

**CHAPTER III**  
**BUDGETARY MANAGEMENT**



## Chapter III : Financial Management and Budgetary Control

### 3.1 Introduction

This chapter reviews the integrity, transparency and effectiveness of the budgetary process and allocative priorities, including supplementary grants, and concomitant financial management, assessing whether decisions taken at the policy level are implemented at the administrative level without diversions of funds.

### 3.2 Budget Process

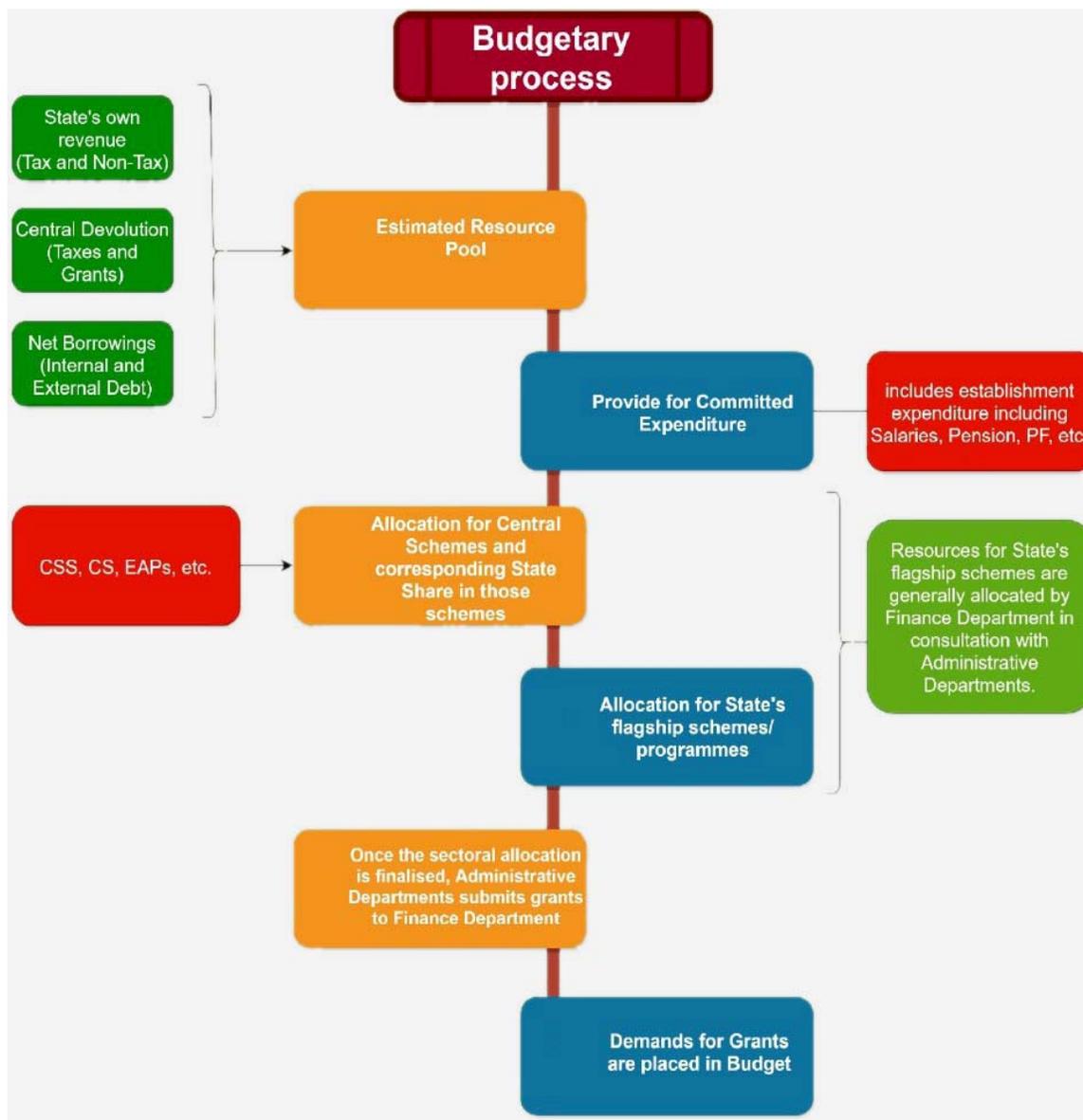
The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The budget process commences with the issue of Budget Circular providing guidance to the Departments in framing their estimates for the next financial year.

Budget Manual details the process involved in the exercise of budget formulation, the roles and responsibilities of the people entrusted with the preparation and implementation of budget, the timelines for preparation and submission of budgetary estimates and requirements for supplementary budgets, the process for seeking re-appropriations within Grants, assessment of savings and surrenders *etc.* in addition to the monitoring mechanisms and controls to be exercised by the Controlling Officers at all stages of budget preparation and implementation. However, the Government of Arunachal Pradesh (GoAP) has not yet prepared a Budget Manual.

In the absence of any Budget Manual, the State Government has been following the General Financial Rules, various provisions of the Constitution of India, guidelines issued by the Central Governments, and Circulars issued by the State Government. 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, GoAP on prescribed dates. The Finance Department consolidates the estimates and prepares the detailed estimates called 'Demand for Grants'. The State budget comprises following documents as given in **Chart 3.1**.

Normally, every Department has one Demand for a Grant to ensure that corresponding to each Demand for a Grant a Head of the Department takes responsibility for implementing the policy decisions and expending public funds for the intended purposes. The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its Annual Budget and 79 Demands for Grants.

Chart 3.1 Budgetary Process followed by the State Government



Supplementary or additional Grant/ Appropriation is provided during the course of a financial year to meet expenditure exceeding the originally budgeted amount or for incurring the expenditure on items not envisaged earlier in the budget. Further, the State Government also re-appropriates/ re-allocates funds from various Units of Appropriation where savings are anticipated, to Units where additional expenditure is envisaged (both units being within the same Grant/ Appropriation) during the year.

### 3.3 Annual Budget 2023-24

Finance bill, Annual Financial Statement (Budget), and Demands for Grants are mandated by Article 199, 202 and 203 of the Constitution of India respectively.

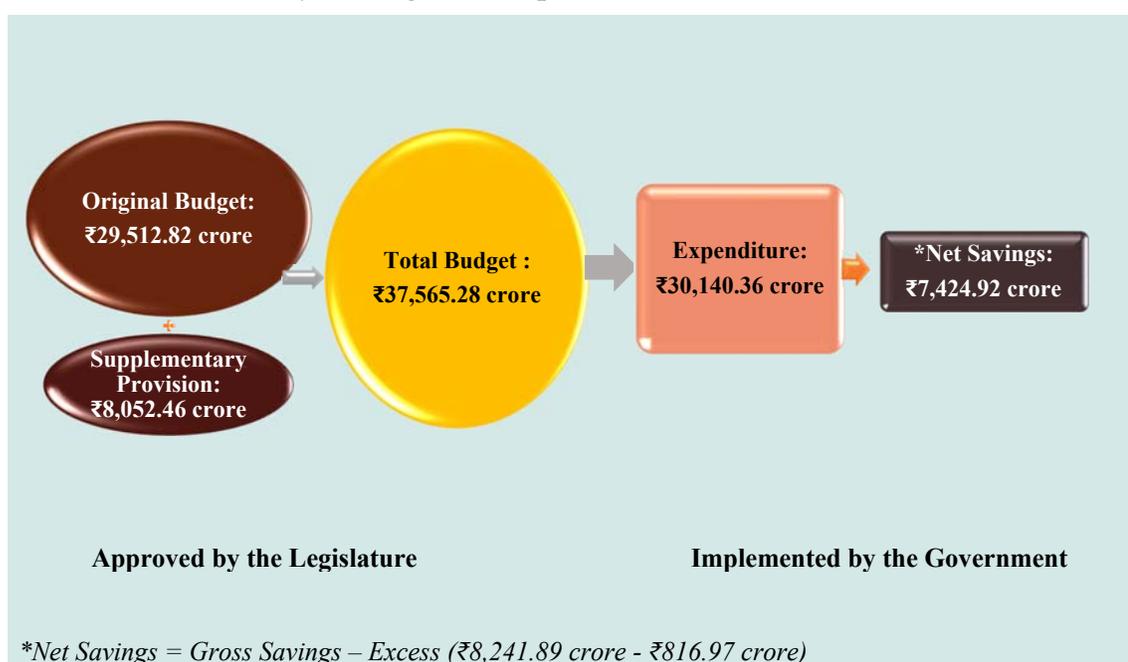
In compliance with Article 202 of Constitution of India, in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that year called “Annual Financial Statement” is to be laid before the House or Houses of the Legislature

of the State. The estimates of the expenditure show ‘charged’ and ‘voted’ items<sup>13</sup> of expenditure separately. It shall also distinguish expenditure on revenue account from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the State Government.

Further, Supplementary or Additional Grant or Appropriation is provided during the course of financial year, in accordance with Article 205 of the Constitution. It is the provision for meeting expenditure in excess of the original budgeted amount.

The total amount approved by the State Legislature including the original and supplementary budgets, expenditures, and savings during 2023-24 is given in **Chart 3.2**.

**Chart 3.2 Summary of Budget and Expenditure of Arunachal Pradesh for 2023-24**



Source: Appropriation Accounts, 2023-24

The budget provision (₹37,565.28 crore) for the year 2023-24 was more than the budget provision approved by the Legislature in the previous year (₹32,965.08 crore) by ₹4,600.20 crore (13.95 per cent). During 2023-24, the net savings amounted to 92.21 per cent of the aggregate Supplementary Provisions (₹8,052.46 crore). Further, under 11 grants (three under revenue and eight under capital), there was an excess expenditure of ₹816.97<sup>14</sup> crore. The actual expenditure fell short of the amount approved by the Legislature (original budget plus supplementary) by ₹7,424.92 crore, constituting about 19.77 per cent of the total budget provisions approved. This raises questions about the basic assumptions that led to the unrealistic formulation of the budget. The actual expenditure

<sup>13</sup> **Charged Expenditure:** Certain categories of expenditure (e.g. salaries of constitutional authorities, loan repayment 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

<sup>14</sup> Excess expenditure was ₹450.03 crore under Revenue Voted Section and ₹366.94 crore under Capital Voted Section

(₹30,140.36 crore) during 2023-24 was more than the actual expenditure (₹26,268.78 crore) of the previous year by ₹3,871.58<sup>15</sup> crore.

According to the monthly civil accounts, the total expenditure of the Government till January 2024 was only ₹17,252.26 crore (58.46 per cent of Original Budget), leaving it with ₹12,260.56 crore (41.54 per cent of Original Budget) for the Month of February and March 2024 (60 days) from the original budget allocation. However, the Government took a Supplementary Grant of ₹8,052.46 crore on 08 February 2024 for the remaining 52 days. With the Supplementary Grant, total funds available with the State Government for February and March 2024 were ₹20,313.02 crore, which was equal to 117.74 per cent of the expenditure incurred during the first 10 months of the financial year. Hence, the expenditure was not evenly spread throughout the year as discussed under **Paragraph 2.4.3.2**. This is indicative of slipshod financial management.

### 3.3.1 Summary of total Provision, actual disbursement, and savings/ excess during the financial year

A summarised position of the total budget provision, actual disbursement, and savings/ excess with their further bifurcation into Voted/ Charged for the year 2023-24 is given in **Table 3.1**.

**Table 3.1: Budget provision, actual disbursement, and savings/ excess during 2023-24**

(₹ in crore)

| Budget Provision |          | Disbursement |          | Savings  |         | Excess |         |
|------------------|----------|--------------|----------|----------|---------|--------|---------|
| Voted            | Charged  | Voted        | Charged  | Voted    | Charged | Voted  | Charged |
| 35,623.69        | 1,941.59 | 28,611.16    | 1,529.20 | 7,829.50 | 412.39  | 816.97 | 0.00    |

Source: Appropriation Accounts, 2023-24

There was an overall savings of ₹8,241.89 crore offset by excess of ₹816.97 crore during 2023-24 resulting in net savings of ₹7,424.92 crore which was 19.77 per cent of the total Grants/ Appropriations and 24.63 per cent of the total actual expenditure.

These savings may be seen in the context of budget provisions on the expenditure side being ₹37,565.28 crore during 2023-24 against the estimated Receipts under the Consolidated fund of ₹26,157.65 crore. This implied that the actual savings (₹7,424.92 crore) were notional, as the funds were not actually available for expenditure, thus, reflecting inadequate budget formulation exercise of the State Government resulting in unrealistic budget formulation.

### 3.3.2 Charged and Voted Disbursement

Break-up of the total disbursement into charged and voted during 2023-24 along with the trend analysis during the last five years is given in **Table 3.2**.

<sup>15</sup> ₹3,089.99 crore under Revenue Section (₹3,071.51 crore in voted section + ₹18.48 crore in charged section) and ₹781.59 crore under Capital Section (₹766.53 crore in voted section + ₹15.07 crore in charged section)

**Table 3.2: Year-wise details of disbursement***(₹ in crore)*

| Year    | Disbursement |          | Savings (-) |         |
|---------|--------------|----------|-------------|---------|
|         | Voted        | Charged  | Voted       | Charged |
| 2019-20 | 15,046.85    | 1,234.55 | 6,938.94    | 266.76  |
| 2020-21 | 17,395.43    | 1,278.62 | 6,571.49    | 355.26  |
| 2021-22 | 21,568.13    | 1,366.46 | 4,634.38    | 367.99  |
| 2022-23 | 24,773.13    | 1,495.65 | 6,543.75    | 275.75  |
| 2023-24 | 28,611.16    | 1,529.20 | 7,829.50    | 412.38  |

Source: Appropriation Accounts of the respective year

As can be seen from **Table 3.2**, there were substantial savings in all five years in the voted and charged sections. This was due to transfer of the share from GoI (36 per cent) released in the last quarter of the financial year leaving little time for their utilisation, late provision supplementary grants, Lump-sum provision of budget and overestimation of the expenditure side, indicating that the expenditure was estimated without assessment of the availability of the resources to meet the expenditure.

