

Chapter-III
Budgetary Management

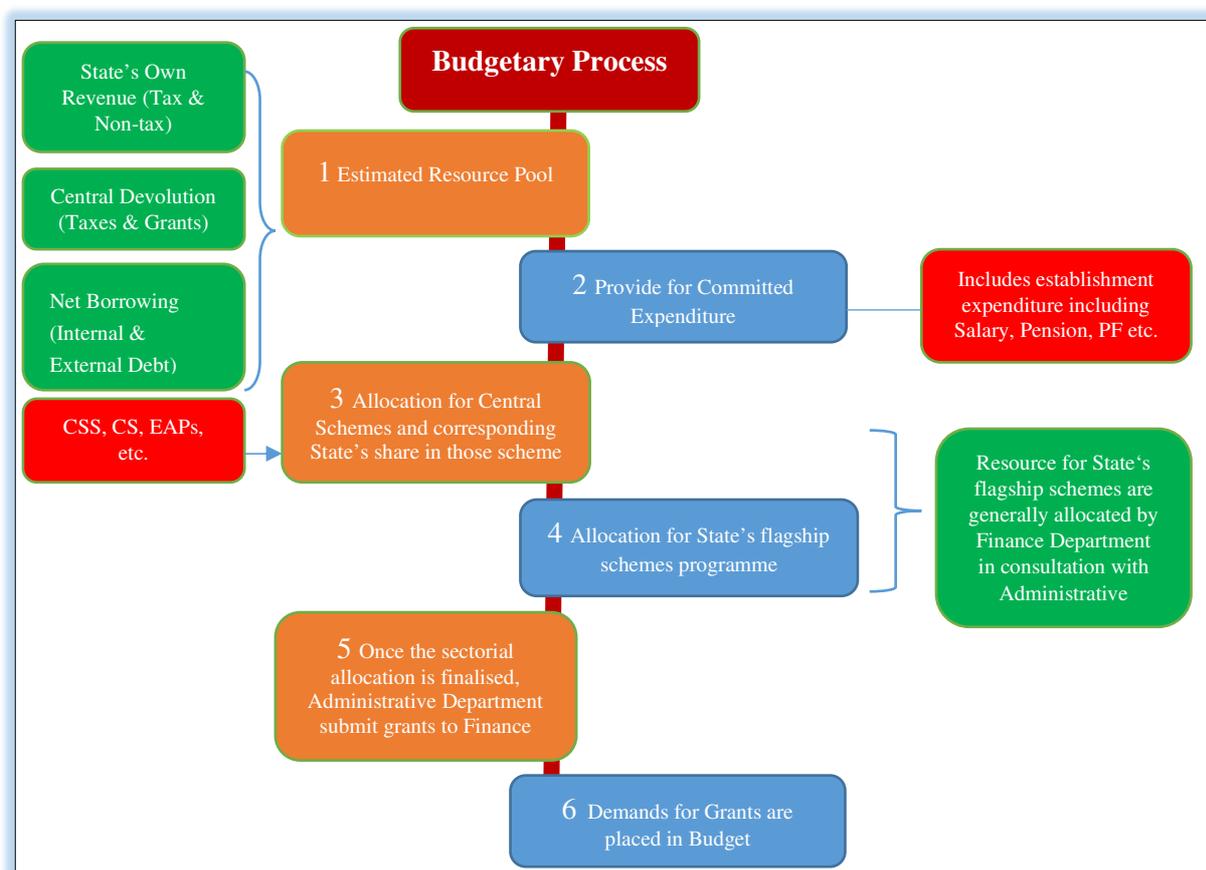
CHAPTER-III

BUDGETARY MANAGEMENT

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. 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 scheduled appended to the Appropriation Acts. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to Finance Accounts. Budget glossary is given in *Appendix 5*. A typical budget preparation process in a State is given in *Chart 3.1*.

