

Chapter II

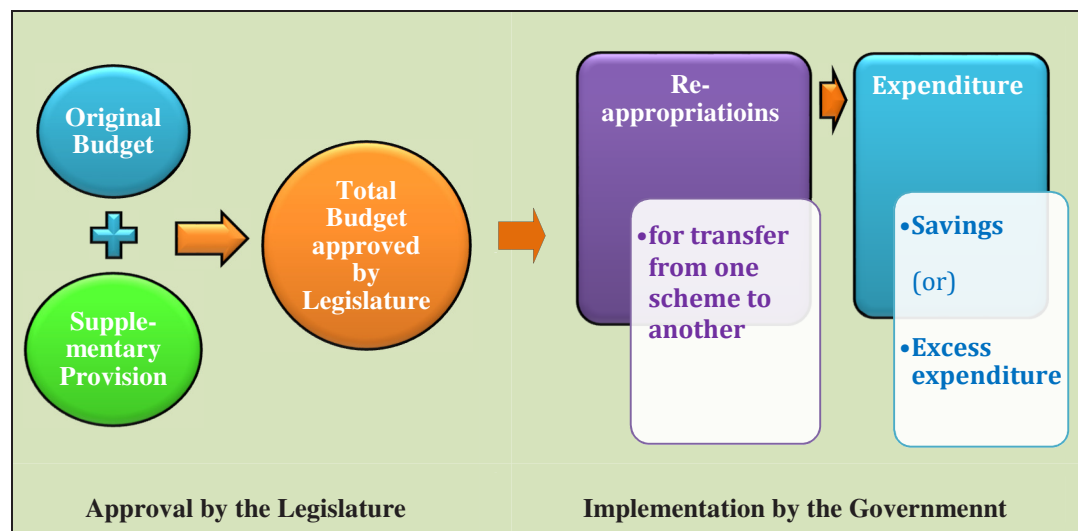
Financial Management and Budgetary Control

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of voted grants and appropriations charged for different purposes, as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual revenue and capital expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts, thus, facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Appropriation Accounts capture the data along the entire process of budget formulation and implementation (*Chart 2.1*).

Chart 2.1: Flow chart of budget implementation



Source: Budget Manual and Appropriation Accounts

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Acts 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.

Deficiencies in the management of budget and expenditure and violation of the Budget Manual noticed in audit have been discussed in the subsequent paragraphs.

2.2 Summary of Appropriation Accounts

The total provision for expenditure in 2018-19 was ₹ 1,41,732.90 crore. The actual gross expenditure during the year was ₹ 1,21,362.76 crore. This resulted in savings¹ of ₹ 20,370.14 crore in 2018-19. The details are given in **Table 2.1** below:

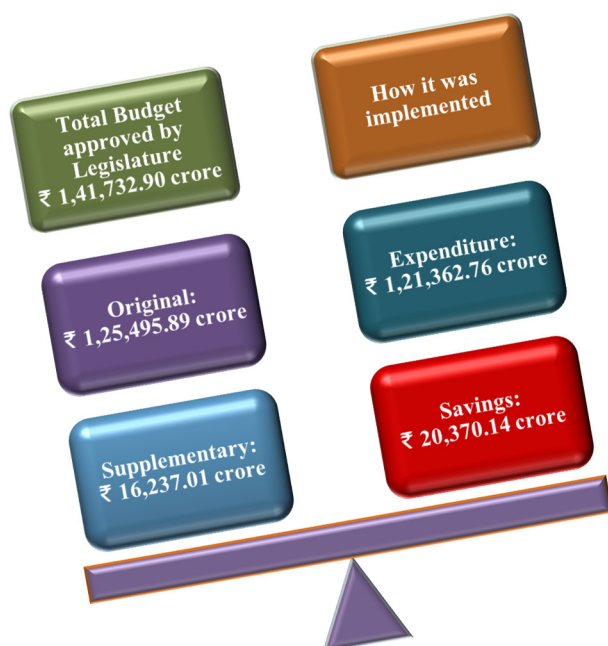
Table 2.1: Position of Original/Supplementary Provisions vis-à-vis Actual Expenditure
(₹ in crore)

Nature of expenditure		Original grant/ Appropriation	Supplementary grants/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	71,217.35	5,257.19	76,474.54	63,629.06	(-) 12,845.48
	II Capital	25,489.59	3,783.11	29,272.70	25,919.74	(-) 3,352.96
	III Loans and Advances	1,766.42	245.54	2,011.96	755.64	(-) 1,256.32
Total Voted		98,473.36	9,285.84	1,07,759.20	90,304.44	(-) 17,454.76
Charged	IV Revenue	14,456.78	141.17	14,597.95	13,735.87	(-) 862.08
	V Capital	100.00	10.00	110.00	138.58	(+) 28.58
	VI Public Debt Repayment	12,465.75	6,800.00	19,265.75	17,183.87	(-) 2,081.88
Total Charged		27,022.53	6,951.17	33,973.70	31,058.32	(-) 2,915.38
Appropriation to Contingency Fund		-	-	-	-	-
Grand Total		1,25,495.89	16,237.01	1,41,732.90	1,21,362.76	(-) 20,370.14

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹ 209.39 crore) and Capital Heads (₹ 10,751.72 crore).

