

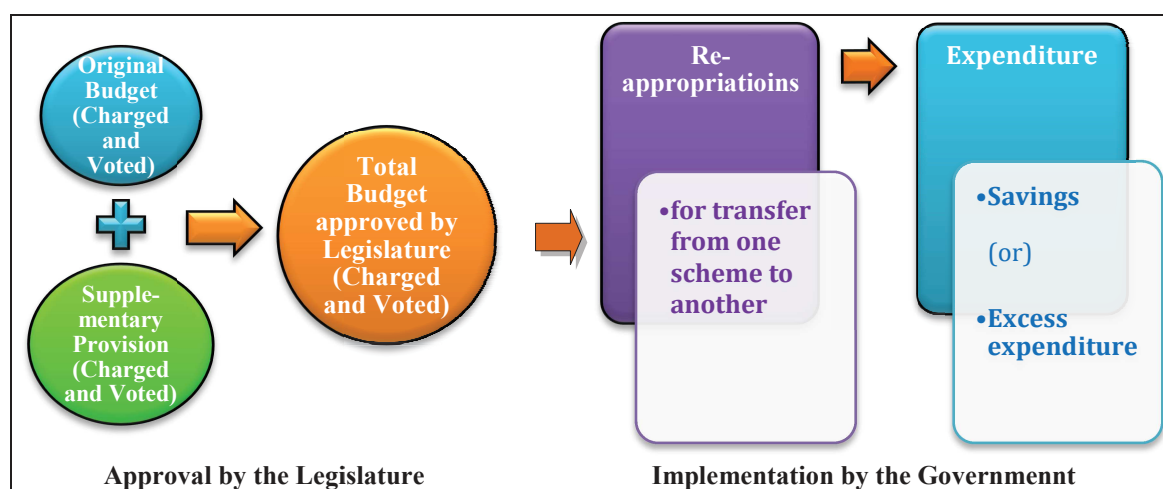
## Chapter 2 Financial Management and Budgetary Control

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 2017-18.

### 2.1 Financial Accountability and Budget Management

Government of Telangana has adopted<sup>1</sup> Codes/Rules/Manuals of Andhra Pradesh with effect from 2 June 2014. 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



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

### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure in 2017-18 against 40 grants / appropriations is in **Table 2.1**.

<sup>1</sup> G.O.Ms.No.69, Finance (TFR) Department, dated 30 May 2016 and in accordance with Section 101 of the Andhra Pradesh Reorganisation Act-2014

<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 allocations in 2017-18**

(₹ in crore)

Nature of expenditure		Original	Supple- mentary	Total	Actual Expenditure	Savings(-)/ Excess(+)with reference to total budget	Savings/ Excess in percentage
<b>Voted</b>	Revenue	97,967.10	7,726.33	1,05,693.42	79,979.90	(-)25,713.52	(-)24
	Capital	31,034.82	19,326.73	50,361.54	24,202.07	(-)26,159.47	(-)52
	Loans and Advances	5,544.85	2,470.02	8,014.86	6,395.36	(-) 1,619.50	(-)20
<b>Total Voted</b>		<b>1,34,546.76</b>	<b>29,523.07</b>	<b>1,64,069.83</b>	<b>1,10,577.34</b>	<b>(-)53,492.49</b>	<b>(-)33</b>
<b>Charged</b>	Revenue	10,750.16	11.39	10,761.55	11,047.89	286.34	3
	Capital	38.87	16.93	55.81	31.59	(-) 24.22	(-)43
	Public Debt- Re-payment	4,659.48	24.51	4,683.99	27,471.10*	22,787.11	486
<b>Total Charged</b>		<b>15,448.51</b>	<b>52.84</b>	<b>15,501.34</b>	<b>38,550.57</b>	<b>23,049.23</b>	<b>149</b>
<b>Grand Total</b>		<b>1,49,995.26</b>	<b>29,575.91</b>	<b>1,79,571.17</b>	<b>1,49,127.91</b>	<b>(-) 30,443.26</b>	<b>(-)17</b>

Source: Appropriation Accounts

\* includes repayment of Ways and Means Advances of ₹22,922 crore

The total provision for expenditure in 2017-18 was **₹1,79,571 crore**. The actual gross expenditure during the year was **₹1,49,128 crore** (83 per cent). There was an overall savings of ₹58,614 crore and excess of ₹28,171 crore which resulted in net savings<sup>4</sup> of ₹ 30,443 crore in 2017-18.