Chart 3.1: Budget Process

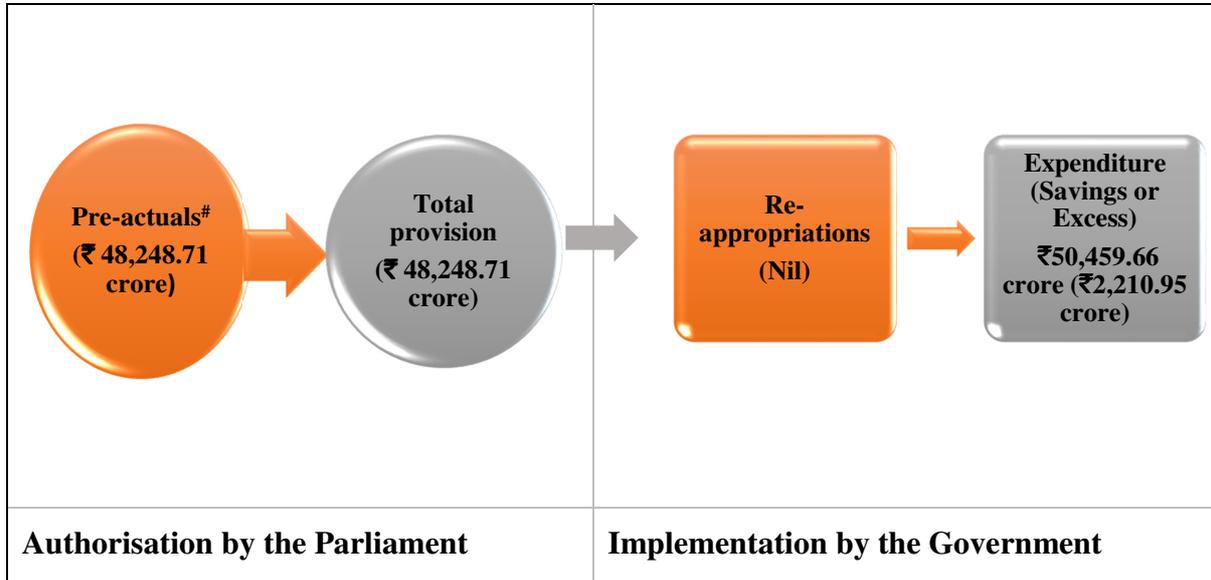


CSS: Centrally Sponsored Schemes; CS: Central Schemes.

The original budget for the year 2019-20 was for the complete year i.e, 01 April 2019 to 31 March 2020. However, during the year itself, the reorganisation took place w.e.f. 31st October 2019. Consequently, the pre-actuals for seven months (01 April 2019 to 30 October 2019) shown in the Demand for Grants for the year 2020-21 have been taken as the Budget Estimates for preparation of Appropriation Accounts of Government of Jammu and Kashmir for the period 01 April 2019 to 30 October 2019.

The various components of budget 2019-20 (01 April 2019 to 30 October 2019) are depicted in **Chart 3.2**.

Chart 3.2: Components of Budget



Source: Appropriation Accounts

#-Pre actuals in the Demand for Grants 2020-21 passed by Parliament

3.1.1 Summary of Total Provisions, Actual Disbursements and Savings during 01 April 2019 to 30 October 2019

A summarised position of total available provision, disbursement and saving/excess with its further bifurcation into voted/charged during 2019-20 (01 April 2019 to 30 October 2019) is as under:

Table 3.1: Budget provision, disbursement and savings/excess during 01 April 2019 to 30 October 2019

(₹ in crore)

| Total available provision | | Disbursements | | Saving(-)/Excess(+) | |
|---------------------------|-----------|---------------|-----------|---------------------|-------------|
| Voted | Charged | Voted | Charged | Voted | Charged |
| 32,296.17 | 15,952.54 | 31,399.74 | 19,059.92 | (-)896.43 | (+)3,107.38 |

3.1.2. Charged and Voted disbursements

During the period 01 April 2019 to 30 October 2019, against the available provision of ₹32,296.17 crore under the Voted section, expenditure of ₹31,399.74 crore has been incurred, resulting into saving of ₹896.43 crore. However, against the provision of ₹15,952.54 crore under the Charged section, expenditure of ₹19,059.92 crore has been made, resulting into excess expenditure of ₹3,107.38 crore during the same period, as shown in the table above. This was result of an excess expenditure of ₹3,108.09 crore under charged section in Grant number 08 and savings of ₹0.71 crore under Grants 01, 09 and 10. It may be noted that there has been persistent excess expenditure under this Grant, as detailed in **Paragraph 3.5.1**.

3.2. Appropriation Accounts

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

3.3. Comments on integrity of Budgetary and Accounting Process

3.3.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Section 81 of the Constitution of erstwhile State of Jammu and Kashmir. Expenditure on new scheme should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

An amount of ₹3,254.08 crore was incurred under 92 No. of schemes/Sub Heads in 23 Grants (*Appendix 3.1*) without Budgetary Provisions during 01 April 2019 to 30 October 2019 which needs to be regularised as per the relevant rules, laws and regulations.

3.3.2 Classification of expenditure of Revenue nature as Capital expenditure or vice-versa

Classification of expenditure of Revenue nature as Capital expenditure or vice-versa, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus.