As against the total savings of ₹8,241.89 crore during 2023-24, savings to the tune of ₹7,072.29<sup>16</sup> crore (85.81 per cent of gross savings) occurred in 19 Grants/ Appropriations as shown in **Table 3.11** where savings in each grant was ₹100.00 crore and above. Out of these 19 Grants/ Appropriations, there was persistent savings under 16 Grants/ Appropriations, as shown in **Table 3.12**. This indicates serious weakness in the budget formulation in these Grants/ Appropriations.

### 3.4 Budget Marksmanship

#### 3.4.1 Aggregate Budget Outturn

Aggregate Budget Outturn measures the extent to which the aggregate actual expenditure compares with the amount originally approved, both in terms of less than approved or in excess of approved.

**Table 3.3: Aggregate Budget Outturn***(₹ in crore)*

| Description  | Original Approved Budget (BE) | Actual Outturn   | Difference        |
|--------------|-------------------------------|------------------|-------------------|
| 1            | 2                             | 3                | 4 (2-3)           |
| Revenue      | 22,868.05                     | 20,696.93        | (-) 2,171.12      |
| Capital      | 6,644.77                      | 9,443.43         | (+) 2,798.66      |
| <b>Total</b> | <b>29,512.82</b>              | <b>30,140.36</b> | <b>(+) 627.54</b> |

Source: Annual Financial Statement, 2023-24 and Appropriation Accounts, 2023-24

Deviation in outturn compared with BE was (-)9.49 per cent in Revenue Section and (+)42.12 per cent in Capital Section. This was due to the deviation as shown in **Table 3.4**.

<sup>16</sup> ₹4,716.19 crore under Revenue Voted Section (18 Grants) and ₹2,356.10 crore under Capital Voted Section (01 Grant)

**Table 3.4: Details of deviation in outturn compared with BE**

| Sl. No.      | Deviation (in per cent)         | Revenue   | Capital   |
|--------------|---------------------------------|-----------|-----------|
| 1.           | 0 and $\pm 25$                  | 44        | 24        |
| 2.           | between $\pm 25$ to $\pm 50$    | 18        | 6         |
| 3.           | between $\pm 50$ to $\pm 100$   | 14        | 7         |
| 4.           | equal to or more than $\pm 100$ | 3         | 35        |
| <b>Total</b> |                                 | <b>79</b> | <b>72</b> |

Source: Annual Financial Statement, 2023-24 and Appropriation Accounts, 2023-24

### 3.4.2 Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during the execution have contributed to variance in the expenditure composition.

**Table 3.5: Expenditure Composition Outturn**

(₹ in crore)

| Description  | Original Approved Budget (BE) | Revised (RE)     | Actual Outturn   | Difference between BE and RE | Difference between Actual and RE* |
|--------------|-------------------------------|------------------|------------------|------------------------------|-----------------------------------|
| 1            | 2                             | 3                | 4                | 5                            | 6                                 |
| Revenue      | 22,868.05                     | 25,746.58        | 20,696.93        | 2,878.53                     | (-) 5,049.65                      |
| Capital      | 6,644.77                      | 11,818.70        | 9,443.43         | 5,173.93                     | (-) 2,375.27                      |
| <b>Total</b> | <b>29,512.82</b>              | <b>37,565.28</b> | <b>30,140.36</b> | <b>8,052.46</b>              | <b>(-) 7,424.92</b>               |

Source: Annual Financial Statements, 2024-25 and Appropriation Accounts, 2023-24

\* Excess of actuals over original provision is denoted as (+) and shortage of actuals over original provision is denoted as (-)

Deviation in outturn compared with RE was (-)19.61 per cent in Revenue Section and (-)20.10 per cent in Capital Section. This was due to deviation as shown in **Table 3.6**.

**Table 3.6: Details of deviation in outturn with RE**

| Sl. No.      | Deviation (in per cent)         | Revenue   | Capital   |
|--------------|---------------------------------|-----------|-----------|
| 1.           | 0 and $\pm 25$                  | 46        | 53        |
| 2.           | between $\pm 25$ to $\pm 50$    | 22        | 12        |
| 3.           | between $\pm 50$ to $\pm 100$   | 11        | 4         |
| 4.           | equal to or more than $\pm 100$ | 0         | 3         |
| <b>Total</b> |                                 | <b>79</b> | <b>72</b> |

Source: Annual Financial Statements, 2024-25 and Appropriation Accounts, 2023-24

## 3.5 Comments on Integrity of Budgetary and Accounting Process

### 3.5.1 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. Expenditure should not be incurred on a scheme/ service without the provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation, or an advance from the Contingency Fund.

It was noticed that an expenditure of ₹261.49 crore was incurred on 10 Grants/Appropriations without any provisions in the original estimates/ supplementary demands and without any re-appropriation orders as shown in **Table 3.7**.

**Table 3.7: Expenditure incurred without budget provision during 2023-24**

(₹ in crore)

| Sl. No.      | Number and Name of Grant                  | Head of Account   | Expenditure   | Name of Schemes/ Sub Heads                                |
|--------------|---|-------------------|---------------|---|
| 1            | 8-Home Department                         | 4055-216-02       | 1.66          | Creation of Assets under BA/ SDS                          |
| 2            | 8-Home Department                         | 03-4055-207-14    | 0.01          | Schemes under Tirap, Changlang and Longding Action Plan   |
| 3            | 11-Women and Child Development            | 03-2235-02-102-01 | 38.22         | Integrated Child Protection Schemes                       |
| 4            | 11-Women and Child Development            | 03-2235-02-102-09 | 4.13          | Non-Institutional Care-Sponsored/ Foster care/ After Care |
| 5            | 11-Women and Child Development            | 03-4235-02-102-02 | 9.20          | Swachhata Action Plan (SAP)                               |
| 6            | 14-Secondary Education                    | 03-2204-104-15    | 0.05          | Schemes under BA/ SDS                                     |
| 7            | 22-Food and Civil Supplies                | 4408-04-02-800-03 | 0.35          | Creation of Assets under BA/ SDS                          |
| 8            | 24-Agriculture                            | 4401-104-01       | 0.60          | Creation of Assets under BA/ SDS                          |
| 9            | 33-North Eastern Council                  | 2552-09-800-33    | 183.13        | Integrated Fishery Development Programme                  |
| 10           | 73-Information Technology & Communication | 3425-60-200-01    | 9.19          | Arunachal Pradesh State Council of Science and Technology |
| 11           | 75-Higher and Technical Education         | 4202-08-02-796-01 | 2.50          | Setting up of New Polytechnics (PMKVY)                    |
| 12           | 76-Elementary Education                   | 4202-04-01-201-04 | 12.33         | Chief Minister Samast Sikhsha Yojana                      |
| 13           | 97-Public Debt                            | 2049-04-104-01    | 0.12          | Payment and Interest on Non-Plan Schemes                  |
| <b>Total</b> |   |                   | <b>261.49</b> |   |

Source: Detailed Appropriation Accounts, 2023-24

Drawal of money in the above grants was in violation of the provisions of the Constitution. It was the responsibility of the sanctioning authority to ensure that the required funds were available by way of provision in the budget before issuing sanction orders. The authorities while issuing sanctions for incurring expenditure from the Government account against the schemes mentioned in **Table 3.7** did not ensure the existence of a budget before issuing such sanction orders. Instead of ensuring the existence of budget provisions before admitting bills, the Treasury officers passed bills pertaining to these schemes based on sanction orders. This shows that bills were passed in treasuries without proper verification of the existence of provisions in the Budget and compliance with the prescribed rules was not ensured. During 2023-24 expenditure without budget provision increased as compared to the previous year (₹119.50 crore<sup>17</sup>). The Government needs to

<sup>17</sup> ₹119.50 crore under Revenue Voted Section

strengthen the mechanisms for strict compliance with the rules and the Treasury Officers must strictly adhere to the provisions regarding the existence of budget provision before passing of the bills.

The Commissioner, Finance Department, GoAP, in its reply (03 April 2025) stated that the matter would be looked into.

### 3.5.2 Error in classification of Expenditures

Rule 84 of the General Financial Rules, 2017 stipulates that significant expenditure incurred with the object of acquiring tangible assets of a permanent nature (for use in the organisation and not for sale in the ordinary course of business) or enhancing the utility of existing assets, shall broadly be defined as Capital Expenditure. Subsequent charges on maintenance, repair, upkeep, and working expenses which required to maintain the assets in running order as also all other expenses incurred for the day-to-day running of the organisation, including establishment and administrative expenses shall be classified as Revenue Expenditure. Capital and Revenue expenditure shall be shown separately in the Accounts.

During the audit of Appropriation Accounts of Government of Arunachal Pradesh for the year 2023-24, it was revealed that the State Government had erroneously classified the budget provision and expenditure under Revenue Section which were actually capital in nature as details shown in the **Table 3.8**.

**Table 3.8: Details of Misclassification**

(₹ in crore)

| Sl. No.      | No. and Name of Grant      | Classification    | Scheme name  | Expenditure  | Correct specific classification to be used | Where booked | Where to be booked |
|--------------|----------------------------|-------------------|--|--------------|--|--------------|--------------------|
| 1.           | 25. Disaster Management    | 2245-80-101-02    | Procurement of essential equipment for response to disaster  | 21.28        | 4235-80-101-02                             | Revenue      | Capital            |
| 2.           | 26. Rural Works            | 2402-800-01       | Power Driven Agricultural Machineries  | 1.17         | 4402-800-01                                | Revenue      | Capital            |
| 3            | 49. Science and Technology | 04-3425-60-004-02 | Construction of Infrastructure Development of Science and Technology Research and Innovation from Loan | 10.55        | 04-5425-800                                | Revenue      | Capital            |
| <b>Total</b> |                            |                   |  | <b>33.00</b> | <b>-</b>                                   | <b>-</b>     | <b>-</b>           |

Source: Detailed Appropriation Accounts, 2023-24

Thus, due to incorrect classification, the Revenue Expenditure was overstated by ₹33.00 crore while the Revenue surplus was understated to the same extent.

The State Government while issuing sanctions to the Departments for implementation of the schemes did not strictly adhere to Government Accounting Rules, 1990 with regard to the classification of expenditure and *vice-versa*. Even the Treasury officers while passing the bills did not take up the matter with appropriate authority and rectify the misclassification. Thus, The State Government failed to control over the Budget mechanism with prudent manner.

### 3.5.3 Supplementary Provision

The General Financial Rules permit obtaining a Supplementary Grant/ Appropriation if the budgetary provision falls short and a commitment for expenditure has already been made under the orders of competent authority or expenditure is required to be made against the sub-heads for which no budget provision was made. The State Legislature approved supplementary provision of ₹8,052.46 crore in 76 Grants/ Appropriations for the year 2023-24 on 08 February 2024, leaving least working days with the departments to utilise the fund. Audit analysis of the utilisation of supplementary allocations showed that a provision of only ₹7,119.25 crore was required in 69 Grants/ Appropriations where the final expenditure exceeded the original budget provisions. Details of actual expenditures incurred against the budget provision (original and supplementary) are shown in *Appendix 3.1*. Since the supplementary provision was Cash Supplementary which is over and above the original budget provision and resulted in enhancement of the total allocation for the Demand/ Grant, obtaining such approval without properly assessing the requirements resulted in large savings at the end of the year proving that ₹933.21 crore of the Supplementary provision was either unnecessary or could have been restricted to token amounts. The details of such grants where the Supplementary provision was unnecessary are discussed in the succeeding sub paragraphs.

#### 3.5.3.1 Unnecessary or Excessive Supplementary Provision

Supplementary provision aggregating ₹657.38<sup>18</sup> crore (₹10.00 lakh or more in each case) obtained in 18 Grants during 2023-24 proved unnecessary (details given in *Appendix 3.2*) as even the original provision was not fully utilised. Clearly, the Controlling Officers could not realistically assess/ estimate the actual requirement of funds for the remaining period of the financial year. The position of the grants is given in **Table 3.9** where the total supplementary provision of more than ₹10.00 crore was obtained and was later found unnecessary.

