

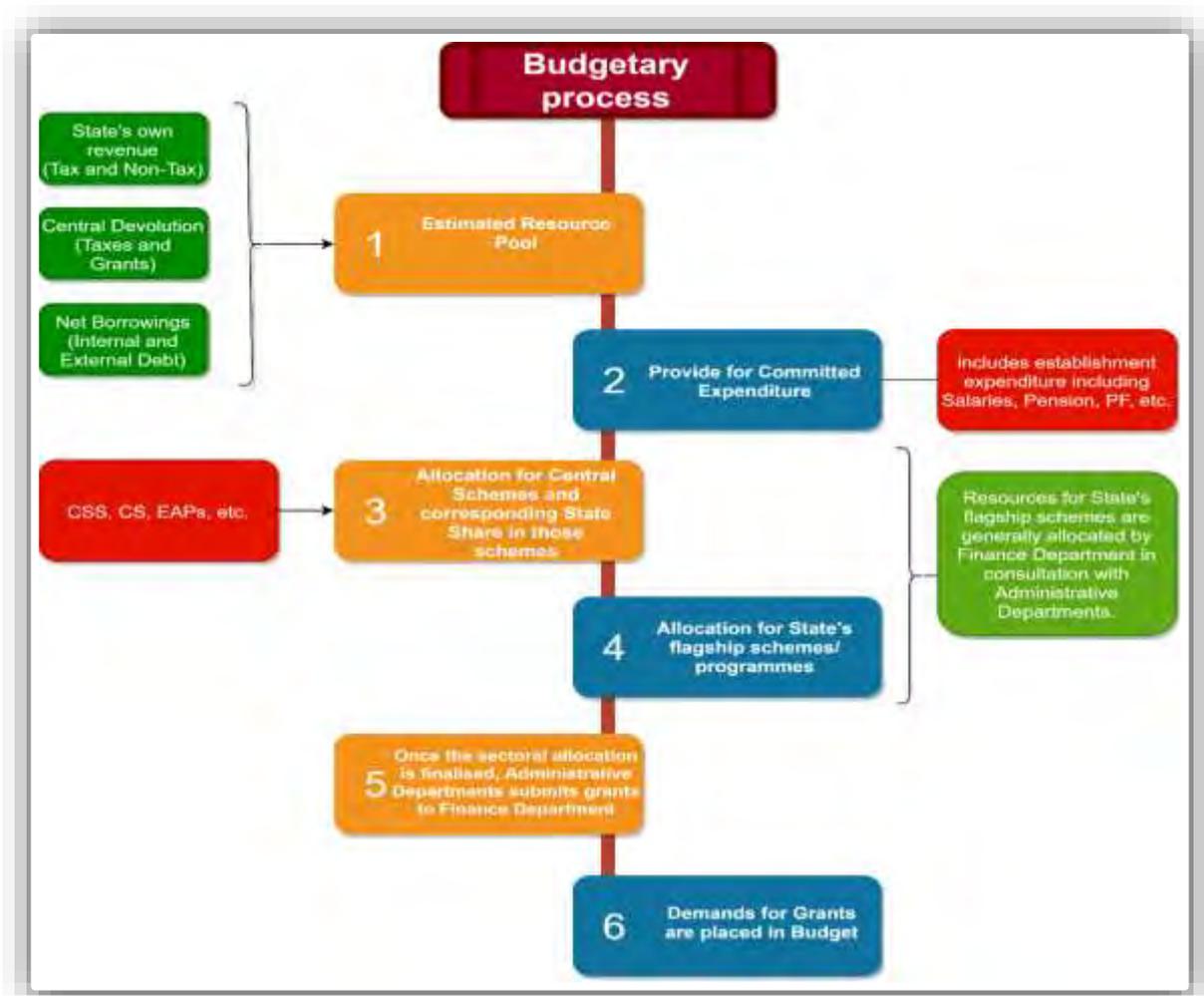
## Chapter 3 Budgetary Management

Effective financial management ensures that the 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 during 2020-21.

### 3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Budget glossary is given in **Appendix 3.1**. The Budget process commences with the issue of the Budget Circular, normally in September each year, providing guidance to the Departments in framing their estimates, for the next financial year. A typical budget preparation process in a State is given in **Chart 3.1** below:

Chart 3.1: Budget process



*CSS: Centrally Sponsored Schemes; CS: Central Schemes; EAPs: Externally Aided Projects*

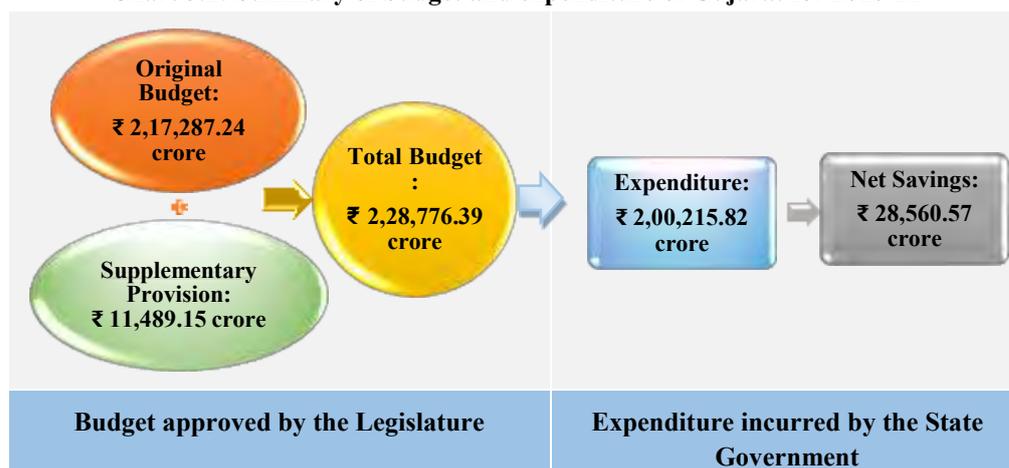
As per Gujarat Budget Manual, 1983, it is the responsibility of the Finance Department (FD) to prepare the annual statement of estimated receipts and expenditure and the supplementary estimates of expenditure for presentation to the Legislature. For such preparation, the FD shall obtain from the Administrative Departments concerned the material on which such estimates will be based. The Head of the Departments, based on material furnished by their subordinate officers, prepare the estimates for which they are responsible and forward it to the appropriate Administrative Department of the Secretariat by prescribed dates. The FD consolidates the estimates approved by the Government. The exercise requires utmost foresight both in estimating revenue and in anticipating expenditure. The estimate should be as close and accurate as possible. The provision to be included in respect of each item should be based upon what is expected to be actually paid or spent under proper sanction during the year, including arrears of the previous year and should not merely be confined to the liabilities pertaining to the year.

Legislative authorization is the sine qua non for incurring all expenditure by the State Government. Appropriation Bill is a Money Bill that allows the Government to withdraw funds from the Consolidated Fund of India to meet its expenses during a financial year. As per article 204 of the Constitution, the Government can withdraw money from the Consolidated Fund only after receiving approval from the Legislature. The Supplementary Statement of Expenditure, in accordance with Article 205 of the Constitution, includes Appropriation for (i) repayment to the Contingency Fund on account of advances authorised therefrom for incurring expenditure sanctioned by Government in anticipation of approval of the Legislature, (ii) Additional provision required for items already provided in the budget estimates for the current year, (iii) 'new expenditure' which requires specific approval of the Legislature, and (iv) adjustment in account for which provisions are necessary. After approval of Legislature, the supplementary Statement of Expenditure becomes the Supplementary Grant.

Apart from Supplementary Grant, re-appropriation can also be used to re-allocate funds within a Grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, and Capital-Charged) of the Grant or Appropriation.

As per Appropriation Accounts for the year 2020-21, total amounts approved by the State Legislature (both original and supplementary provisions), expenditure incurred and savings during 2020-21 are as depicted in **Chart 3.2** below:

Chart 3.2: Summary of budget and expenditure of Gujarat for 2020-21



The net savings of ₹ 28,560.57 crore were the result of gross savings of ₹ 30,279.09 crore in 173 out of 189 Grants/Appropriations, offset by excess of ₹ 1,718.52 crore in 6 out of 189 Grants/Appropriations during 2020-21.

### 3.1.1 Summary of total provisions, actual disbursements and savings during financial year

A summarised position of total budget provision, disbursements and savings/excesses with its further bifurcation into voted/charged during 2020-21, is as shown below:

Table 3.1: Budget provision, disbursements and savings/excess during 2020-21

(₹ in crore)

Nature	Total Budget provision		Disbursements		Saving	
	Voted	Charged	Voted	Charged	Voted	Charged
Total	1,85,996.74	42,779.65	1,57,721.70	42,494.12	28,275.04	285.53

Source: Appropriation Accounts of 2020-21

### 3.1.2 Charged and voted disbursements

Break-up of total disbursements into charged and voted items during 2020-21 and trend analysis of last five year (2016-21) is shown below:

Table 3.2: Budget disbursements and savings during 2016-21

(₹ in crore)

Year	Disbursements		Savings			
	Voted	Charged	Voted	Percentage	Charged	Percentage
2016-17	1,09,654.59	27,110.80	19,041.15	17.36	4,544.52	16.76
2017-18	1,28,110.06	32,953.02	19,301.35	15.07	2,606.88	7.91
2018-19	1,44,463.86	36,015.81	19,732.04	13.66	364.25	1.01
2019-20	1,48,754.75	39,524.20	25,852.54	17.38	139.73	0.35
2020-21	1,57,721.70	42,494.12	28,275.04	17.93	285.53	0.67

Source: Appropriation Accounts of respective years

As can be seen from the table above, budget disbursements under both voted and charged items are increasing. Similarly, savings under voted sections have also shown an increasing trend during the last five years.

An analysis of savings/excesses under different Grants has been given in **Paragraph 3.3**.

### 3.1.3 Gender budget

The United Nation’s Agenda 2030 of Sustainable Development Goals (SDGs) is a universal call for action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Among the 17 SDGs, Goal 5 is aimed to achieve gender equality and empower all women through ending all types of discrimination against women and girls. Gender equality is not only a basic human right, but it is also crucial for sustainable future. The State Government has already prepared “Gujarat Sustainable Vision 2030” document spanning 17 SDGs including gender equality. To bring out desired outcome for women empowerment and gender equality, the State Government has been implementing many Schemes for development of women and girl child. Since financial year 2014-15, the State Government has been publishing “Gender Budget” comprising women-specific financial allocations.

**Table 3.3** shows the details of allocations made by the State Government under gender budget during last five year (2016-21) whereas, **Chart 3.3** highlights the percentage of gender budget to total budget and GSDP during the same period.

