

CHAPTER – III

BUDGETARY MANAGEMENT

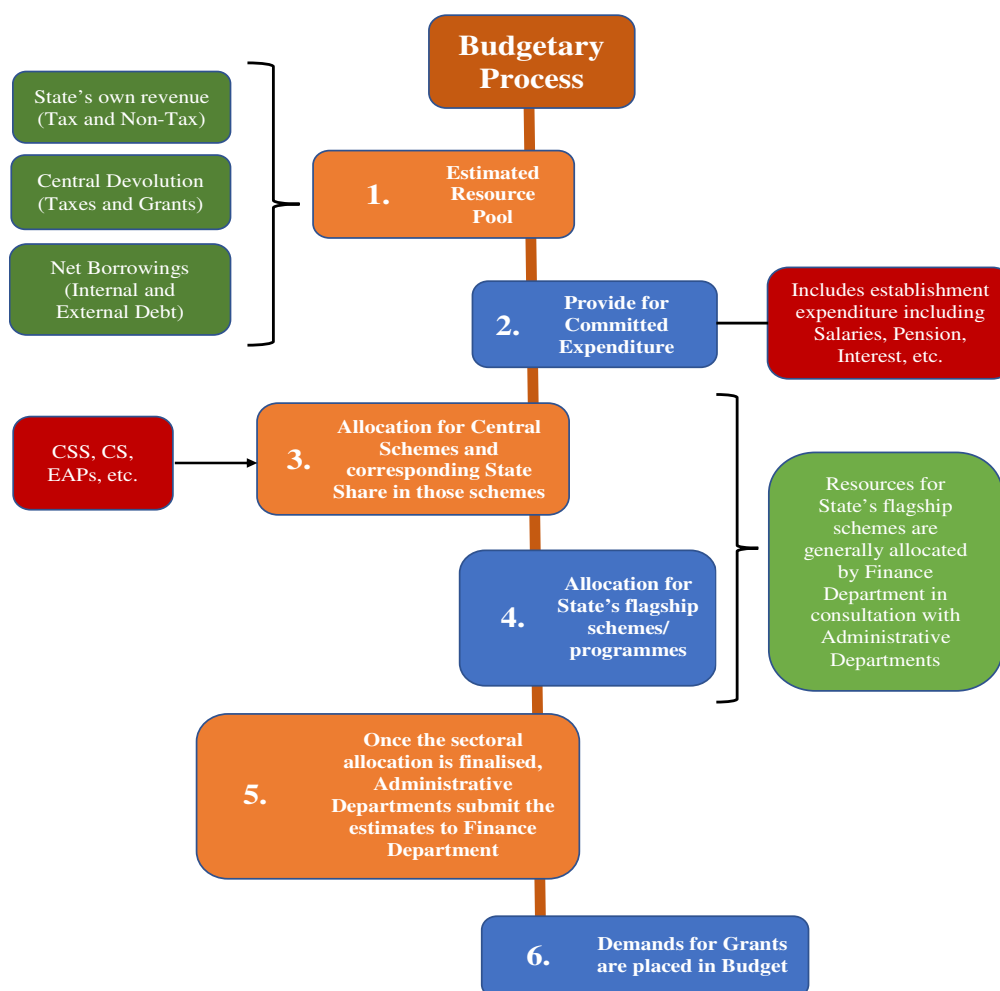
Chapter III Budgetary Management

This Chapter reviews the allocative priorities of the State Government and comments on transparency of budget formulation and effectiveness of its implementation. It further reviews whether the decisions taken at the policy level are implemented at the administrative level without diversion of funds. This chapter is based on the audit of Appropriation Accounts of the State.

3.1 Budget Process

The annual budgeting exercise is a way of laying out a road map for the most efficient use of public funds. The glossary of Budget related terms is given in **Appendix 3.1**. The Budget process begins with the release of the Budget Circular, normally in August, which provides guidance to departments in structuring their estimates for the following fiscal year. The budget preparation process in the State is given in **Chart 3.1**.

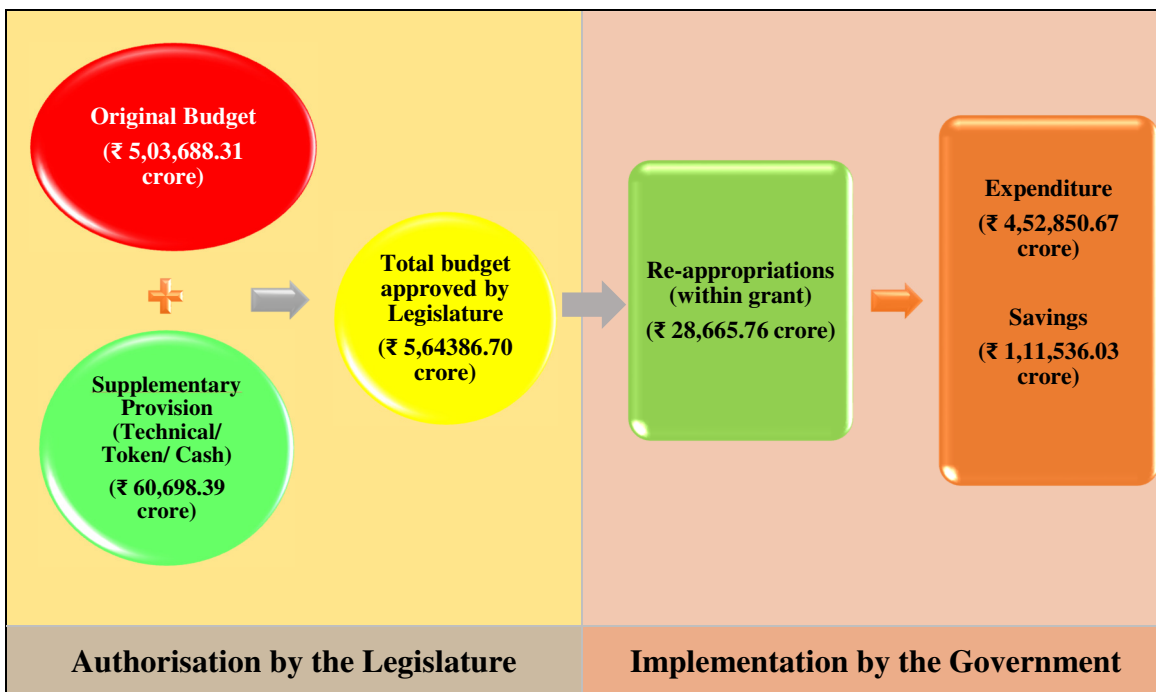
Chart 3.1: Budget preparation process in a State