**Table 3.9: Unnecessary Supplementary Provision**

(₹ in crore)

| Sl. No.              | No. and Name of the Grant  | Original | Supplementary | Actual Expenditure | Savings |
|----------------------|----------------------------|----------|---------------|--------------------|---------|
| 1                    | 2                          | 3        | 4             | 5                  | 6 (3-5) |
| <b>Revenue-Voted</b> |                            |          |               |                    |         |
| 1                    | 22-Food and Civil Supplies | 203.61   | 65.26         | 144.77             | 58.84   |
| 2                    | 26-Rural Works Department  | 425.92   | 175.00        | 414.24             | 11.68   |

<sup>18</sup> ₹572.45 crore under Revenue Section and ₹84.93 crore under Capital Section

| Sl. No.                | No. and Name of the Grant                           | Original        | Supplementary | Actual Expenditure | Savings         |
|------------------------|---|-----------------|---------------|--------------------|-----------------|
| 1                      | 2   | 3               | 4             | 5                  | 6 (3-5)         |
| <b>Revenue-Voted</b>   |   |                 |               |                    |                 |
| 3                      | 34-Power (Electrical)                               | 1,529.57        | 47.06         | 1,257.20           | 272.38          |
| 4                      | 38-Water Resource Department                        | 469.04          | 142.68        | 399.26             | 69.78           |
| 5                      | 45-Civil Aviation                                   | 102.13          | 11.99         | 78.30              | 23.83           |
| 6                      | 50-Planning and Investment                          | 327.61          | 45.32         | 184.65             | 142.96          |
| 7                      | 59-Public Health Engineering                        | 1,071.50        | 26.70         | 916.09             | 155.41          |
| 8                      | 60-Textile and Handicraft                           | 79.26           | 22.88         | 75.48              | 3.78            |
| 9                      | 79-Department of Skill Development and Entrepreneur | 54.49           | 13.69         | 38.86              | 15.63           |
| <b>Revenue-Charged</b> |   |                 |               |                    |                 |
| 10                     | 97-Public Debt                                      | 962.94          | 20.18         | 928.61             | 34.33           |
| <b>Capital-Charged</b> |   |                 |               |                    |                 |
| 11                     | 97-Public Debt                                      | 829.92          | 78.69         | 565.40             | 264.52          |
| <b>Total</b>           |   | <b>6,055.98</b> | <b>649.44</b> | <b>5,002.84</b>    | <b>1,053.14</b> |

Source: Appropriation Accounts, 2023-24

In Grant No. 34-Power (Electrical), the original provision was ₹1,529.57 crore. According to Monthly civil accounts, the total expenditure till January 2024 was ₹1,106.43 crore leaving it with ₹423.14 crore for February and March (52 days) from the original budget. Government allocated supplementary grant of ₹47.06 crore on 8 February 2024 for the remaining 52 days. With the supplementary grant, total funds available with the department for March was ₹470.20 crore which was 42.50 per cent of expenditure incurred during the first 10 months of the financial year. This indicative of lax financial management.

These types of unrealistic budgets should be scrutinised by the Finance Department (Budget), Government of Arunachal Pradesh before approval of the supplementary grants to the concerned departments. However, the occurrence of such cases under grant 26-Rural Works Department during consecutive year implies that Budget Division is not paying enough attention to avoid unrealistic budget formulation.

### 3.5.3.2 Excessive or Inadequate Supplementary Provision

During 2023-24, excessive or inadequate Supplementary Provisions (of ₹One crore and above) were made in 65 cases. Details of these 65 cases, where deviations from the actual requirements ranged between one to more than 100 per cent of the Supplementary Provisions, are shown in **Appendix 3.3**. A range-wise summarised position of excessive or inadequate Supplementary Provisions is given in **Table 3.10**.

Table 3.10: Range of excessive or inadequate Supplementary provisions

(₹ in crore)

| Range of Supplementary Provisions (excess/ less) | Total           | Details of Supplementary Provisions |                 |               |                 |
|--|-----------------|-------------------------------------|-----------------|---------------|-----------------|
|  |                 | Excess (+)                          | Number of Cases | Less (-)      | Number of Cases |
| 0-20 per cent                                    | 6,160.22        | 883.56                              | 34              | 366.57        | 4               |
| 21-40 per cent                                   | 900.42          | 1,602.25                            | 14              | 1.79          | 1               |
| 41-60 per cent                                   | 184.76          | 757.06                              | 9               | -             | -               |
| 61-80 per cent                                   | 229.76          | 151.41                              | 1               | 246.36        | 1               |
| More than 81 per cent                            | 3.15            | -                                   | 0               | 4.48          | 1               |
| <b>Total</b>                                     | <b>7,478.31</b> | <b>3,394.28</b>                     | <b>58</b>       | <b>619.20</b> | <b>7</b>        |

Source: Appropriation Accounts, 2023-24

Further, Supplementary Provisions aggregating ₹7,478.31 crore under 65 cases proved excessive by ₹3,394.28 crore under 58 cases and inadequate by ₹619.20 crore under seven cases.

### 3.5.4 Excessive/ Unnecessary/ inadequate/ Injudicious re-appropriation of funds

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. The authority issuing the re-appropriation order should assess the requirement of funds, expenditure incurred as on the date of issue of re-appropriation of funds, potential savings/ excess, etc. along with reasons for such re-appropriation, before issuing such order. It was noticed that such an exercise was not done diligently in many cases proving that either the re-appropriation itself was unnecessary or could have been issued for a different amount to avoid savings/ excess at the end of the financial year. However, during scrutiny of budget documents it was noticed that as many as 125 cases (*Appendix 3.4*), the re-appropriation was not made after a realistic assessment as the expenditure was less/ more than the final appropriated amount resulted in Excessive/Unnecessary/Inadequate/Injudicious of the re-appropriation orders.

- In respect of 69 cases, the Re-appropriation proved excessive by ₹1,209.67 crore as Total Expenditure was ₹5,563.77 crore against the Final Grant (Original plus Supplementary plus Re-appropriation) of ₹6,773.44 crore as shown in *Appendix 3.4 (Part A)*.
- Under Eight cases, the Re-appropriation was inadequate as Total Expenditure ₹807.72 crore exceeded the Final Grant (Original plus Supplementary) by ₹155.55 crore as shown in *Appendix 3.4 (Part B)*.
- In 36 cases, re-appropriation was unnecessary by ₹747.19 crore as actual expenditure was less than the Total Grant (Original plus Supplementary) as shown in *Appendix 3.4 (Part C)*.
- Under 12 cases, the Actual Expenditure was more than the Final Grant (Original plus Supplementary minus Re-appropriation) by ₹516.08 crore proved injudicious re-appropriation as shown in *Appendix 3.4 (Part D)*.

### 3.5.5 Appropriation *vis-à-vis* Allocative Priorities

Appropriations Accounts are accounts of the expenditure of the Government for each financial year, compared with amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passes under the Article 204 of the Constitution of India. Appropriation Accounts are prepared on Gross basis<sup>19</sup>. 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 funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of Appropriations by the Comptroller & Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with authorisation given under the Appropriation Act and that the expenditure required to be charged under the provision 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.

The outcome of the appropriation audit showed cases of significant savings (exceeded one crore in each case) aggregating to ₹4,628.24 crore in 36 cases under Revenue and ₹2,503.76 crore in 13 cases under Capital section and together amounting to more than 20 *per cent* of the total provisions, details of which are given in **Appendix 3.5**. Such huge savings indicate that the budget estimates are not prepared realistically. In 12 such cases, reasons for appropriation have not been appropriately explained in the Appropriation Accounts.

In the net savings of ₹7,424.92 crore, savings of ₹7,072.29 crore (95.25 *per cent*), exceeding ₹100.00 crore in each case, occurred in 20 Grants/ Appropriations as shown in **Table 3.11**.

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<sup>19</sup> As recovery has not been adjusted in Appropriation Accounts, which has been adjusted in Finance Accounts.

Table 3.11: List of Grants with Savings of ₹100.00 crore and more

(₹ in crore)

| Sl. No.              | Grant No. and Name                   | Total Grant | Actual Expenditure | Details of Savings |            | Reason for Savings  |
|----------------------|--------------------------------------|-------------|--------------------|--------------------|------------|---|
|                      |                                      |             |                    | Saving             | Percentage |   |
| <b>Revenue-Voted</b> |                                      |             |                    |                    |            |   |
| 1                    | 4-Election                           | 225.65      | 74.24              | 151.41             | 67.10      | <ul style="list-style-type: none"> <li>➤ Due to non-granting of MACP, ACP, non-drawal of leave encashment, non-receipt of Home Town LTC bills, non-payment of various Contingency bills and also non-filling up of vacant posts for which budget provision was kept.</li> <li>➤ Due to non-utilisation of fund fully by some District Election Officer owing to non-drawal of Wages against Contingency Staffs, non-receipt of various Contingency bill from various dealer/firms in time.</li> </ul> |
| 2                    | 6-District Administration Department | 606.74      | 414.22             | 192.51             | 31.73      | <ul style="list-style-type: none"> <li>➤ Due to residual savings of 26 numbers of DDO's.</li> <li>➤ Due to residual savings of 43 number of ADC's.</li> </ul>   |
| 3                    | 13-Audit and Pension                 | 2,251.60    | 1,714.62           | 536.98             | 23.85      | <ul style="list-style-type: none"> <li>➤ Due to non-finalisation of MACP owing to clearance from Departmental Promotion Committee and Submission of less number of TA bills.</li> <li>➤ Due to incurring of expenditure under Salaries, Wages, Allowances, Office expenses, Fuel and Lubricants, Repair and Maintenance and other Revenue Expenditure as per actual requirement and submission of less number of bills under Domestic Travel Expenses and LTC.</li> </ul>                             |
| 4                    | 14-Secondary Education               | 767.49      | 546.43             | 221.06             | 28.80      | <ul style="list-style-type: none"> <li>➤ Due to non-drawal of MACP arrears of the teaching and non-teaching staffs and also incurring of expenditure as per actual requirements.</li> </ul>   |
| 5                    | 15-Health Services                   | 1,503.87    | 1,402.03           | 101.84             | 6.77       | <ul style="list-style-type: none"> <li>➤ Due to non-receipt of expenditure authorisation from the Finance Department, GoAP.</li> <li>➤ Due to incurring of expenditure as per requirements under object heads Salaries and Allowances.</li> </ul>   |
| 6                    | 22-Food and Civil Supplies           | 268.87      | 144.77             | 124.10             | 46.16      | <ul style="list-style-type: none"> <li>➤ Due to residual savings of directorate office and 26 other DDO's of the districts and also due to non-grant of MACP and MACP Arrears.</li> </ul>   |
| 7                    | 23-Environment and Forests           | 1,001.47    | 333.27             | 668.20             | 66.72      | <ul style="list-style-type: none"> <li>➤ Due to non-drawal of Arrear Pay and leave encashment of retired/ death persons as pension papers are under process and non-submission of LTC bills from divisional staffs.</li> </ul>  |

| Sl. No.              | Grant No. and Name           | Total Grant | Actual Expenditure | Details of Savings |            | Reason for Savings  |
|----------------------|------------------------------|-------------|--------------------|--------------------|------------|---|
|                      |                              |             |                    | Saving             | Percentage |   |
| <b>Revenue-Voted</b> |                              |             |                    |                    |            |   |
|                      | 23-Environment and Forests   | 1,001.47    | 333.27             | 668.20             | 66.72      | ➤ Due to engagement of less numbers of staffs under Wages procurement of stationary as per actual requirement and also non-release of third party monitoring payment for non-submission of final reports. |
| 8                    | 26-Rural Works Department    | 600.92      | 414.24             | 186.68             | 31.07      | ➤ Due to non-finalisation of MACP arrear and non-sanction of regular and contingency posts.   |
| 9                    | 27-Panchayati Raj            | 640.17      | 268.99             | 371.18             | 57.98      | ➤ Reason for saving has not been intimated.   |
| 10                   | 34-Power (Electrical)        | 1,576.63    | 1,257.20           | 319.43             | 20.26      | ➤ Due to incurring of expenditure as per LOC authorisation received from the Finance Department (Budget), GoAP.   |
| 11                   | 38-Water Resource Department | 611.72      | 399.26             | 212.46             | 34.73      | ➤ Reason for savings was not intimated.   |
| 12                   | 50-Planning and Investment   | 372.93      | 184.65             | 188.28             | 50.49      | ➤ Due to non-release of fund by the Finance Department, GoAP.   |
|                      |                              |             |                    |                    |            | ➤ Due to non-completion of pay fixation of Officers/ Officials of District Planning Units, GoAP from the Directorate of Audit and Pension.  |
| 13                   | 57-Urban Development         | 226.78      | 125.04             | 101.75             | 44.86      | ➤ Due to non-release of fund by the Finance Department, GoAP.   |
|                      |                              |             |                    |                    |            | ➤ Due to rounding up of the bills by the various divisions.   |
| 14                   | 59-Public Health Engineering | 1,098.19    | 916.09             | 182.11             | 16.58      | ➤ Due to non-receipt of finance consumers from the Finance Department, GoAP and non-completion of some scheme.  |
|                      |                              |             |                    |                    |            | ➤ Due to non-drawal of MACP arrears and leave encashment of some of the regular and work-charged staffs owing to late sanction.   |
| 15                   | 66-Hydro Power Development   | 564.00      | 421.00             | 143.01             | 25.36      | ➤ Due to non-payment of leave encashment, MACP arrear etc. and late receipt of bills.   |
|                      |                              |             |                    |                    |            | ➤ Due to non-receipt of expenditure authorisation from the Finance Department, GoAP.  |
| 16                   | 68-Town Planning Department  | 760.75      | 116.54             | 644.21             | 84.68      | ➤ Due to non-sanction of the schemes by the Finance, Planning & Investment Department, GoAP   |
|                      |                              |             |                    |                    |            | ➤ Due to non-availing of LTC and non-performance of tours by the officers and officials.  |

| Sl. No.                | Grant No. and Name                | Total Grant      | Actual Expenditure | Details of Savings |            | Reason for Savings  |
|------------------------|-----------------------------------|------------------|--------------------|--------------------|------------|---|
|                        |                                   |                  |                    | Saving             | Percentage |   |
| <b>Revenue-Voted</b>   |                                   |                  |                    |                    |            |   |
| 17                     | 75-Higher and Technical Education | 384.57           | 263.79             | 120.79             | 31.41      | <ul style="list-style-type: none"> <li>➤ Due to non-filling up of vacant posts of UDC, LDC and Driver and also non-payment of MACP due to non-completion of required formalities.</li> <li>➤ Due to non-filling up of 31 vacant posts of teaching and non-teaching staffs, provision made for arrear payment to the eligible employees under MACP scheme remained unutilised due to non-completion of formalities.</li> </ul> |
| 18                     | 76-Elementary Education           | 1,868.72         | 1,618.53           | 250.18             | 13.39      | <ul style="list-style-type: none"> <li>➤ Due to non-release of 2<sup>nd</sup> phase of 4<sup>th</sup> installment by the GoAP.</li> <li>➤ Due to enrollment of less numbers of Students in RIMC/ Cambridge/ Sainik School and also due to receipt of fewer requirements from the districts under Girls Students Health and Hygiene and Vidhya Scheme.</li> </ul>  |
| <b>Sub-Total</b>       |                                   | <b>15,331.07</b> | <b>10,614.88</b>   | <b>4,716.19</b>    |            | <b>-</b>  |
| <b>Capital-Voted</b>   |                                   |                  |                    |                    |            |   |
| 19                     | 50-Planning and Investment        | 2,567.38         | 554.49             | 2,012.89           | 78.40      | ➤ Reason for savings was not intimated.   |
| <b>Sub-Total</b>       |                                   | <b>2,567.38</b>  | <b>554.49</b>      | <b>2,012.89</b>    |            | <b>-</b>  |
| <b>Capital-Charged</b> |                                   |                  |                    |                    |            |   |
| 20                     | 97-Public Debt                    | 908.61           | 565.40             | 343.21             | 37.77      | ➤ Reason for savings was not intimated.   |
| <b>Sub-Total</b>       |                                   | <b>908.61</b>    | <b>565.40</b>      | <b>343.21</b>      |            | <b>-</b>  |
| <b>Grand Total</b>     |                                   | <b>18,807.06</b> | <b>11,734.77</b>   | <b>7,072.29</b>    |            | <b>-</b>  |