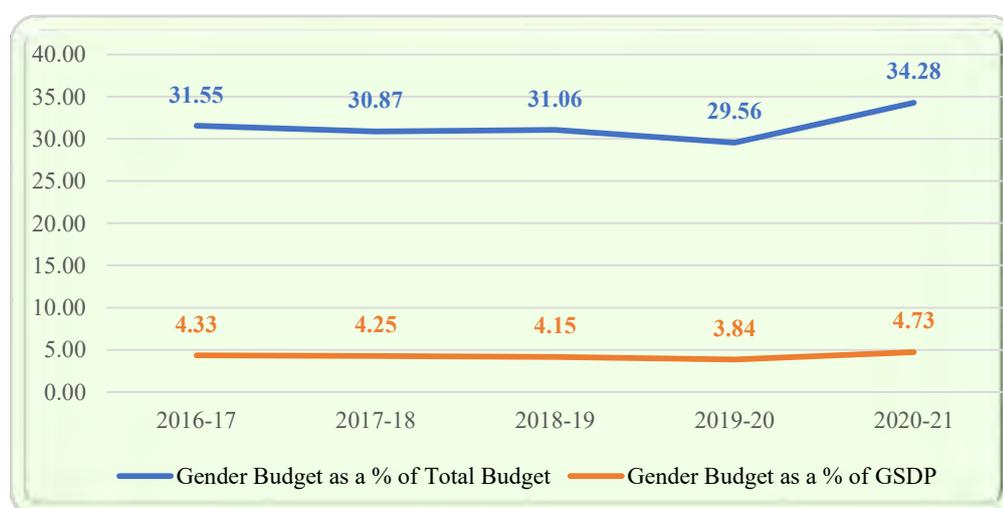
**Table 3.3: Allocation under gender budget during 2016-21**

(₹ in crore)

	2016-17	2017-18	2018-19	2019-20	2020-21
Gender Budget	50,584.57	56,491.89	62,302.93	63,341.07	78,418.48
Total Budget	1,60,351.05	1,82,971.32	2,00,575.97	2,14,271.22	2,28,776.39
GSDP	11,67,156	13,29,095	15,02,899	16,49,505	16,58,865

Source: Appropriation Accounts of respective years

**Chart 3.3: Gender budget as percentage of total budget and GSDP**



As can be seen, allocation under gender budget increased from ₹ 50,584.57 crore in 2016-17 to ₹ 78,418.48 crore in 2020-21. As a percentage of total budget, the share of gender budget increased from 29.56 *per cent* in 2019-20 to 34.28 *per cent* in 2020-21. Similarly, its share in GSDP also increased from 3.84 *per cent* in 2019-20 to 4.73 *per cent* in 2020-21.

The Gender Resource Centre under the Women and Child Development Department (WCD), Government of Gujarat is responsible for collating schemes implemented by different Departments in the Gender Budget document. The Gender Budget document has categorized schemes as A, B and C Categories.

- i. Category A - 100 *per cent* women-oriented schemes
- ii. Category B – Schemes having women-oriented component of 30-99 *per cent* of the provision
- iii. Category C - Other schemes with less than 30 *per cent* women-oriented component

Details of expenditure against provision is neither available in budget document nor any separate publication. The details of mapping of various schemes in Gender Budget with Budget estimates of different Departments were called for from the WCD Department. Necessary details were not provided to audit, in the absence of which, actual expenditure could not be confirmed.

WCD Department is required to take steps to monitor expenditure against each provision shown in Gender Budget.

## 3.2 Appropriation Accounts

Appropriation Accounts provide details of expenditure of the Government for the financial year, compared with the amounts of Grants Voted and Appropriations Charged for various purposes specified in the Schedules appended to Appropriation Act passed under Article 204 and 205 of the Constitution of India. 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 the 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.

### 3.3 Comments on integrity of budgetary and accounting process

#### 3.3.1 Expenditure incurred without authority of law

As per Gujarat Budget Manual, 1983, no expenditure can be incurred under any head without budget provision or in anticipation of a supplementary grant/appropriation or prior to provision of funds by re-appropriation.

Audit scrutiny revealed that in three cases, expenditure of more than ₹ one crore was incurred (totalling ₹ 8.11 crore) during 2020-21, without budget provision, as detailed in **Table 3.4**:

**Table 3.4: Summary of expenditure without budget provision during 2020-21**

(₹ in crore)			
Grant/ Appropriation	Description	Expenditure	Number of Schemes/ Sub-Heads
20	Repayment of Debt Pertaining to Finance Department and its servicing	8.11	03
<b>Total</b>		<b>8.11</b>	

Source: Appropriation Accounts of 2020-21

The heads of account where expenditure was incurred without budget provision during 2020-21 were as under:

**Table 3.5: Expenditure incurred without budget provision during 2020-21**

(₹ in crore)			
Sl. No.	Grant No. and Heads of Account where expenditure was incurred without budget provision		Expenditure without Provision
1	20-6004-01-102-01	Share of small savings collection	2.76
2	20-6004-02-104-01	State plan loans consolidated in terms of recommendation of 9 <sup>th</sup> finance commission	2.83
3	20-6004-07-102-01	National Loans scholarship scheme.	2.52

Source: Appropriation Accounts of 2020-21

Expenditure without budget provision is in violation of financial regulations as well as the will of Legislature. This is also indicative of lack of financial discipline in Government Departments.

#### 3.3.2 Unnecessary Supplementary provision

A Supplementary provision is an addition to the total original authorised provision and is obtained in the same way the original provision is obtained.

During 2020-21, Supplementary provisions (₹ 10 crore or more in each case) aggregating ₹ 356.06 crore were made in two sections of Grants, which proved unnecessary. Expenditure incurred in these two cases did not even reach the level of the original provision as detailed in **Table 3.6**:

**Table 3.6: Supplementary provision (₹ 10 crore or more in each case) proved unnecessary**

(₹ in crore)					
Sl. No	Number and name of the grant	Original provision	Actual expenditure	Savings out of original provision	Unnecessary supplementary provision
<b>Revenue – Voted</b>					
1	05-Co-operation	94.60	56.51	38.09	32.80
2	20-Repayment of Debt Pertaining to Finance Dept. and its servicing	2,534.09	2,262.61	271.48	323.26
	<b>Total</b>	<b>2,628.69</b>	<b>2,319.12</b>	<b>309.57</b>	<b>356.06</b>

Source: Appropriation Accounts of 2020-21

### 3.3.3 Unnecessary 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.

In 14 Sub-Heads, Re-appropriation of ₹ 111.60 crore proved unnecessary and resulted in savings of ₹ 97.62 crore (more than ₹ 10 lakh in each case), as detailed in **Appendix 3.2**.

Substantial savings of ₹ 97.62 crore, where re-appropriation was resorted to, reflects poorly on planning and monitoring of budget allocation and its utilisation by the State Government.

### 3.3.4 Unspent provisions and surrendered appropriations and/or large savings/surrenders

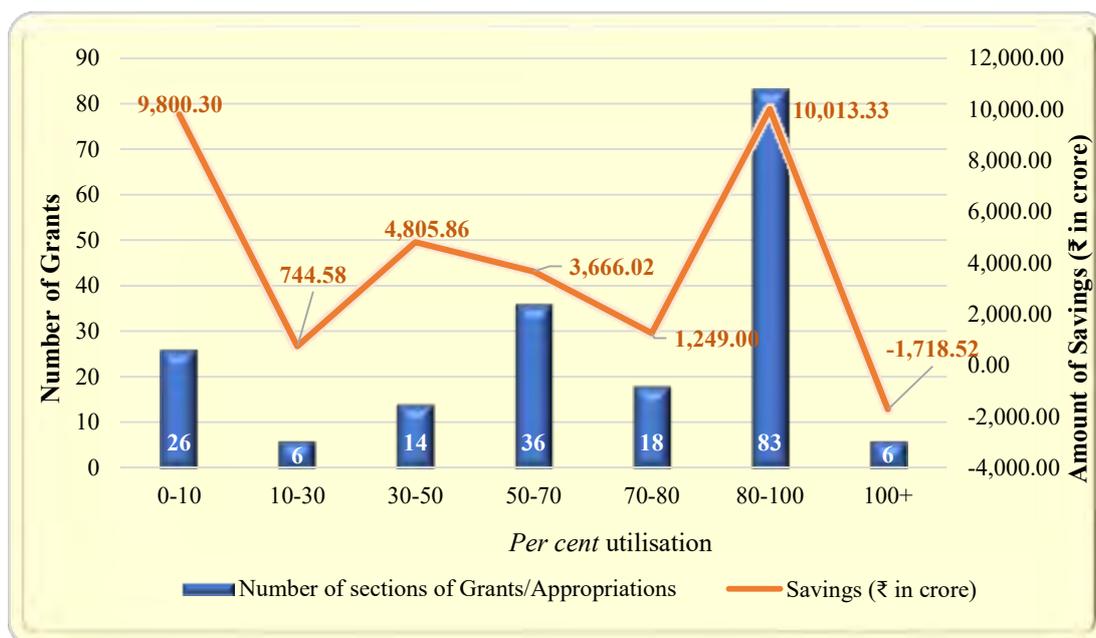
#### 3.3.4.1 Substantial savings due to low utilisation of budgetary provisions

There are 108 demands for Grants being operated by 27 Departments of Government of Gujarat, which translated into 189 Grants/Appropriations<sup>1</sup> during 2020-21.

There were overall gross savings of ₹ 30,279.09 crore in 173 out of 189 Grants/Appropriations during 2020-21, of which, 46 Grants/Appropriations showed utilisation of less than 50 *per cent* of the budget allocation. The distribution of Grants/Appropriations grouped by the extent of savings is as follows.

<sup>1</sup> Grant (Revenue Voted and Capital Voted); Appropriation (Revenue Charged and Capital Charged)

Chart 3.4: Section--wise utilisation of Grants/Appropriation



In 23 out of 189 Grants/Appropriations where budget allocation was more than ₹ one crore and budget utilisation was less than 50 per cent during 2020-21, Four Grants/Appropriations had demonstrated low utilisation consecutively during the last five years (2016-21) while five Grants/Appropriations had shown low utilisation in four of last five years (Table 3.7).

Table 3.7: Sections of Grants/Appropriations where budget utilisation was less than 50 per cent

Sl. No.	Section of Grant/Appropriation	2016-17	2017-18	2018-19	2019-20	2020-21	No. of Years <sup>2</sup>	Budget 2020-21	Total Budget (5 years)
		(in per cent)						(₹ in crore)	
1	0002-Agriculture Capital Voted	16.05	0.00	0.00	0.00	33.00	5	100.00	426.00
2	0006- Fisheries Capital Voted	11.57	35.90	9.34	0.50	5.95	5	150	979.25
3	0011-Energy and Petrochemical Dept. Revenue Voted	63.26	87.16	62.73	40.06	40.07	2	7.78	24.92
4	0019-Other Expenditure pertaining to Finance Dept. Revenue Voted	0.89	0.59	0.69	0.86	0.80	5	9594.23	34689.17
5	0021-Food, Civil Supplies and Consumer Affairs Dept. Revenue Voted	88.11	87.71	54.55	59.91	37.88	1	57.55	142.92
6	0034-Economic advice and Statistics. Revenue Voted	95.94	98.67	83.80	99.04	46.57	1	111.19	265.72
7	0048-Stationary and Printing. Capital Voted	96.67	76.73	99.65	98.88	0.00	1	2.66	16.48