According to the Maharashtra Budget Manual (MBM) (Chapter IX), The Finance Department (FD) is responsible for preparing the Annual Budget by obtaining estimates from all the ministries. The Controlling Officers create departmental receipts and

expenditure estimates on the advice of the Heads of Departments and present them to the FD as per prescribed timelines. The FD scrutinizes the estimates and prepares the Detailed Estimate called ‘Demand for Grants’. In the preparation of the Budget, the aim should be to achieve as close an approximation to the actuals as possible. The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended in the year and it should neither be large nor small. A saving in an estimate constitutes as much of a financial irregularity as an excess in it. The budget estimates of receipts should be based on the existing rates of taxes, duties, fees *etc.* The total amount approved by the State Legislature including the original and supplementary budgets, expenditure and savings during the year 2021-22 is depicted in **Chart 3.2**.

Chart 3.2: Summary of Budget and Expenditure for 2021-22



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

The summarized position of total budget provision, actual expenditure and savings during 2021-22 against 297 grants/ appropriations are given in **Table 3.1**.

Table 3.1: Budget provision, disbursement and Savings during 2021-22

Total budget provision		Disbursement		Savings	
Voted	Charged	Voted	Charged	Voted	Charged
463688.16	100698.54	370445.46	82405.21	93242.70 (20.11)	18293.33 (18.17)

Source: Appropriation Accounts 2021-22
 Figures in the parenthesis is the percentage of saving to the total budget provision

3.1.2 Charged and Voted Disbursement

Article 112(2) of the Constitution requires that the estimates of expenditure embodied in the annual financial statement shall show separately the sums required to meet expenditure described by the Legislature as expenditure charged upon the Consolidated Fund of State and all other sums required to meet other expenditure proposed to be made from the Consolidated Fund of State and shall distinguish expenditure on revenue account from other expenditure.

Trend analysis of the total Charged and Voted disbursement and Savings during the last five years (2017-18 to 2021-22) is shown in **Table 3.2**.

Table 3.2: Disbursement and Savings during 2017-18 to 2021-22

(₹ in crore)

Year	Disbursement		Savings			
	Voted	Charged	Voted	Percentage	Charged	Percentage
2017-18	240582.35	54606.42	76784.27	31.91	1060.84	1.94
2018-19	278697.33	64237.70	69773.31	25.03	4083.05	6.35
2019-20	328039.77	63443.42	101966.86	31.08	3726.33	5.87
2020-21	320694.58	96353.79	104429.48	32.56	2811.71	2.91
2021-22	370445.46	82405.21	93242.70	25.17	18293.33	22.20

Source: Appropriation Accounts of respective years

Over estimation resulting in savings ranging from 25 per cent to 33 per cent has been a persistent feature and was commented upon in the previous State Finance Audit Reports.

3.2 Appropriation Accounts

Appropriation Accounts compare the expenditure of the State Government for each financial year with the amounts of voted grants and charged appropriations for different purposes as specified in the schedules appended to the Appropriation Act passed under Articles 204 and 205 of the Constitution of India. Appropriation Accounts are on Gross basis. 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, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

The CAG of India conducts the audit of appropriations to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorization given under the Appropriation Act for the year and that the expenditure required to be charged under the provisions of the Constitution (Article 202) 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 Unnecessary or Excessive Supplementary Grants

Article 205 of the Constitution of India read with Paras 169 and 170 of the MBM, provides a legal basis for Supplementary Budget or Supplementary Estimates (SE). During 2021-22,

the Supplementary provisions (₹ 60,698.39 crore) constituted 12.05 per cent of the original provisions (₹ 5,03,688.31 crore).

Supplementary provisions aggregating to ₹ 23,068.07 crore obtained in 35 cases (₹ 10 crore or more in each case) during the year proved unnecessary as the actual expenditure ₹ 1,80,531.15 crore did not reach the levels of the original provision (₹ 2,22,880.01 crore) as detailed in **Appendix 3.2**. Grants having savings of more than ₹ 1,000 crore and where supplementary provision proved unnecessary are given in **Table 3.3**.

Table 3.3: Grants having savings of more than ₹ 1,000 crore where Supplementary provision proved unnecessary

(₹ in crore)				
Grant Number and Description	Original provision	Supplementary provision	Expenditure	Savings out of the original provisions (percentage)
Revenue Section Voted				
W-02 General Education	8856.76	40	7719.86	1136.9 (12.84)
D-03 Agriculture Services	9256.77	856	7989.63	1267.15 (13.69)
O-03 Rural Employment	2900.79	100	1409.66	1491.13 (51.40)
F-02 Urban Development and Other Advance Services	14147.46	578.69	11765.14	2382.32 (16.84)
Y-02 Water Supply and Sanitation	5389.98	3000	2107.66	3282.32 (60.90)
T-05 Revenue Expenditure on Tribal Areas Development Sub-Plan	9850.06	1210.22	6311.68	3538.38 (35.92)
B-01 Police Administration	21401.74	349.56	17639.87	3761.87 (17.58)
E-02 General Education	60237.8	2888.19	56354.39	3883.41 (6.45)
L-03 Rural Development Programmes	11681.92	2327.77	7274.4	4407.52 (37.73)
Capital Section				
H-08 Capital Expenditure On Public Works Administrative and Functional Buildings	3278.13	1260.89	1552.92	1725.21 (52.63)
I-05 Capital Expenditure on Irrigation	14334.34	367.37	11303.64	3030.71 (21.14)
O-10 Capital Outlay on Other Rural Development Programmes	5733.45	673.33	1485.24	4248.21 (74.10)
Source: Appropriation Accounts of 2021-22				

The above cases indicate that supplementary provision proved unnecessary since the expenditure did not even come up to the original provision which clearly indicates in-accurate estimation of funds.