Source: Appropriation Accounts, 2023-24

Details analysis of two grants are discussed below:

**(i) Grant No.-76-Elementary Education:**

- There was savings of ₹250.18 crore under Revenue Section. Out of ₹250.18 crore, ₹0.90 crore was surrendered on 31 March 2024. Thus, net savings was ₹249.28 crore.
- Out of total savings of ₹249.28 crore under 'Major head 2202', savings of ₹196.05 crore under sub-head '03-2202-01-101-06-Samagra Shiksha – Elementary Education', ₹24.35 crore under sub-head '03-2202-01-101-03-National Programme for Mid Day Meals in Schools', ₹24.07 crore under sub-head '2202-01-001-01-District Establishment' and ₹8.05 crore under sub-head '03-2202-01-101-03 - Elementary Education'. The Department in its reply (August 2024) stated that the savings was due to non-drawal of MACP Arrear of teaching/ non-reaching staffs and incurring of expenditure as per actual requirements. Further, the Department also added that savings were due to enrolment of less numbers of students in RIMC/ Cambridge/

Sainik School and also due to receipt of fewer requirements from the districts under Girls Students Health and Hygiene and Vidhya Scheme.

**(ii) Grant No.-50-Planning and Investment:**

- There were savings of ₹188.28 crore under Grant No. 50- Planning and Investment in Revenue Section. Out of total savings of ₹188.28 crore, savings of ₹5.00 crore was surrendered on 31 March 2024. Thus, net savings under this grant (Revenue Section) was ₹183.28 crore.
- Out of ₹183.28 crore, there were savings of ₹52.50 crore under ‘Major head - 2575’ and ₹130.78 crore under ‘Major head – 3451’.
- Savings of ₹52.50 crore under ‘Major head – 2575’ occurred under sub-head ‘03-2575-03-796-03-Development of Model Villages schemes under PMKSY-AIBP, National/ Special Projects’. The Department in its reply (August 2024) stated that budget provision was wrongly reflected under this head.
- Out of ₹130.78 crore under ‘Major head – 3451’ savings of ₹128.49 crore occurred under sub head ‘04-3451-102-08 – schemes under Budget Announcements (BA)/ State Development Schemes (SDS)’, ₹1.21 crore under sub-head – ‘3451-102-01-Establishment Expenses of District Planning’ and ₹1.08 crore under sub head – ‘3451-090-01-Esablishment Expenses’. The Department in its reply (August 2024) stated that savings occurred due to non-release of fund by the Finance Department, GoAP.
- There was huge savings of ₹2,012.89 crore under Capital Section of the Grants ‘50 - Planning and Investment’. Out of total savings of ₹2,012.89 crore, ₹1,774.88 crore was surrendered on 31 March 2024. Thus, the net savings was ₹238.01 crore.
- Out of total net savings ₹238.01 crore, savings of ₹210.36 crore occurred under ‘Major head-4070’, ₹26.25 crore under ‘Major head-4575’ and ₹1.40 crore under ‘Major head-5475’.
- Out of ₹210.36 crore under Major head-4070, the savings of ₹124.74 crore was under sub head ‘04-4070-800-19 – Schemes under MLA LAD/ Untied Fund’, ₹41.00 crore under sub head ‘03-4070-800-18 Schemes (Border Area Development Programme)’, ₹28.99 crore was under sub head – ‘04-4070-800-24 - Creation of Assets under Budget Announcement/ State Development Schemes’ and ₹15.62 crore under sub head – ‘04-4070-800-16 – Schemes under RIDF’. The Department in its reply stated that the savings occurred due to non-receipt of LOC authorisation for some of the schemes by the executing agencies and non-release of fund by Government of Arunachal Pradesh.
- Savings of ₹26.25 crore under ‘Major head-4575’ occurred under sub head – ‘03-4575-03-796-02 – Vibrant Villages Programme’ and savings of ₹1.40 crore was under sub head – ‘5475-001-01 – Purchase of Vehicle, Machinery & equipment,

furniture and Fixtures, Computer Items and Information Communication Technology (ICT) equipment *etc.*'. The Department in its reply stated that the savings occurred due to non-receipt of LOC authorisation for some of the schemes by the executing agencies.

Thus, the DDO of the Department did not exercise the requirement of the funds and take steps to surrender the amount in time so that the needy department may utilise the fund as per their requirement.

### 3.5.6 Persistent Savings

Persistent savings of more than ₹One crore in each case existed and the savings exceeded the total provision by 10 *per cent* or more, observed during 2019-20 to 2023-24.

**Table 3.12: List of Grants where persistent savings occurred during 2019-20 to 2023-24**

(₹ in crore)

| Sl. No.              | Number and Name of Grant                              | Amount of Savings |                   |                   |                   |                   |
|----------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|                      |   | 2019-20           | 2020-21           | 2021-22           | 2022-23           | 2023-24           |
| <b>Revenue-voted</b> |   |                   |                   |                   |                   |                   |
| 1                    | 1-Legislative Assembly                                | 9.89<br>(8.91)    | 8.99<br>(7.31)    | 11.91<br>(11.41)  | 25.09<br>(26.02)  | 24.16<br>(24.42)  |
| 2                    | 6-District Administration Department                  | 156.27<br>(32.87) | 76.78<br>(19.27)  | 16.20<br>(3.95)   | 53.16<br>(11.32)  | 192.51<br>(31.73) |
| 3                    | 7-Accounts and Treasuries                             | 4.83<br>(5.13)    | 10.94<br>(7.46)   | 2.25<br>(1.56)    | 85.23<br>(29.73)  | 28.85<br>(8.57)   |
| 4                    | 8-Home Department                                     | 21.21<br>(2.32)   | 17.57<br>(1.83)   | 47.31<br>(3.97)   | 39.47<br>(3.20)   | 74.91<br>(5.79)   |
| 5                    | 9-Secretariat Transport                               | 1.80<br>(9.87)    | 2.68<br>(11.51)   | 3.42<br>(8.61)    | 27.20<br>(74.52)  | 31.36<br>(82.53)  |
| 6                    | 11-Women and Child Development                        | 4.05<br>(1.58)    | 4.06<br>(1.68)    | 2.08<br>(0.75)    | 148.47<br>(33.63) | 7.74<br>(2.35)    |
| 7                    | 13-Audit and Pension                                  | 48.74<br>(5.51)   | 225.60<br>(18.65) | 247.47<br>(16.40) | 282.07<br>(15.74) | 536.98<br>(23.85) |
| 8                    | 14-Secondary Education                                | 83.02<br>(17.73)  | 143.85<br>(28.98) | 35.91<br>(7.47)   | 12.72<br>(2.20)   | 221.06<br>(28.80) |
| 9                    | 15-Health Services                                    | 227.52<br>(19.83) | 66.09<br>(6.78)   | 28.44<br>(2.33)   | 58.08<br>(4.33)   | 101.84<br>(6.77)  |
| 10                   | 19-Industries   | 18.81<br>(42.25)  | 2.23<br>(7.36)    | 9.37<br>(19.13)   | 2.22<br>(4.93)    | 13.02<br>(22.45)  |
| 11                   | 23-Environment and Forests                            | 35.87<br>(14.37)  | 240.95<br>(35.20) | 205.15<br>(27.30) | 291.85<br>(36.56) | 668.20<br>(66.72) |
| 12                   | 24-Agriculture  | 103.30<br>(31.34) | 12.33<br>(5.16)   | 1.90<br>(0.61)    | 4.88<br>(1.36)    | 79.59<br>(14.78)  |
| 13                   | 26-Rural Works Department                             | 11.41<br>(6.02)   | 94.92<br>(36.25)  | 29.67<br>(9.81)   | 172.62<br>(33.20) | 186.68<br>(31.07) |
| 14                   | 27-Panchayati Raj                                     | 117.06<br>(57.45) | 7.93<br>(1.20)    | 70.83<br>(21.41)  | 146.68<br>(30.27) | 371.18<br>(57.98) |
| 15                   | 28-Animal Husbandry, Veterinary and Dairy Development | 22.08<br>(10.55)  | 24.26<br>(13.29)  | 12.15<br>(5.75)   | 15.49<br>(7.61)   | 27.68<br>(11.94)  |
| 16                   | 30-State Transport Services                           | 2.68<br>(2.47)    | 22.20<br>(16.67)  | 6.90<br>(4.45)    | 8.49<br>(4.07)    | 6.46<br>(3.91)    |

| Sl. No.              | Number and Name of Grant                            | Amount of Savings   |                     |                     |                     |                     |
|----------------------|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|                      |   | 2019-20             | 2020-21             | 2021-22             | 2022-23             | 2023-24             |
| 17                   | 31-Public Works Department                          | 29.44<br>(9.01)     | 67.50<br>(19.53)    | 126.02<br>(28.71)   | 377.00<br>(26.30)   | 2.33<br>(0.09)      |
| 18                   | 34-Power (Electrical)                               | 72.32<br>(8.90)     | 84.51<br>(8.50)     | 175.52<br>(12.94)   | 219.29<br>(16.12)   | 319.43<br>(20.26)   |
| 19                   | 38-Water Resource Department                        | 50.37<br>(19.20)    | 5.04<br>(1.35)      | 70.85<br>(15.04)    | 257.02<br>(41.44)   | 212.46<br>(34.73)   |
| 20                   | 41-Land Management                                  | 34.56<br>(33.32)    | 7.29<br>(9.78)      | 36.39<br>(46.18)    | 28.21<br>(47.64)    | 12.66<br>(32.94)    |
| 21                   | 45-Civil Aviation                                   | 11.86<br>(23.12)    | 21.55<br>(21.55)    | 3.42<br>(3.42)      | 3.45<br>(3.54)      | 35.82<br>(31.39)    |
| 22                   | 50-Planning and Investment                          | 8.42<br>(15.48)     | 341.76<br>(85.23)   | 2.32<br>(2.11)      | 439.64<br>(77.70)   | 188.28<br>(50.49)   |
| 23                   | 56-Tourism  | 18.99<br>(31.03)    | 23.22<br>(56.43)    | 14.80<br>(30.26)    | 4.89<br>(9.46)      | 2.78<br>(6.02)      |
| 24                   | 57-Urban Development                                | 81.14<br>(53.36)    | 21.15<br>(15.63)    | 29.44<br>(14.38)    | 17.50<br>(12.08)    | 101.75<br>(44.86)   |
| 25                   | 59-Public Health Engineering                        | 16.20<br>(2.11)     | 50.91<br>(5.44)     | 161.98<br>(14.43)   | 236.63<br>(27.18)   | 182.11<br>(16.58)   |
| 26                   | 66-Hydro Power Development                          | 21.49<br>(10.82)    | 27.69<br>(14.98)    | 24.08<br>(10.78)    | 186.75<br>(39.66)   | 143.01<br>(25.36)   |
| 27                   | 68-Town Planning Department                         | 29.67<br>(53.44)    | 169.85<br>(61.02)   | 24.38<br>(10.61)    | 35.73<br>(29.28)    | 644.21<br>(84.68)   |
| 28                   | 74-Social Justice, Empowerment and Tribal Affairs   | 71.81<br>(35.59)    | 168.39<br>(93.62)   | 29.89<br>(23.07)    | 4.93<br>(6.11)      | 1.57<br>(0.94)      |
| 29                   | 76-Elementary Education                             | 103.64<br>(7.88)    | 67.72<br>(6.37)     | 28.99<br>(1.93)     | 401.55<br>(19.40)   | 250.18<br>(13.39)   |
| 30                   | 79-Department of Skill Development and Entrepreneur | 10.24<br>(24.63)    | 15.03<br>(44.35)    | 3.87<br>(7.67)      | 9.61<br>(16.77)     | 29.31<br>(43.00)    |
| <b>Capital-Voted</b> |   |                     |                     |                     |                     |                     |
| 31                   | 15-Health Services                                  | 114.23<br>(69.98)   | 38.70<br>(80.78)    | 5.54<br>(21.13)     | 6.92<br>(7.71)      | 3.50<br>(4.15)      |
| 32                   | 21-Directorate of Sports                            | 24.33<br>(63.17)    | 45.50<br>(90.99)    | 1.07<br>(1.18)      | 13.85<br>(28.34)    | 18.95<br>(23.15)    |
| 33                   | 24-Agriculture                                      | 6.26<br>(65.64)     | 104.70<br>(95.61)   | 8.13<br>(31.55)     | 114.94<br>(96.67)   | 19.89<br>(38.75)    |
| 34                   | 26-Rural Works Department                           | 228.15<br>(18.46)   | 179.62<br>(7.45)    | 36.04<br>(2.12)     | 51.15<br>(2.51)     | 86.20<br>(6.54)     |
| 35                   | 38-Water Resource Department                        | 9.53<br>(6.65)      | 44.64<br>(20.67)    | 12.34<br>(7.71)     | 9.92<br>(2.88)      | 11.97<br>(2.02)     |
| 36                   | 45-Civil Aviation                                   | 43.98<br>(84.58)    | 19.13<br>(31.01)    | 8.71<br>(11.87)     | 3.26<br>(7.80)      | 2.89<br>(6.01)      |
| 37                   | 50-Planning and Investment                          | 3,025.42<br>(88.01) | 2,389.91<br>(84.53) | 1,767.33<br>(65.71) | 1,918.88<br>(68.82) | 2,012.90<br>(78.40) |
| 38                   | 56-Tourism  | 14.33<br>(91.55)    | 29.47<br>(84.11)    | 4.90<br>(10.74)     | 9.94<br>(43.56)     | 11.60<br>(28.97)    |
| 39                   | 57-Urban Development                                | 28.06<br>(19.59)    | 39.59<br>(59.12)    | 14.93<br>(7.89)     | 1.48<br>(0.80)      | 26.78<br>(11.94)    |
| 40                   | 59-Public Health Engineering                        | 196.66<br>(43.73)   | 94.12<br>(29.54)    | 98.34<br>(22.93)    | 33.52<br>(7.23)     | 2.43<br>(0.63)      |
| 41                   | 66-Hydro Power Development                          | 18.33<br>(30.55)    | 24.01<br>(54.83)    | 6.76<br>(6.48)      | 6.88<br>(3.61)      | 14.99<br>(5.97)     |