During 01 April 2019 to 30 October 2019, a sum of ₹104.79 crore of Revenue expenditure as detailed below was disbursed under Capital Heads of expenditure, thereby, resulting in overstatement of Capital expenditure and understatement of Revenue expenditure to the extent of ₹104.79 crore.

Table 3.2: Classification of expenditure of Revenue nature as Capital expenditure

| Sl. No. | Major Head of Account | Type of Misclassification | Amount (₹ in crore) |
|---------|-----------------------|--|---------------------|
| 1. | 4515 | Grants-in-Aid classified as Capital Expenditure | 68.97 |
| 2. | 4235 & 4408 | Operating cost and transport/handling charges of food grains classified as Capital Expenditure | 29.20 |
| 3. | 4210 | Salary booked as Capital Expenditure | 0.04 |
| 4. | 4250 | Stipend and Scholarship booked as Capital expenditure | 0.11 |
| 5. | 4401 | Subsidy booked as Capital expenditure | 4.82 |
| 6. | 4851 | Subsidy booked as Capital expenditure | 1.65 |
| | | Total | 104.79 |

3.4 Large Savings under Capital section not surrendered

As per the State Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. Excessive savings above ₹100 crore have been witnessed in the following departments during 2019-20 (01 April 2019 to 30 October 2019):

Table 3.3: Large savings (above ₹100 crore) under Capital section

(₹ in crore)

| Sl. No. | Grant No. & name | Original grant/ appropriation | Supplementary grant/ appropriation | Total | Actual expenditure | Savings (per cent) | Amount surrendered |
|---------|---|-------------------------------|------------------------------------|----------------|--------------------|--------------------|--------------------|
| 1 | (2) Home Department | 370.28 | 0.00 | 370.28 | 253.58 | 116.70 (32) | 0.00 |
| 2 | (3) Planning and Development Department | 424.69 | 0.00 | 424.69 | 126.08 | 298.61 (70) | 0.00 |
| 3 | (6) Power Development Department | 198.05 | 0.00 | 198.05 | 79.16 | 118.89 (60) | 0.00 |
| 4 | (16) Public Works Department | 804.23 | 0.00 | 804.23 | 580.70 | 223.53 (28) | 0.00 |
| 5 | (23) Public Health Engineering Department | 262.75 | 0.00 | 262.75 | 101.44 | 161.30 (61) | 0.00 |
| 6 | (28) Rural Development Department | 2,681.80 | 0.00 | 2,681.80 | 2,239.06 | 442.74 (17) | 0.00 |
| | Total | 4,741.80 | 0.00 | 4,741.8 | 3,380.02 | 1,361.77 | |

Source: Appropriation Accounts

Huge savings of ₹100 crore and above by the departments under Capital Section in six grants amounting to ₹1,361.77 crore indicate that the Government could not utilise the funds earmarked for developmental activities/creation of assets. Savings under Capital Section ranged between 17 per cent and 70 per cent of the total appropriation of the grant during 2019-20 (01 April 2019 to 30 October 2019).

3.4.1 Substantial Savings

There were 19 grants in which savings of ₹ten crore and above had occurred under the Revenue and Capital sections as on 30 October 2019, which included 11 grants wherein savings of ₹100 crore and above were noticed. The percentage savings ranged between five per cent and 65 per cent of the total appropriation of the grant during 2019-20 (01 April 2019 to 30 October 2019). The savings in these cases amounted to ₹2,932.59 crore. Relevant details are indicated in *Appendix 3.2*. The savings in grants is indicative of improper assessment of expenditure, resulting in savings.

3.4.2 Percentage of Utilisation of Provision under each Grant

Audit examination of utilisation of grants revealed that out of 36 grants, in 26 grants the utilisation ranged between 34.73 per cent and 99.87 per cent. In the remaining 10 grants there was excess utilisation of funds resulting in excess over provisions, ranging between 1.54 per cent and 130.38 per cent, during 2019-20 (01 April 2019 to 30 October 2019) as detailed in **Appendix 3.3**. Savings (underutilisation) by these departments is indicative of non-prioritizing of schemes/works by the Government or inefficiency in implementation of schemes by the department concerned/implementing agencies. Overutilisation of grants indicates the incurring of excess expenditure over the budget provisions by the departments during the period. The excess expenditure may be got regularised from the Legislature/Parliament, as per the existing rules and regulations.