The Departments need to strengthen the estimation of requirement of funds and review the basis of supplementary provisions. It should be ensured that anticipated savings are surrendered on time so that the funds could be utilized for other development purpose.

3.3.2 Advances From Contingency Fund

In terms of provisions of Article 267(2) and 283(2) of the Constitution of India, the Contingency Fund of the State has been established under the Bombay Contingency Fund Act 1956. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which till its authorization by the Legislature would be undesirable. The Fund is in the nature of an imprest.

As per the Maharashtra Contingency Fund Act, the corpus of the Contingency Fund of the State is ₹ 150 crore. During the year 2021-22, the State Government drew ₹21.00 crore from the Contingency Fund and the whole amount was recouped by 31 March 2022.

During 2021-22, of the two sanctions issued by Finance Department for ₹ 21.00 crore, two withdrawals amounting to ₹ 21.00 crore were made from the Fund. The details of withdrawals from the Contingency Fund during 2021-22 are given in **Table 3.4**.

Table 3.4: Contingency Fund Sanction orders and Utilisation against Sanctions

(₹ in crore)

Sr. No.	Sanction No. and Date	Major head /Grant No.	Purpose for which drawn	Sanction	Expenditure	Recoument
1	CNF-2021/C.R.2/ BUDGET-14/15.09.2021	2235/A-05	Financial Assistance to persons who participated in the struggle during the emergency period between 1975 to 1977.	16.00	16.00	16.00
2	CNF-2021/C.R.3/ BUDGET-5/09/12/2021	2225/ZG-03	Contingency fund to provide manpower and provision to the Maharashtra State Commission for Backward classes to carry out specific task related to reservation in local bodies	5.00	5.00	5.00
Total				21.00	21.00	21.00
Source: Contingency fund sanction order from respective departments and information from Principal Accountant General (Accounts and Entitlement)-I, Maharashtra, Mumbai						

3.3.3 Excessive or Unnecessary Re-appropriation

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. As per Paragraphs 162 to 164 of the MBM, the Finance Department and the Administrative Department of the Secretariat can sanction re-appropriation from one major, minor or sub head to another such head within the same grant/appropriation in the Appropriation Act.

In several cases, re-appropriation proved excessive and resulted in huge savings. As seen from **Appendix 3.3** re-appropriation proved unnecessary in eight cases, as the re-appropriated amount ultimately resulted in savings of ₹ 10 crore and above in every case. The above instances are indicative of the fact that the budget controlling officers could not adequately assess the requirements and did not update information regarding expenditure before re-appropriations.

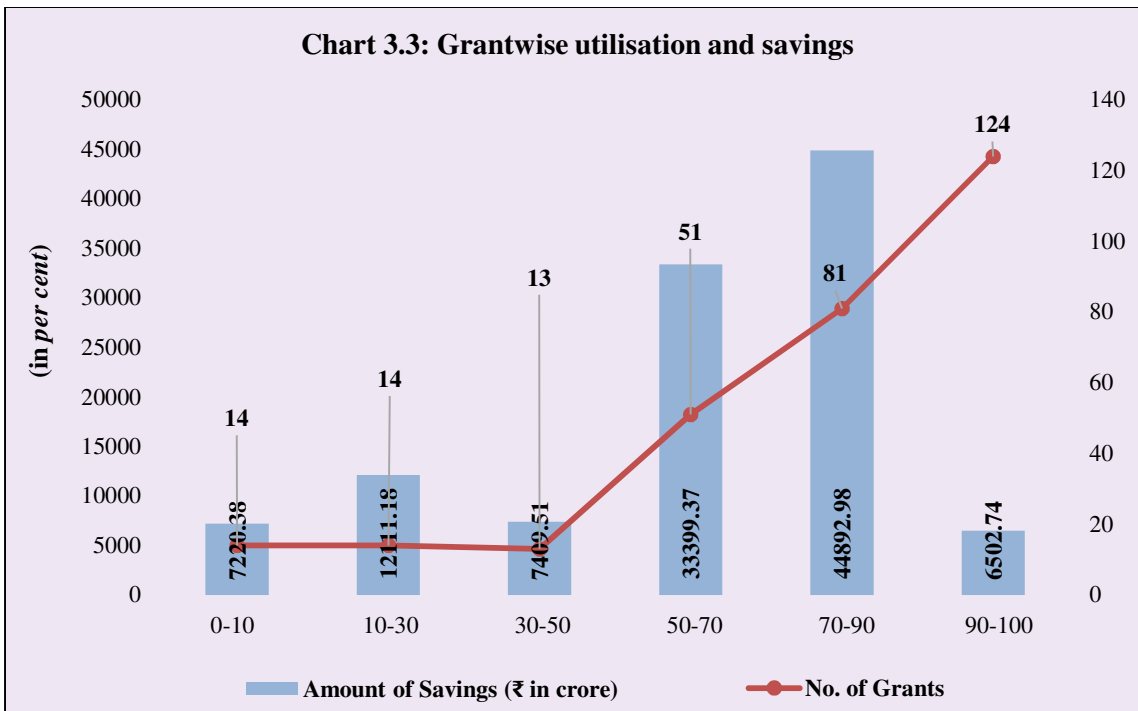
3.3.4 Unspent amount and surrendered Appropriation and/or huge Savings/Surrenders

Budgetary allocations based on poor expenditure monitoring mechanism and 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 deprive other Departments of the funds, which they could have utilized.

Audit of Appropriation Accounts revealed that out of the net savings of ₹ 1,11,536.03 crore during 2021-22, savings in 80 grants amounting to ₹ 70,350.33 crore (63.07 per cent) was 20 per cent or more of the total provision in each case as indicated in **Appendix 3.4**. Further, in 69 grants the savings exceeded ₹ 100 crore in each case as shown in **Appendix 3.5**.