## 2.2.1 Revenue, Capital and Loans and Advances

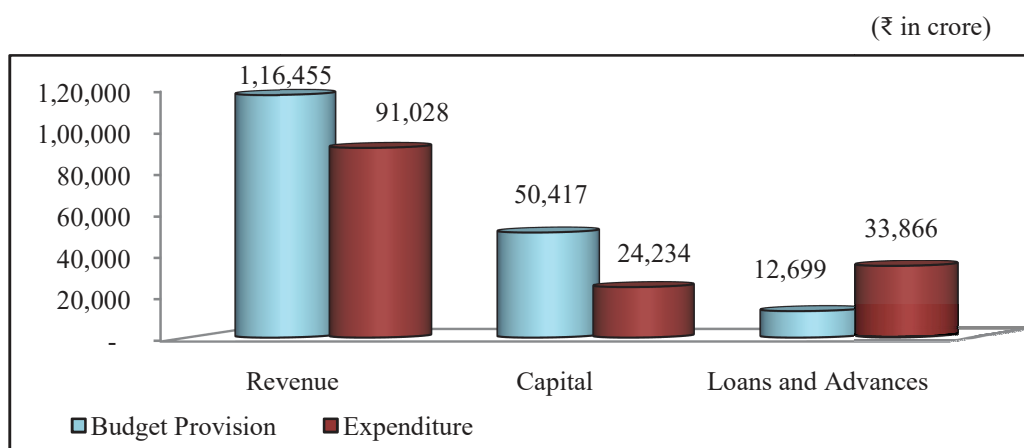
As per para 15.10 of the Budget Manual, the Government expenditure is categorised into three sections (i) Revenue expenditure<sup>5</sup>, (ii) Capital expenditure<sup>6</sup> and (iii) Loans and advances<sup>7</sup>. Savings occurred in both Revenue and Capital Account, while excess expenditure occurred in Loans and Advances (**Chart 2.2**).

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

<sup>5</sup> Revenue expenditure is the account of current expenditure of the State. For example, wages, salaries, maintenance works, repairs etc.

<sup>6</sup> Capital Expenditure means expenditure of a Capital nature such as construction of irrigation projects, bridges, buildings, laying of roads and electricity projects etc.

<sup>7</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

**Chart 2.2: Budget provision and expenditure under Revenue, Capital and Loans and Advances sections**

Source: Appropriation Accounts

**In Capital Account, only less than half the budget provision was actually spent.**

Substantial savings occurred in flagship Kaleshwaram Project (₹2,607.57 crore, 37 per cent), Palamuru Ranga Reddy Lift Irrigation Scheme (₹2,052.73 crore, 51 per cent) and Mission Bhagiratha (₹2,021.67 crore, 80 per cent).

Revenue Expenditure (₹91,028 crore) was lower than the Budget Estimates (₹1,16,455 crore) by 22 per cent. The programmes impacted by unspent savings of budget provisions were Assistance to Municipalities for Development Works<sup>8</sup> (₹506.63 crore); Pradhan Mantri Awas Yojana (a housing scheme) (₹1,440.47 crore); Economic Support Schemes and Land Purchase Scheme (₹798.52 crore) as well as Subsidy on rice and power (under Agriculture) (₹393.78 crore) and Aasara Pensions to old age persons and widows (₹114.37 crore).

Expenditure on Loans and Advances section was in excess (₹21,167 crore) of Budget Estimates, mainly on account of repayment of Ways and Means Advances (₹22,922 crore).

### 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 in Telangana Government is incurred through 40 different Grants. For the purpose of determining excess expenditure or savings, Revenue (voted), Revenue (charged), Capital (voted), Capital (charged) and Loans (voted) are treated as independent grants. Savings and Excess expenditures for grants/ appropriations under Revenue, Capital and Loans and Advances section are in **Table 2.2**:

<sup>8</sup> Since the government assistance is in the form of grants, these are classified as revenue expenditure. The assets created will be in the name of the Municipalities/ PRIs

**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	
<b>Savings occurred in</b>	33	5	33	3	11	--	58,614.53
<b>Excess expenditure occurred in</b>	7 <sup>11</sup>	1 <sup>12</sup>	2 <sup>13</sup>	--	1 <sup>14</sup>	1 <sup>15</sup>	28,171.27

Source: Appropriation Accounts

The grants in which high savings and high excess expenditure occurred are listed in *Appendix 2.1*.

