

CHAPTER-III
BUDGETARY MANAGEMENT

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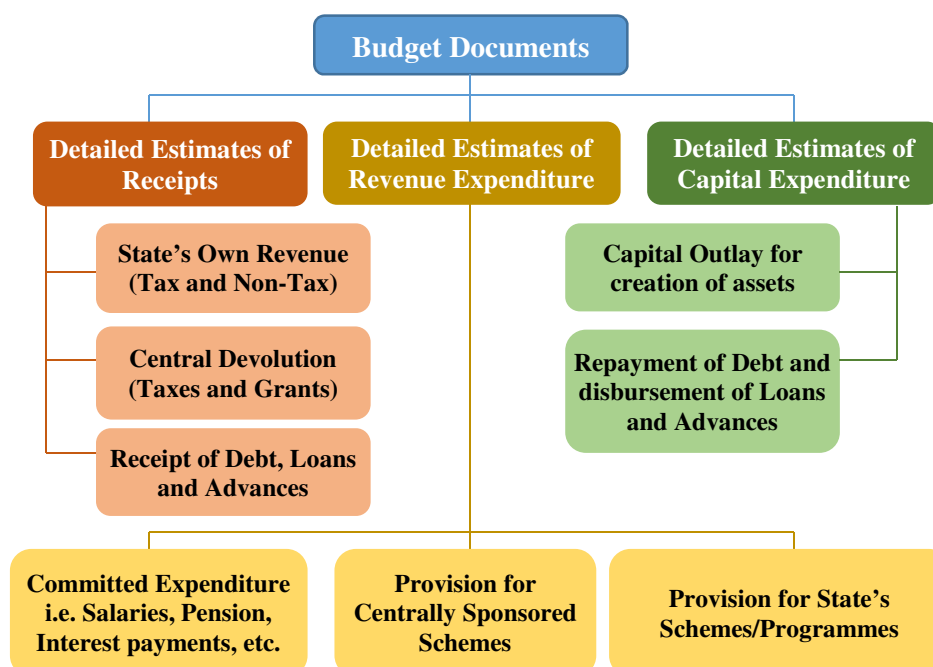
BUDGETARY MANAGEMENT

3.1 Budget Process

In compliance with Article 202 of the Constitution of India, in respect of every financial year, the Governor shall cause to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for that year, called “the Annual Financial Statement (Budget)”. The estimates of the expenditure show ‘charged’ and ‘voted’ items¹ of expenditure separately and distinguish expenditure on revenue account from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the State Government. Glossary of important budget related terms is given in **Appendix-3.1**.

As per the Himachal Pradesh Financial Rules, the Finance Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called ‘Demand for Grants’. The State budget comprises the following documents and components as given in **Chart-3.1**.

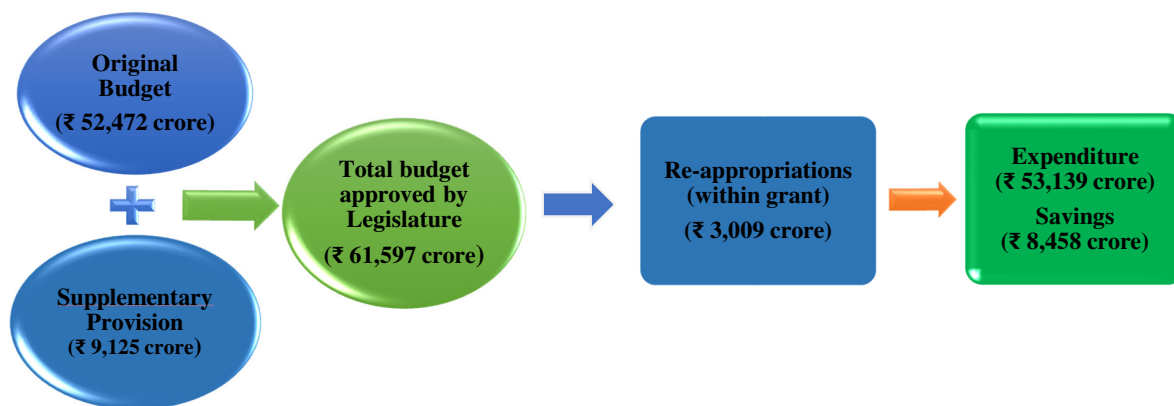
Chart-3.1: Details of State Budget Documents and Components



¹ **Charged expenditure:** Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments, etc.), constitute a charge on the Consolidated Fund of the State and are not subject to vote by the Legislature. **Voted expenditure:** All other expenditure is voted by the Legislature.

A summary of the budget implementation for the year 2020-21 is depicted in the **Chart-3.2** below:

Chart-3.2: Summary of budget implementation for the year 2020-21



Authorisation by the Legislature

Implementation by the Government

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

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

The total budget provision for expenditure in 2020-21 was ₹ 61,597 crore. The actual expenditure during the year was ₹ 53,139 crore (86 per cent). This resulted in savings of ₹ 8,458 crore (14 per cent). The summarised position of actual expenditure vis-à-vis budgetary provisions during 2020-21 for all 32 grants/appropriations is given in **Table-3.1**.

Table-3.1: Budget provision, actual disbursement and savings/excess during financial year 2020-21

(₹ in crore)

Total Budget provision		Disbursements		Saving (-)/ Excess (+)	
Voted	Charged	Voted	Charged	Voted	Charged
45,157	16,440	37,440	15,699	-7,717	-741

Source: Appropriation Accounts.

3.1.2 Charged and voted disbursements

The position of total budget and disbursements categorised as charged and voted during the last five years (2016-21) is given in **Table-3.2**.

Table-3.2: Disbursement and savings/excess during 2016-17 to 2020-21

(₹ in crore)

Year	Total Budget Provision		Disbursements		Saving (-)/ Excess (+)	
	Voted	Charged	Voted	Charged	Voted	Charged
2016-17	31,253	7,423	31,312	7,396	59	-27
2017-18	33,869	7,399	30,440	7,371	-3,428	-28
2018-19	37,936	9,048	33,620	8,849	-4,316	-199
2019-20	42,255	11,453	34,507	11,021	-7,748	-432
2020-21	45,157	16,440	37,440	15,699	-7,717	-741

Source: Appropriation Accounts

As can be seen from **Table-3.2**, there were savings in both segments viz., voted and charged with an increasing trend since 2017-18. This indicates that the State Government needed to improve its budget management. Cases of substantial and persistent savings have been highlighted in **Para-3.3.7**.

3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes. These Accounts depict the original budget provision, supplementary grants, 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 in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate understanding of utilisation of funds, management of finances and monitoring of budgetary provisions, and 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 in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also seeks to ascertain whether the expenditure incurred is in conformity with relevant laws, 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 Article 204 of the Constitution. Further, expenditure should not be incurred on a scheme/service without provision of funds or after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

Table-3.3 shows the summarised position of expenditure incurred without any budget provision. This is breach of constitutional provisions. State government must avoid these expenditures. If under any circumstances the expenditure is inevitable, the Finance Department must follow the provisions under Article 205 & 206.

Table-3.3: Summary of expenditure without Budget Provision

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in lakh)	Name of Schemes/Sub-Heads
Voted			
5	2053-00-093-01-S00N	0.72	General Establishment
	3454-02-110-02-S00N	17.00	Disaster Management Cell
8	2202-04-200-03-S10N	17.39	Padhna Likhna Abhiyan
9	2211-00-200-05-S00N	371.26	Provision under National Rural Health Mission
10	5054-04-337-02-S00N	0.68	Construction of Rural Roads
11	2401-00-800-14-S00N	33.63	Crop Diversification Project Japan International Co-Operation Agency (JICA)

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in lakh)	Name of Schemes/Sub-Heads
	2401-00-001-01-S00N	5.30	Directorate
14	2405-00-101-10-C53N	50.45	Pradhan Mantri Matsya Sampada Yojna
	2405-00-101-10-S13N	12.61	
16	2406-01-01-02-S000N	4.90	Divisional Establishment
21	2425-00-001-01-S00N	13.04	Directorate
28	2217-80-193-05-S00N	35.00	Construction of Parking
30	4220-60-101-02-S00N	5.00	Construction of Press Club Building
31	2202-04-796-03-S10N	2.69	Padhna Likhna Abhiyan
	2235-02-796-19-C90N	0.25	Integrated Child Protection Scheme
32	2401-00-789-25-C90N	96.00	Rashtriya Krishi Vikas Yojna (Agriculture)
	2401-00-789-25-S10N	10.67	
	Total	580.59	

Source: Appropriation Accounts.