3.4.3 Persistent Savings

In four cases, persistent savings of more than ₹one crore in each case and also by ten per cent or more of the total grant, were noticed in one grant in Revenue (Voted) section and three grants in Capital (Voted) section, during the last five years, as shown below:

Table 3.4: List of Grants indicating Persistent Savings during 2015-16 to 2019-20 (01 April 2019 to 30 October 2019)

(₹ in crore)

| Sl. No. | Grant number and name | Amount of Savings | | | | |
|------------------------|---------------------------------|-------------------|------------------|------------------|------------------|--|
| | | 2015-16 (%) | 2016-17 (%) | 2017-18 (%) | 2018-19 (%) | 2019-20 (01/04/2019 to 30/10/2019) (%) |
| Revenue (Voted) | | | | | | |
| 1 | 10-Law Department | 102.19 (37) | 154.81 (48) | 154.33 (42) | 85.99 (15) | 87.33 (12) |
| Capital (Voted) | | | | | | |
| 2 | 06-Power Development Department | 707.60 (70) | 2,177.61 (76) | 5,591.27 (89) | 5,384.26 (96) | 118.89 (60) |
| 3 | 12-Agriculture Department | 179.63 (33) | 634.82 (67) | 333.92 (37) | 738.86 (83) | 23.92 (50) |
| 4 | 28-Rural Development Department | 496.69 (38) | 798.19 (42) | 541.36 (23) | 1,257.67 (41) | 442.74 (17) |

Source: Appropriation Accounts

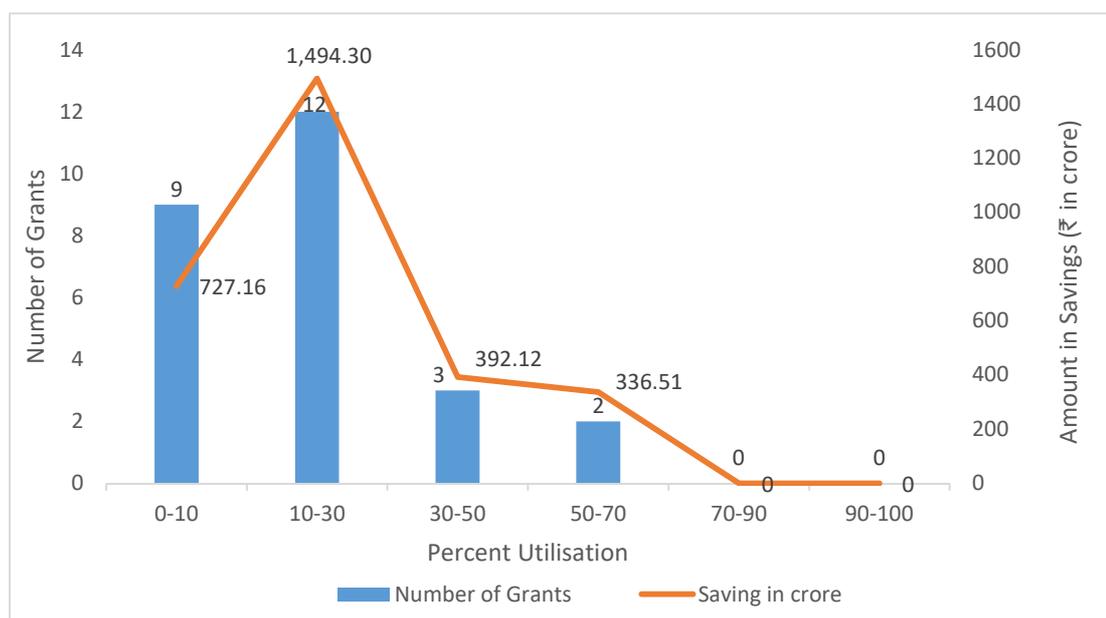
Persistent savings in four grants over the years indicated that budgetary controls in the departments were not effective and the need and flow of expenditure were not adequately scrutinised for assessing the fund requirement. Persistent savings by above departments also indicate that either the schemes under departments did not receive priority of the Government or there has been inefficiency in implementation by the department concerned/implementing agencies. This has been pointed out in earlier State Finance Reports but no action has been taken by the Government.

3.4.4 Distribution of the number of Grants/Appropriations grouped by the percentage of Savings

The outcome of the appropriation audit shows that percentage savings ranged between zero per cent and 10 per cent amounting to ₹727.16 crore in 9 grants, 10 per cent to 30 per cent amounting to ₹1,494.30 crore in 12 grants, 30 per cent to 50 per cent amounting to ₹392.12 crore in three grants and 50 per cent to 70 per cent amounting to ₹336.51 crore in two grants.

Low utilisation of grants by the departments indicates that the Government could not utilise the funds earmarked for the planned purposes.

Chart 3.3: Grants/Appropriations grouped by the percentage of Savings along with total savings



3.5 Excess over provisions requiring regularisation

As per Section 82 of the Constitution of erstwhile State of Jammu and Kashmir, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Section, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC).