Para 173 of the MBM states that savings should not be kept in reserve by the Disbursing or Controlling Officers to meet possible unforeseen excess under other heads or to cover new expenditure which would normally be provided for in the next year’s estimates. All savings when they come to notice, should immediately be surrendered. Provisions that cannot be profitably utilized should be surrendered.

The percentage of utilization of the total provision along with the total savings during 2021-22 is shown in **Chart 3.3**.



(Source: Appropriation Accounts 2021-22)

As seen from the above chart, out of the 297 Grants, only 124 Grants could utilize 90-100 per cent of their total budgeted provision leading to a savings of ₹ 6,502.74 crore, whereas 14 Grants could utilize only upto 10 per cent of the budgeted provision.

The Departments, which registered major savings were Water Supply and Sanitation Department (71 per cent), Public Works Department (22 per cent) and Planning Department (30 per cent).

3.3.4.1 Persistent Savings

The persistent savings indicated that the budgetary controls in the Departments were not effective and previous years' trends were not taken into account while allocating the funds for the year. On test check of grants, audit observed that there were savings of more than ₹ 100 crore consistently for the last five years in 35 cases (**Appendix 3.6**) indicating that either the provisions were excessive or the executive was not successful in implementing the legislative aspirations.

Savings in each financial year 2017-18 to 2021-22 ranged between 51 *per cent* and 98 *per cent* of the total provision under Grant Q-03 'Housing' and between 75 *per cent* and 89 *per cent* under Grant O-10 'Capital Outlay on Other Rural Development Programs'.

3.3.4.2 Grants with 'Nil' expenditure

During 2021-22, budget provision of more than ₹ 10 crore amounting to ₹ 60.20 crore made under two grants remained un-utilised at the end of the year. Details are given in **Table 3.5**.

Table 3.5: Grants with 'Nil' expenditure

(₹ in crore)

Sr. No.	Grant	V/C	Total Provision	Actual Expr.	Remarks
1	B-03 Transport Administration	C	50.00	0	The department did not furnish specific reasons for surrender of entire provision of ₹ 50 crore in March 2022.
2	W-08 Capital Outlay on Other Social Services	V	10.20	0	Surrender of entire provision of ₹ 10.20 crore in March 2022 under the above-mentioned sub-heads were attributed to the non-release of the Central Share
Total			60.20		
Source: Appropriation Accounts 2021-22					

3.3.5 Excess expenditure and its regularization

Article 205(1) (b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess. This implies that, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature for the Financial Year. Although, no time limit for regularisation of excess 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. Failure to do so is in contravention of constitutional provisions and defeats the objective of ensuring accountability of the Executive over utilisation of public money.

3.3.5.1 Excess expenditure relating to 2021-22

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose. However, during the year 2021-22, against the Budget Estimates of ₹ 5,64,386.70 crore, expenditure of ₹ 4,52,850.68 crore was incurred in 297 grants/ appropriations. Though

there were overall savings of ₹ 1,11,536.03 crore, there was excess expenditure in 10 voted grants and two charged appropriations amounting to ₹ 486.35 crore, which required regularization as per Article 205 of the Constitution of India

The Grants/appropriations closed with excess over provisions during 2021-22 requiring regularisation are shown in **Table 3.6**.

Table 3.6: Grants/appropriations closed with excess over provisions during 2021-22 requiring regularisation

(₹ in crore)

Sr. No.	Name and the title of the Voted grant/ Charged appropriation	Total grant	Expenditure	Excess
Voted Grant				
1	C-05 Other Social Services	45.78	45.80	0.02
2	G-06 Pensions and Other Retirement Benefits	37983.32	38450.71	467.39
3	O-27 District Plan Pune	116.99	117.01	0.02
4	O-32 District Plan Solapur	381.15	381.27	0.12
5	O-38 District Plan, Dhule	166.64	166.65	0.01
6	O-42 District Plan, Ahmednagar	438.20	438.35	0.15
7	O-54 District Plan Beed	273.35	276.04	2.68
8	O-71 District Plan Gadchiroli	50.43	51.42	0.99
9	O-77 District Plan Akola	44.95	44.97	0.02
10	O-82 District Plan Washim	150.77	150.91	0.14
Charged Appropriation				
11	G-06 Pensions and Other Retirement Benefits	49.86	64.25	14.39
12	ZA-02 Secretariat and other social services	0.14	0.56	0.42
TOTAL		39701.58	40187.94	486.35
Source: Appropriation Accounts 2021-22				

The excess under Grant G 06 was mainly due to receipt of fresh pension cases and family pension cases held in abeyance owing to lockdown due to Covid-19 pandemic during current year, as well as increase in number of revision cases due to Grant of MACP and pay revision.

3.3.5.2 Regularisation of excess expenditure of previous financial years

As has been stated in the Para 3.3.5 above, excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive. As per Article 205 of the Constitution of India, it is mandatory for a 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, the regularization of excess expenditure is done after completion of discussion on Appropriation Accounts by the Public Accounts Committee. Excess expenditure amounting to ₹ 2,432.17 crore for the year 2017-18, 2018-19, 2019-20 and 2020-21 in respect of 32 grants and 13 appropriations was pending for regularization as on March 2022 as detailed in **Appendix 3.7**.

3.3.6 Grants-in-Aid for creation of capital assets

Grants-in-Aid (GIA) are payments in the nature of assistance or contributions made by one government to another government, body, institution or individual.

As per IGAS-2, GIA disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure. The misclassification of GIA as capital expenditure for 2017-18 to 2021-22 is shown in **Table 3.7**.