**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.

- (i) **Excess expenditure in current year:** It was observed that excess expenditure of ₹28,171.27 crore was incurred in 10 grants and two appropriations (including public debt) (details in *Appendix 2.2*).
- The excess expenditure under Grant IX – Fiscal Administration, Planning, Surveys and Statistics was mainly on account of (i) repayment of Ways and Means Advances<sup>16</sup> (₹22,921.77 crore) to the Reserve Bank of India under Loans section and (ii) superannuation and retirement allowances<sup>17</sup> (₹1,601.37 crore) under Revenue.
  - Excess expenditure of ₹602.36 crore in Grant X – Home Administration (Revenue Voted) was mainly under Minor Head “District Police”<sup>18</sup> (District Police Force-

<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> I-State Legislature (₹ 13.90 crore), VI-Excise Administration (₹ 37.43 crore), IX-Fiscal Administration, Planning, Surveys and Statistics (₹ 2,592.63 crore), X-Home Administration (₹ 958.49 crore), XII-School Education (₹ 15.52 crore), XXIX-Forest, Science, Technology and Environment (₹ 156.78 crore) and XXXI-Panchayat Raj (₹ 803.51 crore)

<sup>12</sup> IX-Fiscal Administration, Planning, Surveys and Statistics (₹ 342.74 crore)

<sup>13</sup> I-State Legislature (₹0.03 crore) and IX-Fiscal Administration, Planning, Surveys and Statistics (₹341.07 crore)

<sup>14</sup> IX-Fiscal Administration, Planning, Surveys and Statistics (₹ 122.06 crore)

<sup>15</sup> IX-Fiscal Administration, Planning, Surveys and Statistics (₹ 22,787.11 crore)

<sup>16</sup> Total provision ₹100 crore; actual expenditure ₹22,921.77 crore

<sup>17</sup> Total provision ₹7,315.43 crore; actual expenditure ₹8,916.80 crore

<sup>18</sup> Total provision ₹1,98,153 crore; actual expenditure ₹2,583.89 crore

₹411.55 crore; Cyberabad Police - ₹108.86 crore and Rachakonda Police- ₹82.33 crore).

- Excess expenditure (₹803.51 crore) in Grant XXXI – Panchayat Raj (Revenue Voted) was mainly on account of incurring expenditure without budget provision on Minor Heads (i) transfer of reserve funds and deposit accounts to Telangana Rural Development Fund (₹372.95 crore) and (ii) assistance to local bodies and Municipalities for Swachh Bharath Mission - Gramin (₹368.92 crore).

### **Box 2.1: Expenditure without authorization of the Legislature**

In 2017-18, a total expenditure of ₹2,217.96 crore was incurred without any budget provision, *i.e.*, neither in original nor in supplementary in 36 cases (at subhead level) in respect of 14 grants (details in *Appendix 2.3*). These amounts were mainly spent on:

- Swachh Bharat Mission -Gramin (SBM-G) (₹483.46 crore);
- Transfer to Telangana Rural Development Fund (₹372.95 crore);
- Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) (₹316.13 crore);
- National Rural Drinking Water Programme (NRDWP) (₹ 173.00 crore);
- Contribution to Contributory Pension Scheme of Telangana State Aided Educations Institutions Employees (₹163.53 crore) and
- Gudumba Effected Persons Rehabilitation Scheme (₹109.62 crore)

The Finance Department during the Exit Conference (January 2019) stated that these pertain to Central Schemes.

The expenditure, however, has been incurred from the Consolidated Fund of the State and as such approval of the Legislature was required. Further, Gudumba Effected Persons Rehabilitation Scheme is a State Scheme.