Excess expenditure amounting to ₹5,311.53 crore (Revenue voted section: 10 grants, Capital voted section: eight grants and Capital charged and Revenue charged section: one grant each) as detailed in **Appendix 3.4** has been incurred by the Government during 2019-20 (01 April 2019 to 30 October 2019). This irregularity is in violation of Section 81 of the Constitution of erstwhile State of Jammu and Kashmir and may be got regularised, as per the extant provisions.

3.5.1 Persistent Excess in the Grant

In **Grant No-08**, there was persistent excess expenditure during 2015-16 to 2019-20 (01 April 2019 to 30 October 2019) as shown below:

Table 3.5: Persistent Excess expenditure incurred in the Capital charged section during 2015-16 to 2019-20 (01 April 2019 to 30 October 2019)

(₹ in crore)

| Year | Total Grant/ Appropriation | Actual Expenditure | Excess (percentage) |
|---|-------------------------------|-----------------------|------------------------|
| Grant No (08) Finance Department | | | |
| 2015-2016 | 8,589.26 | 10,815.08 | 2,225.82 (26) |
| 2016-2017 | 15,364.37 | 17,023.29 | 1,658.92 (11) |
| 2017-2018 | 17,837.95 | 22,490.14 | 4,652.20 (26) |
| 2018-2019 | 17,976.69 | 20,646.61 | 2,669.92 (15) |
| 2019-20 (01/04/2019 to 30/10/2019) | 14,176.30 | 15,665.77 | 1489.47 (11) |

(Figures in brackets indicate percentage of excess expenditure over the provisions)

Source: Appropriation Accounts

In the Capital charged section, persistent excesses in expenditure ranging between 11 per cent and 26 per cent were noticed in grant number 08 during 2015-16 to 2019-20 (01 April 2019 to 30 October 2019). The persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on realistic basis.

The Finance Department should ensure that no Departmental Controlling Officers including Finance Department itself resort to excess expenditure over the regular allocations approved by the State Legislature/Parliament.

3.5.2 Regularisation of Excess Expenditure of previous financial years

As per Section 82 of the Constitution of erstwhile State of Jammu and Kashmir, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Section, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As the Appropriation Accounts of 1980-81 onwards had not been discussed in PAC, the excess expenditure aggregating ₹1,18,692.88 crore for the years 1980-2019 as detailed in **Appendix 3.5** is yet to be regularised by the State Legislature. After including further excess expenditure of ₹5311.53 crore (**Appendix 3.6**) during 2019-20 (01 April 2019 to 30 October 2019) as brought out in the preceding Sub-section, the aggregate excess expenditure amounting to ₹1,24,004.41 crore as on 30 October 2019 needs to be regularised as per extant provisions. Excess expenditure remaining un-regularised for such extended period vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.6 Grants-in-aid for creation of Capital Assets

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

As per IGAS 2, Grant-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorised by President on the advice of the Comptroller and Auditor General of India. It was noticed that there has been a persistent booking of GIA as Capital expenditure from 2015-16 to 2019-20 (01 April 2019 to 30 October 2019) as shown in the table below.

Table 3.6: Extent of classification of GIA as Capital Expenditure

(₹ in crore)

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 (01/04/2019 to 30/10/2019) |
|---|----------|----------|----------|----------|--|
| GIA booked as Capital Expenditure | 2,818 | 1,490 | 2,396 | 1,874 | 69 |
| Total Capital Expenditure | 7,331 | 8,286 | 10,353 | 8,413 | 4,522 |
| Share of GIA in Capital Expenditure (In per cent) | 38.44 | 17.98 | 23.14 | 22.28 | 1.53 |
| Revenue Deficit (-)/ Revenue Surplus (+) | (-) 640 | (+)2,166 | (+)7,595 | (-)4,859 | (-)192 |
| Revenue Deficit (-) /Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure | (-)3,458 | (+)676 | (+)5,199 | (-)6,733 | (-)261 |

Source: Finance Accounts

The percentage share of GIA in the Capital expenditure ranged between 17.98 per cent and 38.44 per cent during the period 2015-16 to 2018-19, resulting in understatement of Revenue deficit and overstatement of Revenue Surplus during the years. During the period 01 April 2019 to 30 October 2019 also the mis-classification of GIA as Capital expenditure had again resulted in understatement of Revenue Deficit by ₹69 crore.