<sup>2</sup> Number of years where utilisation of budget was below 50 per cent

Sl. No.	Section of Grant/Appropriation	2016-17	2017-18	2018-19	2019-20	2020-21	No. of Years <sup>2</sup>	Budget 2020-21	Total Budget (5 years)
		(in per cent)						(₹ in crore)	
8	0049- Industries Capital Voted	33.33	66.24	98.67	37.24	29.37	3	883.16	1757.82
9	0050- Mines and Minerals Capital Voted	49.02	39.22	100	0.00	0.00	4	7.81	22.62
10	0056-Labour and employment Deptt Revenue Voted	71.48	62.66	30.24	23.18	29.91	3	25.31	90.49
11	0057-Labour and Employment Capital Voted	27.84	45.71	15.16	16.45	9.11	5	72	198.40
12	0065-Narmada Development Scheme. Capital Voted	86.66	94.66	67.08	65.62	48.98	1	4599.99	14260.38
13	0071-Rural Housing and Rural Development Revenue Voted	85.87	72.78	47.51	41.73	49.43	3	2484.65	8781.82
14	0073-Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Deptt Capital Voted	66.11	21.45	1.42	0.00	0.00	4	1.31	10.21
15	0075-Other Expenditure pertaining to Ports and Transport Dept. Capital voted	02.44	100	39.84	75.17	13.04	3	20.01	704.46
16	0082-Other Expenditure pertaining to Revenue Dept. Revenue Voted	56.12	31.60	84.95	45.73	23.84	3	2.09	12.43
17	0084-Non-Residential Building Capital Voted	37.37	50.83	53.29	42.61	33.68	3	1372.21	5372.78
18	0084-Non-Residential Building Revenue Charged	72.87	81.97	54.40	27.00	43.08	2	1.27	05.01
19	0085-Residential Building Capital Voted	80.37	78.19	54.99	39.78	42.34	2	207.98	796.02
20	0088-Other Expenditure pertaining to Roads and Buildings dept. Capital Charged	0.00	0.00	41.11	97.78	0.00	4	5	10.27
21	0093-Welfare of Schedule Tribes Capital Voted	78.79	43.11	9.35	32.31	6.04	4	61.81	139.24
22	0096-Tribal Area Sub-Plan Revenue Charged	127.50	97.17	56.06	41.10	42.28	2	7.1	24.95
23	0106-Other Expenditure pertaining to Women and child Development Department - Capital Voted	44.56	25.25	38.36	99.59	10.12	4	93.06	261.99

Source: Appropriation Accounts of respective years

Further, of the overall savings of ₹ 30,279.09 crore in 173 out of 189 Grants/Appropriations during 2020-21, 97.69 per cent savings amounting

to ₹ 29,579.10 crore occurred in 59 Grants/Appropriations (₹ 50 crore and above in each case), as indicated in **Appendix 3.3**.

The situation warranted a close review by the State Government to enable initiation of expeditious corrective measures.

### 3.3.4.2 Substantial surrenders

As per paragraph 103 of Gujarat Budget Manual, 1983, the Controlling Officers should report all the anticipated savings with full details and reasons to the Administrative Departments.

In 53 out of 189 Grants/Appropriations, a major portion of original provision or supplementary provision was not required/used during the year, leading to substantial surrenders of more than ₹ 50 crore in each grant at the end of March 2021, as detailed in **Table 3.8**:

**Table 3.8: Details of surrender of funds more than ₹ 50 crore at the end of March 2021**

(₹ in crore)

Sr. No.	Grant No.	Original	Supp.	Total provision	Actual Expenditure	Savings (-) /Excess (+)	Amount Surrendered
1	0002-RV	3808.89	0	3808.89	3228.77	(-)580.12	579.37
2	0004-RV	885.44	0	885.44	725.45	(-)159.99	133.46
3	0006-RV	418.79	0	418.79	301.73	(-)117.06	117.06
4	0016-RV	349.12	0	349.12	258.72	(-)90.40	90.38
5	0018-RV	11,830.20	204.51	12,034.71	10,987.38	(-)1,047.33	1,054.05
6	0019-RV	9,594.23	0	9,594.23	76.67	(-)9,517.56	9,516.25
7	0022-RV	848.60	340.23	1,188.83	1,050.92	(-)137.91	65.85
8	0034-RV	111.19	0	111.19	51.78	(-)59.41	59.41
9	0040-RV	2,339.66	0	2,339.66	1,945.56	(-)394.10	358.58
10	0043-RV	5,833.40	0	5,833.40	5,079.84	(-)753.56	749.58
11	0050-RV	249.70	0	249.70	177.32	(-)72.38	72.37
12	0057-RV	996.51	0	996.51	760.82	(-)235.69	228.09
13	0060-RV	995.47	0	995.47	854.43	(-)141.04	130.87
14	0066-RV	1,343.52	0	1,343.52	1,145.27	(-)198.25	210.32
15	0070-RV	3,433.42	238.70	3,672.13	3,606.66	(-)65.47	65.43
16	0071-RV	2,484.66	0	2,484.66	1,228.15	(-)1,256.51	1,256.50
17	0072-RV	140.78	0	140.78	81.61	(-)59.17	59.17
18	0074-RV	633.19	0	633.19	539.02	(-)94.17	93.92
19	0077-RV	327.80	0	327.80	229.44	(-)98.36	93.34
20	0078-RV	599.35	0	599.35	482.00	(-)117.35	111.28
21	0079-RV	2,752.23	1,485.59	4,237.82	4,137.51	(-)100.31	97.61
22	0086-RV	3,532.87	0	3,532.87	3,343.65	(-)189.22	358.65
23	0092-RV	2,155.80	124.46	2,280.26	2,028.00	(-)252.26	246.83
24	0093-RV	553.39	0	553.39	472.86	(-)80.53	79.88
25	0095-RV	4,517.03	0	4,517.03	3,846.59	(-)670.44	652.34
26	0096-RV	9,110.46	0	9,110.46	7,601.75	(-)1,508.71	1,458.84
27	0098-RV	411.75	0	411.75	260.44	(-)151.31	172.75
28	0102-RV	9,666.11	0	9,666.11	8,018.99	(-)1,647.12	1,647.14

Sr. No.	Grant No.	Original	Supp.	Total provision	Actual Expenditure	Savings (-) /Excess (+)	Amount Surrendered
29	0106-RV	2,246.75	980.65	3,227.40	3,154.58	(-)72.82	72.23
30	0108-RV	951.82	0	951.82	607.19	(-)344.63	344.64
31	0002-CV	100.00	0	100.00	33.00	(-)67.00	67.00
32	0005-CV	98.68	64.80	163.48	86.19	(-)77.29	78.30
33	0006-CV	150.00	0	150.00	8.93	(-)141.07	141.07
34	0009-CV	552.78	0	552.78	301.40	(-)251.38	251.38
35	0013-CV	3,117.85	0	3,117.85	3,036.28	(-)81.57	69.96
36	0035-CV	1069.36	0	1069.36	697.62	(-)371.74	366.40
37	0039-CV	850.48	0	850.48	684.00	(-)166.48	165.11
38	0046-CV	832.09	0	832.09	517.00	(-)315.09	315.09
39	0049-CV	883.16	0	883.16	259.35	(-)623.81	623.81
40	0051-CV	438.00	0	438.00	291.20	(-)146.80	146.80
41	0057-CV	72.00	0	72.00	6.56	(-)65.44	65.44
42	0065-CV	4,600.00	0	4,600.00	2,253.09	(-)2,346.91	2,348.92
43	0066-CV	4,317.20	0	4,317.20	2,857.11	(-)1,460.09	1,456.85
44	0067-CV	3,190.00	0	3,190.00	2,967.34	(-)222.66	222.66
45	0074-CV	524.26	0	524.26	470.66	(-)53.60	53.59
46	0084-CV	1,372.22	0	1,372.21	462.19	(-)910.02	893.44
47	0085-CV	207.98	0	207.98	88.07	(-)119.91	117.13
48	0087-CV	304.33	0	304.33	175.63	(-)128.70	128.66
49	0092-CV	618.56	0	618.56	524.21	(-)94.35	94.35
50	0093-CV	61.82	0	61.82	3.74	(-)58.08	58.08
51	0095-CV	876.09	0	876.09	663.01	(-)213.08	228.59
52	0096-CV	4,375.51	0	4,375.51	3,788.06	(-)587.45	700.31
53	0106-CV	93.06	0	93.06	9.42	(-)83.64	83.64
<b>Total</b>		<b>1,11,827.56</b>	<b>3,438.94</b>	<b>1,15,266.50</b>	<b>86,467.16</b>	<b>(-)28,799.34</b>	<b>28,852.77</b>

Source: Appropriation Accounts of 2020-21; RV: Revenue voted; RC: Revenue Charged; CV: Capital Voted

Further, supplementary provisions of ₹ 393.77 crore made under three out of 53 grants/appropriations proved unnecessary, as ₹ 1,379.17 crore was surrendered from these three grants/appropriations.

Budget provisions sought and obtained by some Departments far more than actual requirement and their inability to utilise the same deprives allocation of resources to other priority sectors and leads to poor Legislative control over public finances.

### 3.3.5 Excess expenditure and its regularisation

As per Article 205 of the Constitution of India, no money shall be drawn from the Consolidated Fund except under appropriation made by Law by the State Legislature.

### 3.3.5.1 Excess expenditure during the year 2020-21

During 2020-21, there was an excess expenditure of ₹ 1,718.52 crore in Six Grants/Appropriations requiring regularisation by the State Legislature (Table 3.9).

Table 3.9: Excess expenditure over provision during 2020-21 requiring regularisation  
(₹ in crore)

Grant No.	Name of Grant	Total Grant	Actual Expenditure	Excess Expenditure
<b>Revenue Voted</b>				
9	Education	30,214.37	31,433.04	1,218.67
73	Other Expenditure Pertaining to Panchayats, Rural Housing and Rural Development Department	856.17	1,352.62	496.45
<b>Capital Charged</b>				
20	Repayment of Debt pertaining to Finance Department and its Servicing	17,919.27	17,922.45	3.18
66	Irrigation and soil Conservation	120.00	120.17	0.17
96	Tribal Area Sub-plan	0.60	0.62	0.02
<b>Capital Voted</b>				
88	Other Expenditure Pertaining to Roads and Building Department	3.72	3.75	0.03
<b>Total</b>		<b>49,114.13</b>	<b>50,832.65</b>	<b>1,718.52</b>

Source: Appropriation Accounts of 2020-21

Excess expenditure over provision vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

### 3.3.5.2 Persistent excess in certain Grants

Persistent excess expenditure indicates that the budgetary control by the Departments is ineffective and budget estimates are not being prepared realistically. Such repeated excess expenditure is in violation of the will of the State Legislature. Strictly, not a Rupee can be spent without prior Legislative authorisation and therefore, this needs to be viewed seriously. Further, the Public Accounts Committee had also recommended minimising the cases of excesses.

Audit, however, observed persistent excess in Grant No. 73 (Revenue Voted) since 2012-13 onwards. The excess during the last five year (2016-21), due to improper estimations at the time of budget preparation, as detailed in Table 3.10:

Table 3.10: Persistent excess

(₹ in crore)

Sl. No.	Description of Grant/Appropriation	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Grant No. 73 – Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department (Revenue Voted)					
	Grant	774.82	800.15	703.07	790.19	856.17
	Expenditure	897.06	1,127.87	1,463.84	1,347.89	1,352.62
	Excess	122.24	327.72	760.77	557.70	496.45

Source: Appropriation Accounts of respective years

The excess was observed under the Sub-Head ‘Superannuation and Retirement Allowances to Panchayat Employees’, ‘Gratuities to Panchayat Employees’ and ‘Family Pension to Panchayat Employees’.