**Incurring huge expenditure without the budget provision (original or supplementary) undermines the authority of the Legislature.**

- (ii) **Persistent excess expenditures:** Cases of excess expenditure are reported every year through Audit Reports on State Finances. There were, however, grants in which excess expenditure has occurred persistently during the last three years. The details are in **Table 2.3** below:

**Table 2.3: Grants in which persistent excess expenditure in last three years**

(₹ in crore)

Sl. No.	Number and Name of the Grant	Amount of Excess		
		2015-16	2016-17	2017-18
Revenue Voted				
1.	IX-Fiscal Administration, Planning, Surveys and Statistics	4,934.94	4,334.47	2,592.63
2.	X-Home Administration	328.30	1,040.21	958.49
Loans Voted				
3.	IX-Fiscal Administration, Planning, Surveys and Statistics	322.50	2.16	122.06

Source: Appropriation Accounts

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 democracy 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.

**Recommendation 9: 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, including the Finance Department itself, resort to excess expenditure over the regular allocations approved by the State Legislature.**

#### 2.2.2.2 Excess expenditure requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excess expenditure over a grant/appropriation regularised by the State Legislature. The excess expenditure was to be regularized 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.

**The State Government, however, failed to get the excess expenditure amounting to ₹27,346 crore<sup>19</sup> over and above the allocation, pertaining to the years 2014-15 to 2016-17, regularised as of November 2018.**

**Recommendation 10: All the existing cases of excess expenditure need to be got regularised at the earliest and, in future, completely stop such expenditure which has not received the vote of the State Legislature, with the exception of case(s) of dire and extreme emergency, the cost of which cannot be met from the Contingency Fund.**

<sup>19</sup> **Revenue Voted** – 2014-15: Nil; 2015-16: Four Grants - ₹5,361.08 crore & 2016-17: 10 Grants - ₹6,261.27 crore, **Revenue Charged**: 2014-15: One Appropriation - ₹1.42 crore; 2015-16: One Appropriation - ₹9.37 crore; 2016-17: Three Appropriations - ₹13,127.30 crore, **Capital Voted**: 2014-15: Three Grants - ₹294.98 crore; 2015-16: Two Grants - ₹2.78 crore; 2016-17: Four Grants - ₹1,762.83 crore, **Loans Voted**: 2014-15: Two Grants - ₹7.25 crore; 2015-16: Two Grants - ₹507.56 crore; 2016-17: Two Grants - ₹10.19 crore

### 2.2.2.3 Savings

In the year 2017-18, the total savings were ₹58,614 crore. Of which, ₹56,856 crore (97 per cent) pertain to 25 grants with savings of more than ₹100 crore each and by more than 20 per cent of the total provision (*Appendix 2.4*).

In addition, during the years 2014-18, there were cases of persistent savings of more than ₹500 crore each as shown in **Table 2.4**:

**Table 2.4: Grants/Appropriations with persistent savings during the years 2014-18**

S. No.	Grant No.	Name of the Grant/ Appropriation	Savings ₹ in crore ( <i>per cent</i> )			
			2014-15	2015-16	2016-17	2017-18
Revenue Voted						
1.	XVI	Medical and Health	1,299.38(36)	1,396.21(30)	2,724.28(41)	1,497.61(27)
2.	XVII	Municipal Administration and Urban Development	2,646.79(70)	1,286.68(40)	4,121.44(75)	3,085.72(67)
3.	XVIII	Housing	697.39(66)	529.16(48)	1,116.43(98)	1,470.72(73)
4.	XXI	Social Welfare	2,196.51(69)	3,550.73(57)	3,309.19(53)	3,812.20(40)
5.	XXII	Tribal Welfare	827.76(59)	1,421.67(42)	1,086.02(38)	1,648.59(31)
6.	XXVII	Agriculture	1,863.17(26)	1,366.57(20)	1,598.21(24)	1,344.18(24)
Capital Voted						
7.	XI	Roads, Buildings and Ports	1,377.91(52)	3,121.91(61)	1,929.95(36)	2,041.38(46)
8.	XXXI	Panchayat Raj	2,003.68(90)	1,121.21(38)	1,199.80(35)	3,881.15(59)

Source: Appropriation Accounts

#### Box 2.2: National Health Mission

In 2017-18, there was a saving of ₹317.62 crore under National Health Mission in respect of Grants-in-Aid to be provided to Institutions. Similar savings occurred in 2016-17 (₹95.39 crore) and 2015-16 (₹660.72 crore).