Table 3.7: Misclassification of Grants-in-Aid as Capital expenditure

	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
GIA booked as Capital Expenditure	595.01	1311.26	1580.59	1423.66	1662.63
Total Expenditure	269392.54	303615.89	338690.64	342638.31	398792.31
Capital Outlay	26842.18	35049.05	36415.57	29686.70	46670.39
Share of GIA in Capital Outlay in <i>per cent</i>	2.22	3.74	4.34	4.80	3.56
Impact on Revenue Deficit (-)/ revenue Surplus (+) if expenditure from GIA is treated as Revenue Expenditure	595.01	1311.26	1580.59	1423.66	1662.63

Source: Finance Accounts of respective years

3.4 Comments on transparency of Budgetary and Accounting Process

3.4.1 Lumpsum Budgetary Provisions

Para 53 and Para 12(e) of Appendix X of MBM stipulates that budget provision should be examined with respect to the difference between the estimates and actuals in the past three years and the proposed amount should be reduced on that basis. Lumpsum should not as a rule, be proposed to be made in the budget estimates. The lumpsum budgetary provisions for 2021-22 are shown in **Table 3.8**.

Table 3.8: Lumpsum Budgetary Provisions

(₹ in crore)				
Sl. No.	Grant No and Head of Account	Provision	Expenditure	Remarks
1	O10-(4515-800-01-01)-Lumpsum Provision for unbudgeted capital outlay (State Plan)	4243.09	0.00	The entire provision was surrendered/re appropriated.
2	G02-(2070-800-02-01)-Lumpsum Provision for Salaries and Allowances, etc	2500.00	0.00	
3	O04-(2515-800-01-01)-Lumpsum Provision for Unbudgeted Revenue Outlay (State Plan)	100.00	0.00	
4	T05-(2225-796-01-51)-Lumpsum Provision for Unbudgeted Revenue Outlay	41.76	0.00	
5	N03-(2225-800-01-08)-Lumpsum Provision for Unbudgeted Revenue Outlay	2.90	0.00	

Source: Appropriation Accounts 2021-22

3.5 Comments on effectiveness of Budgetary and Accounting Process

3.5.1 Budget projection and gap between expectation and actual

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism and weak scheme implementation capacities/ weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprives other departments of the funds, which they could have utilised.

The summarised position of actual Expenditure *vis-à-vis* Budget (original/supplementary) provisions during 2021-22 is given in **Table 3.9**.

Table 3.9: Summarised position of actual Expenditure *vis-à-vis* Budget (Original/Supplementary) provisions during 2021-22

(₹ in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Savings (-)	Savings %
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Voted	I Revenue	338576.45	44205.02	382781.47	312093.71	-70687.76	18.47
	II Capital	66283.91	10846.50	77130.41	55915.68	-21214.73	27.50
	III Loans and Advances	3135.00	641.29	3776.29	2436.07	-1340.22	35.49
Total Voted		407995.36	55692.81	463688.17	370445.46	-93242.71	20.10
Charged	IV Revenue	49503.58	42.53	49546.11	46353.87	-3192.24	6.44
	V Capital	58.75	2.52	61.27	18.25	-43.02	70.21
	VI Public Debt	46130.62	4960.53	51091.15	36033.09	-15058.06	29.47
Total Charged		95692.95	5005.58	100698.53	82405.21	-18293.32	18.16
Appropriation to Contingency fund		0.00	...	0.00	0.00	...	
Grand Total		503688.31	60698.39	564386.70	452850.67	-111536.03	19.76

Source: Appropriation Accounts 2021-22

The supplementary provision of ₹ 60,698.39 crore during the year constituted 12.05 *per cent* of the original provision as against 15.96 *per cent* in the previous year (2020-21).

The savings and excesses were intimated by the office of the Pr. Accountant General (Accounts and Entitlement)-I, Maharashtra regularly to the Controlling Officers through Monthly Reports on expenditure. They also took up the matter with Departments concerned after closure of the preliminary and final accounts in March 2022, requesting the Controlling Officers to explain the reasons for the significant variations, but no explanation was received (June 2022).

The trend in overall savings against the overall provision in the budget during 2017-18 to 2021-22 is shown in Table 3.10.

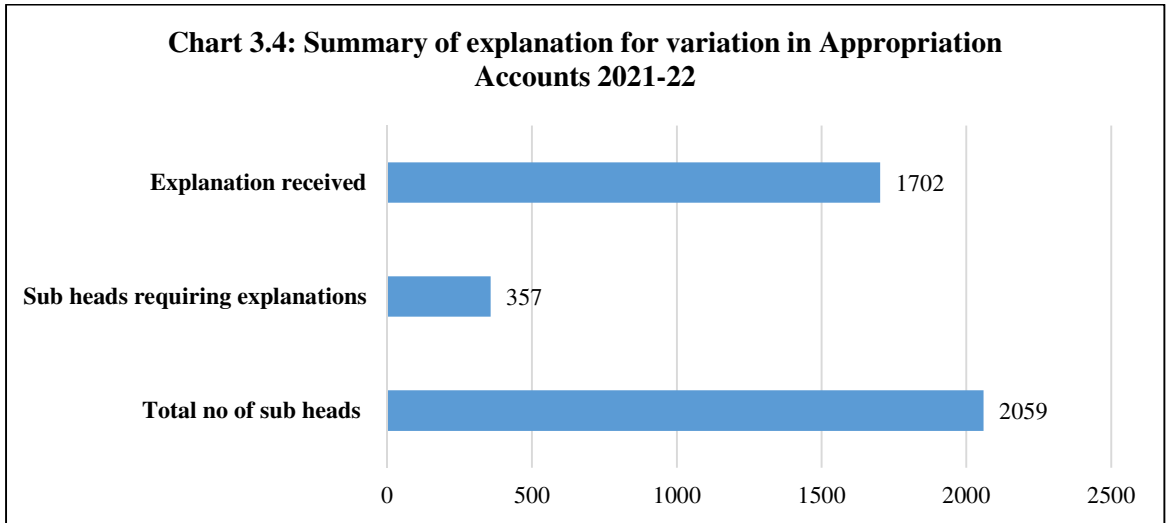
Table 3.10: Trends in overall savings against overall provision

(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
Original Budget	309226.41	380734.44	431554.81	452136.69	503688.31
Supplementary Budget	63807.47	36056.94	65621.57	72152.87	60698.39
Total Budget	373033.88	416791.38	497176.38	524289.56	564386.70
Actual Expenditure	295188.77	342935.03	391483.19	417048.36	452850.67
Saving	77845.11	70856.35	105693.19	107241.20	111536.03
Percentage of Saving	20.86	17.00	21.26	20.45	19.76

Source: Appropriation Accounts of respective years

The summary of explanation of Variation in Appropriation Accounts is shown in Chart 3.4.