The State Government needs to maintain a robust database of Panchayat employees due for superannuation, to estimate the retirement benefits accurately.

### 3.3.5.3 Regularisation of excess expenditure of previous financial years

The excess expenditure of ₹ 9,137.23 crore incurred during the period 2007-08 to 2011-12 and 2013-14 to 2019-20 was yet to be regularised by the State Legislature. The details of excess expenditure of previous financial years requiring regularisation are shown in **Appendix 3.4**.

### 3.3.6 Grants-in-aid for creation of capital assets

Indian Government Accounting Standards (IGAS)-2 prescribes that Grants-in-aid/Subsidy disbursed by a grantor shall be classified and accounted for as revenue expenditure in the financial statements of the grantor irrespective of the purpose for which the funds disbursed as subsidy are to be spent by the grantee.

Only in cases specifically authorised by the President of India on advice of the Comptroller and Auditor General of India can these be debited to a Capital Head of Account in the financial statements of the Government. Further, Rule 30(1) of Government Accounting Rules, 1990 prescribes that expenditure of a capital nature to be classified in capital section shall broadly be defined as expenditure incurred with the objective of increasing physical assets of a material and permanent character. Also, the assumptions underlying the fiscal indicators for the Gujarat Fiscal Responsibility Rules, 2006 stipulate inclusion of ‘major subsidies’ as expenditure on revenue account.

During 2020-21, State Government disbursed ₹ 36.38 crore as subsidy to one Department under Capital Head of Account instead of classifying it as revenue expenditure under Revenue Head, in violation of IGAS-2. This is detailed in the **Table 3.11**.

**Table 3.11: Misclassification of subsidy under Capital Head during 2020-21**

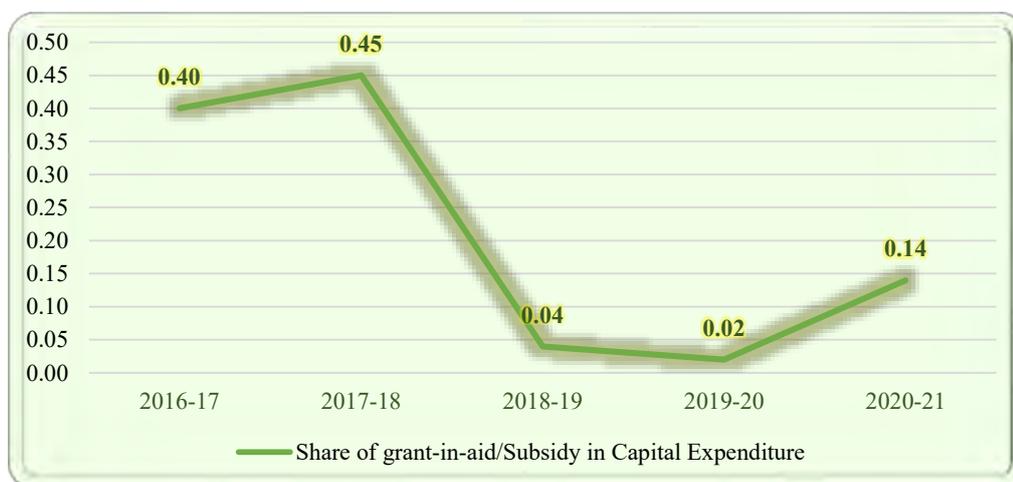
(₹ in crore)		
Sl. No.	Classification –Major Head	Subsidy
1.	4435- Capital outlay on other Agricultural Programmes	36.38
<b>Total</b>		<b>36.38</b>

Source: Finance Accounts of 2020-21

**Table 3.12: Extent of misclassification of GIA/subsidy as capital expenditure during 2016-21**

(₹ in crore)					
Sl. No.	2016-17	2017-18	2018-19	2019-20	2020-21
GIA/Subsidy booked as Capital Expenditure	89.66	119.38	10.92	4.83	36.38 <sup>3</sup>
Total Capital Expenditure	22,355.39	26,313.20	28,061.90	25,650.61	26,780.46
Share of GIA/Subsidy in Capital Expenditure (In per cent)	0.40	0.45	0.04	0.02	0.14
Overstatement of Revenue Surplus (+)/Understatement of Revenue Deficit had expenditure from GIA/Subsidy been treated as Revenue Expenditure	(+) 89.66	(+)119.38	(+) 10.92	(+) 4.83	(-)36.38

Source: Appropriation Accounts of respective years

**Chart 3.5: Share of GIA/Subsidy in capital expenditure**

As can be seen from the chart above, the share of GIA in capital expenditure which showed decreasing trend in last two years, has increased in 2020-21.

### 3.4 Comments on Transparency of Budgetary and Accounting Process

#### 3.4.1 Lump sum budgetary provisions

The Gujarat Budget Manual, 1983 prohibits lump sum provision in estimates except in cases where urgent measures are to be initiated for meeting emergent situations or for meeting preliminary expenses on a project/scheme which has been accepted in-principle for being taken up in the financial year. Detailed

<sup>3</sup> It is subsidy amount

explanation justifying the provision is required to be given in the Budget Note accompanying the lump sum estimates. Lump sum provision without identifying the exact object of expenditure affects transparency.

In case of Grant No. 19, it was observed that the FD has been allocating a lump sum budget provision every year from 2012-13 onwards under Major Head 2075 – ‘Liability on Account of Increase in Rate of Dearness Allowance’. However, the same was surrendered by the FD in the month of March every year, as detailed in **Table 3.13**:

**Table 3.13: Lump sum provision surrendered completely**

(₹ in crore)

Year	Grant no.	Details of Head	Amount	Surrender/ Re Appropriation
2012-13	19	2075.00.001.01	2,500.00	2,500.00
2013-14	19	2075.00.001.01	3,000.00	3,000.00
2014-15	19	2075.00.001.01	3,500.00	3,500.00
2015-16	19	2075.00.001.01	3,500.00	3,500.00
2016-17	19	2075.00.001.01	4,500.00	4,500.00
2017-18	19	2075.00.001.01	6,000.00	6,000.00
2018-19	19	2075.00.001.01	7,000.00	7,000.00
2019-20	19	2075.00.001.01	7,500.00	7,500.00
2020-21	19	2075.00.001.01	8,000.00	8,000.00

Source: Appropriation Accounts of respective years

The action of FD was not in consonance with paragraph 38 of Gujarat Budget Manual, 1983 which provides that such provisions were to be made by the respective Departments in their budget estimates.

### 3.5 Comments on Effectiveness of Budgetary and Accounting Process

#### 3.5.1 Budget projection and gap between expectation and actual

The summarised position of budget including supplementary budget, actual expenditure, and excess/savings during 2020-21 against 189 Grants/Appropriations is given in **Table 3.14**.

**Table 3.14: Summarised position of expenditure vis-à-vis budget provision****(₹ in crore)**

Voted/Charged	Nature of expenditure	Budget (Original)	Budget (Supp)	Total Budget (O+S)	Actual Expenditure	Net Excess/Saving (-)	Excess/Saving %
<b>Voted</b>	Revenue	1,40,283.48	8,532.36	1,48,815.84	1,29,369.29	(-)19,446.55	(-)13.07
	Capital	33,657.40	2,279.67	35,937.07	27,118.98	(-)8,818.09	(-)24.54
	Loans and Advances	1,218.83	25.00	1,243.83	1,233.43	(-)10.40	(-)0.84
	<b>Total Voted</b>	<b>1,75,159.71</b>	<b>10,837.03</b>	<b>1,85,996.74</b>	<b>1,57,721.70</b>	<b>(-)28,275.04</b>	<b>(-)15.20</b>
<b>Charged</b>	Revenue	24,126.98	591.91	24,718.89	24,436.54	(-)282.35	(-)1.14
	Capital	115.85	25.63	141.48	135.13	(-)6.35	(-)4.49
	Public Debt	17,884.70	34.58	17,919.28	17,922.45	3.17	0.02
	<b>Total Charged</b>	<b>42,127.53</b>	<b>652.12</b>	<b>42779.65</b>	<b>42,494.12</b>	<b>(-)285.53</b>	<b>(-)0.67</b>
<b>Grand Total</b>		<b>2,17,287.24</b>	<b>11,489.15</b>	<b>2,28,776.39</b>	<b>2,00,215.82</b>	<b>(-)28,560.57</b>	<b>(-)12.48</b>

Source: Appropriation Accounts of 2020-21

**Table 3.15: Original budget, revised estimates, and actual expenditure during 2016-21****(₹ in crore)**

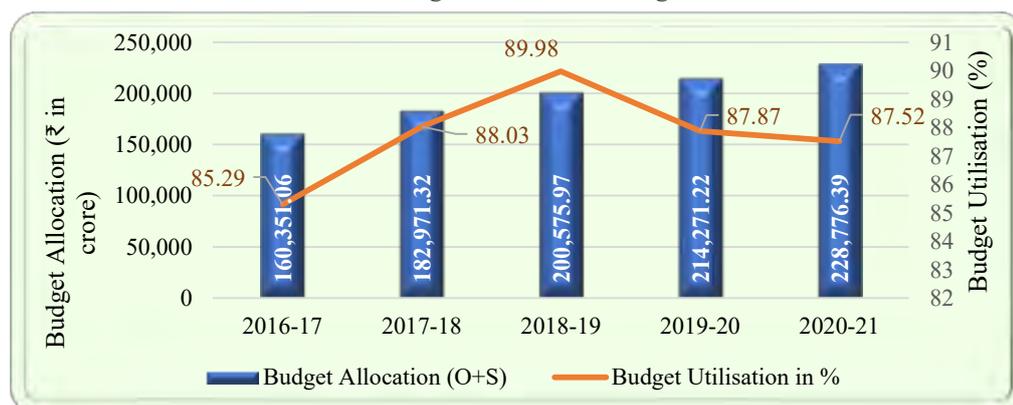
	2016-17	2017-18	2018-19	2019-20	2020-21
Original Budget	1,51,851.93	1,72,179.24	1,83,666.38	2,04,815.00	2,17,287.24
Supplementary Budget	8,499.13	10,792.08	16,909.59	9,456.22	11,489.15
Total Budget (Original + Supplementary)	1,60,351.06	1,82,971.32	2,00,575.97	2,14,271.22	2,28,776.39
Actual Expenditure	1,36,765.39	1,61,063.09	1,80,479.68	1,88,278.95	2,00,215.82
Net Saving /excess	(-)23,585.67	(-) 21,908.23	(-) 20,096.29	(-) 25,992.27	(-)28,560.57
Percentage of Saving	(-)14.71	(-)11.97	(-)10.02	(-) 12.13	(-)12.48

Source: Appropriation Accounts of the respective years

As can be seen from the **Table 3.15**, there was an overall saving of 12.48 per cent during 2020-21 as compared to 12.13 per cent during 2019-20.

### 3.5.1.1 Sub-optimal utilisation of budgeted funds

Utilisation of budget by the State Government has been sub-optimal every year during the last five years. The extent of utilisation of budget during the last five years (2016-21) is shown in **Chart 3.6**:

**Chart 3.6: Budget utilisation during 2016-21**

As may be seen from the **Chart 3.6**, the utilisation of budget provision by State Government remained between 85.29 and 89.98 *per cent* during the last five years. Large amounts of savings in allocated funds indicate both, inaccurate assessments of requirement as well as inadequate capacity to utilise the funds for intended purposes.