Even out of the amounts drawn of ₹285.09 crore and ₹408.80 crore in 2016-17 and 2015-16 respectively, there were unspent balances with the implementing agencies. Such unspent savings at the field level were ranging from 54 to 61 per cent during the years 2014-17<sup>20</sup>.

The State Government attributed the savings to release of funds by the Government of India in the last quarter of financial years. The Government replied (January 2018) that facility-wise analysis on utilisation of funds under Reproductive and Child Health would be conducted immediately. The results of such analysis, however, were not communicated to audit (November 2018).

**Persistent Savings under Medical and Health as also in Social Welfare Sector indicate that the schemes under these departments did not receive the required priority by the Government and there was inefficiency in implementation by the departments concerned / implementing agencies.**

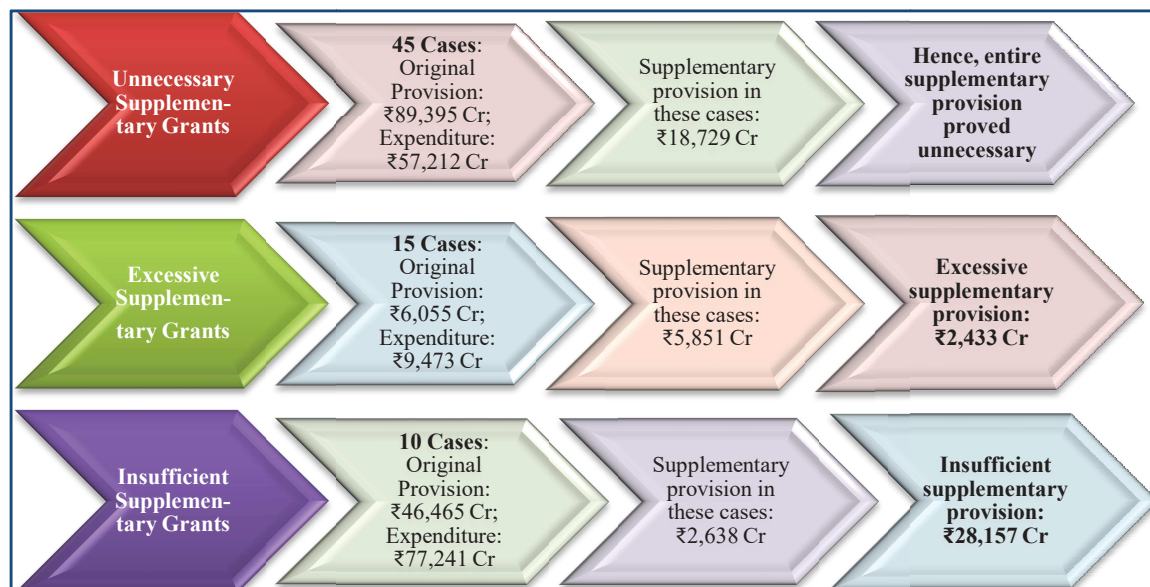
<sup>20</sup>CAG's Report No.4 of 2018: Para 2.1 on National Rural Health Mission (NRHM)



### 2.2.3 Supplementary Grants

Audit analysis showed that supplementary grant (Rupees one crore and above) of ₹21,162 crore<sup>21</sup> i.e., 72 per cent of total supplementary grant was unnecessary in 60 cases. On the other hand, in 10 cases the supplementary grant of ₹2,638 crore was not adequate to meet the requirement and fell short by 91 per cent (Chart 2.3).