Source: Information obtained from VLC Section of Principal Accountant General (A&E)-I Maharashtra

3.5.2 Budgetary flow and review of Grants

3.5.2.1 Flow of Expenditure

Government Funds should be spent evenly throughout the year. The flow of expenditure towards the end of the financial year is regarded as a breach of financial propriety.

According to the Bombay Financial Rules 1959, flow of expenditure in the closing month of the financial year should be avoided. Contrary to the provisions of the rule, in 26 Grants as listed in **Appendix 3.8**, it was noticed that expenditure in excess of ₹ 100 crore and consisting of 50 *per cent* or more of the total expenditure was incurred during the last quarter of the year 2021-22. Flow of expenditure at the end of the year shows poor expenditure control. In these 26 cases, of the total expenditure of ₹ 34,107.78 crore, expenditure to the extent of ₹ 23,326.58 crore (68.39 *per cent*) was incurred during the last quarter.

Details of two Major heads which incurred 100 *per cent* expenditure in March 2022 are given in **Table 3.11**.

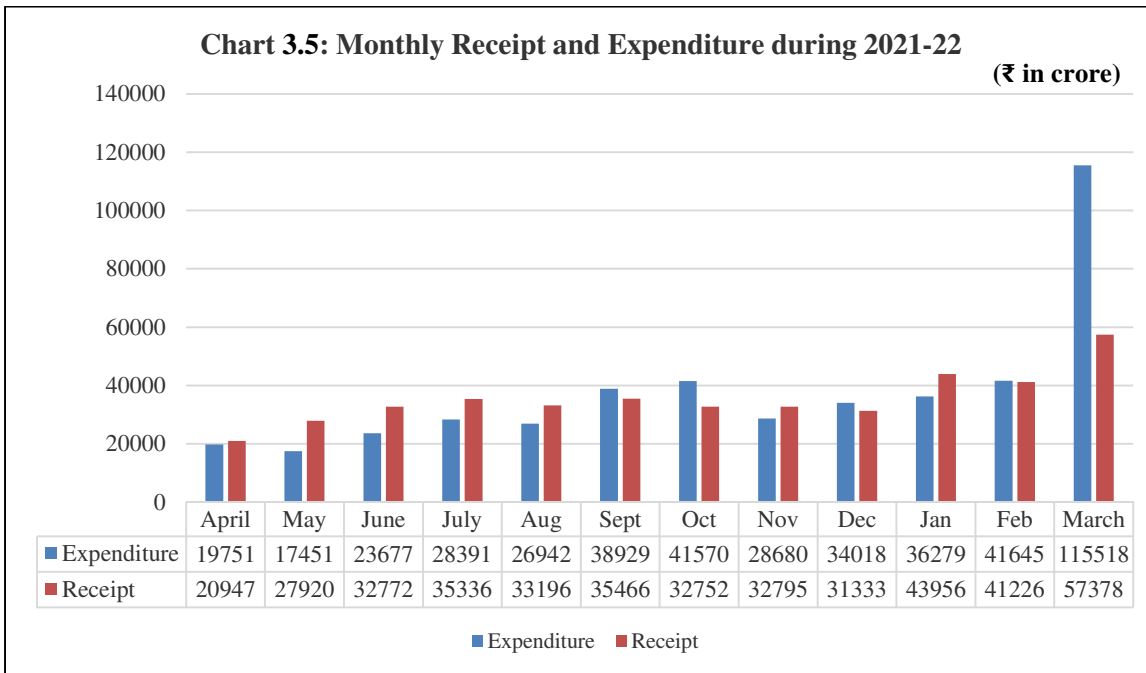
Table 3.11: Flow of expenditure in March 2022

(₹ in crore)

Sr. No.	Grant No.	Major Head	Grant Description	Total Expenditure during the year	Expenditure during March 2022
1	E04	4202	Capital Outlay on Education, Sports, Art and Culture	142.62	142.62
2	O09	3604	Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	800.00	800.00

Source: Office of the Principal Accountant General (A&E)-I Maharashtra.

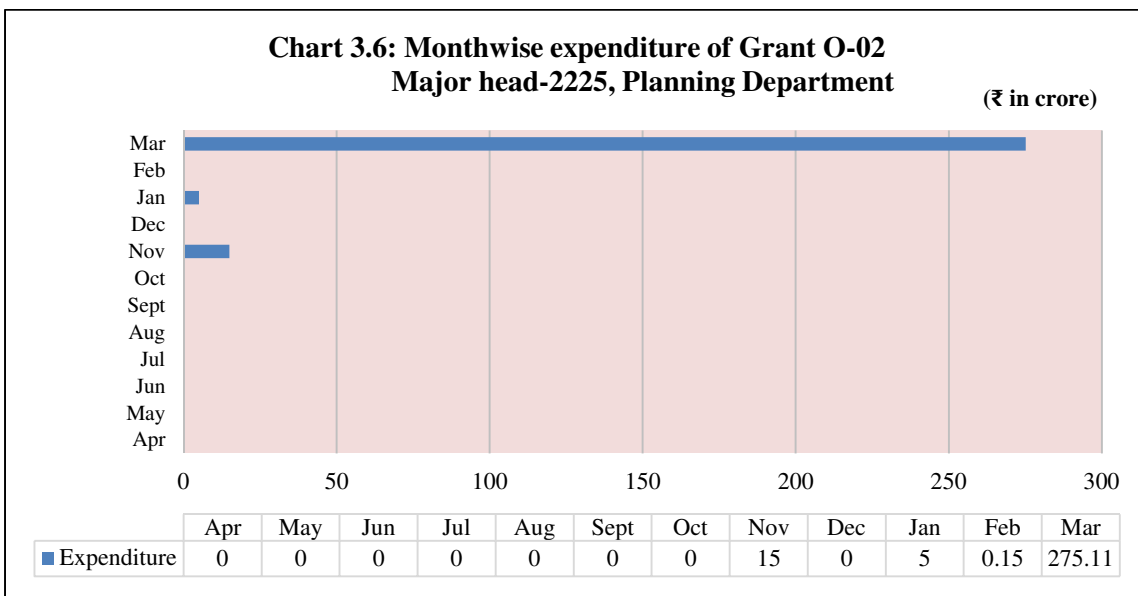
The monthly flow of receipts into the state exchequer and disbursement during 2021-22 is shown in **Chart 3.5**.