### 3.5.1.2 Missing/incomplete explanations for variations from budgeted provisions

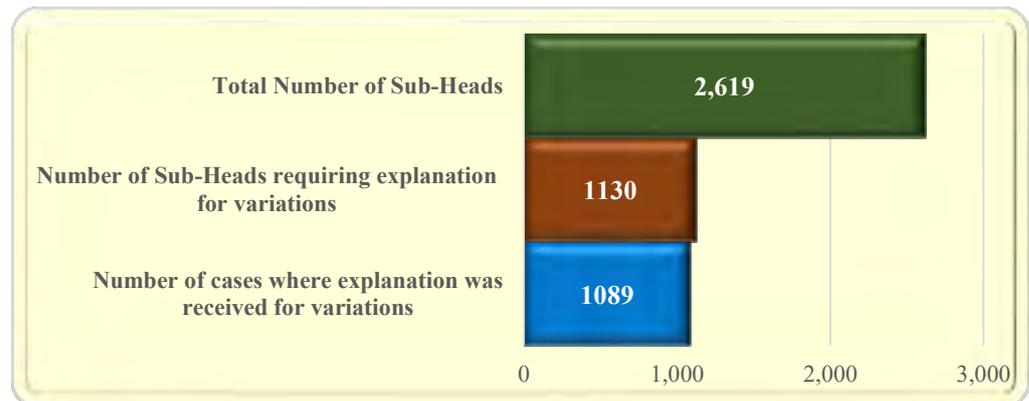
Apart from showing the expenditure against the approved budget, Appropriation Accounts also contain explanations provided by the concerned Departments for cases where the expenditure varies significantly from the budgeted provision (Original plus Supplementary). The limits beyond which such variations at the Sub-Head levels (unit of appropriation) are to be explained by the concerned Departments, are set by the State Public Accounts Committee (PAC).

The Principal Accountant General (A&E) provides the draft Appropriation Accounts to the Controlling Officers of the Departments and seeks the reasons/explanations for the variations in expenditure with reference to approved budgetary allocations as per the limits set by the PAC. The limits set by the PAC in October 1994 are shown in **Appendix 3.5**.

Of the 189 Grants/ Appropriations<sup>4</sup>, reasons for variation were required in respect of 166 Grants/Appropriations. Audit of Appropriation Accounts of 2020-21 and an analysis of the underlying accounting data revealed that the Controlling Officers did not provide explanations for the variations in expenditure *vis-à-vis* budgeted allocations in respect of 14 out of 166 Grants/Appropriations. In terms of Sub-heads, explanations for variations were not provided in 41 out of 1,130 sub-heads.

The total number of Sub-Heads, number of Sub-Heads requiring explanation for variations and the number of Sub-Heads where explanations were received are shown in **Chart 3.7**. The relevant details in this regard are indicated in **Appendix 3.6**.

**Chart 3.7: Summary of unexplained variations *vis-à-vis* budget allocation**



<sup>4</sup> Grant (Revenue Voted, Capital Voted), Appropriations (Revenue Charged, Capital Charged)

Absence of explanation for variation between the budgeted allocation and its utilisation inhibits Legislative control over budget as a means of ensuring financial accountability of the Government.

### 3.5.1.3 Budgetary deviations at primary unit of appropriation

Sub-Head is the primary unit of appropriation, and the Appropriation Accounts accordingly bring out instances of deviations of expenditure from budgetary provisions at Sub-Head level, as per the criteria specified by the PAC.

As detailed in **Chart 3.7** above, there are 2,619 such units of appropriation in the Appropriation Accounts of the State. The distribution of Sub-Heads by size and total budgetary allocation is given in **Table 3.16**.

**Table 3.16: Distribution of Sub-Heads by size and total budgetary allocation**

Budget Allocation (in ₹)	Number of Sub-Heads	Share of Sub-Heads (per cent)	Total Budget (₹ in crore)	Share of Sub-heads in Budget (per cent)
Less than 15 lakh	424	16.19	12.59	0.01
15 lakh - 50 lakh	238	9.09	66.62	0.03
50 lakh - 1 crore	160	6.11	110.02	0.05
1 crore - 10 crore	757	28.90	2,826.29	1.23
10 crore - 100 crore	727	27.76	25,635.12	11.20
100 crore and above	313	11.95	2,00,125.75	87.48
<b>TOTAL</b>	<b>2,619</b>	<b>100</b>	<b>2,28,776.39</b>	<b>100</b>

Source: Appropriation Accounts of 2020-21

As can be seen from **Table 3.16**, around 12 *per cent* of the Sub-Heads account for 87.48 *per cent* of the total budgetary allocation while 16.19 *per cent* Sub-Heads account for merely 0.01 *per cent* of the total allocation. There is, thus, a need for rationalisation of unit of appropriation, both in terms of number of Heads and size of Heads, to increase Legislative control as well as make budget administration easier.

### 3.5.2 Budget and opportunity cost

At times, while obtaining original/supplementary provision, Departments report to Legislature large additional requirements for different purposes under various Schemes/activities; but finally end up spending less than the original budget provision and the supplementary provision or parts thereof. As a result, the unutilised funds cannot be made use of. At the same time, several Schemes remain incomplete for want of funds. Thus, the intended benefits of unfinished Schemes do not get extended to the public at large. This also leads to escalation in project costs.

However, in 25 schemes under capital section (**Appendix 3.7**), it was observed that concerned Departments could not utilise more than 50 *per cent* of the original provision (₹ 50 crore or more), leading to savings of ₹ 5,130 crore at the end of the year in these 25 schemes.

It was further observed from Appendix IX of Finance Accounts, Volume-II for the year 2020-21 that the Roads and Buildings Department and the Water Resources Department had 158 incomplete capital projects (estimated cost: ₹ 9,827.32 crore) with a progressive expenditure of ₹ 6,928.97 crore up to 31 March 2021. These projects were targeted to be completed between November 2015 and July 2021. Had there been proper planning, unutilised funds of ₹ 5,130 crore from 25 Schemes (**Appendix 3.7**) could have been allocated to other schemes/projects facing shortage of funds.

### 3.5.3 Major policy pronouncements in budget and their actual funding for ensuring implementation

Several policy initiatives taken up by the State Government are either partially executed or not executed due to non-approval of Scheme guidelines/modalities, for want of administrative sanction, non-release of budget *etc.* This not only deprives the beneficiaries of the intended benefits; savings in such Schemes also divest other Departments of the funds which they could have utilised.

Appendix XI, Volume-II of Finance Accounts, for the year 2020-21 gives the details of major policy decisions taken during the year or new Schemes proposed in the budget. During 2020-21, 26 new Schemes/major policy pronouncements were made by the State Government. Audit observed that all the 26 Schemes were implemented during the year.

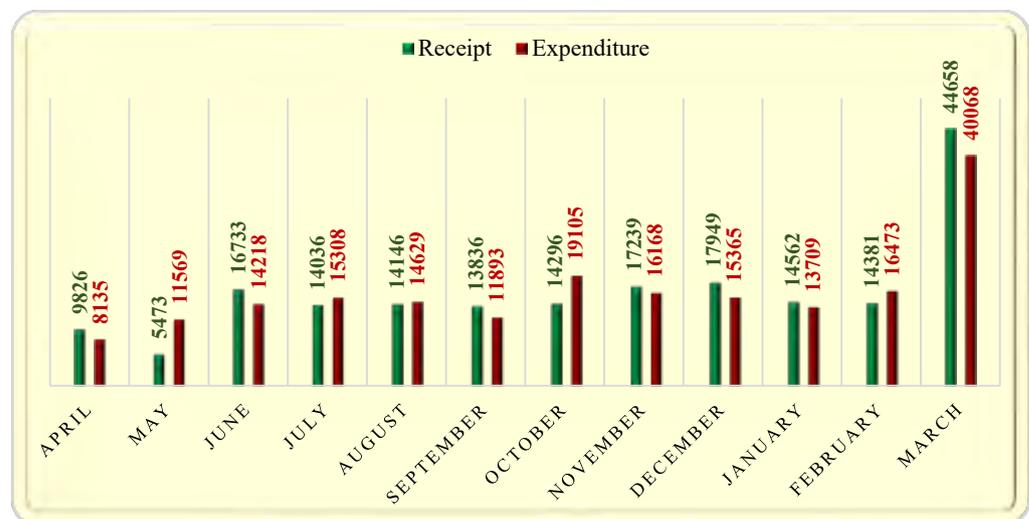
### 3.5.4 Rush of expenditure

As per Gujarat Budget Manual, 1983, rush of expenditure, particularly in the closing months of the financial year, is a breach of financial propriety.

Monthly flow of receipts into the State exchequer and disbursements during 2020-21 are shown in **Chart 3.8**.

**Chart 3.8: Monthly receipts and expenditure during 2020-21**

(₹ in crore)



(Expenditure figures are net of recoveries)

As may be seen from the **Chart 3.8**, receipts and expenditure in March were more than double that of other months during the financial year 2020-21.

Major Heads where more than 50 *per cent* of the total expenditure (more than ₹ one crore in each case) was incurred in March 2021 alone are detailed in **Table 3.17**:

**Table 3.17: Quantum of expenditure in March 2021**

(₹ in crore)

Major Head	Description	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total expr.	Expr. in March	Expr. in March as % of total expr.
2075	Miscellaneous General Services	0.03	0.18	4.09	25.00	29.30	22.92	78.23
2810	New and Renewable Energy	5.62	37.33	39.89	193.80	276.64	180.33	65.19
3051	Ports and Light Houses	9.50	0.00	0.00	24.71	34.21	24.71	72.23
3604	Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	2.29	18.04	40.47	328.78	389.58	320.66	82.31
4055	Capital Outlay on Police	6.67	60.78	33.92	127.12	228.49	121.03	52.97
4250	Capital Outlay on Other Social Services	27.97	38.80	61.47	292.00	420.24	227.13	54.05
4435	Capital Outlay on Other Agricultural Programmes	0.00	0.00	0.40	60.79	61.19	54.23	88.63
4515	Capital Outlay on other Rural Development Programmes	-1.25	114.11	242.50	579.40	934.76	504.31	53.95
4810	Capital Outlay on New and Renewable Energy	0.00	58.33	0.00	291.67	350.00	291.67	83.33
5053	Capital Outlay on Civil Aviation	0.00	7.09	5.75	40.44	53.28	39.72	74.55
5055	Capital outlay on Road and Transport	0.00	79.55	17.32	372.13	469.00	361.74	77.13
6216	Loans for housing	0.00	0.00	0.45	2.26	2.71	2.26	83.33
7055	Loans for Road Transport	0.00	0.00	32.24	69.76	102.00	66.18	64.88
7615	Miscellaneous loans	0.00	0.00	0.00	45.23	45.23	32.87	72.67
	<b>Total</b>	<b>50.83</b>	<b>414.21</b>	<b>478.50</b>	<b>2453.09</b>	<b>3396.63</b>	<b>2249.76</b>	

Source: Information provided by O/o the PAG (A&E)

Thus, contrary to the spirit of financial regulation, a substantial expenditure was incurred by the State Government at the end of the financial year, indicating inadequate control over expenditure and poor budgetary management.