3.3.2 Transfers not mandated by the Appropriation Act (into Bank Accounts)

The withdrawal of funds and depositing of the same in bank accounts by DDOs is in violation of Rule 183(V) and Rule 184(1) of Himachal Pradesh Treasury Rules. This entails the risk of misappropriation as the funds remain outside the government account without any monitoring and can be diverted or misused for unauthorised purposes.

Scrutiny of transactions revealed that during 2020-21, an amount of ₹1,350.50 crore was drawn from Treasury and transferred to the Bank accounts of DDOs, which was in violation of Rule 183 (v) and 184 (1) of Himachal Pradesh Treasury Rules, 2017.

3.3.3 Misclassification of expenditure

Misclassification of expenditures and receipts has a great impact on the integrity of the financial statements. State financial rules categorise the primary units of appropriation. There are specific object heads meant for obtaining provision for acquisition of Capital Assets and other Capital Expenditure. These object heads pertaining to booking of expenditure of capital nature should correspond with capital major heads only. Classification of expenditure of revenue nature as capital expenditure or vice-versa, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus.

During the year 2020-21, it was noticed that expenditure of ₹ 8.23 crore was incorrectly booked under Revenue Section instead of Capital Section, and ₹ 10.51 crore was incorrectly booked under Capital Section instead of Revenue Section, as determined from the purpose of expenditure. Due to this misclassification, the State's Revenue Deficit remained understated to the extent of ₹ 2.28 crore.

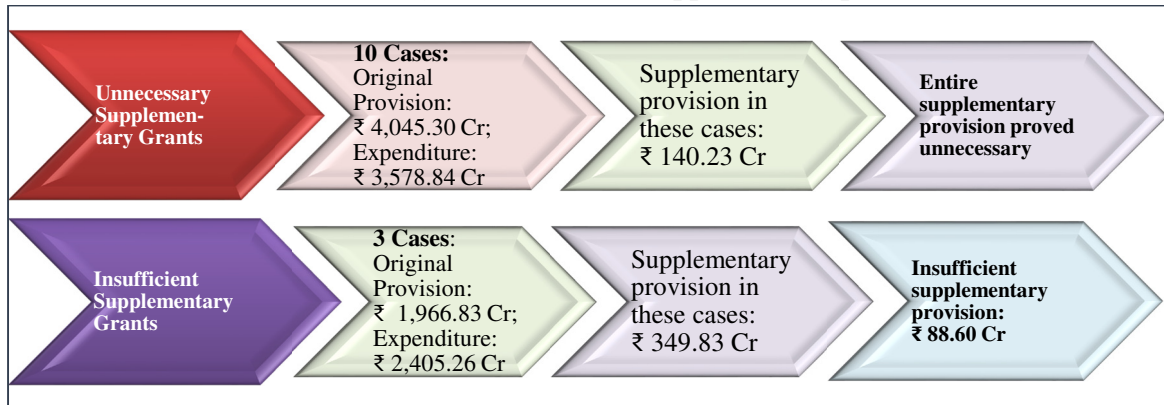
3.3.4 Unnecessary or insufficient supplementary grants

The existence of likely or actual savings in the budget should never be seized upon as an opportunity to introduce fresh items of expenditure which ought to wait till next year. Known savings in the budget should not be left un-surrendered for fear of the next year's budget allotment being reduced.

Considerable Re-Appropriation from one Sub Head to another must always be avoided. That fresh expenditure is unavoidable or imperatively necessary or that it will produce consequential economics or that it is essential for preserving the revenue or the public safety are reasonable justifications for introducing fresh expenditure during the course of the year, but in such circumstances, it must be shown that the requirements could not have been foreseen and provided for in the budget. The process of Re-Appropriation is not designed merely to rectify omissions and lack of foresight.

During 2020-21, there were 10 cases (₹ one crore or more in each case) under 10 grants (Revenue/Capital-Voted) where supplementary provision of ₹ 140.23 crore proved unnecessary as expenditure did not reach the level of original provision (Table-3.4). In three cases (Table-3.5), supplementary provision of ₹ 349.83 crore proved insufficient as it was not adequate to meet the requirement, leaving aggregate uncovered excess expenditure of ₹ 88.60 crore (Chart-3.3).

Chart-3.3: Unnecessary and insufficient supplementary provisions



Source: Appropriation Accounts.

Table-3.4: Details of cases where supplementary provision (₹ one crore or more in each case) proved unnecessary

(₹ in crore)

Sr. No.	Name of the Grant	Original	Supplementary	Actual expenditure	Saving out of original provisions
Revenue- Voted					
1.	4-General Administration	244.15	4.63	213.21	30.94
2.	6-Excise and Taxation	84.73	17.01	84.22	0.52

Sr. No.	Name of the Grant	Original	Supplementary	Actual expenditure	Saving out of original provisions
3.	19-Social Justice and Empowerment	1,248.03	24.43	1,207.72	40.31
4.	21-Co-operation	36.46	2.49	36.25	0.21
5.	27-Labour Employment and Training	362.38	11.14	257.14	105.25
Capital- Voted					
6.	3-Administration of Justice	7.05	1.23	5.15	1.90
7.	7-Police and Allied Organisations	62.64	10.79	43.05	19.59
8.	28-Urban Development, Town and Country Planning and Housing	174.50	5.53	68.97	105.53
9.	31-Tribal Development	435.13	6.16	365.86	69.28
10.	32-Scheduled Caste Sub Plan	1,390.21	56.81	1,297.27	92.94
Total		4,045.30	140.23	3,578.84	466.46

Source: Appropriation Accounts.

Table-3.5: Details of cases where supplementary provision (₹ one crore or more in each case) proved insufficient

Sr. No.	Name of the Grant	Original	Supplementary	Actual expenditure	Excess
Revenue- Voted					
1.	28-Urban Development, Town and Country Planning and Housing	655.66	78.46	754.51	20.39
Capital- Voted					
2.	10-Public Works - Roads, Bridges and Buildings	1,208.5	225.53	1,496.13	62.10
3.	25-Road and Water Transport	102.67	45.84	154.62	6.11
Total		1,966.83	349.83	2,405.26	88.60

Although the demand for supplementary grants was made by the State Government on the reasoning that additional expenditure was to be incurred in various schemes under the respective grants, yet the final expenditure was less than even the original provisions in the 10 cases as indicated in **Table-3.4**. Further, in 3 cases as indicated in **Table-3.5**, the supplementary provisions were insufficient as the actual expenditure was more than the total budget provisions. The above incidences indicate that the Administrative Department could not realistically assess/estimate the actual requirement of funds for the remaining period of financial year due to poor monitoring of expenditure.

3.3.5 Re-appropriations requiring prior legislative authorisation

‘Re-appropriation’ refers to the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation. The Government is allowed to re-appropriate provisions from one unit of appropriation to another within the same Grant, thus altering the destination of an original provision for one purpose to another, subject to the limits and restrictions laid down. No re-appropriation should be made for any purpose whatsoever from Supplementary Grants voted by the Assembly for a definite

purpose, so as to ensure that a Supplementary Grant shall be used for the purpose for which it is voted and for no other.

During the year 2020-21, there was no case of re-appropriation from one grant to another or from supplementary grants. Cases of unnecessary / insufficient re-appropriation within grants are detailed below.

3.3.6 Unnecessary and insufficient re-appropriations

Re-appropriation is the transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During the year 2020-21, there were various cases where re-appropriation proved either unnecessary or insufficient, details of which are shown in **Appendix-3.2. Table-3.6** (savings more than ₹ 10 crore) and **Table-3.7** show details of some of the major instances of unnecessary and insufficient re-appropriations respectively.

