796-91-Central Assistance to State Plan	21025.19	2625.64	18399.55
<b>Total:</b>		<b>72948.05</b>	<b>6771.91</b>	<b>66176.14</b>
<b>Grand Total:</b>		<b>95445.75</b>	<b>20667.28</b>	<b>74778.73</b>

Considering that most of the savings pertained to centrally sponsored schemes and central assistance to State plan schemes, the performance of the Department in fulfilling its responsibilities with regard to implementation of poverty alleviation schemes is doubtful.



### 2.14.4 Persistent Savings

There were persistent savings of more than ₹ 20 crore every year during five-year period 2014-19 under Grant No. 31. Year-wise position of persistent savings during 2014-19 under the Grant are given below in **Table No. 2.12**.

**Table No. 2.12: Persistent savings**

		(₹ in crore)				
		2014-15	2015-16	2016-17	2017-18	2018-19
<b>Voted</b>	Revenue (per cent)	31.16 (24.89)	38.83 (26.45)	20.70 (15.37)	20.02 (14.07)	129.24 (46.76)
	Capital (per cent)	310.30 (50.78)	100.79 (20.50)	227.81 (52.34)	136.17 (52.42)	627.78 (79.91)
<b>Total</b>		<b>341.46</b> <b>(46.38)</b>	<b>139.62</b> <b>(21.87)</b>	<b>248.51</b> <b>(43.61)</b>	<b>156.19</b> <b>(38.85)</b>	<b>757.02</b> <b>(71.28)</b>

Persistent savings indicate a deeper problem of inability to assess the requirement of funds realistically as well as inadequate capacity to utilise the allocated funds optimally and needs to be addressed by the State Government.

### 2.14.5 Unnecessary Supplementary Provision and Re-appropriation of Funds

Scrutiny of detailed appropriations in respect of Grant No. 31 revealed that in some cases, re-appropriation was not necessary, as expenditure was not incurred/the actual expenditure was less than the original provision, resulting in savings during the year 2018-19. Details are given in **Table No. 2.13**.

**Table No. 2.13: Unnecessary supplementary provision and re-appropriation**

		(₹ in lakh)			
Heads of Account	Original provision	Suppl. provision	Re-appropriation	Actual Expenditure	Savings
2501-04-105-90: State Share for Central Assistance to State Plan	60.06	0.00	72.83	0.00	132.89
2501-04-105-91: Central Assistance to State Plan	575.00	569.87	51.13	0.00	1196.00
4216-03-800-30: Rural Development	207.00	0.00	138.00	135.05	209.95
4515-00-102-91: Central Assistance to State Plan	8050.00	3378.25	5669.94	997.20	16100.99

Reasons for Supplementary grants were stated to be due to receipt of more funds from Government of India during the year, whereas, the reasons for re-appropriation were stated to be based on actual requirement, which was not borne out by facts.

### 2.14.6 Creation of New Service/Instrument through Re-appropriation

Scrutiny of detailed appropriations in respect of Grant No. 31 for the year 2018-19 revealed an instance of creation of provision through re-appropriation without the knowledge of the State Legislative Assembly and expenditure incurred instead of incorporating the same in the budget as a new service/ instrument. The detail is given in **Table No. 2.14**.

**Table No. 2.14: Creation of provision through re-appropriation**

(₹ in crore)

Head of Account	Original provision	Suppl. provision	Re-appropriation	Actual Expenditure	Savings
2501-04-105-30: Rural Development	0.00	0.00	80.00	76.72	3.28

The reason for creation of provision through re-appropriation was not intimated by the department (October 2019).

### 2.15 Conclusion

*Budgetary assumptions of the State Government were not realistic during 2018-19 and despite carrying out an elaborate pre-budget exercise to bring about efficiency and transparency in budget formulation and execution, budgetary estimates were off the mark to a considerable extent, and control over the execution and monitoring of budget was inadequate.*

*Significant policy initiatives of the Government were not fulfilled during the year due to non-completion of the preparatory activities relating to these initiatives.*

*Supplementary Grants/Appropriations were obtained without adequate justification, and large amounts were expended without budgetary provision. Despite flagging this issue every year over the last several years, the State Government had not only failed to take corrective measures in this regard, but it did not also obtain legislative approval for regularization of expenditure in excess of budgetary provision.*

*Savings during the year accounted for about a fourth of the total budget; however, the Controlling Officers did not surrender the funds on time. Nor were proper explanations provided to the Accountant General (A&E) for variations in expenditure vis-à-vis allocations. Departments were not cautioned against persistent savings; nor were their budgets varied in accordance with their ability to absorb the allocations.*

### 2.16 Recommendations

- i) State Government needs to formulate a realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources;
- ii) An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the Grant/Appropriation are controlled, and anticipated savings are identified and surrendered within the specified timeframe;
- iii) Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.
- iv) State Government/ PAC needs to initiate expeditious action to review the need for incurring expenditure in excess of budgetary allocation and regularize the excess expenditure in accordance with Article 205 of the Constitution of India.

- v) State Government needs to consider preparing an 'outcome budget' and placing the performance of the Departments with regard to the budgetary allocations before the Legislature and enforce accountability of the Departments for public funds placed at their disposal.