Supplementary provision of ₹ 16,237.01 crore was constituted 13 *per cent* of the original provision as against 10 *per cent* in the previous year.

¹ Savings is the term used for indicating the amount that could not be spent out of budget provisions.

Analysis of Appropriation Accounts 2018-19**Chart 2.2: How the Budget was implemented**

Source: Appropriation Accounts

The overall savings of ₹ 20,370.14 crore were the result of savings of ₹ 20,411.68 crore in 44 grants under the Revenue (Voted) and 15 grants under Revenue (Charged) Section, 24 grants under the Capital (Voted) and one appropriation (Public Debt-Repayments) under the Loan Section, offset by excess of ₹ 41.54 crore mainly under Revenue (Charged) Section of the Grant No. 42 (₹ 12.96 crore), under Capital (Charged) Section of Grant No. 8 (₹ 18.37 crore) and Grant No. 24 -Irrigation (₹ 10.21 crore). The excess of ₹ 41.54 crore requires regularisation under Article 205 of the Constitution.

Table 2.2: Total excess or savings under different grants

Description	Number of grants/appropriation					Amount (₹ in crore)
	Revenue (Voted)	Revenue (Charged)	Capital (Voted)	Capital (Charged)	Public Debt Repayment	
Savings occurred in	44	15	24	-	1	20,411.68
Excess expenditure occurred in	-	1	-	2	-	41.54

Source: Appropriation Accounts

The grants with savings more than ₹ 100 crore are listed in *Appendix 2.1*.

2.3 Financial Accountability and Budget Management**2.3.1 Expenditure without provision**

As per the Budget Manual, no expenditure can be incurred on a scheme/service without provision of funds. It was, however, noticed that in nine cases (above ₹ one crore) as detailed in *Appendix 2.2*, the expenditure of ₹ 86.49 crore was incurred without any provision in the original estimates/supplementary demands.

2.3.2 Excess over provisions requiring regularisation

As per Article 204 of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the Article. Further, as per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee.

There was excess disbursement of ₹ 41.54 crore over the authorisation made by the State Legislature under three Appropriations during the financial year 2018-19. Excess disbursements of ₹ 540.60 crore under two Grants and one Appropriation pertaining to the year 2017-18 is yet to be regularised by the State Legislature (November 2019). This is in violation of Articles 204 and 205 of the Constitution and vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

2.3.3 Savings vis-à-vis allocations

There were overall savings of ₹ 20,370.14 crore, out of which, in 35 cases, savings were ₹ 19,330.91 crore registering saving of more than ₹ 100 crore in each case (**Appendix 2.1**). In these 35 cases, against the total provision of ₹ 1,30,605.66 crore actual expenditure was ₹ 1,11,274.75 crore and savings were ₹ 19,330.91 crore. In 10 grants namely 9-Education (Revenue-Voted), 15-Local Government (Revenue-Voted), 27-Agriculture (Revenue-Voted), 32-Rural and Community Development (Revenue-Voted), 36-Home (Revenue-Voted), 40-Energy & Power (Revenue-Voted), 6-Finance (Revenue-Charged), 8-Buildings and Roads (Capital-Voted), 45-Loans and Advances (Capital-Voted) and Public Debt savings exceeded ₹ 500 crore.

2.3.4 Persistent savings

During the last five years, 18 grants and one appropriation showed persistent savings of more than ₹ 10 crore and which were also 10 *per cent* or more of the total grants (**Table 2.3**).

Table 2.3: Grants indicating persistent savings

(₹ in crore)