Source: Office of the Principal Accountant General (A&E)-I Maharashtra

Chart 3.6 shows that receipts were comparatively higher than expenditure during the months of April, May, June, July, August, November and January. However, receipt and expenditure increased substantially in the month of March 2022 in comparison to the remaining months of the year. Further, scrutiny of the pattern of expenditure during 2021-22 revealed that the State Government incurred an expenditure of ₹ 1,15,518 crore constituting about 25.51 per cent of the total expenditure of ₹ 4,52,851 crore in the month of March 2022 alone.

Month-wise expenditure of Major Head 2225 under Grant O-02 having high percentage of expenditure in March is given below in Chart 3.6.



Source: Information obtained from VLC Section of Principal Accountant General (A&E)-I Maharashtra

Huge expenditure in the last month of the financial year is inconsistent with prudent financial management and indicates weak internal control system and lack of budgetary control/management.

3.5.3 Review of selected Grants

The MBM 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 timely and accurately and ensuring that the grant placed at their disposal is spent only on the objects for which it has been provided and to surrender savings if not required.

With a view to ascertaining how far the authorities were adhering to these instructions, audit test checked records of the Administrative Department for the period 2019-20 to 2021-22 of the following Grants.

- **Grant H – 08 Capital Expenditure on Public Works Administrative and Functional Building** : Under this Grant provision is made for Capital Outlay on Public Works, Capital outlay on Education, Sports, Art and Culture, Capital Outlay on Medical and Public Health, Capital Outlay on Urban Development, Capital Outlay on Welfare of Scheduled Caste, Scheduled Tribes, Other Backward classes and Minorities, Capital Outlay on Social Security and Welfare, Capital Outlay on Other Social Services which covers eight Major Heads namely (4059) Capital Outlay on Public Works, (4202) Capital outlay on Education, Sports, Art and Culture, (4210) Capital Outlay on Medical and Public Health, (4217) Capital Outlay on Urban Development, (4225) Capital Outlay on Welfare of Scheduled Caste, Scheduled Tribes, Other Backward classes and Minorities, (4235) Capital Outlay on Social Security and Welfare, (4250) Capital Outlay on Other Social Services and (4405) Capital outlay on fisheries.
- **Grant S-04 – Capital Outlay on Medical and Public Health** consists of Major Head 4210-Capital Outlay on Medical and Public Health. Under this grant provision is made for Strengthening of Food and Drug administration and Upgradation of Medical colleges.
- **Grant U-04 – Ecology and Environment**: consists of Major Head 3435- Ecology and Environment. Under this grant provision is made for Pollution Abatement of River Mutha, National Lake Conservation Plan, State River Conservation Scheme and National Plan for Conservation of Aquatic Eco-system (Centrally Sponsored Scheme)

3.5.3.1 Budget and Expenditure

The overall position of budget provision, actual disbursement and savings under the Grant for the years 2019-20 to 2021-22 is given in **Table 3.12**.

Table 3.12: Details of budgetary provisions and actual expenditure under Grant Nos: H-08, Grant S-04 and Grant U-04

(₹ in crore)

Year	Original provision	Supplementary provision	Total Grant /Appropriation	Actual Expenditure	Savings	Percentage of savings
H-08 Capital Expenditure on Public Works Administrative and Functional Building						
2019-20	1862.74	73.68	1936.42	734.34	1202.08	62.07
2020-21	2436.32	118.13	2554.45	1149.54	1404.91	55.00
2021-22	3278.13	1260.89	4539.02	1552.92	2986.10	65.78
S-04 – Capital Outlay on Medical and Public Health (Voted)						
2019-20	300.77	498.22	798.99	550.06	248.93	31.15
2020-21	17.65	0.00	17.65	8.78	8.87	50.25
2021-22	653.17	114.70	767.87	684.80	83.07	10.82
U-04 – Ecology and Environment (Voted)						
2019-20	240.30	0.00	240.30	9.82	230.48	95.91
2020-21	450.70	0.00	450.70	10.36	440.34	97.70
2021-22	466.45	0.00	466.45	49.42	417.03	89.41

Source: Appropriation Accounts of respective years

From the above table it was evident that there was persistent savings ranging between 55 per cent and 65.78 per cent in Grant No. H-08, between 10.82 per cent and 50.25 per cent in Grant No. S-04 and between 89.41 per cent and 97.70 per cent in Grant No. U-04, during 2019-20 to 2021-22. Under Grant S-04, surrender was mainly due to non-release of funds, receipt of lesser bills and non-procurement of equipment. Under Grant U-04, surrender was due to non-release of funds from GoI.

Para 170 of the Budget Manual specifies that great care should be taken in submitting proposals for supplementary appropriation. In respect of Grant H-08, improper estimation of available funds under the grant before proposing for supplementary demand led to savings in the years 2019-20 to 2021-22.

3.5.3.2 Substantial Savings under sub-heads

During 2021-22, in two sub-heads under Grant No. S-04 and five sub-heads under Grant U-04, savings of ₹ 10 crore and above, which was between 50 per cent and 100 per cent of the total provision were noticed as shown in **Table 3.13**.