3.7 Comments on transparency of Budgetary and Accounting Process

3.7.1 Lump Sum Budgetary Provisions

The Jammu & Kashmir Budget Manual envisages that “making of lump sum provisions if at all necessary, should be resorted to only in very rare cases. In short, inclusion of lump sum provisions in a budget has to be exceptional and not followed as a rule”. Lump sum provisions without identifying the exact object of expenditure is against transparency.

Audit noticed that lump sum budgetary provision of ₹3,430.52 crore which constitute 17 per cent of total provision of ₹20,130.22 crore of the grant was placed with Controlling Officers in Grant No. 08 (Finance Department) under two Major Heads as shown below instead of Detailed Head-wise/scheme-wise provisions in contravention of the State Financial Rules. The issue was highlighted in previous years Audit Reports also but remedial action has not been initiated.

Table 3.7: Comments on transparency of Budgetary and Accounting Process

(₹ in crore)

| Grant No. | Grant Name | MH | Provision | Expenditure | Total provision in the Grant | Percentage of lump sum provision to total provision of the Grant |
|-----------|--------------------|--|----------------|----------------|------------------------------|--|
| 8 | Finance Department | 2071-Pension and Other Retirement Benefits | 3258.15 | 4383.67 | 20,130.22 | 17 per cent |
| | Finance Department | 2049 - Interest payments | 172.37 | 559.61 | | |
| | | Total | 3430.52 | 4943.28 | | |

3.8 Comments on effectiveness of Budgetary and Accounting Process

3.8.1 Budget projection and gap between expectation and actual

The total provisions for expenditure during 2019-20 (01 April 2019 to 30 October 2019) was ₹48,248.71 crore. The actual expenditure during the year was ₹50,459.66 crore (104.58 per cent). This resulted in excess expenditure of ₹2,210.95 crore in 2019-20 (01 April 2019 to 30 October 2019). The summarised position of actual expenditure during 2019-20 (01 April 2019 to 30 October 2019) against 36 grants/appropriations is given in Table 3.8.

Table 3.8: Summarised position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) provisions during 2019-20 (01 April 2019 to 30 October 2019)

(₹ in crore)

| | Nature of expenditure | Original Grant/ App. | Supplementary Grant/ App. | Total | Actual expenditure | Net Saving (-)/ Excess(+) | Surrender during October 2019 | |
|---------|-----------------------|----------------------|---------------------------|------------------|--------------------|---------------------------|-------------------------------|------------|
| | | | | | | | Amount | per cent |
| Voted | I. Revenue | 26,394.76 | 0.00 | 26,394.76 | 26,854.16 | +459.40 | Nil | Nil |
| | II. Capital | 5,889.16 | 0.00 | 5,889.16 | 4,529.29 | -1,359.87 | Nil | Nil |
| | III. Loans & Advances | 12.25 | 0.00 | 12.25 | 16.29 | +4.04 | Nil | Nil |
| | Total | 32,296.17 | 0.00 | 32,296.17 | 31399.74 | -896.43 | Nil | Nil |
| Charged | V. Revenue | 1,776.24 | 0.00 | 1,776.24 | 3,394.15 | (+)1,617.91 | Nil | Nil |
| | VII. Capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | Nil | Nil |

| Nature of expenditure | Original Grant/ App. | Supplementary Grant/ App. | Total | Actual expenditure | Net Saving (-)/ Excess(+) | Surrender during October 2019 | |
|--|----------------------|---------------------------|------------------|--------------------|---------------------------|-------------------------------|----------|
| | | | | | | Amount | per cent |
| VIII. Public Debt-Repayment | 14,176.30 | 0.00 | 14,176.30 | 15,665.77 | (+)1,489.47 | Nil | Nil |
| Total | 15,952.54 | 0.00 | 15,952.54 | 19,059.92 | (+)3,107.38 | Nil | Nil |
| Appropriation to Contingency Fund (if any) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | Nil | Nil |
| Grand Total | 48,248.71 | 0.00 | 48,248.71 | 50,459.66 | (+)2,210.95 | Nil | Nil |

Source: Appropriation Accounts

The savings in grants is indicative of over assessment of grants resulting in savings. Besides, excessive savings in some departments during the period is indicative of deprivation of other departments of the funds which they could have utilised. The excess expenditure of ₹2,210.95 crore during 2019-20 (01 April 2019 to 30 October 2019) is required to be regularised under the relevant laws, rules and regulations.

3.9 Review of Selected Grants

A review of Budgetary Procedure and control over expenditure in test checked two grants (Grant No. 17 Health & Medical Education Department and Grant No.: 33 Disaster Management, Relief and Rehabilitation Department) out of 36 grants was undertaken and the audit observations are given in the following paragraphs.