**Chart 2.3: Unnecessary, Excessive and Insufficient Supplementary Provisions**



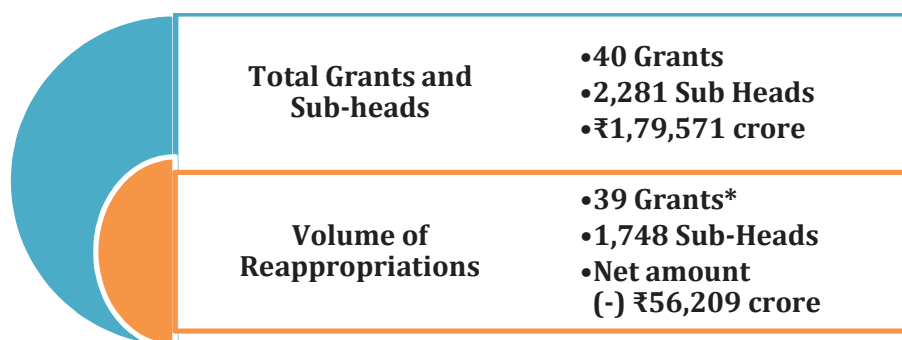
Source: Appropriation Accounts

### 2.2.4 Re-appropriations

By definition, Re-appropriations are meant for transfer of saving from one scheme / unit to another within the same grant and under same section (i.e., Capital, Revenue or Loans). Finance Department, however, issued<sup>22</sup> re-appropriation orders to mainly withdraw the budget provisions, on the last day of the financial year.

Audit analysis of Re-appropriations is depicted in Chart 2.4.

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



Source: Appropriation Accounts

\* except Grant II – Governor and Council of Ministers

<sup>21</sup> ₹18,729 crore + ₹2,433 crore

<sup>22</sup> Finance Department has a view of the unspent balances under each Grant through the portal: IMPACT on the basis of which it issues orders for withdrawing the budget provision



The Finance Department had informed (May 2018) that (i) all the bills are submitted, processed and payments made through electronic systems, (ii) there was a seamless integration of Treasuries with Banks, (iii) daily cash balance was being monitored electronically and (iv) Re-appropriations are generated electronically through IMPACT software. Despite that there were 44 cases<sup>23</sup> of excess expenditure (₹6,064 crore) and 23 cases<sup>24</sup> savings (₹4,229 crore), even after re-appropriation on the last working day.

This indicates that the expenditure control mechanism was not adequate and that re-appropriation was not done on the basis of real-time data.

**Recommendation 11: Leveraging advancements in Information Technology, the State Government may issue re-appropriations on the basis of real-time data on committed expenses and actual receipts.**

The State Government stated (January 2019) that the issue would be looked into and it could be possible to implement the recommendation with available technology.

### 2.3 Review of selected Grants

A detailed scrutiny of two grants viz., (i) Grant No. XVII - Municipal Administration and Urban Development (MA & UD) and (ii) Grant No. XXI - Social Welfare was conducted in audit. At an aggregate level, there were savings under both grants. More than half the budget under MA & UD remained unspent (Table 2.5) making the supplementary provisions unnecessary.

**Table 2.5: Budget provisions, Expenditure and Savings under selected Grants**

(₹ in crore)

Section	Original	Supple- mentary	Total	Expenditure	Savings (-)	Withdrawal/ Surrender
<b>Grant No. XVII- Municipal Administration &amp; Urban Development</b>						
Revenue	3,301.50	1,311.84	4,613.34	1,527.63	(-) 3,085.72	3,069.32
Loans	2,297.50	13.73	2,311.23	1,622.95	(-) 688.28	688.28
<b>TOTAL</b>	<b>5,599.00</b>	<b>1,325.57</b>	<b>6,924.57</b>	<b>3,150.57</b>	<b>(-) 3,774.00</b>	<b>3,757.60</b>
<b>Grant No. XXI-Social Welfare</b>						
Revenue	9,490.67	150.34	9,641.01	5,828.81	(-) 3,812.20	3,333.95
Capital	887.63	123.43	1,011.06	295.74	(-) 715.31	631.43
Loans	0.00	1,500.00	1,500.00	1,500.00	0.00	0.00
<b>TOTAL</b>	<b>10,378.29</b>	<b>1,773.77</b>	<b>12,152.06</b>	<b>7,624.55</b>	<b>(-)4,527.51</b>	<b>3,965.38</b>

Source: Appropriation Accounts

Audit further analysed the impact of the savings.

- (i) **Municipal Administration and Urban Development (MA & UD):** The expenditure (₹11.21 crore) by the State Government was only three *per cent* of the budget allocations in respect of Development of Road network in GHMC and surrounding

<sup>23</sup> Final excess of ₹10 crore and above

<sup>24</sup> Final savings of ₹10 crore and above

urban local bodies, with a savings of ₹366.13 crore, delaying the development activities. Following were some of the programmes, which suffered as budget allocations were withdrawn in full or in major portion: Pradhan Mantri Awas Yojana (₹400.53 crore, 100 per cent savings), Assistance to Municipalities for Development works (₹388.83 crore, 91 per cent savings), Musi River Front Development (₹377.35 crore, 100 per cent savings), Assistance to Municipal Corporations (₹288.42 crore, 96 per cent savings) and Smart Cities (₹150.94 crore, 100 per cent savings).