| Sl. No.                | Number and Name of Grant   | Amount of Savings |                   |                   |                   |                   |
|------------------------|--|-------------------|-------------------|-------------------|-------------------|-------------------|
|                        |  | 2019-20           | 2020-21           | 2021-22           | 2022-23           | 2023-24           |
| 42                     | 74-Social Justice, Empowerment and Tribal Affairs                        | 22.66<br>(12.72)  | 7.59<br>(3.35)    | 11.57<br>(3.59)   | 15.23<br>(8.71)   | 46.06<br>(22.68)  |
| 43                     | 76-Elementary Education  | 30.47<br>(68.21)  | 74.49<br>(86.28)  | 15.55<br>(19.79)  | 9.63<br>(7.27)    | 12.80<br>(13.00)  |
| 44                     | 82-Department of Indigenous Affairs                                      | 9.68<br>(48.40)   | 19.04<br>(88.57)  | 4.70<br>(24.74)   | 2.37<br>(11.78)   | 9.68<br>(26.78)   |
| <b>Revenue-Charged</b> |  |                   |                   |                   |                   |                   |
| 45                     | 2-Governor   | 1.65<br>(18.55)   | 2.59<br>(26.81)   | 2.03<br>(19.74)   | 3.60<br>(29.51)   | 5.32<br>(37.56)   |
| 46                     | 46-Arunachal Pradesh Public Service Commission and Staff Selection Board | 1.21<br>(9.15)    | 3.71<br>(30.18)   | 1.43<br>(9.42)    | 3.29<br>(23.43)   | 8.77<br>(60.81)   |
| <b>Capital-Charged</b> |  |                   |                   |                   |                   |                   |
| 47                     | 97-Public Debt   | 233.57<br>(39.78) | 317.06<br>(54.99) | 282.55<br>(44.34) | 249.90<br>(31.20) | 343.21<br>(37.77) |

Source: Appropriation Accounts of the respective year

Figures in parentheses indicate the percentage of savings to the total provision

Analysis of the reasons for the savings during 2023-24 showed that:

- There was savings of ₹221.06 crore under 14-Secondary Education in Revenue Section. Out of ₹221.06 crore, savings of ₹40.58 crore occurred under District Establishment and ₹7.78 crore under BA/ SDS. The Department in reply (August 2024) state that the saving was due to non-drawal of MACP arrears of the teaching and non-teaching staffs and also incurring of expenditure as per actual requirements.
- Under Grant 50-Planning and Investment, the savings of ₹188.28 crore occurred under Revenue Section. Out of ₹188.28 crore, savings of ₹128.49 crore occurred under BA/ SDS, ₹52.50 crore under Vibrant Villages Programme. The Department in its reply (August 2024) stated that savings was due to non-completion of pay fixation of officers/ officials of Planning and Investment Department, GoAP from the Directorate of Audit and Pension during financial year and non-release of fund by the Finance Department, GoAP.
- There was a huge savings of ₹2,012.90 crore under Grant 50-Planning and Investment in Capital Section. Out of ₹2,012.90 crore, savings of ₹124.74 crore was under MLA LAD/ Untied fund, ₹41.00 crore under BADP, ₹28.99 crore under Creation of Assets under BA/ SDS and ₹15.63 crore under RIDF. Department in its reply (August 2024) stated that savings were reportedly due to non-receipt of LOC authorisation for some of the schemes by the executing agencies.
- There was saving of ₹371.18 crore under 'Grant no.-27 Panchayati Raj'. Out of ₹371.18 crore, savings of ₹75.52 crore (100 per cent) was under sub-head 'Panchayat Local Bodies (Tied)' and ₹64.86 crore (100 per cent) was under sub-head Panchayat Local Bodies (Untied). Out of ₹371.18 crore, ₹186.78 crore was surrendered on 31 March 2024.

- Under 68-Town Planning Department, the savings of ₹644.21 crore occurred under Revenue Section during the year 2023-24. Out of ₹644.21 crore, savings of ₹87.84 crore was under sub-head 'Scheme for Urban Local Bodies (ULB)' and ₹1.96 crore was under 'Pradhan Mantri Awas Yojana (PMAY)'. The Department in its reply stated that savings was due to non-sanction of the schemes by the Finance, Planning & Investment Department, GoAP and due to non-availing of LTC and non-performance of tours by the officers and officials.

Thus, the trend of persistent savings proved the absence of control mechanism in the departments. The trend of persistent savings was highlighted in the Comptroller and Auditor General of India's State Finances Audit Report every year, but adequate corrective measures have not been taken by the departments concerned to correct this situation.

### 3.5.7 Substantial Surrenders

Substantial surrenders<sup>20</sup> (₹One crore and above) were made in respect of the 111 sub-heads under 48 Grants/ Appropriations, as detailed in **Appendix 3.6 (Part-B)**. Out of the Original provision amounting to ₹7,998.74 crore in these 48 Grants/ Appropriations, ₹7,116.89 crore was surrendered which included 100 *per cent* and above surrender in 64 sub-heads (₹1,180.07 crore) as detailed in **Appendix 3.6 (Part A)**. Further, it was noticed that in 13 sub-heads, the surrender was more than the original provision as shown in **Table 3.13**, due to unnecessary supplementary provision.

**Table 3.13: List of schemes where surrender was more than the original**

(₹ in crore)

| Sl. No. | Number and Name of Grant     | Head of Account   | Original | Supplementary | Details of Surrender Amount | Per cent |
|---------|------------------------------|-------------------|----------|---------------|-----------------------------|----------|
| 1       | 1-Legislative Assembly       | 2011-02-101-0001  | 28.40    | 0.00          | 4.13                        | 14.54    |
| 2       | 4-Election                   | 2015-102-01       | 21.21    | 28.00         | 28.78                       | 135.69   |
|         |                              | 2015-103-01       | 9.30     | 58.40         | 55.65                       | 598.39   |
|         |                              | 2015-104-01       | 5.20     | 69.02         | 33.57                       | 645.58   |
|         |                              | 2015-106-01       | 1.00     | 14.50         | 15.50                       | 1,550.00 |
|         |                              | 2015-108-01       | 5.12     | 13.90         | 16.50                       | 322.27   |
| 3       | 9-Secretariat Transport      | 4075-001-01       | 0.00     | 2.25          | 0.42                        | 42.00    |
| 4       | 22-Food and Civil Supplies   | 03-2408-01-001-01 | 0.00     | 0.19          | 0.17                        | 17.00    |
| 5       | 23-Environment and Forests   | 4406-01-101-03    | 0.30     | 6.51          | 3.20                        | 1,066.67 |
|         |                              | 4406-01-101-04    | 0.60     | 199.40        | 20.62                       | 3,436.67 |
| 6       | 38-Water Resource Department | 03-4702-796-01    | 0.00     | 200.73        | 65.65                       | 6,565.00 |
| 7       | 43-Fisheries                 | 03-2405-101-10    | 11.00    | 44.56         | 55.56                       | 505.09   |
| 8       | 60-Textile and Handicraft    | 2851-200-01       | 0.10     | 0.27          | 0.17                        | 170.00   |

Source: Detailed Appropriation Accounts 2023-24

<sup>20</sup> Cases where 50 *per cent* and more of original provisions was surrendered

This indicative of failure of Budgeting process and monitoring of the funds by the Controlling Officers/ DDO of the departments.

### 3.5.8 Savings not surrendered

As per extant Financial Rules, the spending departments are required to surrender the Grants/ Appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of 2023-24, out of the total savings of ₹8,142.53 crore under 63 Grants, Savings (₹One crore and above in each case) of ₹2,400.83 crore (29.49 per cent) under 86 cases, remained to be surrendered, as detailed in *Appendix 3.7*. Further, out of the above, there were saving (₹10.00 crore and above in each case) of ₹748.81 crore (15.38 per cent of Total Grant) under 16 Grants but no part of the savings was surrendered by the concerned departments as shown in **Table 3.14**.

**Table 3.14: Details of Grants/ Appropriations in which no part of the savings was surrendered (₹10.00 crore and above)**

| (₹ in crore)           |   |                 |                    |               |
|------------------------|---|-----------------|--------------------|---------------|
| Sl. No.                | Number and name of Grant                              | Total Grant     | Actual Expenditure | Savings       |
| <b>Revenue-Voted</b>   |   |                 |                    |               |
| 1                      | 19-Industries   | 57.99           | 44.97              | 13.02         |
| 2                      | 24-Agriculture  | 538.68          | 459.09             | 79.59         |
| 3                      | 28-Animal Husbandry, veterinary and Dairy Development | 231.89          | 204.20             | 27.68         |
| 4                      | 43-Fisheries  | 104.46          | 68.03              | 36.43         |
| 5                      | 60-Textile and Handicraft                             | 102.15          | 75.48              | 26.67         |
| 6                      | 79-Department of Skill Development and Entrepreneur   | 68.17           | 38.86              | 29.31         |
| <b>Revenue-Charged</b> |   |                 |                    |               |
| 7                      | 97-Public Debt  | 983.12          | 928.61             | 54.51         |
| <b>Capital-Voted</b>   |   |                 |                    |               |
| 8                      | 11-Women and Child Development                        | 35.76           | 17.34              | 18.43         |
| 9                      | 21-Directorate of Sports                              | 81.85           | 62.90              | 18.95         |
| 10                     | 38-Water Resource Department                          | 593.16          | 581.19             | 11.97         |
| 11                     | 56-Tourism  | 40.04           | 28.44              | 11.60         |
| 12                     | 57-Urban Development                                  | 224.32          | 197.54             | 26.78         |
| 13                     | 66-Hydro Power Development                            | 251.31          | 236.32             | 14.99         |
| 14                     | 68-Town Planning Department                           | 446.00          | 434.63             | 11.36         |
| 15                     | 75-Higher and Technical Education                     | 103.64          | 92.13              | 11.50         |
| 16                     | 76-Elementary Education                               | 98.41           | 85.61              | 12.80         |
| <b>Capital-Charged</b> |   |                 |                    |               |
| 17                     | 97-Public Debt  | 908.61          | 565.40             | 343.21        |
| <b>Total</b>           |   | <b>4,869.55</b> | <b>4,120.73</b>    | <b>748.81</b> |

Source: Appropriation Accounts, 2023-24

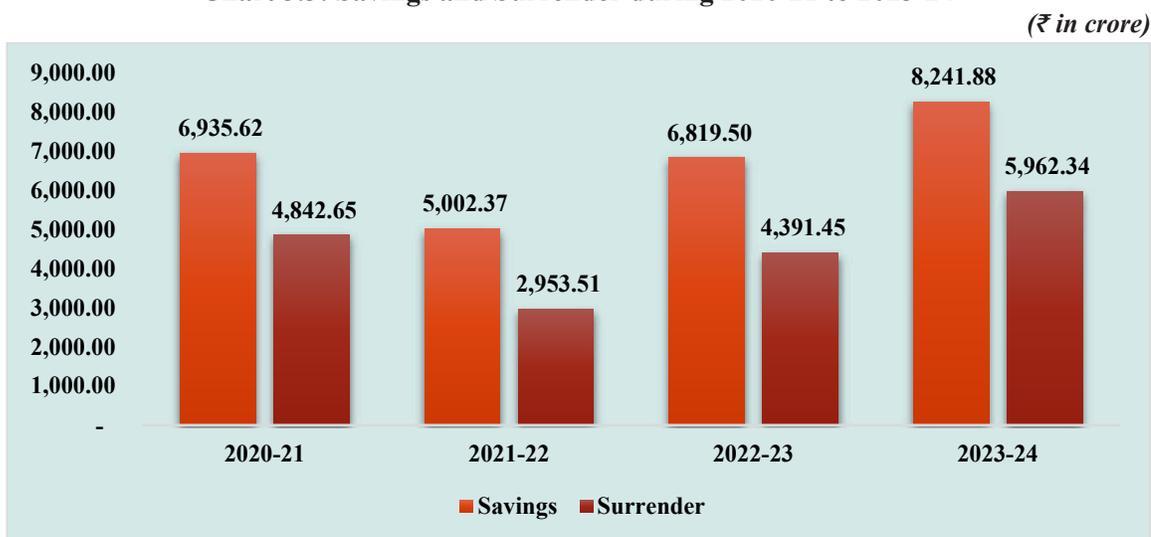
The non-surrender of the savings by the Controlling Officers was partly attributed to the non-release of funds by the Finance Department.