Table-3.6: Unnecessary re-appropriations resulting in savings
(₹ in crore)

Sr. No.	Grant No.	Head of Account	Original	Supplemen-tary	Re-appropriation	Total	Actual	Savings
1	7-Police and Allied Organisations	2055-00-109-01	660.03	0.09	6.32	666.45	551.82	-114.63
2		2070-00-108-02	40.24	0	5.33	45.57	35.38	-10.19
3		2202-02-109-01	2,359.49	0	5.82	2,365.31	2,029.96	-335.35
4		2202-03-103-07	47.06	0	0.33	47.39	12.97	-34.42
5	9-Health and Family Welfare	2210-01-110-03	308.45	0	21.00	329.46	245.16	-84.30
6		2211-00-200-05	334.42	0	9.71	344.13	250.82	-93.31
7	10-Public Works - Roads, Bridges and Buildings	3054-04-105-19	184.44	0	0.13	184.57	134.94	-49.63
8		5054-04-337-11	50.00	0	10.00	60.00	44.07	-15.93
9	13-Irrigation, Water Supply and Sanitation	2215-01-001-02	149.59	0	0.42	150.01	97.61	-52.40
10	32-Scheduled Caste Sub Plan	2235-02-789-01	77.72	0	4.47	82.19	60.44	-21.75
11		4215-02-789-02	38.43	0	0.90	39.33	13.90	-25.43
12		5054-04-789-01	175.07	0	4.95	180.01	167.39	-12.62
13		5054-04-789-04	61.50	0	0.20	61.70	40.48	-21.22

Source: Appropriation Accounts.

Table-3.7: Insufficient re-appropriations resulting in excess
(₹ in crore)

Sr. No.	Grant No.	Head of Account	Original	Supplemen-tary	Re-appropriation	Total	Actual	Excess
1	9-Health and Family Welfare	4210-03-105-01	13.98	78.01	0.05	92.04	118.08	26.03
2	10-Public Works - Roads, Bridges and Buildings	5054-04-101-01	5.00	0.75	13.78	19.53	25.56	6.03
3		5054-04-337-09	394.86	117.70	66.12	578.68	724.20	145.52
4	13-Irrigation, Water Supply and Sanitation	2215-01-005-02	0.58	0	3.20	3.78	11.78	8.00
5		4215-01-102-01	36.01	0	68.81	104.82	159.76	54.94
6	19-Social Justice and Empowerment	2235-60-102-04	69.24	0	0.09	69.33	70.37	1.05

Sr. No.	Grant No.	Head of Account	Original	Supplementary	Re-appropriation	Total	Actual	Excess
7	29-Finance	2049-05-105-02	0	0	91.30	91.30	107.50	16.20
8		2071-01-104-02	732.45	0	0.06	732.51	572.83	42.42
9	31-Tribal Development	2215-01-796-01	4.91	0	1.31	6.21	8.02	1.84
10		5054-04-796-01	45.69	0	8.07	53.76	55.98	2.22
11		5054-04-796-02	54.00	3.26	30.01	87.26	99.73	12.47
12	32-Scheduled Caste Sub Plan	2202-02-789-02	10.08	0	0.75	10.83	13.68	2.85
13		5054-04-789-08	151.14	36.55	40.84	228.53	284.23	55.70

In all the above cases shown in **Tables-3.6** and **3.7** above, re-appropriation orders were issued in the month of March 2021, specifying therein the need for additional expenditure under the respective schemes. However, re-appropriations in 13 cases (savings of ₹ 10 crore and more in each case) shown in **Table-3.6** proved unnecessary, as the savings under these cases were more than re-appropriated amount. On the other hand, re-appropriations in 13 cases shown in **Table-3.7** proved insufficient as there remained excesses under these grants.

However, no case of re-appropriation from Capital to Revenue and vice-versa and from Voted to Charged or vice-versa was noticed during 2020-21.

3.3.7 Savings

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or slipshod estimating, it is not readily excusable. The golden rule for all Estimating Officers should be to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should, in checking the estimates, apply unrelentingly the proven and well-trying check of average of previous actuals with known or reasonably foreseeable facts which may modify that average.

When the need for surrender manifests itself, the Controlling Officers should carefully estimate the amounts that they can surrender. The aim should be to surrender as much as they can so as to keep the expenditure just within the modified Grant.

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls promote release of funds towards the end of the financial year and increase the propensity of the Departments to retain huge balances outside the Government account in Bank Accounts. Excessive savings also deprives other Departments of the funds, which they could have utilised.

(i) Savings vis-à-vis allocations

Analysis of appropriations showed that in 64 cases, savings exceeded ₹ one crore or more than 20 per cent of the total provision, as detailed in **Appendix-3.3**. Against the total provision of ₹ 59,042 crore under these cases, ₹ 8,546 crore remained as savings in various grants. Out of total unutilised amount / savings of ₹ 8,546 crore, substantial savings (₹ 100 crore and more in each case) were observed in 16 cases relating to 15 grants (Voted) amounting to ₹ 7,104 crore (83 per cent), details of which are given in **Table-3.8**.

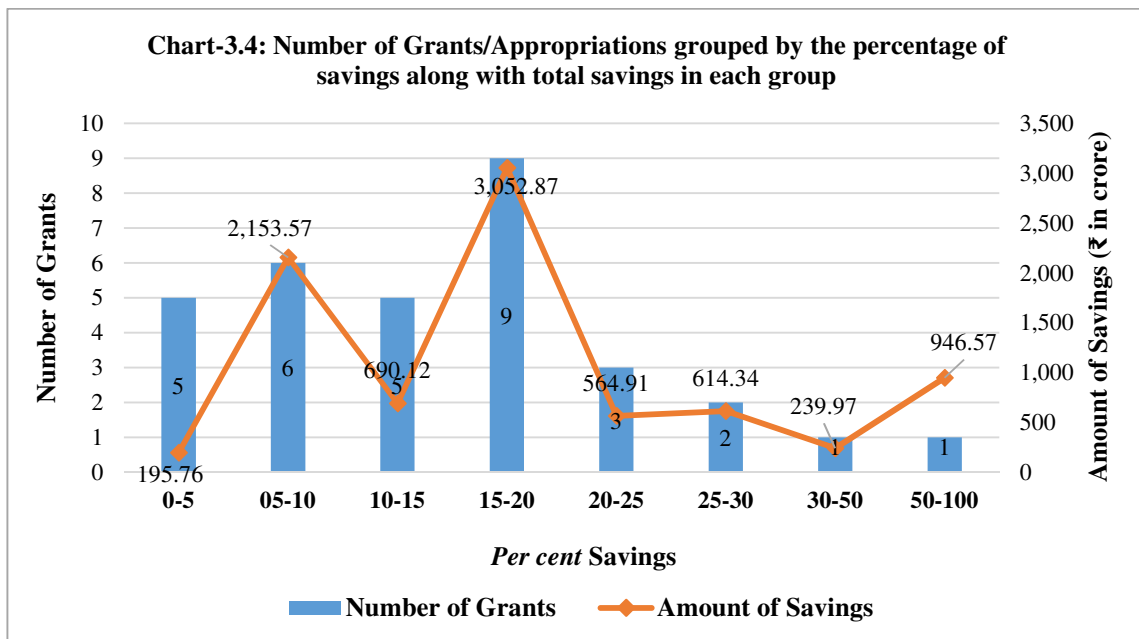
Table-3.8: List of grants having large savings (above ₹ 100 crore) during the year
(₹ in crore)

Sr. No.	Grant Number	Original	Supplementary	Total provisions	Actual expenditure	Savings	Surrender	Saving excluding surrender
Revenue- (Voted)								
1	5	1,363.11	0	1,363.11	1,246.68	-116.43	-14.64	-101.79
2	7	1,549.20	0	1,549.20	1,243.75	-305.45	-62.22	-243.23
3	8	7,068.14	0	7,068.14	5,706.05	-1,362.09	-745.32	-616.77
4	9	2,406.99	0	2,407.00	1,917.35	-489.64	-111.43	-378.22
5	10	3,752.85	0	3,752.85	2,789.83	-963.02	-27.78	-935.24
6	13	2,774.82	0	2,774.82	2,644.74	-130.08	-483.65	353.57
7	16	809.81	0.01	809.82	639.30	-170.51	-107.01	-63.50
8	20	1,409.77	0	1,409.77	1,246.30	-163.47	-106.55	-56.92
9	27	362.38	11.14	373.52	257.14	-116.39	-0.09	-116.30
10	29	7,382.45	0	7,382.45	6,179.79	-1,202.66	-1,250.46	47.80
11	31	1,504.70	0	1,504.71	1,089.02	-415.69	-132.22	-283.48
12	32	1,453.72	0	1,453.72	1,189.03	-264.69	-36.64	-228.06
Capital- (Voted)								
13	15	444.54	0	444.54	226.47	-218.07	-207.89	-10.18
14	26	958.71	0	958.71	34.03	-924.68	-890.00	-34.68
15	28	174.50	5.53	180.03	68.97	-111.06	0	-111.06
16	32	1,390.21	56.81	1,447.02	1,297.27	-149.75	0	-149.75
Total		34,805.90	73.49	34,879.41	27,775.72	-7,103.68	-4,175.90	-2,927.81

Source: Appropriation Accounts.