Sr. No.	Number and name of the grant	Amount of savings				
		2014-15	2015-16	2016-17	2017-18	2018-19
Revenue (Voted)						
1.	05-Excise and Taxation	29.40 (16)	45.48 (22)	35.12 (16)	65.89 (25)	48.40 (20)
2.	07-Planning and Statistics	333.58 (81)	237.74 (58)	283.17 (62)	10.76 (26)	22.00 (37)
3.	09-Education	1,369.49 (14)	2,317.26 (20)	3,436.36 (25)	2,345.71 (17)	1,799.79 (13)
4.	10-Technical Education	137.08 (28)	93.47 (20)	98.19 (21)	92.61 (21)	68.17 (15)
5.	11-Sports and Youth Welfare	58.82 (25)	84.43 (27)	105.84 (25)	211.20 (46)	114.86 (29)
6.	13-Health	576.18 (21)	547.14 (18)	595.38 (18)	434.07 (12)	497.37 (12)
7.	14-Urban Development	32.64 (24)	63.06 (37)	12.47 (13)	53.95 (51)	38.93 (36)
8.	15-Local Government	584.00 (28)	1,407.70 (43)	879.77 (25)	1,462.93 (27)	2,168.63 (43)
9.	17-Employment	25.15 (31)	29.62 (38)	16.12 (23)	56.52 (24)	45.37 (13)
10.	18-Industrial Training	24.00 (11)	30.39 (12)	52.67 (19)	122.11 (29)	185.11 (37)
11.	19-Welfare of SCs, STs, Other BCs and Minorities	95.10 (26)	323.20 (49)	213.79 (27)	357.63 (47)	325.97 (45)
12.	21-Women and Child Development	195.08 (22)	268.23 (27)	368.88 (33)	232.26 (22)	476.58 (34)
13.	23-Food and Supplies	166.43 (45)	122.74 (33)	115.61 (14)	311.20 (54)	108.50 (28)
14.	27-Agriculture	473.74 (37)	374.19 (27)	826.91 (43)	648.44 (34)	956.78 (35)
15.	32-Rural and Community Development	580.95 (23)	815.54 (28)	366.90 (10)	1,193.68 (26)	1,261.75 (26)
Capital (Voted)						
16.	21-Women and Child Development	163.97 (74)	168.82 (79)	37.37 (34)	110.87 (64)	77.01 (48)
17.	34-Transport	29.13 (15)	79.85 (38)	149.58 (57)	45.64 (17)	163.57 (47)
18.	38-Public Health & Water Supply	146.74 (13)	323.70 (28)	310.50 (25)	273.98 (19)	294.53 (17)
Capital (Charged)						
19..	Public Debt	5,622.44 (41)	2,820.83 (28)	4,401.67 (45)	3,606.12 (36)	2,081.88 (11)

* Figures in parenthesis show percentage of savings to total provision

During 2018-19 in 11 development schemes (other than salary/ establishments) under the above mentioned grants the savings were more than ₹ 100 crore (Table 2.4).

Table 2.4: Detail of cases in which savings were more than ₹ 100 crore

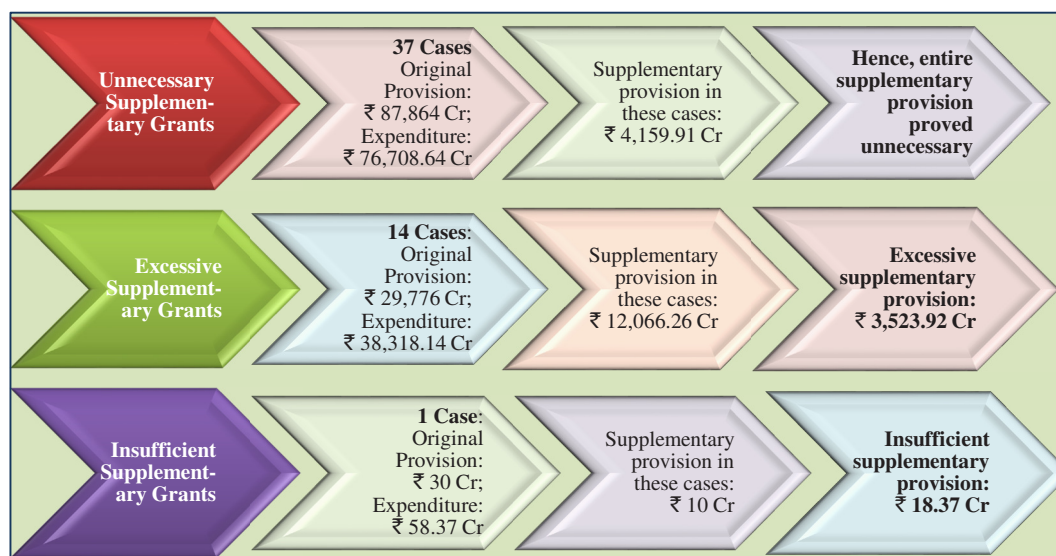
Sr. No.	Grant Name and Scheme Name	Budget Provision	Expenditure	Saving	Percentage savings over budget
1	Grant No. 9-Education				
(i)	2202-General Education, 02-Secondary Education, 109-Government Secondary Schools, 86-Rashtriya Madhyamic Shiksha Abhiyan	500.00	298.00	202.00	40
2	15-Local Government				
(i)	2217-Urban Development, 80-General, 191-Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards, etc., 96-Construction to Local Bodies from the proceeds of stamp duty to Municipal Corporations	532.40	364.49	167.91	32
(ii)	2217-Urban Development, 80-General, 192-Assistance to Municipalities/Municipal Councils, 92-Contribution to Local Bodies from the proceeds of Stamp Duty to Municipal Committee/Council	346.00	146.61	199.39	58
(iii)	2217-Urban Development, 80-General, 789-Special Component Plan for Scheduled Castes, 91-Share of Surcharge for SC Component on VAT for Urban Local Bodies	218.40	107.47	110.93	51
(iv)	2217-Urban Development, 80-General, 800-Other Expenditure, 75-Share to Surcharge on VAT for Urban Local Bodies	974.00	481.31	492.69	51
3	21-Women and Child Development				
(i)	2236-Nutrition, 02-Distribution of Nutritious Food and Beverages, 101-Special Nutrition programmes, 95-Supplementary Nutrition Programme	238.44	68.32	170.12	71
4	27-Agriculture				
(i)	2401-Crop Husbandry, 119-Horticulture and Vegetable Crops, 54-On farm and marketing support to Horticulture farmers	199.33	0	199.33	100
5	32-Rural and Community Development				
(i)	2505- Rural Employment, 02-Rural Employment Guarantee Scheme, 101-National Rural Employment Guarantee Scheme, 99- Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	295.00	150.08	144.92	49
(ii)	2515-Other Rural Development Programmes, 102-Community Development, 94-Haryana Gramin Vikas Yojna (HSVY)	400.00	199.98	200.02	50
6	Public Debt				
(i)	6003-Internal Debt of State Government, 107-Loans from the State Bank of India and Other Banks	12,100.00	10,900.00	1200.00	10
(ii)	6003-Internal Debt of State Government, 108-Loans from National Co-operative Development Corporation	1,239.08	636.39	602.69	49