### 3.5.9 Impact of non-surrender of savings

Rule 61 (1) of General Financial Rules, 2017 prescribes that all the anticipated savings shall be surrendered to the Finance Department by the dates prescribed by that Department. The Finance Department shall communicate acceptance of such surrenders before the close of the financial year. The prescribed date for the surrender of anticipated savings for salary and wages in 2023-24 was 06 February 2024 and 22 March 2024 for other object heads.

However, during 2023-24, against the gross savings of ₹8,241.88 crore, 67 departments surrendered ₹5,962.34<sup>21</sup> crore (72.34 per cent), however, the entire amount was surrendered on the last day of the financial year. **Chart 3.3** depicts the trends of surrenders against the savings for the period from 2020-21 to 2023-24.

Chart 3.3: Savings and Surrender during 2020-21 to 2023-24



Source: Appropriation Accounts of the respective year

In 86 cases (details in **Appendix 3.7**), the anticipated savings of ₹One crore and above were not surrendered by the prescribed dates.

Non-compliance with the rules stated above not only deprives other needy Departments of resources, but also defeats the very objective of achieving efficiency in budget management, which may be an impediment to the speedy development of State.

### 3.5.10 Injudicious surrender

In eight grants, there was an injudicious surrender of ₹120.84 crore as the Departments surrendered in excess of savings within the grant, as depicted in **Table 3.15**.

<sup>21</sup> ₹3,952.96 crore surrendered under Revenue Section (54 Departments) and ₹2,009.38 crore under Capital Section (13 Departments)

Table 3.15: Surrender in excess of savings

(₹ in crore)

| Sl. No.              | Number and name of Grant   | Total Grant     | Actual Expenditure | Savings      | Surrender     | Excess Surrender |
|----------------------|--|-----------------|--------------------|--------------|---------------|------------------|
| <b>Revenue-Voted</b> |  |                 |                    |              |               |                  |
| 1                    | 18-Research  | 28.13           | 16.91              | 11.22        | 11.32         | 0.10             |
| 2                    | 31-Public Works Department   | 2,488.67        | 2,486.34           | 2.33         | 22.60         | 20.27            |
| 3                    | 56-Tourism   | 46.15           | 43.37              | 2.78         | 3.67          | 0.89             |
| 4                    | 64-Trade and Commerce  | 13.11           | 6.14               | 6.97         | 7.18          | 0.21             |
| 5                    | 65-Department for Development of Tirap, Changlang and Longding Districts | 2.33            | 1.64               | 0.69         | 0.85          | 0.16             |
| <b>Total</b>         |  | <b>2,578.39</b> | <b>2,554.41</b>    | <b>23.98</b> | <b>45.62</b>  | <b>21.64</b>     |
| <b>Capital-Voted</b> |  |                 |                    |              |               |                  |
| 6                    | 24-Agriculture   | 51.32           | 31.43              | 19.89        | 48.34         | 28.45            |
| 7                    | 35-Information and Public Relations                                      | 2.71            | 1.66               | 1.04         | 1.75          | 0.71             |
| 8                    | 74-Social Justice, Empowerment and Tribal Affairs                        | 203.07          | 157.01             | 46.06        | 116.10        | 70.04            |
| <b>Total</b>         |  | <b>257.09</b>   | <b>190.10</b>      | <b>66.99</b> | <b>166.19</b> | <b>99.20</b>     |
| <b>Grand Total</b>   |  | <b>2,835.48</b> | <b>2,744.51</b>    | <b>90.97</b> | <b>211.81</b> | <b>120.84</b>    |

Source: Appropriation Accounts, 2023-24

However, the Government did not explain the reason for the difference between savings and surrender amounts.

### 3.5.11 Excess expenditure and its regularisation

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 and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, 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 the regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of the discussion of the Appropriation Accounts by the Public Accounts Committee (PAC).

#### 3.5.11.1 Excess over provisions relating to previous and current years requiring regularisation

Administrative Departments concerned are required to submit Explanatory Notes for excess expenditure to the Public Accounts Committee through the Finance Department. However, excess expenditure of ₹3,343.64 crore from 1986-87 to 2022-23 (*Appendix 3.8*) was yet to be regularised. During 2023-24, in 11 Grants, the expenditure of ₹4,557.76 crore exceeded the approved provisions of ₹3,740.79 crore by ₹816.97 crore. At the Sub-Head level,

an expenditure of ₹3,246.01 crore exceeded the approved provisions of ₹1,862.85 crore by ₹1,383.16 crore (*Appendix 3.9*). Such excess expenditure over budgetary allocation is a matter of concern, as it is indicative of poor budgetary management and dilutes legislative oversight over public funds. The Government needs to view this seriously and take appropriate corrective measures. Moreover, the excess expenditure over the Grant/ Appropriation required regularisation as per Article 205 of the Constitution of India.

The excess amounts remained un-regularised from as long back as from 1986 onwards. Failure to regularise excess expenditure is in contravention of constitutional provisions and defeats the objective of ensuring accountability over utilisation of public money.

The Commissioner, Finance Department, GoAP stated in its reply (03 April 2025) that the process of regularise the excess expenditure pertaining to the year 2009-10 is under process. However, the reply is silent about the process of regularisation of excess expenditure upto the year 2023-24.

### 3.5.12 Missing/ Incomplete Explanation for Variation from Budget

Apart from showing the expenditure against the approved budget, Appropriation Accounts also provide an explanation for cases where the expenditure varies significantly from the budgeted provision (Original *plus* Supplementary). The limit beyond which, such variation at the Sub-Head/ Sub-Sub-Head level (Unit of Appropriation) is to be explained in the Appropriation Accounts is set by the Public Accounts Committee (PAC). However, PAC of the Arunachal Pradesh has not prescribed any norms pertaining to monetary limits/ percentage in respect of Savings/Excess. Norms practice by Meghalaya (previous Station of this office) have been adopted for comments on Appropriation Accounts

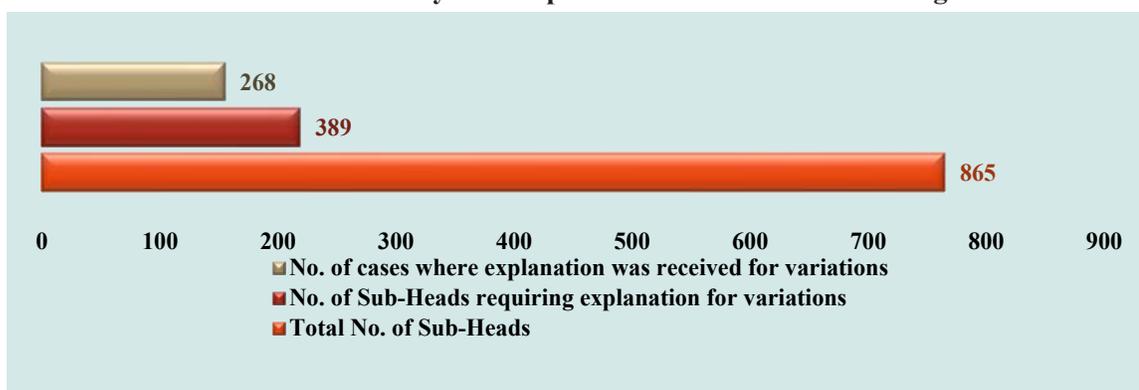
The Accounts Wing of the office of the Principal Accountant General provides the draft Appropriation Accounts to the Controlling Officers of the Departments and seeks the reasons/ explanation for the variations in expenditure with reference to approved budgetary allocation.

The current limits, being followed in preparation of Appropriation Accounts are as follows:

|         |   |
|---------|---|
| Savings | <ul style="list-style-type: none"> <li>• Comments are made if (savings including non-utilisation) overall savings is over five <i>per cent</i> of the total provision.</li> <li>• Individual comments under Sub-Heads of Grants/ Appropriations are made if the expenditure is over ₹ five lakh and total provision (original <i>plus</i> supplementary) to which the concerned sub-head relates is ₹20.00 crore or less.</li> </ul>  |
| Excess  | <ul style="list-style-type: none"> <li>• General comments are made for regularisation of excess over the provision in all cases where there is an overall excess (irrespective of the amount).</li> <li>• Comments are made if variations (excesses) under Sub-Heads of Grants/ Appropriations are ₹five lakh and total provision (original <i>plus</i> supplementary) to which the concerned sub-head relates is ₹20.00 crore or less.</li> <li>• Comments are made if variations (excesses) under Sub-Heads of Grants/ Appropriations are ₹10.00 lakh and total provision (original <i>plus</i> supplementary) to which the concerned sub-head relates is more than ₹20.00 crore</li> </ul> |

Audit of Appropriation Accounts of 2023-24 and an analysis of the underlying accounting data revealed that out of the 79 Grants/ Appropriations, reasons for variation were required in respect of 73 Grants/ Appropriations. In terms of Sub-Heads involved, the total number of Sub-Heads in the accounts, those requiring an explanation for variation, and the Sub-Heads where explanations were received for variations, are given in **Chart 3.4**.

**Chart 3.4: Summary of unexplained variations vis-à-vis budget**



Source: Detailed Appropriation Accounts, 2023-24

## 3.6 Comments on Transparency of Budgetary and Accounting Process

### 3.6.1 Huge lump sum provision

Rule 50(3) and Appendix 3 of General Financial Rules, 2017 provides that the detailed estimates of the expenditure shall be prepared by the estimating authorities up to the final unit of appropriation *i.e.*, Object Head under the prescribed major and minor heads for both Revenue and Capital Expenditure. It also provides that no lumpsum provision shall be made in the budget except where urgent measures are to be provided for meeting emergent situations or for meeting preliminary expenses on a project that has been accepted in principle for being taken up in the financial year. Contrary to this, the State Government made lumpsum provision of ₹3,460.07 crore for Creation of Assets under Budget Announcements/ State Development Schemes under 57 grants in Capital Section and ₹2,038.48 crore for Schemes under Budget Announcements/ State Development Schemes under 59 Grants in Revenue Section as detailed in *Appendix 3.10 (Part A and B)*.

## 3.7 Comments on Effectiveness of Budgetary and Accounting Process

### 3.7.1 Budget Projection and Gap between Expectation and Actual

Efficient management of tax administration/ other receipts and public expenditure holds the balance of achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals; poor expenditure monitoring mechanisms, weak scheme implementation capacities/ and weak internal control led to sub-optimal allocation among

various development needs. Excessive savings in some departments deprive other departments of the funds which they could have utilised.

The summarised position of budget including supplementary budget, actual expenditure, and excess/ savings during 2023-24 against 79 Grants/ Appropriations (75 Grants and 04 Appropriations) is given in **Table 3.16**.