Further, out of the expenditure of ₹ 43,396.06 crore incurred under 1,914 Sub-Heads in March 2021, under 126 Sub-Heads 100 *per cent* expenditure (₹ 4,784.34 crore) was incurred in March 2021 only. The details of 16 Sub-Heads (out of 126) where expenditure of ₹ 10 crore or more was incurred in March 2021, are depicted in **Appendix 3.8**.

Moreover, in case of expenditure done by Departments with respect to Grants placed at their disposal, it was observed that in 10 out of 108 Grants, more than

50 per cent of the total expenditure was incurred in March as shown in **Table 3.18**.

**Table 3.18: Grants with more than 50 per cent expenditure in March (Descending order of percentage)**

(₹ in crore)

Sr. No	Grant No.	Description	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total	Expenditure in March	Expenditure in March as percentage of total expenditure
1	0028	Other Expenditure Pertaining to Forest and Environment Department	0.00	0.00	0.00	0.09	0.09	0.09	100.00
2	0081	Compensation and Assignment	0.28	8.28	17.54	274.62	300.72	274.42	91.26
3	0010	Other expenditure Pertaining to Education Department	0.17	0.41	0.45	45.93	46.96	33.20	70.70
4	0041	Other expenditure Pertaining to Health and family Welfare Dept.	0.00	0.01	0.05	0.35	0.41	0.28	68.29
5	0075	Other expenditure Pertaining to Ports and transport Deptt	9.95	3.09	0.47	25.27	38.78	24.96	64.36
6	0055	Other expenditure Pertaining to Information and Broadcasting Deptt	0.00	3.18	0.50	5.90	9.58	5.90	61.57
7	0101	Urban Housing	0.09	149.08	60.07	886.35	1095.59	659.58	60.20
8	0072	Compensation and Assignment	2.29	7.21	18.59	53.30	81.39	45.63	56.07
9	0035	Other expenditure Pertaining to General Administration Deptt	2.99	96.73	184.87	434.74	719.33	381.03	52.97
10	0071	Rural Housing and Rural Development	302.10	249.28	246.10	883.90	1681.38	861.53	51.24

Source: Information provided by O/o the PAG (A&E)

### 3.5.4.1 Departments registering more than 25 per cent expenditure in March

In 11 Departments<sup>5</sup> more than 25 per cent of the total expenditure was incurred in March 2021. Details of two Departments with Major expenditure are shown in **Charts 3.9 and 3.10**. The details of month wise expenditure in respect of all 11 Departments are shown in **Appendix 3.9**.

<sup>5</sup> Energy and Petrochemical; General Administration; Industries and Mines; Panchayats, Rural Housing and Rural Development; Ports and Transport; Roads and Buildings; Science and Technology; Social Justice and Empowerment; Sports, Youth and Cultural Activities; Tribal Development; and Urban Development and Urban Housing

**Chart 3.9: Month wise expenditure of Energy and Petrochemical Department**

Source: Information provided by O/o the PAG (A&E)

**Chart 3.10: Month wise expenditure of Tribal Development Department**

Source: Information provided by O/o the PAG (A&E)

### 3.6 Review of Selected Grants

The Gujarat Budget Manual, 1983 provides that 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 duties and responsibilities of the authorities include preparing the estimates in time and accurately and to ensure that the Grants placed at the disposal is spent only on the objects for which it has been provided and to surrender the savings if no longer required.

With a view to ascertaining how far the authorities were adhering to these instructions, Audit test-checked the records of the Administrative Departments/Controlling Officers operating Grant No. 9 (Education) under Education Department and Grant No. 86 (Roads and Bridges) under Roads and Buildings Department for a period of three years from 2018-19 to 2020-21. The audit findings are discussed in the succeeding paragraphs.

### 3.6.1 Review of Grant No 9 Education

Education department looks after primary education, continuous education, literacy education, secondary education, higher education, technical education, pharmacy education etc. The budgetary allocation and expenditure incurred under revenue and capital heads of Grant No 09 during 2018-21 is given in **Table 3.19** below:

**Table 3.19: Budgetary provision and expenditure under Grant No 09 during 2018-21**

(₹ in crore)

Year	Budgetary Provisions			Expenditure	Excess (+)/ Savings (-)	Percentage of Deviation
	Original	Supple- mentary	Total			
<b>Revenue Voted</b>						
2018-19	24173.40	3218.41	27391.81	28825.92	(+)1434.11	(+)5.24
2019-20	26900.03	1948.47	28848.50	29463.91	(+)615.41	(+)2.13
2020-21	28744.47	1469.90	30214.37	31433.04	(+)1218.67	(+)4.03
<b>Revenue Charged</b>						
2018-19	244.00	32.70	276.70	276.70	00	0.00
2019-20	248.26	0.50	248.76	248.76	00	0.00
2020-21	245.41	8.48	253.89	253.89	00	0.00
<b>Capital Voted</b>						
2018-19	798.43	0	798.43	446.70	(-)351.73	(-)44.05
2019-20	579.98	0	579.98	229.37	(-)350.61	(-)60.45
2020-21	552.78	0	552.78	301.40	(-)251.38	(-)45.48

Source: - Appropriation Accounts for respective years

It can be seen from the above table that the budget provisions under capital section could not be utilised by the Department during 2018-21 leaving unutilised provisions ranging between 44.05 to 60.45 *per cent*. Further, though the Department obtained Supplementary Grant under Revenue Voted Section, it incurred excess expenditure over the total budget provision during 2018-21. Reason of excess expenditure was not furnished to Audit by the Department.

The observations relating to audit scrutiny of Grant No. 9: Education are discussed in succeeding paragraphs.

#### 3.6.1.1 Implementation of new items/initiatives included in Budget

Audit observed that various new items/initiatives announced during the budget were not implemented and remained unfulfilled, as detailed in **Table 3.20** below:

Table 3.20: Implementation of new items

(₹ in lakh)

Budget head	Description of Item	Recurring	Non-Recurring	Total	Reasons for non-implementation
<b>2018-19</b>					
2202-02-110-01	Digitization of Service book of employee of Non-Government Granted Secondary and higher Secondary Schools	2256.00	264.00	2520.00	Administrative Approval not received
2202-02-110-01	Start three Self-Finance Sainik Schools on Public-Private Partner Mode	405.00	-	405.00	Applications by 47 private entities were submitted. Approval was not received from the Government.
2202-03-102-09	Teaching posts at Indian Institute of Teacher Education, Gandhinagar	100.00	-	100.00	Due to ban on recruitment by UGC
<b>2019-20</b>					
2202-02-109-01	CCTV cameras for Govt Secondary and Higher Secondary Schools	-	109.35	109.35	Due to non-completion of work within stipulated time
2202-03-103-01	Purchase of CCTV system in Govt. Colleges	-	765.00	765.00	As per GR of Education Department, ₹ 418.82 lakh has been parked with Knowledge Consortium of Gujarat and remaining grant has been surrendered.
2202-03-103-01	NAAC accreditation reforms for Government Colleges	-	560.00	560.00	Not implemented due to administrative reasons.
2202-80-001-01	Purchase furniture and equipment at office of Commissioner of Higher Education and for office renovation	-	263.08	263.08	Work not completed (November 2021).
2202-80-003-05	Create establishment for DIET	63.73	-	63.73	No expenditure was incurred due to administrative reasons.
2203-00-001-01	Start 1- central and 3- local Hi-tech laboratory to support Engineering Design and Entrepreneurship	-	900.00	900.00	Not implemented due to non-completion of tender process
2203-00-001-01	Establishment of Emergency Technology Lab	-	1000.00	1000.00	Not implemented due to non-completion of tender process
2203-00-001-01	STEM research grant for promotion of research activities for Govt and grant in aid engineering colleges and polytechnic with reputed national and international institutes	80.00	-	80.00	Grant could not be disbursed as no demand was received from researchers.
2203-00-001-05	Create new posts for Gujarat Technology University	82.61	-	82.61	Amount surrendered as the posts could not be filled during the year.
4202-01-201-06	Renovation of DIET at Jamnagar and Surendranagar	-	281.40	281.40	Work not completed (November 2021).
4202-01-201-06	Renovation of DIET at Jamnagar and Surendranagar	-	187.60	187.60	Work not completed (November 2021).
<b>2020-21</b>					
2202-02-110-01	Unlimited internet facility for 1415 non-government grant-in-aid secondary & higher secondary schools	166.97	-	166.97	Administrative Approval not received.

Source: Details provided by Education Department

### 3.6.1.2 Expenditure on an item not approved

In the budget of 2018-19, a new item under Major Head-2202- General Education, namely “To provide Examination fee by Government to girls and handicapped students of Government secondary and higher secondary schools” was included, with a provision of ₹ 28.43 crore. Under this item, the Government resolved (April 2018) to pay examination fees of students appearing in Standard X and XII (Science and General Stream) examinations conducted by Gujarat Secondary & Higher Secondary Education Board (The Board).

Audit observed that an expenditure of ₹ 14.23 crore was done on this item during 2018-19 which included expenditure of ₹ 13.76 lakh in respect of those girls & handicapped students, who had appeared in Brilliant Search Test Exam, which was not covered under this scheme/ item.

Commissioner of Schools replied (September 2021) that the Board has been directed to obtain Government’s approval to this expenditure or surrender this amount to Government Account.

### 3.6.1.3 Short reimbursement of Grant from Gujarat Secondary & Higher Secondary Education Board

During the year, grants for meeting out the expenditure on account of the salary or honorarium, pension, leave and other allowances of the Chairman, Deputy Chairman, Secretary, Joint Secretaries and Assistant Secretaries and other officers and staff of the Gujarat Secondary and Higher Secondary Education Board (the Board) are given by the State Government through Commissioner of Schools. The Gujarat Secondary and Higher Secondary Education Act, 1972 prescribes that the Board shall reimburse this amount to the State Government every year out of its own fund.

The status of amount reimbursed to Government by the Board is mentioned in **Table 3.21** below:

**Table 3.21: Details of short-reimbursement by GSHSE Board during last five years**

(₹ in lakh)

Sl. No.	Year	Expenditure incurred by Board	Reimbursement made to Government	Amount of short reimbursement
1	2016-17	627.98	615.50	12.48
2	2017-18	861.22	852.82	8.40
3	2018-19	889.99	877.88	12.11
4	2019-20	798.49	788.21	10.28
5	2020-21	712.74	684.74	28.00
<b>Total</b>		<b>3,890.42</b>	<b>3,819.15</b>	<b>71.27</b>

Source: Information furnished by Board

As can be seen from the **Table** above, during 2016-21, the Board reimbursed ₹ 38.19 crore to the Government against an expenditure of ₹ 38.90 crore, resulting in short reimbursement of ₹ 71.27 lakh.

On being pointed out in audit, the Board stated (October 2021) that reimbursement of only salary of all the employees of Board has been made to the Government, however, reimbursement of leave encashment of employees on deputation to the Board at the time of retirement has not been made to avoid entire financial burden on the Board. Further, the Commissioner of Schools accepted the observation and stated (September 2021) that a system would be established to monitor the reimbursement of grant.

#### **3.6.1.4 Furnishing Utilisation certificate without actual completion of work**

Utilisation Certificate is issued by the grantee organisation when the conditions on which grants were sanctioned have been duly fulfilled.