A detailed analysis of expenditure on development schemes has been made in para 2.5.3 which highlights mainly schemes not implemented, reduction in revised outlay, increase in revised outlay but lesser expenditure, no expenditure in new schemes despite provision made in revised outlay, etc.

2.3.5 Unnecessary/excessive/inadequate supplementary provision

Supplementary provisions aggregating ₹ 4,159.91 crore obtained in 37 cases, involving ₹ 50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions. In 14 cases, supplementary provision of ₹ 3,523.92 crore was proved excessive as detailed in *Appendix 2.3*. On the other hand, in one case supplementary grant² of ₹ 10 crore was not adequate to meet the requirement and fell short by 46 per cent (*Chart 2.3*).

Chart 2.3: Unnecessary, Excessive and Insufficient Supplementary Provisions



Source: Appropriation Accounts

The Government may consider preparing realistic budget estimates to avoid large savings and supplementary provisions.

2.3.6 Rush of expenditure

Rule 56 of the General Financial Rules provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided. Contrary to this, in respect of 17 heads under 13 grants/appropriations listed in *Appendix 2.4*, expenditure exceeding ₹ 10 crore and also more than 50 per cent of the total expenditure for the year was incurred during the last quarter of the year.

Further, it was revealed that out of the expenditure of ₹ 4,537.83 crore incurred on 17 major heads under 13 grants during 2018-19, expenditure of ₹ 2,380.32 crore (52 per cent) was incurred during the month of March 2019. Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules.

² Grant Number 8 Capital Charged

The State Government may consider devising suitable mechanism to avoid rush of expenditure in the last quarter/month of the financial year.

2.4 Deficiencies noticed in working of treasuries

During compilation and inspection for 2018-19, the Principal Accountant General (Accounts and Entitlement) Haryana noticed the following major deficiencies in working of treasuries:

2.4.1 Delay in submission of monthly accounts by treasuries

During the year, accounts from 13³ treasuries were received late in 18 cases (first list of payment in eight cases and second list of payment in ten cases). It is praiseworthy to note that 94.07 per cent Accounts were received in time. However, some minor delays were noticed. The delay in the submission of initial accounts caused consequent delay in compiling Monthly Civil Accounts by the PAG (A&E).

2.4.2 Delay in receipt of awaited vouchers from treasuries

Rule 3.17 of Punjab Financial Rules Volume-I, envisages that Treasury Officers should ensure that all vouchers required to be sent to office of the PAG (A&E) Haryana are attached with the lists of payments and schedules.

While posting/validating (compiling) the accounts voucher wise, 385 vouchers (relating between 1999-2000 and 2018-19) involving ₹ 8.17 crore were still awaited up to March 2019 from various Treasury Offices. Treasury wise details of the amount outstanding under Suspense Head due to missing vouchers are given in *Appendix 2.5*.

2.4.3 Awaited Detailed Contingent Bills from treasuries

According to the provisions contained in Rule 4.49(4) of Punjab Treasury Rules and Subsidiary Treasury Rules (Vol.-I), Detailed Contingent bills are required to be submitted by the end of the next month following in which the Abstract Contingent bills were drawn by Drawing and Disbursing Officers. But Detailed Contingent bills were not submitted for 352 Abstract Contingent bills amounting to ₹ 102.61 crore⁴. Advances drawn and not accounted for increase the possibility of wastage/misappropriation/malfeasance, etc.

2.4.4 Non-furnishing of Consolidated Treasury Receipts for Remittances by Forest Officers

As per provisions of Rule 2.16 of Punjab Treasury Rules & Subsidiary Treasury Rules (Vol.-1), every Treasury Officer should furnish a Consolidated Treasury

³ Bhiwani, Delhi, Faridabad, Fatehabad, Hisar, Jind, Karnal, Kurukshetra, Nuh (Mewat), Panipat, Rohtak, Sirsa and Sonipat.