The reasons for savings were neither given in the Appropriation Accounts (except reasons of general / routine nature) nor provided by the State Government (as of December 2021). Large savings under these grants implied that the State Government had made budget provisions without accurate estimation of fund requirement.

Chart-3.4 categorises grants / appropriations according to percentage of savings against budget allocations.



(ii) Persistent Savings

During the last five years, there were 31 cases (₹ one crore or more in each case) relating to 23 grants where persistent savings occurred (details given in **Appendix-3.4**), out of which five cases (₹ 100 crore or more in each case) are depicted below in the **Table-3.9**.

Table-3.9: Details of persistent savings cases (₹ 100 crore or more in each case)

(₹ in crore)

Sr. No.	Grant Number	Name of Grant/ Appropriation	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue- Voted							
1	08	Education	864.96	665.02	955.16	1,110.61	1,362.09
2	09	Health and Family Welfare	295.90	211.66	330.83	377.72	489.64
3	20	Rural Development	121.61	402.93	383.93	351.17	163.47
4	31	Tribal Development	177.85	242.34	325.72	371.39	415.69
5	32	Scheduled Caste Sub Plan	321.14	405.83	390.87	513.37	264.69

Source: Appropriation Accounts.

The substantial persistent savings in the grants above indicated that budgetary controls in these departments were not effective and previous years' trends were not being taken into account while allocating funds. This had been pointed out in previous State Finance Audit Reports, but the State Government did not seem to have taken cognizance of the same.

(iii) Details of surrenders of funds in excess of ₹ 10 crore

Instances of surrender of funds in excess of ₹ 10 crore in each case at the end of March are given in **Table-3.10**.

Table-3.10: Details of surrender of funds in excess of ₹ 10 crore at the end of March

(₹ in crore)

Sr. No.	Grant Number	Original	Supplementary	Total Provisions	Actual expenditure	Savings	Amount Surrendered
1	03	265.62	1.23	266.86	211.84	-55.02	35.98
2	04	266.29	4.63	270.93	226.07	-44.86	29.02
3	05	1,373.96	1.64	1,375.60	1,259.16	-116.43	14.64
4	07	1,611.84	10.89	1,622.73	1,286.90	-335.82	62.22
5	08	7,179.64	19.69	7,199.33	5,837.22	-1,362.11	745.32
6	09	2,562.54	108.40	2,670.95	2,172.50	-498.45	111.43
7	10	4,961.35	243.58	5,204.93	4,298.60	-906.34	27.78
8	11	534.48	0.05	534.53	445.99	-88.55	51.10
9	13	3,726.30	3.04	3,729.34	3,567.71	-161.62	483.65
10	14	450.19	0.00	450.19	369.89	-80.30	40.34
11	15	521.55	0.00	521.55	281.59	-239.97	214.89
12	16	830.54	0.02	830.56	656.49	-174.07	107.99

Sr. No.	Grant Number	Original	Supplementary	Total Provisions	Actual expenditure	Savings	Amount Surrendered
13	18	254.71	0.23	254.93	206.21	-48.72	24.24
14	20	1,421.04	0.60	1,421.64	1,258.16	-163.48	106.55
15	22	305.72	0.09	305.81	275.84	-29.97	28.36
16	26	1,112.20	0.00	1,112.20	165.63	-946.57	909.82
17	29	15,725.66	8,002.63	23,728.29	21,803.35	-1,924.94	1,565.89
18	31	1,939.84	6.19	1,946.03	1,454.90	-491.13	132.22
19	32	2,843.93	56.81	2,900.74	2,486.30	-414.44	36.64
Total		47,887.40	8,459.72	56,347.14	48,264.35	-8,082.79	4,728.08

Source: Appropriation Accounts.

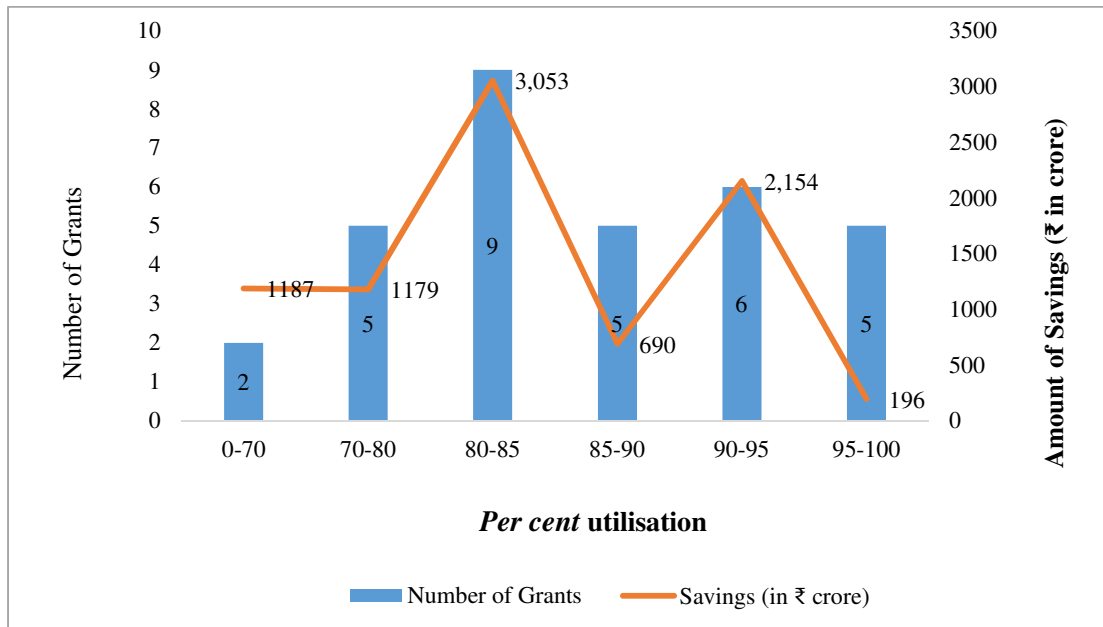
As given in the table, in 19 cases, there was surrender of amounts totaling ₹ 4,728.08 crore (₹ 10 crore or more in each case) (nine per cent of original budget allocation) in the month of March 2021.

Surrender of funds at the end of March indicated poor monitoring of expenditure, weak financial controls and meant that funds could not be utilised for other purposes.

(iv) Distribution of the number of Grants/ Appropriations grouped by percentage of utilisation

The distribution of the number of Grants/ Appropriations grouped by percentage of utilisation is given in the **Chart-3.5**.

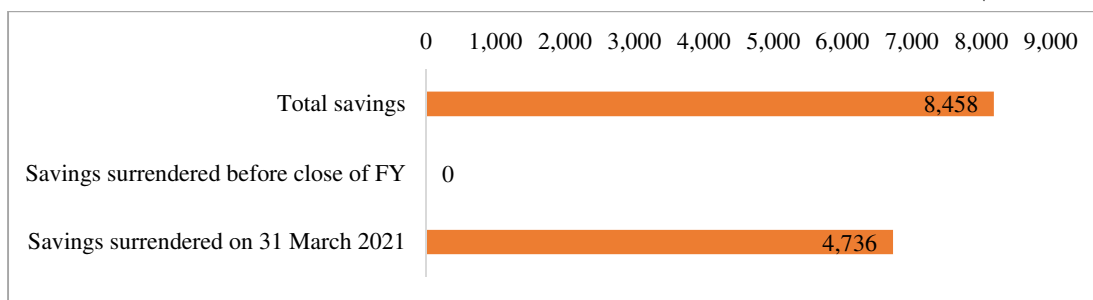
Chart-3.5: Distribution of the number of Grants/Appropriations grouped by percentage of utilisation



In one grant (Grant No. 26-Tourism and Civil Aviation), utilisation was only 15 per cent of the available funds, resulting in savings of ₹ 946.57 crore. This was attributed mainly to receipt of fewer project proposals than anticipated.