In the budget for the year 2018-19, Commissioner of Mid-Day Meal was provided ₹ 19.22 crore for Construction of 744 new kitchen-cum-stores under Mid-Day Meal (MDM). Commissioner of MDM, provided utilisation certificate (August 2021) in respect of entire amount of ₹ 19.22 crore stating that 841 kitchen-cum-stores were constructed during 2018-19.

Audit conducted field visit on 21.10.2021 of six randomly selected MDM kitchens with District Project Engineer and representatives of SSA for physical verification of assets created out of the expenditure.

During field visit, it was noticed that the construction of five MDM kitchens had been completed while the construction of MDM Kitchens at one school<sup>6</sup> was under progress. However, office of State Project Director (SSA) had issued utilisation certificate to Commissioner MDM, in respect of entire grant without ascertaining actual completion of construction work.

In response to audit observation based on field visit, office of State Project Director (SSA) stated (November 2021) that eight kitchen-cum-stores were under construction as on November 2021. It was further stated that usually the construction of MDM Kitchen is done by Village Civil Works Committee and when grant from SSA office is disbursed to school authority, UC is issued. The above reply was endorsed (November 2021) by Commissioner MDM.

The reply affirms that utilisation certificate for entire grant was issued even before completion of construction work of MDM Kitchen-cum-stores.

#### **3.6.1.5 Persistent Excess Expenditure**

During the scrutiny of Budget Estimates of Education Department of Gujarat Government for the year 2018-21, it was noticed that under three heads pertaining to Superannuation and Retirement, gratuities and family pension to Primary Panchayat teachers, there was persistent excess during 2018-21 as mentioned in the **Table 3.22** below:

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<sup>6</sup> Danajini Muvadi Primary School, Dehgam, Gandhinagar

Table 3.22: Details of persistent excess expenditure

Head	2018-19			2019-20			2020-21		
	Grant	Exp.	Excess	Grant	Exp.	Excess	Grant	Exp.	Excess
2071.01.101.01	2875.86	4692.29	1816.43	3591.94	4575.00	983.06	3700.00	4889.83	1189.83
2071.01.104.01	440.00	758.76	318.76	600.00	786.50	186.50	700.00	928.05	228.05
2071.01.105.01	363.00	399.01	36.01	363.00	380.34	17.34	368.00	401.67	33.67

Source: Appropriation Accounts of respective years

On being pointed out by audit, Director, Primary Education replied (November 2021) that the aforesaid expenditure was incurred on gratuity and pension of the teachers pertaining to District Panchayat's primary schools. It was further stated that this expenditure is incurred through District Treasury which does not provide the expenditure figure every month thereby making it difficult to assess the requirement of funds for the purpose. It was also added that at the time of preparing budget estimates, District Treasuries do not provide the budget and expenditure figures and hence, correct assessment of expenditure figure could not be made at the time of submitting Budget Estimates, which led to excess expenditure.

The reply is not justifiable as the Directorate of Primary Education does not have any database of District Panchayats' retired/working Primary teachers, which would have facilitated better estimation of expenditure. Further, IFMS data is available with all Controlling Officers and budget estimates should have been prepared based on previous year expenditure under this Major Head.

### 3.6.1.6 Huge difference between closing balances of PLA Cash Book and treasury statements

Commissioner of Higher Education (CHE) maintains a Personal Ledger Account (PLA). Administrator of PLA has to reconcile the balances with treasury in every quarter.

Audit observed that CHE is furnishing a quarterly certificate of closing balance, which had differences in closing balance as per treasury and as per its own office. The difference in closing balances as at the end each quarter during 2018-21 is shown in **Table 3.23** below:

**Table 3.23: Differences in closing balances at the end of each quarter during 2018-21 as per cashbook and as per Treasury**

Quarter ending	Closing Balance as per PLA Cash Book	Closing Balance as per Treasury Statement	Difference
June-18	313.02	314.91	(-)1.89
September-18	318.91	320.16	(-)1.25
December-18	87.64	88.99	(-)1.35
March-19	87.69	90.13	(-)2.44
June-19	217.70	218.95	(-)1.25
September-19	346.71	348.03	(-)1.32
December-19	343.70	344.98	(-)1.28

Quarter ending	Closing Balance as per PLA Cash Book	Closing Balance as per Treasury Statement	Difference
March-20	153.47	163.12	(-)9.65
June-20	108.95	110.23	(-)1.28
September-20	189.98	73.15	116.83
December-20	131.97	134.04	(-)2.07
March-21	261.83	274.20	(-)12.37

Source: Information provided by Commissioner of Higher Education

Audit also observed that an amount of ₹ 118.14 crore was shown separately as “unreconciled differences not reconciled” and removed from differences pending reconciliation. The details of these expenses could not be verified in audit.

The office of CHE stated (November 2021) that these differences have been existing from the past and have not been reconciled so far. It was further stated that future differences, if any, will be reconciled with treasury and intimated to audit.

The reply is not justifiable because huge amounts have remained unreconciled since long and therefore, the possibility of misappropriation of funds cannot be ruled out.

### 3.6.1.7 Non- reporting of Cases of misappropriation/theft/defalcation

Rule 33 of the General Financial Rules, 2017 (GFR) prescribes that cases of misappropriation/ theft/defalcation are to be reported to Audit by the various Departments of the State Government. Audit observed that the following two cases of misappropriation under the office of State Project Director, SSA, Gandhinagar were not reported to audit. The details of these cases are shown in **Table 3.24:**

**Table 3.24: Cases of misappropriation/theft/defalcation not reported to audit**

Sl. No.	Name of Office	Year	Amount involved (₹ in lakh)	Status of case (as on November 2021)
1	District Project Office, Surendranagar	2008	32.07	Next hearing date on 03 December 2021
2	District Project Office, Kachchh	2019	54.57	Charge sheet filed

Source: Information provided by Education Department

Thus, there is a possibility of misappropriation/theft/defalcation cases not being reported to Audit by the various Departments. The Finance Department needs to issue necessary instructions in pursuance of Rule 33 of GFR to all the Departments so that cases of misappropriation/theft/defalcation in subordinate offices are timely reported to all the concerned authorities for proper follow up of these cases.

### 3.6.1.8 Unspent balances of previous years incorrectly credited as Revenue Receipts

As per Paragraph 103 of the Gujarat Budget Manual, 1983, spending Departments should surrender unspent grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. These unspent balances should be credited to the concerned revenue expenditure Major Heads *i.e.* this is to be booked as reduction of expenditure under the concerned Service Head, if it relates to same year, and recoveries of overpayments under distinct Minor Head 911 - “Deduct-recoveries of overpayments below the concerned Major Head of account”, if it relates to previous years.

During test-check of challans deposited by Controlling Officers under Grant No. 9, Audit observed that unspent balances of grants amounting to ₹ 143.76 crore were deposited as revenue receipts into Government Account during 2017-18 to 2021-22. This affected the correct depiction of revenue receipts and revenue expenditure of the respective years to that extent. The details are given in **Table 3.25** below.

**Table 3.25: Unspent balances of revenue expenditure deposited as revenue receipts**

Sl. No.	Description	Major head	Year in which grant received	Budget head in which unspent grant surrendered	Year in which grant surrendered	Surrendered amount (₹ in crore)
1	Provide Examination fees by Government for girls and handicapped students of secondary and higher secondary schools (GS&HSEB)	2202	2020-21	0202	2021-22	3.41
2	Excess Fees of those students who took admission in S.F. Schools under R.T.E. Act.	2202	2018-19	0202	2018-19	5.30
3	Excess Fees of those students who took admission in S.F. Schools under R.T.E. Act.	2202	2019-20	0202	2019-20	2.68
4	Excess Fees of those students who took admission in S.F. Schools under R.T.E. Act.	2202	2020-21	0202	2020-21	1.06
5	Reimbursement of Pay & Allowances by GS&HSEB, Gandhinagar	2202	2017-18	0202	2017-18	4.27
6	Reimbursement of Pay & Allowances by GS&HSEB, Gandhinagar	2202	2017-18	0202	2017-18	4.20
7	Pay & Allowances of Primary Teachers	2202	2017-18	0202	2017-18	100.00
8	Reimbursement of Pay & Allowances by GS&HSEB, Gandhinagar	2202	2018-19	0202	2018-19	5.81
9	Reimbursement of Pay & Allowances by GS&HSEB, Gandhinagar	2202	2019-20	0202	2019-20	7.88
10	Reimbursement of Pay & Allowances by GS&HSEB, Gandhinagar	2202	2020-21	0202	2020-21	6.85
11	Gujarat State Open School	2202	2011-16	0202	2020-21	1.03
12	Purchase of furniture for Govt secondary and higher secondary schools (CoS)	2202	2019-20	0202	2020-21	0.12
13	Closure of scheme	2202	---	0202	2018-19	0.99
14	Closure of scheme	2202	---	0202	----	0.02
15	Recovery of Excess grant	2203	--	0202	2018-19	0.14
					<b>Total</b>	<b>143.76</b>

Source: Information provided by Education Department

### 3.6.1.9 Parking of funds with Gujarat State Financial Services

Finance Department had issued instructions (29 October 2016) that State Government undertakings/Institutes/Societies *etc.* can deposit their unutilised funds in Gujarat State Financial Services (GSFS). The interest earned thereon was required to be deposited in Government account under MH 0049 04 800 21- Other Receipts.

During the period 2009-21, Education Department received grant of ₹ 1,595.04 crore in 31 cases (**Appendix 3.10**) out of which ₹ 1,208.22 crore was parked in GSFS. The Department did not furnish reasons for parking such huge amounts with GSFS.

It should be ensured that funds allocated but not required immediately are not drawn by the Departments/Boards/Corporations from the Treasuries. Parking of funds not only reduces cash liquidity and overall flexibility of the Government but also vitiates the budgetary planning. Parking of funds also deprives the cash-strapped Departments from spending on urgent and important objects while other Departments hold such funds for long, without these being put to any fruitful purpose.

### 3.6.1.10 Significant savings under Centrally Sponsored/ Central Plan Schemes

Planning for any scheme should be made in such a way that funds are optimally utilized and maximum benefits percolate to the people. On scrutiny of Budget Estimates of Grant No. 9 regarding centrally sponsored/ central plan schemes, it was noticed that the pace of utilisation of funds in some of the schemes was slow. The details of some centrally sponsored schemes where savings exceeded ₹ 100 crore due to slow pace of execution are provided in **Table 3.26** below:

**Table 3.26: Details of savings under centrally Sponsored Schemes**

(₹ in crore)

Sl. No.	Scheme Name with Budget head	Year	Budget Estimates			Expenditure incurred	Savings (-)	Percentage of savings
			Central	State	Total			
1	2202 (01) (106) (12): EDN-68 Sarva Shiksha Abhiyan	2018-19	618.18	450.00	1068.18	610.80	457.38	42.82
2	2202 (02) (109) (06) EDN-142-Implementation of Rashtriya Madhyamik Shikshan Abhiyan Scheme	2018-19	94.34	62.89	157.23	45.10	112.13	71.31
3	4202 (01) (201) (06) EDN-113 Sarva Shiksha Abhiyan (including support from Finance Commission)	2018-19	230.48	153.66	384.14	153.76	230.38	59.97
4	2202 (01) (106) (12) EDN-68 Sarva Shiksha Abhiyan	2019-20	679.70	453.13	1132.83	102.12	1030.71	90.98
5	4202 (01) (201) (06) EDN-113 Sarva Shiksha Abhiyan (including support from Finance Commission (60:40 PCSS))	2019-20	300.60	200.40	501.00	166.86	334.14	66.69
6	4202 (01) (201) (06) EDN-113 Samagra Shiksha Abhiyan	2020-21	169.55	113.04	282.59	99.21	183.38	64.89

Source: Budget Estimates and VLC/IFMS data

As can be seen from **Table 3.26**, the percentage of savings under these schemes ranged between 42.82 and 90.98 *per cent*. This showed that planning for execution of these schemes was deficient.