**Table 3.16: Summarised position of Expenditure vis-à-vis Budget provision**

(₹ in crore)

| Nature of Expenditure | Details of Grant/ Appropriation      |                  | Total           | Actual Expenditure <sup>22</sup> | Savings (-)      | Excess (+)      | Details of Surrender <sup>23</sup> |                 |              |
|-----------------------|--------------------------------------|------------------|-----------------|----------------------------------|------------------|-----------------|------------------------------------|-----------------|--------------|
|                       | Original                             | Supplementary    |                 |                                  |                  |                 | Amount                             | Per cent        |              |
| <b>Voted</b>          | I – Revenue                          | 21,857.39        | 2,857.10        | 24,714.49                        | 19,733.91        | 5,430.62        | 450.04                             | 3,952.96        | 15.99        |
|                       | II – Capital                         | 5,814.85         | 5,094.35        | 10,909.20                        | 8,877.25         | 2,398.89        | 366.93                             | 2,007.88        | 18.41        |
| <b>Total Voted</b>    |                                      | <b>27,672.24</b> | <b>7,951.45</b> | <b>35,623.69</b>                 | <b>28,611.16</b> | <b>7,829.51</b> | <b>816.97</b>                      | <b>5,960.84</b> | <b>16.73</b> |
| <b>Charged</b>        | III–Revenue                          | 47.72            | 1.24            | 48.96                            | 34.41            | 14.55           | 0                                  | 10.88           | 22.22        |
|                       | IV-Capital                           | 0.00             | 0.00            | 0.00                             | 0.00             | 0.11            | 0.00                               | 0.00            | 0.00         |
|                       | V- Public Debt-Repayment (Revenue)   | 962.94           | 20.18           | 983.12                           | 928.61           | 54.51           | 0.00                               | 0.00            | 0.00         |
|                       | VI - Public Debt-Repayment (Capital) | 829.92           | 79.58           | 909.5                            | 566.18           | 343.21          | 0.00                               | 0.00            | 0.00         |
|                       | <b>Total Charged</b>                 | <b>1,840.58</b>  | <b>101.00</b>   | <b>1,941.58</b>                  | <b>1,529.20</b>  | <b>412.38</b>   | <b>0.00</b>                        | <b>10.88</b>    | <b>0.56</b>  |
| <b>Grand Total</b>    |                                      | <b>29,512.82</b> | <b>8,052.45</b> | <b>37,565.28</b>                 | <b>30,140.36</b> | <b>8,241.89</b> | <b>816.97</b>                      | <b>5,971.72</b> | <b>15.90</b> |

Source: Appropriation Accounts, 2023-24

As can be seen from **Table 3.16**, the overall savings from total grants and appropriations was ₹8,241.89 crore which was equal to 102.35 per cent of the supplementary budget of ₹8,052.46 crore obtained during the year. This indicates that a proper analysis was not done before budget formulation, especially supplementary budget formulation.

The original budget of the State during 2023-24, was more than the previous year's budget by ₹3,803.46 crore, the increase in the Revenue Section was ₹4,666.50 crore and the decrease in the Capital Section was ₹863.04 crore. Substantial savings of ₹2,811.26 crore in Capital Section of the budget constituting over 42.31 per cent of the original budget of Capital Section indicates that the funds meant for the infrastructure in the State could not be spent.

The Actual Expenditure of ₹30,140.36 crore during 2023-24 was ₹627.54 crore more than the Original Budget (₹29,512.82 crore) indicating that by proper planning, need for Supplementary Budget of ₹8,052.46 crore could have been reduced by ₹7,424.92 crore.

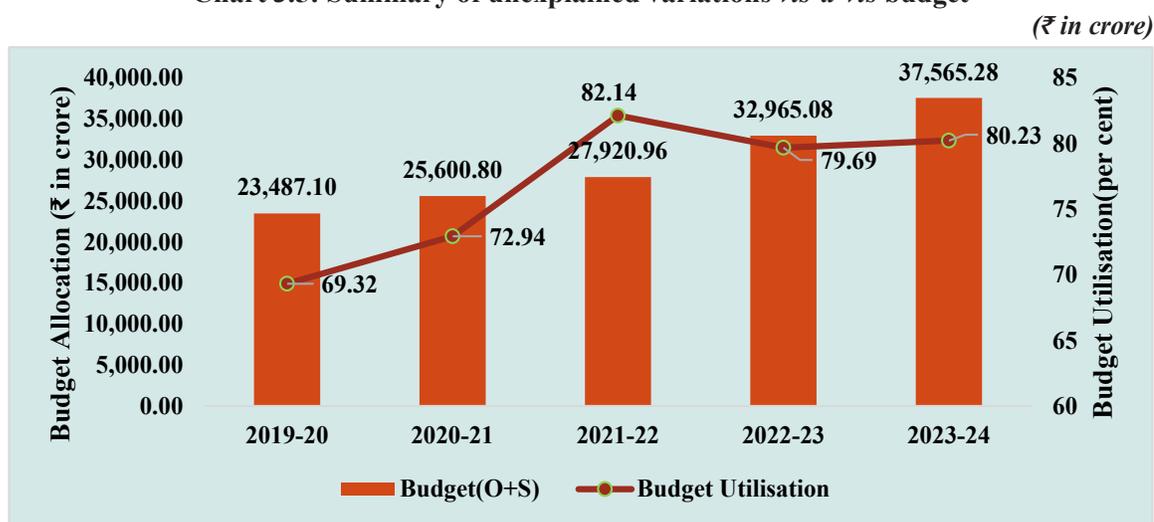
<sup>22</sup> These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue Expenditure (₹132.57 crore) and Capital Outlay (₹411.53 crore).

<sup>23</sup> Entire amount was surrendered on 31 March 2024.

### 3.7.2 Position of budget utilisation

The position of budget utilisation during the previous five years is given in **Chart 3.5**.

**Chart 3.5: Summary of unexplained variations vis-à-vis budget**



Source: Appropriation Accounts of the respective years

Budget Outlay of the State grew at an average growth rate of 7.52 per cent from ₹23,487.10 crore in 2019-20 to ₹37,565.28 crore in 2023-24.

Trends in the original budget, revised estimate, and actual expenditure for the period 2019-20 to 2023-24 are given in **Table 3.17**.

**Table 3.17: Original Budget, Revised Estimate, and Actual Expenditure during 2019-20 to 2023-24**

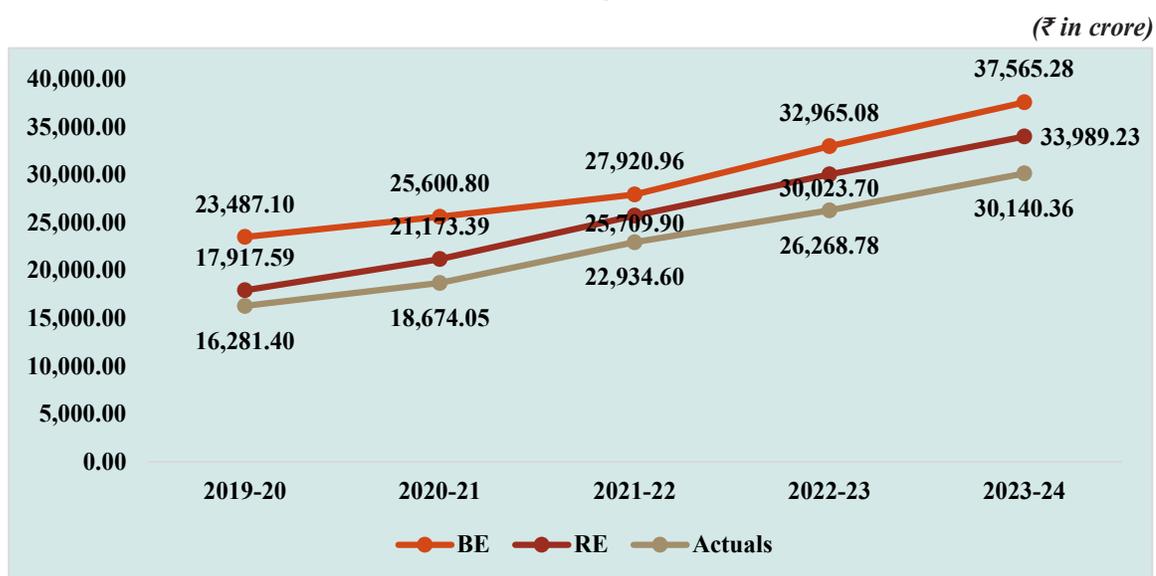
(₹ in crore)

| Particulars  | 2019-20          | 2020-21          | 2021-22          | 2022-23          | 2023-24          |
|--|------------------|------------------|------------------|------------------|------------------|
| Original Budget  | 22,008.97        | 21,880.37        | 22,313.00        | 25,709.36        | 29,512.82        |
| Supplementary Budget   | 1,478.13         | 3,720.43         | 5,607.96         | 7,255.72         | 8,052.46         |
| <b>Total Budget (TB)</b>                                       | <b>23,487.10</b> | <b>25,600.80</b> | <b>27,920.96</b> | <b>32,965.08</b> | <b>37,565.28</b> |
| Revised Estimate (RE)  | 17,917.59        | 21,173.39        | 25,709.90        | 30,023.70        | 33,989.23        |
| Actual Expenditure (AE)  | 16,281.40        | 18,674.05        | 22,934.60        | 26,268.78        | 30,140.36        |
| Gross Savings  | 7,205.70         | 6,926.75         | 5,002.37         | 6,819.50         | 8,241.89         |
| Percentage of supplementary to the original provision          | 6.72             | 17.00            | 25.13            | 28.22            | 27.28            |
| Percentage of overall savings/ excess to the overall provision | 30.68            | 27.06            | 17.92            | 20.69            | 21.94            |
| TB-RE  | 5,569.51         | 4,427.41         | 2,211.06         | 2,941.37         | 3,576.05         |
| RE-AE  | 1,636.19         | 2,499.34         | 2,775.30         | 3,754.92         | 3,848.87         |
| (TB-RE) as percentage of TB                                    | 23.71            | 17.29            | 7.92             | 8.92             | 9.52             |
| (RE-AE) as percentage of TB                                    | 6.97             | 9.76             | 9.94             | 11.39            | 10.25            |

Source: Appropriation Accounts and Annual Financial Statement of the respective year

**Table 3.16** shows that supplementary provision of ₹8,052.46 crore during 2023-24 constituted 27.28 per cent of the original provision as against 28.22 per cent in the previous year.

Chart 3.6: Trend showing BE, RE and Actuals



Source: Appropriation Accounts and Annual Financial Statement of the respective years

From the above Chart, it may be seen that over the years from 2019-20 to 2023-24, the Revised Estimate (RE) was always lower than the Total Budget (TB) of the State. The gap between the RE and the TB during the first year was more than 20 per cent. While the difference in RE and TB in second year was 17.29 per cent, the difference in the last three years come down under 10 per cent which is a positive indication for budget estimation.

The percentage of Actual Expenditure (AE) during 2019-20 to 2023-24 was lower than the RE throughout and it ranged between 6.97 per cent to 10.25 per cent. As such, the supplementary provisions during 2019-2021 proved unnecessary since the expenditure did not come up even to the level of original budget provisions. Further, the provision of supplementary grant during 2023-24 was ₹8,052.46 crore, which was 13 times higher than the required amount i.e., ₹627.54 crore (Actual Expenditure minus Original Budget). This reflects that budgetary allocations were based on unrealistic proposals as the Budget Estimate of the State was always inflated and the gap between actual expenditure and the budgetary provisions was very high.

During 2023-24, a provision of ₹776.02 crore (Original, Supplementary plus Re-appropriation) for maintenance work, Centrally Sponsored Schemes (CSS), Schemes under Budget Announcement, etc., under 23 grants for 54 schemes as detailed in **Appendix 3.11** was approved. The concerned Departments, however, could not implement the schemes for which budget provision was obtained, resulting in savings of the entire provision. The details of such cases where the entire budget provision exceeding ₹one crore in each case was not utilised are indicated in **Table 3.18**.

Table 3.18: Details of entire budget provision was not utilised during 2023-24

(₹ in crore)

| Sl. No. | Number and Name of Grant                              | Head of Account  | Original | Supplementary | Re-Appropriation | Total | Savings |
|---------|---|--|----------|---------------|------------------|-------|---------|
| 1       | 6-District Administration Department                  | 4070-001-04 "Purchase of Vehicle, Machinery and equipment, Furniture and fixtures, Computer Items and Information Communication Technology (ICT) equipment etc." | 2.25     | 0.75          | 0.00             | 3.00  | 3.00    |
| 2       | 8-Home Department                                     | 4055-05-800-04 "Police Housing"  | 0.00     | 17.50         | 0.00             | 17.50 | 17.50   |
| 3       | 11-Women and Child Development                        | 03-2235-02-796-17 "Child care institution (Juvenile Justice Board and Child Welfare Committee)"  | 0.00     | 0.19          | 1.18             | 1.37  | 1.37    |
|         |   | 03-4235-02-102-03 "Mission Vatsalya"   | 0.00     | 27.62         | 0.00             | 27.62 | 27.62   |
| 4       | 24-Agriculture  | 03-2401-114-04 "National Mission on Oil Seeds"   | 0.55     | 0.00          | 0.96             | 1.51  | 1.51    |
|         |   | 03-2401-115-10 "National e-Governance Plan in Agriculture (NeGPA)"   | 0.55     | 0.00          | 4.40             | 4.95  | 4.95    |
|         |   | 03-2401-796-03 "National Mission on Oil Palm"  | 0.17     | 23.68         | 0.00             | 23.85 | 23.85   |
|         |   | 03-2401-796-04 "Sub-Mission on Agriculture Mechanisation (SMAM)"   | 3.30     | 0.00          | 4.37             | 7.67  | 7.67    |
|         |   | 03-2401-796-05 "Pradhan Mantri Krishi Sinchai Yojana (PMKSY-PMDC)"   | 4.95     | 0.17          | 4.99             | 10.11 | 10.11   |
|         |   | 03-2401-796-08 "Rainfed Area Development (RAD)"  | 0.00     | 8.11          | 0.00             | 8.11  | 8.11    |
|         |   | 03-2401-796-09 "National Food and Nutritional Security (NF&NS)"  | 0.55     | 0.00          | 2.92             | 3.47  | 3.47    |
| 5       | 27-Panchayati Raj                                     | 2515-05-001-07 "Panchayat Local Bodies (Tied)"   | 75.52    | 0.00          | 0.00             | 75.52 | 75.52   |
|         |   | 2515-05-001-08 "Panchayat Local Bodies (Untied)"   | 64.85    | 0.00          | 0.00             | 64.85 | 64.85   |
|         |   | 2515-05-102-06 "Health Sector Grant"   | 38.63    | 0.00          | 0.00             | 38.63 | 38.63   |
| 6       | 28-Animal Husbandry, Veterinary and Dairy Development | 03-2403-101-24 "National Livestock Mission-Livestock Insurance (50:50)"  | 0.00     | 1.24          | 0.00             | 1.24  | 1.24    |
|         |   | 03-2403-796-14 "National Livestock Health and Disease Control Programme"   | 0.00     | 2.27          | 0.01             | 2.28  | 2.28    |
|         |   | 2403-08-101-22 "National Livestock Mission-Training Assiatance"  | 0.00     | 1.70          | 0.00             | 1.70  | 1.70    |