Chart-3.6: Savings and surrenders before close of financial year 2020-21

(₹ in crore)



As observed from surrender orders provided by the State Government, all surrenders (₹ 4,736 crore) were made in the month of March 2021. This indicated poor management of funds resulting in sub-optimal utilisation of financial resources.

3.3.8 Excess expenditure and its regularisation

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

3.3.8.1 Excess expenditure relating to financial year 2020-21

Excess expenditure over budget provision is not only in contravention of provisions requiring legislative sanction, but also indicative of poor planning. It can be avoided by keeping track of expenditure progression with reference to budgetary outlays. Details of excess expenditure over the budget provision for the financial year are given in the **Table-3.11**.

Table-3.11: Summary of excess disbursements over grants/ appropriation during 2020-21

(in ₹)

		Name of Department/Grant				
		13-Irrigation, Water supply and Sanitation	28-Urban Development, Town and Country Planning	31-Tribal Development	10-Public Works - Roads, Bridges and Buildings	25-Road and Water Transport
Voted	Revenue	00	20,39,26,716	00	00	00
	Capital	00	00	00	62,10,40,558	6,11,05,979
Charged	Revenue	8,39,000	00	00	00	00
	Capital	00	00	453	00	00
Total Excess		88,69,12,706				

Source: Appropriation Accounts.

In five cases (relating to five grants), excess expenditure of ₹ 88.69 crore over budget provision was incurred in 2020-21. Details of excess disbursement over the authorisation from the Consolidated Fund of State under schemes contributing significantly to the above during the financial year 2020-21 are given **Table-3.12**.

Table-3.12: Head-wise disbursement over the authorisation during 2020-21

(₹ in crore)

Sr. No.	Grant No.	Head of Account	Name of Scheme	Total Provision	Re-appropriation	Total	Expenditure	Excess
Revenue- Voted								
1	28	2217-80-191-56	World Bank Aided Greater Shimla Water Supply Scheme	108.89	0	108.89	180.13	71.24
2		2217-80-191-57	Atal Shreshth Shehar Yojna	2.00	0	2.00	3.80	1.80
Revenue- Voted								
3	13	2215-01-102-13	Expenditure On Material & Daily Wagers' Wages	0.0001	0	0.0001	0.084	0.084
Capital- Voted								
4	10	4059-80-051-03	Construction of Rest/ Circuit Houses	9.64	0	9.64	13.14	3.50
5		5054-04-101-01	Construction of Bridges	5.75	13.78	19.53	25.56	6.03
6		5054-04-337-09	Programme Fund and Administrative Expenses Fund under Pradhan Mantri Gramin Sadak Yojna Works	512.56	66.12	578.68	724.20	145.52
7		5054-04-337-15	Payment for Arbitration cases (Roads and Bridges)	6.78	0	6.78	12.08	5.30
8	25	5002-01-120-01	Construction of Railway lines	80.33	0	80.33	87.50	7.17

Source: Appropriation Accounts.

3.3.8.2 Persistent excesses in certain grants

A number of grants witness excess expenditure year after year. The persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on realistic basis. 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 to be viewed seriously. Persistent excesses may be due to improper estimation at the time of preparation of budget.

During the five-year period from 2016-17 to 2020-21, no case of persistent excesses in certain grants was observed.

3.3.8.3 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive.

Excess expenditure of ₹ 8,729.78 crore under 16 grants and 11 appropriations incurred during the years 2014-15 to 2019-20 was yet to be regularised by the State Legislature as of December 2021.

In addition to the above, excess expenditure of ₹ 88.69 crore incurred over authorisation made in three grants and two appropriations during the financial year 2020-21 also requires regularisation.

The year-wise summary of excess expenditure pending regularisation is given in **Table-3.13:**

Table-3.13: Excess expenditure relating to previous years (2014-20) requiring regularisation

Year	Number of Grants/ Appropriations	Grant/ Appropriation numbers	Amount of excess required to be regularised as commented in the Appropriation Account (Figures in ₹)	Status of regularisation
2014-15	10 Grants 6 Appropriations	1, 2, 6, 11, 12, 13, 18, 19, 23 (Revenue) 23 (Capital) and 1, 10, 19, 29 (Revenue), 29 (Capital), 31	15,85,69,18,458	Not regularised
2015-16	7 Grants 4 Appropriations	5, 8, 10, 13, 19, 23, 28 (Revenue) and 13, 16, 29 (Revenue) 29 (Capital)	28,48,43,38,113	
2016-17	5 Grants 3 Appropriations	2, 13 (Revenue) 3, 10, 23 (Capital) and 1, 16 (Revenue) 29 (Capital)	30,37,60,82,471	
2017-18	2 Grants 1 Appropriation	5, 10 (Revenue) and 10 (Capital)	3,86,76,41,211	
2018-19	6 Grants 5 Appropriations	05, 13, 22 (Revenue), 03, 10, 12 (Capital) and 07, 20, 25 (Revenue), 10, 29 (Capital)	8,21,37,16,840	
2019-20	4 Grants 3 Appropriations	22 (Revenue), 13, 21, 28 (Capital) and 05 (Revenue), 13, 29 (Capital)	49,91,20,218	
Total			87,29,78,17,311	

Source: Appropriation Accounts.

3.3.9 Grant-in-aid for creation of capital assets

As per IGAS-2, grants-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 the President on the advice of the Comptroller and Auditor General of India.

During 2020-21, an amount of ₹ 1,039.67 crore was extended as grants-in-aid for capital assets and the whole amount was booked under revenue heads and classified as revenue expenditure in the accounts in compliance with IGAS-2.

3.4 Comments on effectiveness of budgetary and accounting processes

3.4.1 Budget projection and gap between expectation and actual

The summarised position of original and supplementary provisions *vis-à-vis* actual expenditure during 2020-21 in respect of 32 grants/ appropriations is given in **Table-3.14**.

Table-3.14: Summarised position of Budget (Original/ Supplementary) provisions *vis-à-vis* Actual Expenditure during 2020-21

(₹ in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure	Net of Savings (-)	Surrender during March	
							Amount	Per cent
Voted	I. Revenue	37,397.26	541.42	37,938.68	31,767.50	-6,171.18	-3,300.55	-8.70
	II. Capital	6,312.99	485.42	6,798.42	5,352.51	-1,445.91	-1,116.23	-16.42
	III. Loans and Advances	359.45	60.43	419.87	320.11	-99.76	-6.58	-1.57
	Total	44,069.70	1,087.27	45,156.97	37,440.12	-7,716.85	-4,423.36	-26.69
Charged	I. Revenue	5,008.30	14.47	5,022.77	4,543.72	-479.05	-312.92	-6.23
	II. Capital	0.00	20.75	20.75	13.63	-7.12	0.00	0.00
	III. Public Debt repayments	3,393.51	8,002.63	11,396.14	11,141.04	-255.10	0.00	0.00
Total	8,401.81	8,037.85	16,439.66	15,698.39	-741.27	-312.92	-6.23	
Grand Total	52,471.51	9,125.12	61,596.63	53,138.51	-8,458.12	-47,36.28	-32.92	

Source: Appropriation Accounts.

As shown in the above table, there was an overall saving of ₹ 8,458.12 crore which was the net result of saving of ₹ 8,546.81 crore in grants and appropriations offset by excess of ₹ 88.69 crore in three grants and two appropriations.

Details of original budget, revised estimates and actual expenditure during 2016-21 are given in **Table-3.15**.