The reply of the Department is awaited (November 2021).

### **3.6.1.11 Misclassification of Capital Expenditure as Revenue Expenditure**

Government accounts are presented under six tier classification, *viz.*, Major Heads (functions of Government), Sub-Major Heads (Sub-functions), Minor Heads (programmes/activities), Sub-Heads (schemes), Detailed Heads (sub-schemes) and Object Heads (purpose/object of expenditure). Budget preparation circular issued (September 2020) by Finance Department (FD) clearly states that object heads 5100-Motor Vehicles, 5200-Machinery and Equipment and 5300-Major Works have been provided for Acquisition of capital assets and other capital expenditure (Object Class-6).

Audit observed that there was a provision of ₹ 311.12 crore and expenditure of ₹ 230.68 crore under these object heads which were booked under Revenue expenditure in Grant 9. Budget provision/Classification of these items under Revenue expenditure is not proper as these are to be classified under capital expenditure as per the FD's circular. As a result, the details given in Statement 4, 5, 7, 8, 15, 16, 18, 19 Appendix II and III of Finance Accounts 2020-21 are affected as capital expenditure is understated and revenue expenditure is overstated.

The reply of the Department is awaited (November 2021).

### **3.6.1.12 Improper classification of Object head 6000 "Other Capital Expenditure" under Capital section**

Budget Preparation Circular states (September 2020) that provision under object head '6000' Other Capital Expenditure was to be used for Object Class: "accounting adjustment" purposes which include depreciation, reserves, inter account transfer, writing off losses *etc.*

Audit observed that against original provision<sup>7</sup> of ₹ 263.77 crore under object head "6000 other capital expenditure" in 2020-21, there was expenditure of ₹ 263.68 crore. Audit scrutiny of the expenditure classified under this head revealed that the same was grants given to Sarva Siksha Abhiyan for creation of assets/renovation of existing facilities which need to be classified under 3500-Grant for creation of capital assets (Revenue Expenditure).

As a result, the details given in Statement 4B, 8, 10, 19, Appendix II and III of Finance Accounts 2020-21 are affected as capital expenditure is overstated and revenue expenditure is understated. Also grants-in-aid given to Panchayats are understated.

<sup>7</sup> Major head 4202

The reply of the Department is awaited (November 2021).

### 3.6.2 Review of Grant No 86 Roads and Buildings

The Roads & Buildings (R&B) Department, Government of Gujarat, which administers Grant no. 86, oversees all the activities pertaining to planning, construction, and maintenance of all categories of Roads and Government owned buildings in the State of Gujarat.

The provisions in this grant include construction and improvement of roads, bridges, ferries, tunnels, causeway etc. including grants-in aid for rural roads. It also includes expenditure on general establishment. The capital section of the grant includes provision for the capital outlay on major works under the control of Roads and Buildings Department.

The Gujarat Budget Manual, 1983 provides that 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 duties and responsibilities of the authorities include preparing the estimates in time and accurately and to ensure that the grant placed at their disposal is spent only on the objects for which it has been provided and to surrender savings if no longer required.

Audit test-checked records of the Administrative Department/Controlling Officers relating to Grant No. 86 (Roads and Bridges) under Roads and Buildings Department for the period of three years from 2018-19 to 2020-21, with a view to ascertaining how far the authorities were adhering to these instructions.

The audit findings are discussed in the succeeding paragraphs.

#### 3.6.2.1 Deviation from Budgetary Provisions

The expenditure against the Budget provisions of the Roads and Buildings Department has been given below:

**Table 3.27: Budgetary provision and expenditure under Grant No 86 during 2018-21**

Financial Year	Budgetary Provisions			Expenditure	Excess (+) Saving (-)	Percentage of Deviation
	Original	Supplem-entary	Total			
<b>Revenue Voted</b>						
2018-19	3,351.53	0.00	3,351.53	3,519.88	(+)168.35	(+) 5.02
2019-20	3,393.05	0.00	3,393.05	3,639.71	(+)246.66	(+) 7.27
2020-21	3,532.87	0.00	3,532.87	3,343.65	(-)189.22	(-)5.36
<b>Capital Voted</b>						
2018-19	2,851.55	403.92	3,255.47	3,249.60	(-)5.87	(-) 0.18
2019-20	3,434.12	198.63	3,632.75	3,613.98	(-)18.77	(-) 0.52
2020-21	3,490.10	2,057.18	5,547.28	5,509.18	(-) 38.10	(-)0.68

Source: Appropriation Accounts of respective years

It can be seen from the above table that during 2020-21 the budget provisions could not be utilised by the Department leaving 0.68 *per cent* unutilised under Capital-voted section and 5.36 *per cent* under Revenue-voted section. Further, the Department incurred excess expenditure in Revenue-voted section in 2018-19 and 2019-20. The Department did not furnish any specific reasons of savings/excess for these financial years.

### 3.6.2.2 Equity investment in National High Speed Rail Corporation Limited

As per general directions provided with List of Major and Minor Heads, minor head 'Investments in Public Sector and Other Undertakings' (Minor Head 190) for investment in equity shares etc. may be opened wherever necessary. Also, the detailed Budget preparation Circular issued every year by Finance Department stipulates that estimates for investment/capital contribution should be made under Minor Head-190 only.

Audit observed that from 2016-17 onwards, Grant No. 86 included provision for Share Capital Contribution to National High Speed Rail Corporation Limited under the accounting head 5054.03.337.11. Major Head- 5054 pertains to Capital Outlay on Roads and Bridges, Sub-major head-03 pertains to State Highways and minor Head 337 pertains to Road works. The provision for equity contribution in National High Speed Rail Corporation Limited neither pertains to Roads and Bridges nor State Highways in Gujarat. In view of extant instructions, this provision was required to be included under the Minor head-190.

The Department has made total equity contribution of ₹ 1,630 crore up to financial year 2020-21 in the said Company. Thus, provision was made under incorrect accounting head despite clear instructions in this regard.

The reply of the Department is awaited (November 2021).

### 3.6.2.3 Budget Estimates for Central Road Fund

The Central Road Fund (CRF)<sup>8</sup> is a non-lapsable fund created under Section 6 of the Central Road Fund Act, 2000 out of cess/tax imposed by the Government of India on the sale of Petrol and High-Speed Diesel to develop and maintain National Highways (NH), State Roads. The allocation of CRF funds to each State/Union Territory is finalised at the beginning of the financial year by the Ministry of Road Transport and Highways, Government of India.

The Budget Estimates of the R & B Department for CRF inter-alia include the provision for receipts<sup>9</sup> under Grants-in-aid from GoI and corresponding expenditure "Transfer to Deposit Accounts of Central Road Fund Allocation" under the Account head-3054.80.797.11. The funds received under CRF from GoI is to be transferred to Subventions from Central Road Fund (Deposits under Public accounts) and expenditure done on construction of roads is shown as

<sup>8</sup> Now Central Road and Infrastructure Fund (CRIF)

<sup>9</sup> 1601.08.108.01

Capital expenditure which is met from these Deposits. The details of expected accrual /possible release under CRF are provided by Superintending Engineer, MORTH Regional office, Gandhinagar.

Audit observed that during the period 2019-21, the receipts under CRF exceeded the budget estimates made for receipts. The details of expected accrual /possible release provided by Superintending Engineer, MORTH Regional office were not considered while preparing budget estimates/supplementary demand for relevant year. Details are given in **Table 3.28** below:

**Table 3.28: Wrong estimation in budget estimates and supplementary demand**

(₹ in crore)

Period	Receipts under CRF			Expenditure under CRF				
	Expected Accrual	Possible Release	Actual receipt from GoI	Budget provision	Reappropriation	Total	Expenditure done during the year	Excess expenditure
2019-20	450.64	547.70	718.87	74.57	0.00	74.57	718.87	644.30
2020-21	420.06	635.08	430.74	154.44	0.84	155.28	430.74	275.46

Source: Details provided by Roads and Buildings Department and Appropriation Accounts of respective years

The Department incurred expenditure of entire amount of funds received under CRF. Thus non preparation of budget estimates and supplementary demand as per available information resulted in excess expenditure over the budget provision made and requires to be regularised.

The reply of the Department is awaited (November 2021).

#### 3.6.2.4 Execution of Rural Roads Scheme

The Pradhan Mantri Gram Sadak Yojana (PMGSY) was introduced in the year 2000 by Central Government with an objective to provide road connectivity through good and all-weather roads to all rural people. It is a Centrally Sponsored Schemes (CSS) with contribution in the ratio of 60:40 by the Central and State Government respectively. The implementing agency of the scheme in the state is Gujarat State Rural Road Development Agency (GSRRDA).

The Ministry of Rural Development (MRD), GoI issued (April 2020) indicative allocation of funds and physical targets in terms of road length and habitations under PMGSY for the year 2020-21 to the States. It allocated ₹ 600 crore (₹ 360 crore and ₹ 240 crore as Central and State share respectively) to Gujarat with physical target of 700 Km Road length. However, the GSRRDA requested (September 2020) MRD to revise the annual target of Gujarat from ₹ 600 crore to ₹ 200 crore and road length from 700 Km to 200 Km.

Audit observed that budget provision under Grant No. 86 was made for ₹ 100 crore only (₹ 60 crore and ₹ 40 crore as Central and State share respectively) which was neither based on the target fixed by the MRD nor as per target sought by GSRRDA itself. The department released ₹ 79.07 crore and ₹ 52.72 crore as Central and State share respectively to GSRRDA for

implementation of scheme during 2020-21. Of this, of ₹ 71.89 crore remained unspent at the end of year 2020-21.

The reply of the Department is awaited (November 2021).

### 3.6.2.5 Not crediting interest to Government account

Finance Department had issued instructions vide GRs dated 16 September 2014 and 29 October 2016 that State Government undertakings/Institutes/Societies etc. can deposit their unutilised funds in GSFS. The interest earned therefrom was required to be deposited time to time in Government account under MH 0049 04 800 21-Other Receipts.

GSRDCL had deposited funds of ₹ 359 crore (as on 31 March 2020) with GSFS. Interest of ₹ 24.87 crore for the year 2019-20 (₹ 20.67 crore for 2018-19) received on Fixed Deposits and Liquid Deposits with GSFS was credited to Grant Fund instead of crediting it to Government account.

## 3.7 Recommendations

The State Government may:

- formulate realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources.
- view seriously the excess expenditure over grants approved by the Legislature and regularise it at the earliest.
- institute an appropriate control mechanism 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;
- ensure that Controlling Officers are made accountable for variations in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts; and
- ensure that expenditure is incurred evenly throughout the year and there is no rush of expenditure in March.