3.9.1 Grant No. 17: Health & Medical Education Department

Table 3.9: Savings/Excesses during 2019-20 (01 April 2019 to 30 October 2019)

(₹ in crore)

| Sl. No. | Major Head | | Budget Allocation | | | Expenditure booked | Excess (+)/ Saving(-) |
|----------------------------|------------|---|-------------------|---------------------|-----------------|--------------------|-----------------------|
| | | | Original Grant | Supplementary Grant | Total | | |
| 1 | 2210 | Medical & Public Health | 2,082.68 | 0.00 | 2,082.68 | 1,846.17 | (-)236.51 |
| 2 | 2211 | Family Welfare | 133.49 | 0.00 | 133.49 | 98.25 | (-)35.24 |
| Total Revenue Voted | | | 2,216.17 | 0.00 | 2,216.17 | 1,944.42 | (-)271.75 |
| 3 | 4210 | Capital Outlay on Medical and Public Health | 60.89 | 0.00 | 60.89 | 149.10 | (+)88.21 |
| Total Capital Voted | | | 60.89 | 0.00 | 60.89 | 149.10 | (+)88.21 |
| Total | | | 2,277.06 | 0.00 | 2,277.06 | 2,093.52 | (-)183.54 |

- Against budget/appropriation of ₹2,277.06 crore under the Grant, an expenditure of ₹2,093.52 crore was made during 2019-20 (01 April 2019 to 30 October 2019) and an amount of ₹183.54 crore (*eight per cent*) remained unspent during the period, which was not surrendered.

- No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law. Expenditure should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation or supplementary grants. In contravention, an amount of ₹144.52 crore was incurred in fifteen cases (*Appendix 3.7*) without Budgetary Provision.
- Entire budget provision of ₹14.03 crore (*Appendix 3.8*) in six cases Sub Heads/Schemes remained unutilised resulting in denial of intended benefits to the general public. The provision could have been re-appropriated to the schemes/works where there was excess expenditure over the provision.
- As on 30 October 2019, in 98 schemes (*Appendix 3.9*) savings of ₹321.94 crore occurred, which indicates that funds were not utilised for the sanctioned schemes.

3.9.2 Grant No: 33 Disaster Management, Relief and Rehabilitation Department

Table 3.10: Saving/Excesses during 2019-20 (01 April 2019 to 30 October 2019)

(₹ in crore)

| Sl. No. | Major Head | | Budget Allocation | | | Expenditure booked | Excess (+)/ Saving(-) |
|----------------------------|------------|---|-------------------|---------------------|---------------|---------------------|-----------------------|
| | | | Original Grant | Supplementary Grant | Total | | |
| 1 | 2055 | Police | 293.78 | 0.00 | 293.78 | 272.17 | (-)21.61 |
| 2 | 2235 | Social Security & Welfare | 0.10 | 0.00 | 0.10 | 0.11 | (+)0.01 |
| 3 | 2245 | Relief on Account of Natural Calamities | 0.39 | 0.00 | 0.39 | 405.46 ¹ | (+)405.07 |
| Total Revenue Voted | | | 294.27 | 0.00 | 294.27 | 677.74 | (+)383.47 |
| 4 | 4235 | Capital Outlay on Social Security and Welfare | 0.00 | 0.00 | 0.00 | 0.21 | (+)0.21 |
| Total Capital Voted | | | 0.00 | 0.00 | 0.00 | 0.21 | (+)0.21 |
| Total | | | 294.27 | 0.00 | 294.27 | 677.95 | (+)383.68 |

Review of budgetary procedure and control over expenditure of grant showed the following audit observations:

- (i) Against total allocation of ₹294.27 crore under the Grant, an expenditure of ₹677.95 crore has been booked and an amount of ₹383.68 crore (130 per cent) has been spent without budgetary provisions during 2019-20 (01 April 2019 to 30 October 2019). This resulted in excess over budget provisions by ₹383.68 crore and needs to be regularised. The Major Head/Sector wise breakup is given in the **Table 3.10** above.
- (ii) There was one case (Sub Head/scheme) under the Major Head 4235, where an amount of ₹0.21 crore was incurred without any Budgetary Provisions as shown in **Table 3.11** below:

¹ Includes an amount of ₹405 crore transferred to Major Head 8121-General and Other Reserve Fund

Table 3.11: Expenditure without Budget Provision

(₹ in crore)

| MH | SM | MI | GH | SH | Budget Allocation | Expenditure |
|--------------|----|-----|------|------|-------------------|-------------|
| 4235 | 01 | 201 | 0011 | 2165 | 0 | 0.21 |
| Total | | | | | 0 | 0.21 |

- (iii) Against the budgetary allocation of ₹8.65 crore, expenditure of ₹12.29 crore was incurred in three cases (Sub Heads/schemes), resulting into excess expenditure of ₹3.64 crore during 2019-20 (01 April 2019 to 30 October 2019) as shown in **Table 3.12**.