- (ii) **Social Welfare:** Economic Support Scheme and Land Purchase Scheme (₹798.52 crore, 60 per cent savings), Mission Bhagiratha (₹536.70 crore, 100 per cent savings), Two Bed Room Houses (₹315 crore, 100 per cent savings), Post RTF scholarships (₹255.02 crore, 50 per cent savings), Government residential centralized schools (₹143.20 crore, 22 per cent savings), additional facilities to the student of SC Hostels in the new State of Telangana (₹123.55 crore, 95 per cent savings) and Assistance to PR institutions for construction of rural roads (₹108.15 crore, 100 per cent savings) programmes suffered as budget allocations were withdrawn either totally or in majority.

Further, no expenditure could be incurred by Telangana SC Cooperative Development Corporation Limited (SCCDCL) as a ₹1,500 crore loan was released (19 March 2018) to it at the fag end of the year. The amount was in the PD account of SCCDCL at the end of the year.

## 2.4 Scheduled Castes and Tribal Sub-Plan

Telangana State Scheduled Castes and Scheduled Tribes Special Development Fund (Planning, Allocation and Utilisation of Financial Resources) Act, 2017 requires that all Departments should earmark at least 15.45 per cent and 9.08 per cent of the total outlay in the Budget exclusively under the Scheduled Castes and Scheduled Tribes Sub Plan (SCSP & TSP) development respectively. Programmes under SCSP & TSP include subsidies for scholarships, construction of roads in SC/ST hamlets, etc.

Government allocated ₹14,375.12 crore<sup>25</sup> and ₹8,165.88 crore<sup>26</sup> to SCSP and TSP respectively in 2017-18. However, **46 per cent<sup>27</sup> of the allocated funds were not utilised under SCSP and TSP.** This issue was reported in Audit earlier also as the utilisation was only 60 and 57 per cent respectively in 2016-17.

<sup>25</sup> ₹12,483.67 crore towards all departments and ₹1,891.45 crore towards non-divisible infrastructure works

<sup>26</sup> ₹7,355.26 crore towards all departments and ₹810.62 crore towards non-divisible infrastructure works

<sup>27</sup> SCSP: Budget (O+S): ₹12,894 crore, Expenditure: ₹7,007 crore (54 per cent) and Savings: ₹5,887 crore (46 per cent); TSP: Budget (O+S): ₹7,979 crore, Expenditure: ₹4,295 crore (54 per cent) and Savings: ₹3,684 crore (46 per cent)

## 2.5 Major Policy initiatives

Government introduced several Major Policy Initiatives / flagship schemes reflecting its Socio – Economic priorities. Ten of the Major Policy Initiatives schemes prioritised in 2017-18 budget were scrutinised in audit on a test-check basis to verify the achievement of financial and physical targets.

Audit found that four out of ten schemes reported commendable achievements. These included KCR Kit programme (targeted for health of pregnant and lactating mothers) in which the number registered was more than the target fixed. The achievement against target beneficiaries for Shaadi Mubarak Scheme was 94 *per cent*. The achievement against targets in respect of Kalyana Lakshmi Programme for SC and ST girls was 91 and 93 *per cent* respectively. The achievement against targets in respect of BC and EBC girls under Kalyana Lakshmi was, however, only 62 *per cent*. Both Shaadi Mubarak and Kalyana Lakshmi schemes provide financial assistance to families for arranging marriage of daughters.

Shortfalls were, however, noticed in the other schemes as detailed below:

- The Budget provision for “Two bed room houses to urban poor and others” programme was ₹1,000 crore. The Government, however, transferred (October 2017) only ₹75 crore to the Telangana State Housing Corporation Limited (TSHCL). Thus, the flagship programme of the Government suffered.
- Only 23 *per cent* (792 acres out of 3,500 acres) of the targeted agricultural land was assigned to Schedule Caste farmers as ₹798.52 crore (60 *per cent*) out of the budget allocated (₹1,334.89 crore) was not spent. This was attributed to non-availability of agriculture land in districts and reluctance among landlords to sell the land at the rates offered.
- Most Backward Classes Development Corporation established to improve social, educational and financial conditions of most backward classes amongst the BCs could not take off due to non-approval of action plan by Government despite allocation of ₹1,000 crore. An amount of ₹995.94 crore was finally withdrawn through re-appropriation on the last day of the financial year. The State Government stated (January 2019) that expenditure could not be incurred due to lack of definition of the term “Most Backward”.