⁴ Upto 2016-17 (three AC bills) - ₹ 2.60 crore, 2017-18 (10 AC bills) - ₹ 2.29 crore and 2018-19 (339 AC Bills) ₹ 97.72 crore

Receipt in Form TA - 12 for the Forest Remittances received and credited during the preceding month, to each of the Divisional Forests officer dealing with the Treasury on the first day of every month.

It was, however, observed that for last five years, the Treasury officers were not furnishing the requisite Consolidated Treasury Receipts to the concerned Divisional Forest Officers. **Appendix 2.6** brings out the net differences in the various Forest Divisions as on 31 March 2019 as per the books maintained by O/o PAG (A&E). These net differences can be reconciled only on receipt of Consolidated Treasury Receipts from the concerned Treasury Officers. Due to this, challan amount not taken into the divisional cash book remains under suspense head instead of final receipt head of the Department.

2.5 Outcome of Analysis of Budgetary Assumptions

2.5.1 Unrealistic Budget Estimates

The original budget of ₹ 1,02,732.54 crore prepared by the State Government for the year 2018-19 was revised to ₹ 1,02,779.09 crore, against which actual expenditure was ₹ 93,217.78 crore. Detail of the original budget, revised estimate, actual expenditure for the period 2014-15 to 2018-19 is given in **Table 2.5**.

Table 2.5: Original budget, revised estimate and actual expenditure during 2014-19

(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19
Original Budget	59,451.23	69,140.29	88,781.96	92,384.38	1,02,732.54
Revised Estimate	61,449.82	85,037.30	84,132.15	93,685.52	1,02,779.09
Actual Expenditure	53,676.27	79,394.32	79,781.44	88,190.15	93,217.78
Saving	7,773.55	5,642.98	4,350.71	5,495.37	9,561.31

Similarly, the estimated receipts of ₹ 83,333 crore were revised to ₹ 82,246 crore against which, only ₹ 71,306 crore were actually realized as per details given in **Table 2.6**.

Table 2.6: Detail of the Receipts

(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19
Original Budget	48,058	52,717	63,666	74,813	83,333
Revised Estimate	45,821	54,642	60,784	76,445	82,246
Actual Receipt	41,090	47,915	53,496	69,076	71,306
Short	4,731	6,727	7,288	7,369	10,940

2.5.2 Unrealistic forecasting of resources

As per Rule 4.2 of the Punjab State Budget Manual, the revised estimates are forecasts, as accurate as possible to make at the time, of what the actual receipts of the year will be, and the most important guide to their preparation will, therefore, ordinarily be found in the actual receipts of those months of the year which have already elapsed. If an officer observes that the actual receipts from a particular source of revenue reveal a growth or a diminution compared with

those of the corresponding period of the previous year, he will be justified in assuming a continuance of the growth or decline at the same rate during the remaining months. Thus, estimates should always be prepared after taking into account all the factors affecting the receipts and expenditure of the Government and should be as accurate as possible. However, it was noticed that the revised estimates for 2018-19 for non-tax revenue were ₹ 17,627.51 crore while actual realization was ₹ 15,049.18 crore resulting in downward variation of ₹ 2,578.33 crore. Similarly tax revenue for the year 2018-19 was projected at ₹ 59,200.60 crore while actual realization was ₹ 50,835.94 crore resulting in variation of ₹ 8,364.66 crore below the projection. In this connection projections for the last five years are appended below in the **Table 2.7**.

Table 2.7: Projections of Tax Revenue and Non- Tax Revenue vis-à-vis actual
(₹ in crore)

Year	Description	Revised estimates	Actual	Difference
2014-15	Tax Revenue	33,402.75	31,182.66	2,220.09
	Non- Tax Revenue	12,016.39	9,616.00	2,400.39
2015-16	Tax Revenue	40,436.10	36,425.31	4,010.79
	Non- Tax Revenue	13,731.25	11,131.24	2,600.01
2016-17	Tax Revenue	45,087.63	40,623.15	4,464.48
	Non- Tax Revenue	15,239.46	11,873.67	3,365.79
2017-18	Tax Revenue	53,061.52	48,396.90	4,664.62
	Non- Tax Revenue	17,023.61	14,297.97	2,725.64
2018-19	Tax Revenue	59,200.60	50,835.94	8,364.66
	Non- Tax Revenue	17,627.51	15,049.18	2,578.33

2.5.3 Shortcomings in Development Schemes

The Revised estimates for development schemes during 2018-19 was assessed at ₹ 42,784.08 crore. An amount of ₹ 35,645.30 crore were spent on development schemes which was 83.31 *per cent* of the provisions. Variations were due to the following facts:

- A total of 20 schemes with an approved outlay of ₹ 368.75 crore for 2018-19 were not implemented and withdrawn in revised estimates (**Appendix 2.7**).
- Provision of ₹ 1,648.47 crore made under 41 schemes in approved outlay for 2018-19 was reduced to ₹ 590.19 crore in the Revised Estimates, but no expenditure was incurred under these schemes (**Appendix 2.8**) for which the reasons were not given.
- Provisions of ₹ 28.69 crore were made under 10 schemes in approved outlay as well as in revised outlay, but no expenditure was incurred during the year 2018-19 (**Appendix 2.9**).
- The provision of ₹ 374.88 crore made under seven schemes was increased to ₹ 573.61 crore against which expenditure of ₹ 233.81 crore was incurred during the year 2018-19 which was 62 *per cent* of the

original estimates. Further augmentation of funds through supplementary grants proved unnecessary as the total expenditure was less than the original estimates (*Appendix 2.10*).

- v. 48 development schemes for which the outlay of ₹ 5,005.09 crore approved for execution during 2018-19 was reduced to ₹ 3,213.01 crore in the revised estimates. Only ₹ 1,745.04 crore was spent on these schemes which was 54 *per cent* of the revised outlay (*Appendix 2.11*).
- vi. One scheme for Construction of Aganwadi Centres under Women and Child Development Department for which provision of ₹ 28.50 crore was approved for execution during 2018-19 was reduced to ₹ 14 crore in the revised estimate, but expenditure of ₹ 17.77 crore was incurred which was 127 *per cent* of revised estimate.
- vii. 35 schemes for which provision of ₹ 852.89 crore was made in approved outlay as well as in revised estimates, but expenditure of ₹ 352.57 crore (41 *per cent*) was incurred which was less than the provision made as detailed in *Appendix 2.12*.
- viii. Provision was made in revised outlay of ₹ 4.55 crore in two schemes⁵ but budget was not provided in original outlay. An expenditure of ₹ 2.02 crore (44 *per cent*) was incurred which was less than the provision made.
- ix. Three new schemes⁶ for which provision of ₹ 52.95 crore was made in revised estimates but no expenditure was incurred during the year 2018-19.
- x. The provision of ₹ 301.60 crore made under 10 schemes was increased to ₹ 1,029.24 crore against which expenditure of ₹ 566.07 crore was incurred during the year 2018-19. Further, augmentation of funds through supplementary grants proved excessive, as the total expenditure of these schemes were 55 *per cent* of the revised estimates (*Appendix 2.13*).

2.6. Outcome of Review of Selected Grants

A review of budgetary procedure and control over expenditure in respect of two selected grants i.e. 04-Revenue and 08-Buildings and Roads was conducted (May-September 2019). Magnitude of variations in original grants, supplementary demands and actual expenditure were analysed.

⁵ (i) Shri Krishna Ayush University, Kurukshetra under Ayush Department and (ii) Matching Grant-in-aid for Development Works (People share) under Development and Panchyaat Department

⁶ (i) Financial assistance to private sugar mills for making payments to the cane growers in Haryana under Agriculture and Farmer Welfare Department, (ii) Kerosene free Haryana under Food and Supplies Department and (iii) Moderanisation of Prisons under Prison Department

2.6.1 Grant No. 4- Revenue

Grant No 4-Revenue includes Major Heads 2029-Land Revenue, 2030-Stamps and Registration, 2052-Secretariat General Services, 2053-District Administration, 2070-Other Administrative Services, 2075-Miscellaneous General Services, 2235-Social Security and Welfare, 2245-Relief on account of Natural Calamities, 2506-Land Reforms, 2705-Command Area Development, 3451-Secretariat Economic Services, 3454-Census Survey and Statistics and 3475-Other General Economic Services.

(i) Budget and Expenditure

The overall position of budget provision, actual disbursements and savings under Revenue (Voted) Section for the last three years (2016-17 to 2018-19) is given in *Table 2.8*.

Table 2.8: Budget provisions and Expenditure

Year	Original provision	Supplementary	Total	Expenditure	Savings (in per cent)
	₹ in crore)				
2016-17	1,069.65	675.21	1,744.86	1,526.06	218.80 (13)
2017-18	1,189.31	120.30	1,309.61	1,098.03	211.58 (16)
2018-19	1,105.74	288.60	1,394.34	1,066.23	328.11 (24)

Source: Appropriation Accounts

There were persistent saving ranging between 13 and 24 *per cent* under Revenue (Voted) Section indicating non-achievement of the projected budget provisions during 2016-19. This shows that unrealistic provisions were made in budget.

(ii) Savings

Paragraph 5.3 of Punjab Budget Manual as applicable in Haryana State provides that the budget estimates should be as close to accurate as possible and the provision to be included in respect of each item should be based on what is expected to be paid or spent during the financial year.

Against budget provision of ₹ 264.85 crore in 15 sub-heads under Revenue (Voted) Section, an expenditure of ₹ 130.58 crore was incurred which resulted in saving of ₹ 134.27 crore during the year. There were savings ranging between 12 and 100 *per cent* of the total provision as per detail given in *Appendix 2.14*.