Table 3.13 Sub-head wise substantial saving under Grant S-04 and U-04

(₹ in crore)

Sr. No.	Cross Reference Code	Description	Total Grant	Actual	Savings	Percentage
S-04 – Capital Outlay on Medical and Public Health (Voted)						
1	4210-105(00)(42)	Strengthening and Upgradation of State Government Medical College and Starting new post graduate course and increasing post graduate seat (Central share 60%)	24.44	0.44	24.00	98.20

Surrender of provision of ₹ 24.00 crore in March 2022 was based on actual expenditure incurred under the scheme.

Sr. No.	Cross Reference Code	Description	Total Grant	Actual	Savings	Percentage
2	4210-105(00) (44)	Allopathy Major Works	10.00	0.00	10.00	100
Surrender of entire provision of ₹ 10.00 crore in March 2022 was attributed to non-release of funds						
U-04 Ecology and Environment						
3	3435-103(03) (01)	Project of Pollution Abatement of River Mula Mutha at Pune (Central share)	200.00	0.00	200.00	100
Surrender of entire provision of ₹ 200.00 crore in March 2022 was attributed to non-disbursement of installment of Central Share.						
4	3435-192(01) (01)	State River Conservation Scheme	145.45	19.50	125.95	86.59
Surrender of provision of ₹ 125.95 crore in March 2022 was based on actual expenditure incurred as per the revised estimates.						
5	3435-103(02) (13)	Environment Awareness, Education and Climate Change Action Plan-	35.50	0.00	35.50	100
Surrender of entire provision of ₹ 35.50 crore in March 2022 was attributed to non-approval of 119 proposals received for Green Revolution Scheme and non-raising demand for funds from the Maharashtra Pollution Control Board.						
6	3435-103(02) (07)	National Lake Conservation Plan	60.00	29.92	30.08	50.13
Surrender of provision of ₹ 30.08 crore in March attributed to technical difficulties for drawing Budget authorisation slip on the Bill portal after issue of GR for approval of funds for ₹ 12 lakh in March 2022 and non-completion of procedure for scheme implementation within the stipulated time owing to the Covid-19 Pandemic.						
7	3435-103(04) (01)	National Plan for Conservation of Aquatic Eco-system (NPCA) (CSS)	20.50	0.00	20.50	100
Surrender of the entire provision of ₹ 20.50 crore in March 2022 was attributed to non-release of funds owing to non-approval of fund distribution as per revised procedure laid down by the Union government for distribution of funds of CSS and non-crediting of provision released by the Union Government for preservation of Dharmaveer Sambhaji lake, Solapur in the single nodal agency account by the Finance Department.						
Source: Appropriation Accounts 2021-22						

3.5.3.3 Surrender of entire provision

Scrutiny of Appropriation Accounts for the year 2021-22 revealed that the entire provision under four sub-heads amounting to ₹ 165.48 crore under Grant H-08, one sub-head amounting to ₹ 10 crore under Grant No. S-04 and three sub-heads under Grant No. U-04 amounting to ₹ 256 crore were withdrawn/surrendered in the month of March 2022 through re-appropriation as detailed in **Table 3.14**.

Table 3.14: Details showing surrender of entire provision under Grant nos. H-08, S-04 and U-04

(₹ in crore)

Sr. No.	Description	Original and Supplementary Grant	Amount Re-appropriated	Total Grant	Actual Expenditure
H-08 Capital Expenditure on Public Works Administrative and Functional Building					
1	4059 Capital Outlay on Public Works. 051(25)(01) Major Works	100.00	100.00	0.00	0.00
2	4059 Capital Outlay on Public Works. 051(25)(02) Establishment Charges.	13.90	13.90	0.00	0.00
3	4210 Capital Outlay on Medical and Public Health 107(00)(05) Strengthening of Food and Drug Administration and Establishment of Food and Drug Testing laboratories Major Works.	26.58	26.58	0.00	0.00
4	4059 Capital Outlay on Public Works 051(27)(01) Grant in Aid to Maharashtra State Development Corporation for Restoration and Development of Spiritual Places across state.	25.00	25.00	0.00	0.00
S-04 Capital Outlay on Medical and Public Health					
5	4210 Capital Outlay on Medical and Public Health 105(00)(44) Major Works.	10.00	10.00	0.00	0.00
U-04 Ecology and Environment					
6	3435 Ecology and Environment 103(03)(01) Project of Pollution Abatement of River Mula Mutha at Pune (Central share).	200.00	200.00	0.00	0.00
7	3435 Ecology and Environment 103(02)(13) Environment Awareness, Education and Climate Change Action Plan.	35.50	35.50	0.00	0.00
8	3435 Ecology and Environment 103(04)(01) National Plan for Conservation of Aquatic Ecosystem(NPCA) (CSS)	20.50	20.50	0.00	0.00
Source: Appropriation Accounts 2021-22					

Re-appropriation of grants in the sub head under H-08 was because of not undertaking new work due to COVID-19 Pandemic. Re-appropriation of grants in the sub head under S-04 and U-04 was due to non-release of fund and non-crediting of provision released by the Union Government.

3.6 Conclusion

- The budgeting exercise carried out by the State Government needs to be more realistic as 20 *per cent* of the total provision remained unutilised. The total expenditure incurred during the year was eight *per cent* less than the original budget and the supplementary budget constituted 16 *per cent* of the original budget.
- There were cases of misclassification between revenue and capital sections.
- Excess expenditure amounting to ₹ 2,432.17 crore in respect of 32 grants and 13 appropriations relating to the period 2017-18 to 2020-21 required to be regularized under Article 205 of the Constitution.
- Supplementary grants/appropriations as well as re-appropriation were obtained without adequate justification as large amounts remained unutilized.

3.7 Recommendations

- (i) The State Government should formulate a realistic budget based on reliable assumptions considering the needs of the Departments and their capacity to utilise the allocated resources.
- (ii) An appropriate control mechanism needs to be instituted by the Government 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 time frame.
- (iii) Priority should be accorded to all cases of pending regularisation of excess expenditure over the budget provision.