Further audit findings on Major Policy Initiatives are in *Appendix 2.5*.

## 2.6 Deficiencies in budgeting

**Audit found several deficiencies in budget allocations amounting to ₹11,572.80 crore** (details are in *Appendix 2.6*). Case studies below illustrate some of these mistakes.

**Box 2.3: Deficiencies in budgeting****Case Study 1 : Between Charged and Voted sections**

As per General Accounting Rules, Interest payments shall be under charged section. Budget Provision of ₹719.28 crore towards “Interest on UDAY loans” (2049-01-200-41) was, however, made under Voted section. The payment of interest (₹708.23 crore) was made from the Charged Section without budget provision.

**Case Study 2: Between Capital and Revenue Sections**

- (i) Kaleshwaram Project and Palamuru Ranga Reddy Lift Irrigation Scheme are under execution, and hence the requirement of funds was under ‘Capital’. Funds were, however, allotted under ‘Revenue’. No expenditure was actually incurred under ‘Revenue’ leading to Savings under this section. On the other hand, paltry funds were allocated under ‘Capital’ despite having huge requirement and excess expenditure was incurred as shown in **Table 2.6**.

**Table 2.6: Provision and Expenditure in Irrigation**

(₹ in crore)

Project	Project Cost	Revenue		Capital	
		Provision	Actual Expenditure	Provision	Actual Expenditure
<b>Kaleshwaram Project</b>	80,190	6,256.57	0.00	480.30	4,419.07
<b>Palamuru Ranga Reddy Lift Irrigation Scheme</b>	35,200	3,067.73	0.00	961.26	1,976.26

Source: Appropriation Accounts

**The above deficiencies were not rectified even at the time of obtaining approval for supplementary grants from the Legislatures.**

- (ii) Swachh Bharath Mission was being executed through local bodies for which Grants-in-Aid were to be provided under Revenue. However, ₹697.41 crore was provided under Capital (other charges) instead of Revenue (Grants-in-Aid). The expenditure of ₹483.46 crore was initially booked under Capital section, which was later corrected by a transfer entry and expenditure was finally booked under Revenue section (Grants-in-Aid) appropriately. Thus, by making incorrect provision under Capital instead of under Revenue in Budget Estimates and incurring expenditure under Revenue resulted in Savings under the Capital and Excess expenditure under Revenue.
- (iii) An amount of ₹130 crore was provided under Capital section in respect of ‘Afforestation Fund’ for minor works, which fall under Revenue Section. The expenditure of ₹213.23 crore was initially booked under Capital section, which was later corrected by a transfer entry and expenditure was finally booked under Revenue section (Grants-in-Aid) appropriately. Thus, by making incorrect provision under Capital instead of under Revenue in Budget Estimates and incurring expenditure under Revenue resulted in Savings under the Capital and Excess expenditure under Revenue.

The State Government accepted (January 2019) that there were budgeting errors.

### **2.6.1 Opening new Sub-Heads without concurrence of Principal Accountant General (Accounts and Entitlements)**

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 and Entitlements (PAG (A&E)), Telangana before opening any new head.

The Government, however, opened 223 new Sub-Heads in 2017-18 without prior concurrence of the PAG (A&E). Total provision made under these Sub-Heads was ₹12,910 crore. Against this provision, an expenditure of ₹13,569 crore was incurred under 30 Grants, disregarding the statutory provision.

**Such opening of new Sub-Head without concurrence was persistent as ₹24,165 crore was provided under 137 new Sub-Heads in 2016-17 and ₹6,121 crore was provided under 39 new Sub-Heads in 2015-16. This indicates that the trend of opening new Sub-Heads without concurrence of PAG (A&E) was increasing.**

No reply was furnished by the Government for not obtaining concurrence from the PAG (A&E).