(iii) Persistent savings

In 8 sub heads, there were persistent savings which was indicating non-achievement of the projected financial outlays, inefficient planning and unrealistic estimation in the respective years during 2016-19 ranging between 12 and 100 *per cent* of the total provision as per detail given in *Appendix 2.15*.

(iv) Unnecessary/excessive supplementary provision

Supplementary grants are obtained to cover the excess that may be anticipated after mid-term review of the requirement of additional funds under the grants/appropriations during the financial year. Against the budget provision of ₹ 254.12 crore (Original: ₹ 230.52 crore and supplementary: ₹ 23.60 crore) in eight schemes under this grant, an expenditure of ₹ 220.31 crore was incurred resulting in saving of ₹ 33.81 crore (13 per cent of total provision). Supplementary provision of ₹ 23.60 crore obtained under these schemes, proved unnecessary/excessive as the expenditure did not come up to the level of the original provision as details given in *Table 2.9*.

Table 2.9: Details of schemes in which unnecessary/excessive supplementary provisions were made

(₹ in crore)					
Name of Scheme (Head of Account)	Original Provision	Supplementary	Total Provision	Expenditure	Saving
Headquarter Staff (2029-51-103-99)	9.29	0.16	9.45	6.05	3.40
Establishment (2053-51-093-99)	168.78	5.59	174.37	163.13	11.24
Sub Divisional Establishment (2053-51-094-99)	29.44	2.15	31.59	25.04	6.55
Establishment (2053-51-101-99)	13.53	1.85	15.38	12.01	3.37
Dewatering Operation (2245-02-282-99)	5.00	2.00	7.00	5.00	2.00
Survey/ Resurvey and updation of Survey and Settlement Records (2506-51-103-98-99)	0.00	10.50	10.50	5.50	5.00
Gazetteers (3454-02-110-99)	1.51	1.06	2.57	1.49	1.08
Agrarian Reforms Revenue (3475-51-201-99)	2.97	0.29	3.26	2.09	1.17
Total	230.52	23.60	254.12	220.31	33.81

This indicates deficiencies in estimation of requirement of funds for the remaining period of the financial year and failure to monitor the flow of expenditure by this department. Thus, unnecessary/excessive provisions were made without assessing the actual requirement of funds.

2.6.2 Grant No. 8-Buildings and Roads

Grant No. 8 Buildings and Roads includes Major Heads 2059-Public Works, 2216-Housing, 3054-Roads and Bridges, 4059-Capital Outlay on Public Works, 4202- Capital Outlay on Education, Sports, Arts and Culture, 4210- Capital Outlay on Medical and Public Health, 4216- Capital Outlay on Housing, 4235- Capital Outlay on Social Security and Welfare, 4250- Capital Outlay on Other Social Services, 4401- Capital Outlay on Crop Husbandry, 5053-Capital Outlay on Civil Aviation and 5054- Capital Outlay on Roads and Bridges in which expenditure was incurred on various schemes for construction, repairs and maintenance of buildings & roads i.e. Construction of School Building, Secondary School Building, College Building, Polytechnics Buildings, Creation of Infrastructure for Development of Industrial Training, Construction of Bridges and Railway Over Bridges for National Capital Region Scheme, Construction of Bridges and Railway Over Bridges under state Scheme,

Construction Strengthening/ widening and Upgradation of roads under Central Road Fund, Construction of Bridges and Railway Over Bridges under NABARD Scheme, Construction strengthening/ widening and bye passes of roads for NABARD Scheme, etc.

(i) Budget and Expenditure

The overall position of budget provision, actual disbursements and savings under Revenue (Voted) Section for the last three years (2016-17 to 2018-19) is given in **Table 2.10**.

Table 2.10: Budget provisions and Expenditure

Year	Section	Original provision	Supplementary	Total	Expenditure	Savings (-)/ Excess (+)
		(₹ in crore)				
2016-17	Revenue (V)	1,344.47	0.00	1,344.47	1,190.33	(-)154.14 (11)
	Revenue (C)	0.05	0.00	0.05	0.00	(-) 0.05 (100)
	Capital (V)	3,609.09	112.66	3,721.75	1,996.38	(-)1,725.37 (46)
	Capital (C)	25.00	8.00	33.00	34.98	(+) 1.98 (6)
2017-18	Revenue (V)	1,397.05	36.25	1,433.30	1,136.98	(-)296.32 (21)
	Revenue (C)	0.05	0.00	0.05	0.00	(-)0.05 (100)
	Capital (V)	3,484.30	272.31	3,756.61	2,602.27	(-)1,154.34 (31)
	Capital (C)	30.00	0.00	30.00	16.49	(-)13.51 (45)
2018-19	Revenue (V)	1,208.65	12.15	1,220.80	961.32	(-)259.48 (21)
	Revenue (C)	0.05	0.00	0.05	0.00	(-)0.05 (100)
	Capital (V)	3,474.14	256.30	3,730.44	2,848.31	(-)882.13 (24)
	Capital (C)	30.00	10.00	40.00	58.37	(+)18.37 (46)

Source: Appropriation Accounts

During 2016-17 to 2018-19, as a percentage of total provision, savings ranged between 11 and 21 per cent under Revenue (Voted) and under Capital (Voted) Section, it was between 24 and 46 per cent. There was 100 per cent savings under Revenue (Charged) Section.