Table-3.15: Original Budget, Revised Estimate and Actual Expenditure during 2016-21

(₹ in crore)

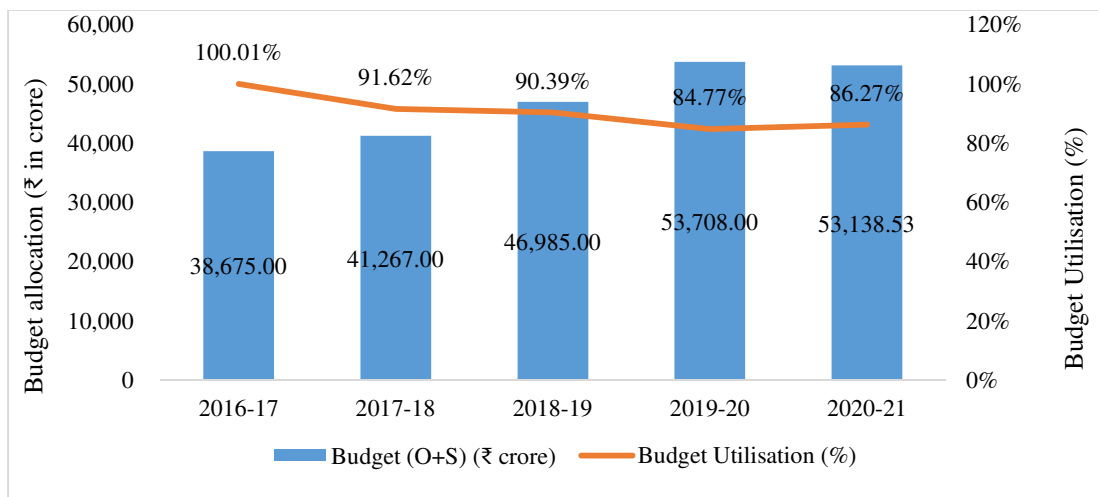
	2016-17	2017-18	2018-19	2019-20	2020-21
Original Budget	34,739	37,940	43,842	46,971	52,472
Supplementary Budget	3,937	3,327	3,143	6,737	9,125
Revised Estimate	35,865	38,995	43,625	49,688	53,460
Actual Expenditure	38,708	37,811	42,469	45,528	53,139
Saving (-)/ Excess (+)	32	-3,456	-4,516	-8,180	-8458
Percentage of Saving (-)/ Excess (+)	0.08	-8.37	-9.61	-15.23	-13.73

Source: Appropriation Accounts and Budget documents of respective years.

As can be seen from the above table, the savings showed an increasing trend from 2017-21, indicating persistent sub-optimal utilisation of budgetary outlays.

The trend of budget allocation (original and supplementary) and utilisation there against is depicted in **Chart-3.7**.

Chart-3.7: Budget Utilisation during 2016-17 to 2020-21



Source: Appropriation Accounts.

As can be seen from the above table, the percentage of budget utilisation against total allocation showed a declining trend during 2016-17 to 2020-21.

3.4.2 Supplementary budget and opportunity cost

While obtaining legislative authorisation for supplementary provisions, departments sometimes report large additional requirements for different purposes under various schemes/activities but are unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. At the same time, other schemes remain incomplete due to want of funds, resulting in not only the denial of benefits to the public at large but also in escalation of project cost.

Detail of unutilised funds under ‘Capital-Voted’ section is given in **Table-3.16** below:

Table-3.16: Detail of unutilised funds under ‘Capital-Voted’ section

(₹ in crore)

Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
Capital- Voted						
1	01-Vidhan Sabha	3.05	0.05	3.10	1.77	1.33
2	03- Administration of Justice	7.05	1.23	8.28	5.15	3.13
3	04-General Administration	8.56	0.00	8.56	0.12	8.44
4	07-Police and Allied Organisation	62.64	10.79	73.43	43.05	30.38
5	08-Education	111.50	18.96	130.46	130.44	0.02
6	09-Health and Family Welfare	155.55	108.00	263.55	254.75	8.80
7	13-Irrigation, Water supply & Sanitation	951.48	0.00	951.48	921.64	29.83

Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
8	18-Industries, Minerals, Supplies and Information technology	23.41	0.23	23.64	14.54	9.09
9	19-social Justice and Empowerment	12.03	0.00	12.03	7.09	4.94
10	20-Rural Development	11.27	0.60	11.87	11.86	0.01
11	21-Coperation	0.02	58.55	58.57	58.56	0.01
12	22-Food and Civil supplies	0.05	0.09	0.14	0.14	0.00
13	23-Power Development	307.30	0.00	307.30	304.04	3.26
14	28-Urban Development, Town and Country Planning and Housing	174.50	5.53	180.03	68.97	111.06
15	30-Miscellaneous General Services	37.51	0.85	38.36	36.81	1.55
16	31-Tribal Development	435.13	6.16	441.29	365.86	75.44
17	32-Scheduled Caste Sub Plan	1,390.21	56.81	1,447.02	1,297.27	149.75
	Total:	3,691.27	267.85	3,959.12	3,522.08	437.04

Source: Appropriation Accounts.

Due to non-availability of information from State Government in respect of schemes/ projects which could not be completed for want of funds during the year, it could not be ascertained whether savings of ₹ 437.04 crore under the 'Capital-Voted' section could have been utilised for completion of those schemes/projects.

3.4.3 Major policy pronouncements in budget and actual expenditure

The Government announces several new policies/ schemes for implementation through the Budget Speech and other budget documents which are either for that particular financial year (one-time activity) or the subsequent financial years (of recurring nature).

Some of the major policy pronouncements in the Budget and actual expenditure thereagainst during 2020-21 are given in **Table-3.17**.

Table-3.17: Major policy pronouncements in Budget and actual expenditure during 2020-21

(₹ in crore)

Sr. No.	Name of the Scheme	Classification	Budget Provisions	Actual expenditure	Savings (-)/ Excess (+)
1.	Krishi Kosh	2401-00-115-02	20.00	0	-20.00
2	Krishi se Sampannta Yojna	2401-00-109-33	0.001	0.97	0.969
3	Nadaun Medium Irrigation Scheme	4701-21-800-01	2.55	0	-2.55
4		4701-21-789-01	0.84	0	-0.84
5	Krishi Utpaad Sarankshan Yojna	2401-00-107-07	10.00	0.74	-9.26
6	Parvatdhara	4702-00-101-12	0.001	2.88	2.879

Sr. No.	Name of the Scheme	Classification	Budget Provisions	Actual expenditure	Savings (-)/ Excess (+)
7	HIM Udyami Start-up Yojna	2851-00-102-31	10.00	2.06	-7.94
8	Bal Poshahaar	2235-02-102-23	30.00	29.98	-0.02
9	Swasth Bachpan	2202-01-101-14	1.00	0	-1.00
Total			74.39	36.63	-37.76

Source: Budget Speech and information provided by Finance Department.

As is evident from the table above, against the total budget provision of ₹ 74.39 crore made for the above schemes, expenditure of only ₹ 36.63 crore (49.24 per cent) was incurred during 2020-21. In four out of the nine schemes, no expenditure was incurred, thus depriving beneficiaries of the intended benefits.

3.4.4 Schemes and their actual funding for ensuring implementation

Several policy initiatives of the Government are partially executed or not executed due to non-approval of scheme guidelines/ modalities, non-commencement of works for want of administrative sanctions, non-release of budget, etc. This deprives beneficiaries of the intended benefits. Savings in such schemes deprives other departments of funds which they could have utilised.

During 2020-21, there were 114 schemes where budget provision (of ₹ one crore and above) was made but no expenditure was incurred (details given in **Appendix-3.5**), out of which details of some major schemes are depicted in **Table-3.18**.

Table-3.18: Detail of some schemes for which substantial provision was made but no expenditure incurred

(₹ in crore)

Sr. No.	Name of Grant	Scheme name	Approved outlay	Expendi-true	Remarks
1.	Finance	% H.P.State Development Loan (New Loan)	385.75	0.00	No expenditure was incurred on these schemes during the year. No reasons were intimated for the lack of expenditure under these schemes.
2.	Rural Development	Swachh Bharat Mission (Gramin)	241.65	0.00	
3.	Power	Loan To Hp Power Transmission Corporation Ltd.	173.00	0.00	
4	Tourism and Civil Aviation	Rehabilitation And Operation / Maintenance of Airports / Heliports	100.00	0.00	
5.	Tribal Development/ Scheduled Caste sub Plan	National Rural Employment Guarantee Scheme	92.31	0.00	
6.	Power	Loan To H.P.Power Corporation	51.33	0.00	
7.	Social Justice and Empowerment	Pensioners Funds Reserve with Finance Department	50.00	0.00	
8.	Irrigation, Water Supply and Sanitation	Chief Minister Rural Drinking Water Supply Scheme -Externally Aided Project (National Dev. Bank)	37.50	0.00	

Sr. No.	Name of Grant	Scheme name	Approved outlay	Expenditure	Remarks
9.	Irrigation, Water Supply and Sanitation	Command Area Development Under Minor Irrigation Schemes	35.54	0.00	
10.	Scheduled Caste sub Plan	Post Matric Scholarship To Scheduled Caste Students	34.28	0.00	

Source: Appropriation Accounts.