Table 3.12: Excess Expenditure over the Grant

(₹ in crore)

| Sl. No. | MH | SM | MI | GH | SH | Budget Allocation | Expenditure | Excess |
|--------------|------|----|-----|------|------|-------------------|--------------|-------------|
| 1 | 2055 | - | 117 | 0099 | 0872 | 8.16 | 11.72 | 3.56 |
| 2 | 2235 | - | 001 | 0099 | 1064 | 0.10 | 0.11 | 0.01 |
| 3 | 2245 | 80 | 001 | 0099 | 1073 | 0.39 | 0.46 | 0.07 |
| Total | | | | | | 8.65 | 12.29 | 3.64 |

- (iv) As on 30 October 2019, in two cases (Sub Heads/schemes) saving of ₹25.16 crore as mentioned below was not surrendered by the concerned department.

Table 3.13: Less Expenditure (Saving) against the Provision

(₹ in crore)

| Sl. No. | MH | SM | MI | GH | SH | Budget Allocation | Expenditure | Less/ Saving |
|--------------|------|----|-----|------|------|-------------------|---------------|--------------|
| 1 | 2055 | - | 001 | 0099 | 1057 | 5.63 | 4.46 | 1.17 |
| 2 | 2055 | - | 117 | 0099 | 1057 | 279.98 | 255.99 | 23.99 |
| Total | | | | | | 285.61 | 260.45 | 25.16 |

The savings of ₹25.16 crore under MH-2055 Police during 2019-20 (01 April to 30 October 2019) is indicative of the non-utilisation of the funds for the sanctioned schemes.

3.10 Conclusions

- The expenditure control mechanism of the State Government was not effective, as overall utilisation of budget was 4.58 per cent over and above the total amount of grants and appropriations during the period 01 April 2019 to 30 October 2019. Budgetary allocations were based on unrealistic proposals as out of total 36 grants, in six grants savings were more than ₹100 crore. In four cases, persistent savings of more than ₹one crore in each case and also by ten *per cent* or more of the total grant, were noticed in one grant in Revenue (Voted) section and three grants in Capital (Voted) section, during the last five years.
- Against the available provision of ₹32,296.17 crore under the Voted section, expenditure of ₹31,399.74 crore was incurred, resulting into saving of

₹896.43 crore whereas, against the provision of ₹15,952.54 crore under the charged section, expenditure of ₹19,059.92 crore was made, resulting into excess expenditure of ₹3,107.38 crore during the period 01 April 2019 to 30 October 2019.

- Excess expenditure amounting to ₹5,311.53 crore (Revenue voted section: ten grants, Capital voted section: eight grants and Capital charged and Revenue charged section: one grant each) over the authorisation vitiates the system of budgetary and financial control. The excess expenditure is required to be got regularised.
- In Grant No-08, there was persistent excess expenditure ranging between ₹1,489.47 crore and ₹4,652.20 crore during the period 2015-16 to 2019-20 (01 April 2019 to 30 October 2019).
- In 92 schemes/Sub Heads involving 23 Grants, an amount of ₹3,254.08 crore was incurred without Budgetary Provisions during 01 April 2019 to 30 October 2019 which needs to be got regularised.
- **Review of Grant No. 17** - Health & Medical Education Department revealed that against budget/appropriation of ₹2,277.06 crore under the Grant, an expenditure of ₹2,093.52 crore was made resulting into saving of ₹183.54 crore during 01 April 2019 to 30 October 2019. This showed that budget estimates were made either unrealistically or department did not disburse the amount during the period and also the savings were not surrendered. Further, in contravention to the provisions of Constitution of erstwhile State of Jammu & Kashmir, an amount of ₹144.52 crore was incurred in fifteen cases without Budgetary Provisions during the same period.
- **Review of Grant No. 33** - Disaster Management, Relief and Rehabilitation Department revealed that against total allocation of ₹294.27 crore under the Grant, an expenditure of ₹677.95 crore was booked and an amount of ₹383.68 crore was spent over and above the budgetary provisions during 01 April 2019 to 30 October 2019 which is in contravention to the provisions of Constitution of erstwhile State of Jammu & Kashmir and needs to be regularised.

3.11 Recommendations

- Budget may be formulated on the basis of reliable assumptions of implementation along with ensuring proper 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.

- Excess expenditure over grants may be regularised at the earliest.
- Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.