(ii) Savings

Under Revenue Head, an expenditure of ₹ 696.15 crore was incurred budget provision of ₹ 1,026.69 crore in eight sub-heads which resulted saving of ₹ 330.54 crore. There were savings ranging between 17 and 96 per cent of the total provision. Under Capital Head, against budget provision of ₹ 2,163.94 crore in 41 sub-heads, an expenditure of ₹ 1,069.79 crore was incurred which resulted in saving of ₹ 1,094.15 crore during the year. There were savings ranging between 18 and 100 per cent of the total provision as per detail given in **Appendix 2.16**.

(iii) Persistent savings

In 27 sub heads, there were persistent savings during 2016-19 ranging between 11 and 100 per cent of the total provision as per detail given in **Appendix 2.17** which was indicating non-achievement of the projected financial outlays, inefficient planning and unrealistic estimation in the respective years.

(iv) Insufficient supplementary provision of funds

Supplementary grants are obtained to cover the excess that may be anticipated after mid-term review of the requirement of additional funds under the grants/appropriations during the financial year.

Supplementary provision was not sufficient to meet the requirement as per details given in **Table 2.11** in which excess expenditure was incurred against total budget provision (original provision + supplementary). This resulted in excess expenditure which may be got regularised by State Legislature.

Table 2.11: Details of schemes in which supplementary provision was not adequate

(₹ in crore)

Name of Scheme (Head of Account)	Original Provision	Supplementary	Total Provision	Expenditure	Excess
Revenue (Voted)					
Maintenance and Repairs- (2059-80-053-99)	77.00	5.00	82.00	85.58	3.58
General Maintenance & Repair (2216-05-053-99-88)	22.01	4.40	26.41	26.54	0.13
Capital (Voted)					
Purchase of Land and Construction Work of Directorate Fire Services Haryana (Panchkula) (4059-01-051-64)	0.00	2.00	2.00	7.00	5.00
Construction of Judicial Complex at Bawal at Rewari (4059-60-051-60)	0.00	0.00 ⁷	0.00	1.70	1.70
Construction of Residential Complex and Judicial Complex Kalka in Sector 21 Pinjore Kalka (4059-60-051-61)	0.00	0.00 ⁵	0.00	17.73	17.73
Construction of Residential complex for Judicial Officer at Ambala City on free hold basis (4059-60-051-62)	0.00	0.00 ⁵	0.00	68.35	68.35
Construction of Lawyer Chambers Complex in Karnal (4059-60-051-63)	0.00	0.00 ⁵	0.00	5.87	5.87
Buildings (4210-01-110-99)	100.00	50.00	150.00	182.88	32.88
Creation of Infrastructure for Development of Industrial Training (4250-51-800-94)	40.00	5.00	45.00	51.93	6.93
Capital (Charged)					
Research (5054-80-800-99)	30.00	10.00	40.00	58.37	18.37
Total	269.01	76.40	345.41	505.95	160.54

This indicates deficiencies in estimation of requirement of funds for the remaining period of the financial year and failure to monitor the flow of expenditure by this department.

2.6.3 Delay in submission of Budget Estimates

Budget estimates for the year 2018-19 were required to be submitted to the Finance Department by the Administrative Departments and Heads of various offices before 5th November 2017. Contrary to this, it came to notice during review of Grant No. 4 and 8 that Heads of Department submitted their estimates to Finance Department after delays ranging between 14 days and 56 days (**Appendix 2.18**).

⁷ Only ₹ 2000 allotted through supplementary provision.

2.7. Conclusions

During 2018-19, expenditure of ₹ 1,21,362.76 crore was incurred against the total grants and appropriations of ₹ 1,41,732.90 crore. Overall savings of ₹ 20,370.14 crore were the result of saving of ₹ 20,411.68 crore in various grants and an appropriation offset by excess expenditure of ₹ 41.54 crore under three grants, which required regularisation under Article 205 of the Constitution of India in addition to excess expenditure of ₹ 540.60 crore for the period 2017-18.

There were persistent savings in 18 grants and an appropriation during 2014-19. In 37 cases, supplementary provision proved to be unnecessary as the expenditure remained less than the original provision. In 17 major heads, under 13 grants, 52 *per cent* of the expenditure incurred in the month of March 2019 indicating rush of expenditure in the closing month of the year which was contrary to the provisions of Rule 56 of the General Financial Rules. The 71 development schemes with an approved outlay of ₹ 2,045.91 crore were not implemented during 2018-19.