It was further noted that out of the 114 schemes where budget provision (of ₹ one crore and above) was made but no expenditure was incurred, there were 19 schemes in which the entire budget provision (₹ 10 crore and above) was removed either by re-appropriation or by surrender in the revised outlay. The details of these 19 schemes are given in **Table- 3.19**:

Table-3.19: Details of schemes where entire budget provision was reduced to zero

(₹ in crore)

Sl. No.	Name of Schemes	Total provision	Re-appropriation	Surrender	Revised outlay
1	% H.P.State Development Loan (New Loan)	385.75	-76.89	-308.86	0
2	Border Area Development Programme	27.78	-10.68	-17.10	0
3	Channelisation Of Swan From Daulatpur To Gagret Bridge And Its Tributaries (Iv) Under Fmp	14.95	-14.95	0.00	0
4	Cheifminister Rural Drinking Water Supply Scheme-Externally Aided Project National Development Bank	12.50	-12.50	0.00	0
5	Chief Minister Rural Drinking Water Supply Scheme -Externally Aided Project (National Dev. Bank)	37.50	-37.50	0.00	0
6	Command Area Development	13.60	-13.60	0.00	0
7	Command Area Development Under Minor Irrigation Schemes	35.54	-35.54	0.00	0
8	Expenditure On Infrastructure Facilities	13.10	-4.24	-8.86	0
9	Krishi Kosh	20.00	0.00	-20.00	0
10	Midday – Meal	11.00	0.00	-11.00	0
11	National Food Security Act	12.59	-9.42	-3.17	0
12	National Rural Employment Guarantee Scheme	92.31	-77.82	-14.49	0
13	Pensioners Funds Reserve With Finance Department	50.00	-49.82	-0.18	0
14	Prakritik Khet Khushhaal Kisan	23.47	-9.09	-14.38	0
15	Rehabilitation And Operation / Maintenance Of Airports / Heliports	100.00	-80.21	-19.79	0
16	Subsidy On Wheat And Rice To Bpl Families	24.24	0.00	-24.24	0
17	Swachh Bharat Mission (Gramin)	241.65	-129.42	-112.23	0

Sl. No.	Name of Schemes	Total provision	Re-appropriation	Surrender	Revised outlay
18	Swaran Jayanti Aashraya Aawas Yojna	25.00	-25.00	0.00	0
19	Total Sanitation Campaign	23.90	-2.50	-21.40	0
Total		1,164.88	-589.20	-575.69	0

Non-utilisation of funds on sanctioned schemes shows that the State Government departments had either not adequately planned for launching such schemes or did not have the capacity for their implementation. Poor scheme implementation capacities increase the tendency of departments to retain cash balances outside the Government Account in bank accounts or surrender funds at the end of the year, thereby depriving other departments of funds which could have been utilised.

3.4.5 Rush of expenditure

Government funds should be spent evenly throughout the year. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure.

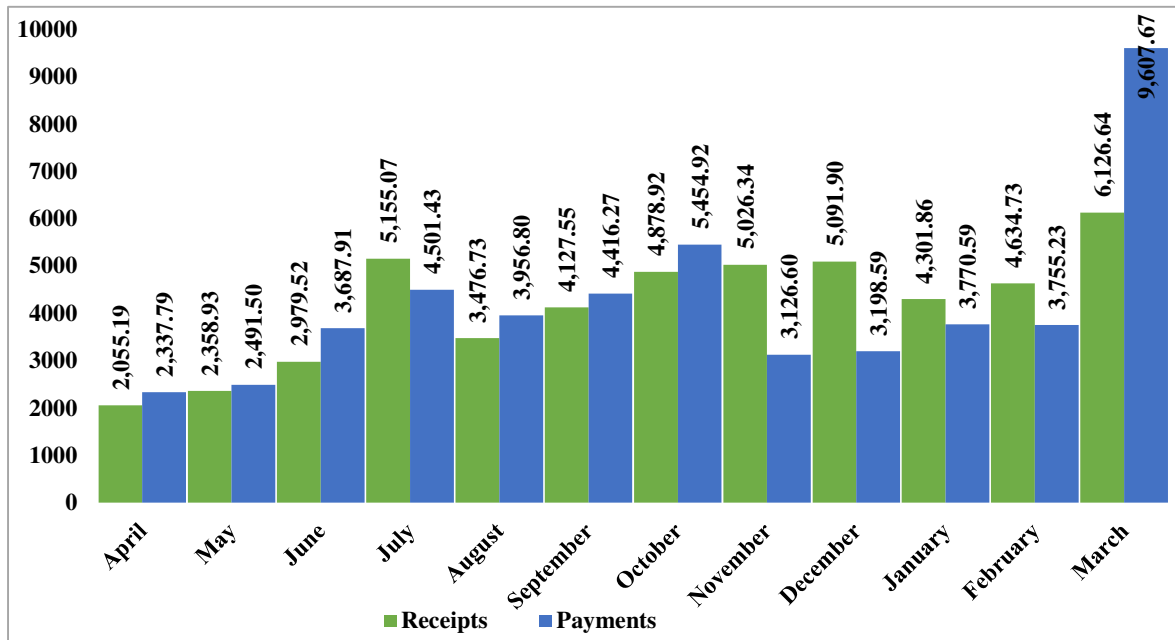
The State Government has prescribed quarter-wise percentages (*1st Quarter-20 per cent; 2nd Quarter-25 per cent; 3rd Quarter-30 per cent; 4th Quarter-25 per cent*) for incurring expenditure during the year, with the aim of regulating the expenditure in a phased manner. Details of cases where substantial expenditure (more than 50 per cent) was incurred in March 2021 are given in **Appendix-3.6**. Some cases where more than 50 per cent of total expenditure (₹ 100 crore or more in each case) under the head was incurred in March are given in **Table-3.20**:

Table-3.20: Grants where more than 50 per cent expenditure was incurred in March and total expenditure was more than ₹ 100 crore

Sr. No.	Name of the Grant	Head of Account	Total Expenditure (₹ in crore)	Expenditure during March (in per cent)
1	9-Health and Family Welfare	4210-03-105-01	118.08	72.49
2	10-Public Works - Roads, Bridges and Buildings	2059-80-799-03	277.50	67.83
3		3054-04-105-06	431.54	54.09
4		3054-04-105-20	182.90	54.24
5		2401-00-119-57	158.97	80.50
6		2215-01-102-12	255.15	63.55
7		2702-80-001-06	171.60	61.25
8		4215-01-102-01	159.76	67.06
9			2801-80-101-07	520.45
10	23-Power Development	2049-03-104-01	1,107.96	98.14
11		2049-05-105-02	107.50	100

Details of monthly receipts and expenditure incurred against these receipts are given in the **Chart-3.8**.

Chart-3.8: Monthly receipts and expenditure during the year 2020-21

(*₹ in crore*)

Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules. The State Government may consider devising suitable mechanism to avoid rush of expenditure in the last quarter/month of the financial year.

3.5 Review of Selected Grants

A review of budgetary procedure and control over expenditure in respect of two grants viz., Grant No. 9 - 'Health and Family Welfare' and Grant No. 10 - 'Public Works Road, Bridges and Building' for the period 2018-19 to 2020-21 revealed the following:

3.5.1 Grant No. 9 - Health and Family Welfare

The overall position of funds allotted, expenditure incurred and savings/excesses under revenue and capital sections of the grant for the last three years (2018-19 to 2020-21) is given in **Table-3.21**.

Table-3.21: Details of funds allocated, expenditure incurred and savings/excesses

(*₹ in crore*)

Year	Section	Original provision	Supplementary provision	Total Grant	Expenditure incurred	Excess (+)/ Savings (-)
2018-19	Revenue Section	1,994.23	0.02	1,994.25	1,663.42	-330.83
	Capital Section	186.77	78.58	265.35	256.41	-8.94
2019-20	Revenue Section	2,172.35	33.75	2,206.10	1,828.33	-377.77
	Capital Section	153.18	45.18	198.37	173.06	-25.30
2020-21	Revenue Section	2,406.99	0.40	2,407.40	1,917.75	-489.64
	Capital Section	155.55	108.00	263.55	254.75	-8.80

From the above table, it would be seen that from 2018-19 to 2020-21, there were consistent savings against the budget provision under both sections (revenue and capital) under the grant.

Savings from the budget provision

Scrutiny of records revealed that during 2020-21, the department(s) concerned either made excessive budget provision under the grant or did not disburse/surrender the amount as per prescribed procedure/rule. Detail of 13 cases/ sub-heads under the grant in which there were major savings over the budget provision (₹ 10 crore or more in each case) totalling ₹ 348.04 crore is given in the **Table-3.22**:

Table-3.22: Details of savings (₹ 10 crore or more in each case) of the budget provision
(₹ in crore)

Sr. No.	Head of accounts	Original Grant	Supplementary	Reappropriation	Final grant	Expenditure	Savings
1	2210-01-001-01-S00N	30.77	0	-10	20.77	16.74	-14.03
2	2210-01-110-03-S00N	243.06	0.00	-9.91	233.14	174.44	-58.71
3	2210-02-001-02-S00N	84.50	0.00	-0.29	84.21	62.72	-21.50
4	2210-03-110-01-S00N	437.86	0.00	-103.25	334.61	284.53	-50.09
5	2210-04-101-02-S00N	110.42	0.00	0.00	110.42	89.07	-21.34
6	2210-05-105-01-S00N	206.26	0.00	-37.12	169.15	157.43	-11.71
7	2210-05-105-06-S00N	107.77	0	-8.74	93.77	93.60	-14.17
8	2210-06-200-06-S00N	15.00	0.00	0.00	15.00	0.98	-14.02
9	2211-00-101-01-S00N	109.94	0.00	0.00	109.94	73.46	-36.48
10	2211-00-200-05-C90N	70.01	0.00	0.00	70.01	35.95	-34.06
11	2211-00-200-05-C90N	169.04	0.00	0.00	169.04	149.73	-19.32
12	2211-00-200-05-C90N	50.41	0.00	0.00	50.41	12.69	-37.72
13	4210-01-110-01-S00N	13.98	0.00	0.00	13.98	2.51	-11.47
14	4210-03-105-05-S00N	20.86	0.00	0.00	20.86	1.07	-19.79
15	4210-03-105-07-S00N	11.84	0.12	0.00	11.96	0.12	-11.84
Total		1,543.18	0.12	-150.57	1,392.73	1,044.68	-348.04

The Assistant Controller (F&A) concerned stated (December 2020) that savings were due to non-preparation of DPRs for sanctioned works, non-acceptance of transfer entries and less execution of work.

Rush of expenditure

Detail of cases where substantial expenditure was incurred under the grant in the last quarter is given in **Table-3.23** below:

Table 3.23: Rush of expenditure

(₹ in crore)

Sr. No.	Head of Account	Total expenditure	Expenditure in Jan-March	Expenditure in March	Percentage	
					During Jan-March	In March
1	4210-03-105-01	118.08	105.79	85.59	89.59	72.48
2	4210-03-105-03	37.09	37.09	28.94	100.00	78.03

As can be seen from the above table, there was rush of expenditure under the grant during the last quarter, especially during the month of March, which showed non-adherence to financial rules by the concerned department(s).

3.5.2 Grant No. 10 - Public Works Road, Bridges and Building

The overall position of funds allotted, expenditure incurred and savings/excesses under revenue and capital sections of the grant for the last three years (2018-19 to 2020-21) is given in **Table 3.24**:

Table-3.24: Details of funds allocated, expenditure incurred and savings/excesses

(₹ in crore)

Year	Section	Original provision	Supplementary provision	Total Grant	Expenditure incurred	Excess (+)/ Savings (-)
2018-19	Revenue	3,308.06	0.20	3,308.26	3,039.07	-269.19
	Capital	1,216.28	230.11	1,446.39	1,496.32	49.93
2019-20	Revenue	3,540.28	30.12	3,570.40	2,833.51	-736.89
	Capital	1,294.53	618.07	1,912.60	1,631.13	-281.48
2020-21	Revenue	3,752.85	0.28	3,753.17	2,790.01	-963.12
	Capital	1,208.50	243.30	1,451.80	1,508.58	56.78

Source: Appropriation Accounts.

From the above table, it would be seen that from 2018-19 to 2020-21, there were substantial savings against the budget provision under revenue section of the grant. This indicated that budgetary controls in the department(s) were not effective and previous years' trends were not taken into account while allocating funds for the year.

Unnecessary or insufficient re-appropriation

Cases where savings / excess occurred under the grant after re-appropriation are given in **Table-3.25**.

Table-3.25: Unnecessary/Insufficient Re-appropriation

(₹ in crore)

Sr. No.	Head of Account	Original	Supplementary	Re-appropriation	Total	Actual	Excess (+)/ Savings (-)
1	5054-00-101-01	5.00	0.75	13.78	19.53	25.56	6.03
2	5054-04-337-09	394.86	117.7	66.12	578.68	724.20	145.52
3	3054-04-105-02	366.7	0.28	14.19	381.17	376.31	-4.86
4	3054-04-105-19	184.44	0	0.13	184.57	134.94	-49.63
5	4059-01-051-07	12.90	0	9.20	22.10	20.03	-2.07
6	5054-04-337-02	125.24	21.16	29.62	176.02	165.61	-10.41
7	5054-04-337-11	50.00	0	10.00	60.00	44.07	-15.93

In two cases re-appropriation proved insufficient as the actual expenditure was more than the total provision whereas in five cases re-appropriation proved unnecessary.

Rush of expenditure

Detail of cases where substantial expenditure was incurred in the last quarter is given in **Table-3.26** below:

Table-3.26: Rush of expenditure

(₹ in crore)

Sr. No.	Head of Account	Total expenditure	Expenditure in Jan-March	Expenditure in March	Percentage	
					During Jan-March	In March
1	2059-80-799-03	277.50	250.23	188.22	90.17	67.83
2	3054-04-105-06	431.54	287.74	233.41	66.68	54.09
3	3054-05-105-20	182.9	133.19	99.21	72.82	54.24
4	5054-06-101-01	25.56	23.45	16.96	91.74	66.35
5	5054-07-337-11	44.07	34.48	28.97	78.24	65.74
6	5054-08-337-21	45.00	45.00	45.00	100.00	100.00

As can be seen from the above table, there was rush of expenditure under the grant during the last quarter, especially during the month of March, which showed non-adherence to financial rules by the concerned department(s).

3.6 Conclusions

- Budgetary management was sub-optimal, as overall utilisation of budget was 86.27 per cent of total grants and appropriations during 2020-21. Budgetary allocations were not accurately made as out of the total 32 grants, in 15 grants there were savings of more than ₹ 100 crore; and in five grants there were persistent savings of more than ₹ 100 crore for the last five years. Supplementary provisions were also not accurately made as in 11 cases the supplementary provisions were either unwarranted or excessive.
- There was rush of expenditure towards the end of the financial year. In 20 heads under eight grants/ appropriations 100 per cent of the total expenditure during 2020-21 was incurred in the month of March 2021.
- In three grants and two appropriations, expenditure of ₹ 88.69 crore was in excess of the authorisation made by the State Legislature. The excess expenditure is required to be regularised by the State Legislature along with excess expenditure of ₹ 8,729.78 crore pertaining to the period 2014-15 to 2019-20.
- In 55 schemes, no expenditure was incurred in spite of budget provisions of more than ₹ one crore being available in each case. Further, in 32 schemes the entire budget provision was removed either by re-appropriation or by surrender. This indicates weak financial planning and management by the State Government departments resulting in denial of intended benefits and blocking of resources.

3.7 Recommendations

- The State Government should be more scientific and accurate in its assumptions for preparing budget estimates.
- The State Government should ensure regular monitoring to ascertain the progress of expenditure with reference to the stipulated quarterly targets, and assess anticipated savings/ excess. Surrenders of anticipated savings should be made well before the close of the financial year so that they can be utilised for other schemes. Excess expenditure over authorisation approved by the Legislature must be avoided and regularised at the earliest.