| Sl. No. | Number and Name of Grant                            | Head of Account  | Original | Supplementary | Re-Appropriation | Total  | Savings |
|---------|---|--|----------|---------------|------------------|--------|---------|
| 7       | 31-Public Works                                     | 5054-04-337-11 "Schemes under NLCPR/NESIDS"  | 0.00     | 1.39          | 0.00             | 1.39   | 1.39    |
| 8       | 48-Horticulture                                     | 4401-04-119-03 "Schemes under Rural Infrastructure Development Fund (RIDF)"  | 0.00     | 1.96          | 0.00             | 1.96   | 1.96    |
| 9       | 50-Planning & Investment                            | 03-2575-03-796-04 "Vibrant Villages Programme (VVP)"   | 0.00     | 29.27         | 23.23            | 52.50  | 52.50   |
|         |   | 03-4070-800-18 "Schemes under BADP"  | 905.00   | 0.00          | (-)864.00        | 41.00  | 41.00   |
|         |   | 5475-001-01 "Purchase of Vehicle, Machinery and equipment, Furniture and fixtures, Computer Items and Information Communication Technology (ICT) equipment etc." | 0.00     | 0.00          | 1.40             | 1.40   | 1.40    |
| 10      | 73-Information Technology & Communication           | 3425-60-200-03 "Arunachal Pradesh State Council of Information Technology"   | 14.07    | 0.00          | (-)4.88          | 9.19   | 9.19    |
| 11      | 75-Higher and Technical Education                   | 03-2202-03-101-01 "Rashtriya Uchhatar Shiksha Abhiyan (RUSA)"  | 15.46    | 0.00          | (-)1.08          | 14.38  | 14.38   |
|         |   | 2203-08-105-01 "Polytechnic Establishment"   | 0.00     | 0.00          | 1.50             | 1.50   | 1.50    |
|         |   | 4202-08-02-104-03 "C/o 7 New Polytechnics"   | 0.00     | 8.50          | 0.00             | 8.50   | 8.50    |
| 12      | 79-Department of Skill development and Entrepreneur | 03-2230-03-101-03 "Skill Strengthening for Industrial value Enhancement (STRIVE) Project"  | 0.88     | 0.00          | 0.99             | 1.87   | 1.87    |
|         |   | 03-2230-03-101-08 "Skill Development Mission (SANKALP)"  | 0.05     | 3.25          | 0.00             | 3.30   | 3.30    |
| 13      | 97-Public Debt                                      | 6003-110-01 "Repayment of Advances Taken for RBI Under Ways and Means "  | 285.00   | 0.00          | 0.00             | 285.00 | 285.00  |

Source: Detailed Appropriation Accounts, 2023-24

### 3.7.3 Inaccuracy in the Preparation of Revised Estimates

According to the Appendix below Rule 52(3) of General Financial Rules 2017 in preparing the Revised Estimates, while the previous year's actuals and current year's trends will be material factors to review the original Budget Estimates, special attention should be devoted to make it as realistic an estimate as possible of receipts which are likely to materialise during the rest of the financial year. Further, as per Appendix 3 below Rule 52, the Revised Estimates for expenditure should be framed with great care to include only those items which are likely to materialise for payment during the current year, in the light of (i) actuals so far recorded during the current year, compared with the actuals for the corresponding period of the last and previous years, (ii) seasonal character or otherwise of the nature of expenditure, (iii) sanctions for expenditure and orders of appropriation or re-appropriation

already issued or contemplated and (iv) any other relevant factor, decision or development. The revised estimate of receipts should be the best forecast that the estimating officer can make and the revised estimates for expenditure should not merely be a repetition of the budget figures of the year, but a genuine re-estimation of receipts and requirements. Some significant cases of variation between the revised estimates and the actuals during 2023-24 under expenditure heads of accounts are given in **Appendix 3.12**.

Wide variations ranging from 1.65 to 3,249.87 *per cent* and in monetary term from ₹7.90 crore to ₹129.02 crore under Expenditure heads between the budget provisions and actuals, particularly with reference to revised estimates are indicative of aberrations in estimation as detailed in **Appendix 3.12**. Further, the details of some cases of variation more than 50 *per cent* between revised estimate and actual are given in **Table 3.19**.

**Table 3.19: Variation between revised estimate and actual**

(₹ in crore)

| Sl. No. | Head of Account                                     | Budget Estimate | Revised Estimate | Actual Expenditure | Variation Shortfall (-) / Excess (+) | Variation Shortfall (-)/ Excess (+) (In per cent) |
|---------|---|-----------------|------------------|--------------------|--------------------------------------|---|
| 1       | 2408-Food Storage and Warehousing                   | 106.28          | 131.76           | 59.21              | 72.55                                | 55.06   |
| 2       | 2435-Other Agricultural Programmes                  | 41.51           | 86.51            | 3.63               | 72.55                                | 95.80   |
| 3       | 4851-Capital Outlay on Village and small Industries | 15.31           | 3.97             | 132.99             | (-) 129.02                           | (-) 3,249.87                                      |

Source: Annual Financial Statement 2023-24 and 2024-25 and Finance Accounts 2023-24

As can be seen from **Table 3.19**, there are variation of more than 50 *per cent* between the revised estimates and the actuals during 2023-24 under expenditure heads of accounts. This is indicating of absence in estimating the revised estimates by the controlling officers concerned as envisaged in the General Financial Rules, 2017 and failure of the Finance (Budget) Department in exercising adequate checks over the preliminary revised estimates.

### 3.7.4 Gender Budgeting

The Gender Budget of State discloses the expenditure proposed to be incurred within the overall budget on schemes, which are designed to benefit women fully or partly. Gender Budgeting was introduced in Arunachal Pradesh in 2010-11. Even after the lapse of more than 13 years of introducing the Gender Budget, State Policy for Gender Budgeting has not been formulated. The Gender Budget cell and Gender Data Bank have not been created. No nodal department has been identified for Gender Budgeting.

The Gender Budget of the State (2023-24) discloses the expenditure proposed to be incurred within the overall budget on schemes designed to benefit women under Category 'A' and Category 'B'. Schemes specifically designed to benefit only women are grouped under Category A and the schemes where at least 30 *per cent* of the expenditure would benefit

women are grouped under Category B. The total number of schemes under Category A and B in 2023-24 was 38, of which 26 schemes were under Category A and 12 schemes were under Category B. Schemes plan for benefit of women should have been incorporated in the General Budget:

Test-check of Gender Budget for the year 2023-24 revealed that-

- The amounts mentioned to have been in the Gender Budget did not contain the said provisions in the regular budget. For example, in Demand No 42-Rural Development, provision of ₹210.00 crore for PMAY (Emphasis on Household headed by Women) against the Head of account- 2505-01-702-04-00-29 was shown in Gender Budget for benefit of 3200 women but no provision was made against the aforesaid Head of account in the General Budget.
- Similarly, in Demand No. 74-Social, Justice, Empowerment and Tribal Affairs the provision of ₹10.15 crore and 14.50 crore were made in Gender Budget for construction of Girls Hostel under Article 275(1) and under PMJVK against the Head of account 4235-02-800-01-00-53 and 4235-02-800-05-00-53 respectively for benefit 1650 women but no such provision was made in the General Budget of the State. This indicates that proper matching of the gender budget with the regular budget was not done. Since the funds flow and expenditure authorisation is made with reference to the regular budget, such matching was essential.

The year wise allocations in the gender budget document are detailed in **Table 3.20**.

**Table 3.20: Gender budgetary allocations during 2019-20 to 2023-24**

(₹ in crore)

| Year    | Outlay                     |                            |          | Demands Covered | No. of targeted beneficiaries |
|---------|----------------------------|----------------------------|----------|-----------------|-------------------------------|
|         | Category 'A' <sup>24</sup> | Category 'B' <sup>25</sup> | Total    |                 |                               |
| 2019-20 | 277.18                     | 12.75                      | 289.93   | 14              | 6,62,432                      |
| 2020-21 | 2,802.76                   | 4,315.64                   | 7,118.40 | 13              | 2,38,708                      |
| 2021-22 | 312.98                     | 0.33                       | 313.31   | 14              | 1,52,613                      |
| 2022-23 | 284.11                     | 80.80                      | 364.91   | 14              | 1,36,027                      |
| 2023-24 | 328.88                     | 123.42                     | 452.30   | 14              | 1,31,292                      |

Source: Gender Budgets of the respective year

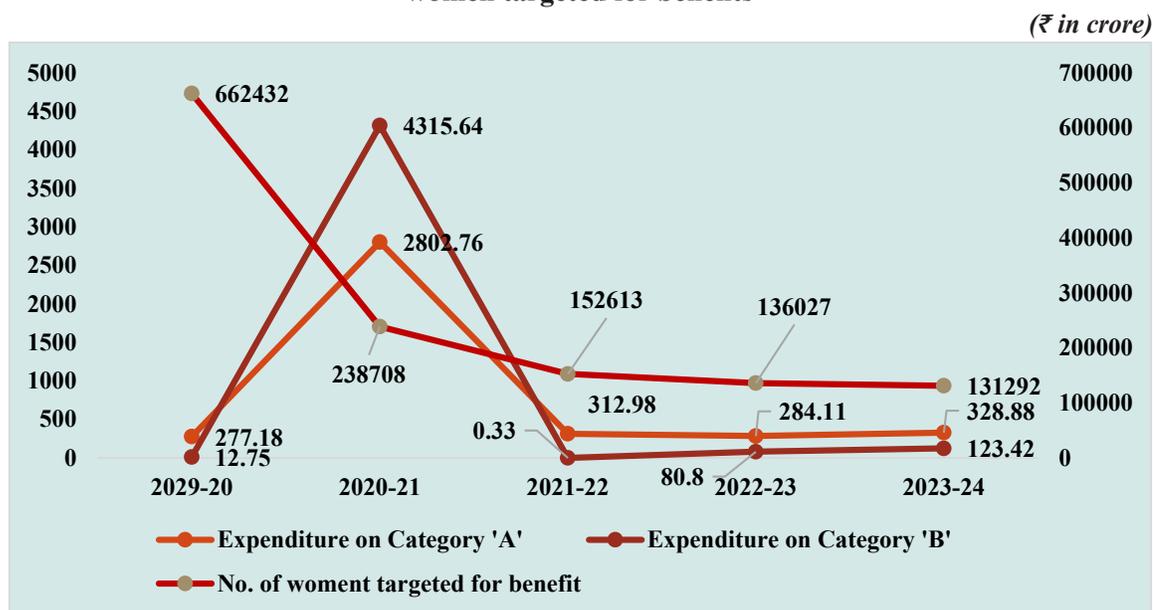
The Gender Budget was prepared in 14 departments involving ₹452.30 crore with a target to benefit 1,31,292 women. The Gender Budget constituted 1.20 per cent of the total budget for the year 2023-24.

The trend of Gender Budgetary allocations under Category 'A' and Category 'B' and number of women targeted for benefit during 2019-20 to 2023-24 are shown in **Chart 3.7**.

<sup>24</sup> Budgetary allocation to schemes designed covering 100 per cent women beneficiaries.

<sup>25</sup> Budgetary allocation to scheme designed for covering at least 30 per cent women beneficiaries.

**Chart 3.7: Gender Budgetary allocations under Category 'A' and Category 'B' and No. of women targeted for benefits**



Source: Gender Budgets of the respective year

As seen from **Chart 3.7**, it was observed that during 2023-24, there was an increase in budgetary allocation under Category 'A' and Category 'B' over the previous year. Further, Gender Budget targeted to benefit the women had been showing decreasing trend during the five-year period and it decreased from 6,62,432 in 2019-20 to 1,31,292 in 2023-24.

Further analysis revealed that a performance report for the year 2022-23 (Allocated ₹364.91 crore against 14 departments) was required to be incorporated in the Gender Budget of 2023-24 to ascertain the effectiveness of the schemes targeted to benefit women however, actual achievement of schemes for the benefit of women was not incorporated.

### 3.7.5 Implementation of Major Policy Initiatives in the Budget Speech

The budget speech of the finance minister specified allocations for different schemes both existing as well as new. However, provisions were not made in the Detailed Demand for Grants (DDG) for many of these schemes announced in the Budget speech. Instead, only lumpsum provisions were made for these Schemes under the subhead "Budget Announcement/ State Development schemes", against the financial rules. Detailed analysis on implementation of the budget announcements (₹10.00 crore and above) are discussed in the succeeding paragraphs.

| Name of the Department | Name of the Scheme announced in Budget Speech   | Amount (₹ in crore) | Objective of the Scheme   |
|------------------------|---|---------------------|---|
| Home                   | C/o 10 new Police Stations                      | 30.00               | Strengthening of police presence in the State aimed at keeping the peace and tackling crimes against women.                   |
| Panchayati Raj         | Devolve functional and financial powers to PRIs | 143.11              | Devolving functional and financial power to PRIs and enabled consultative, grass root development from village level upwards. |

| Name of the Department | Name of the Scheme announced in Budget Speech                                  | Amount (₹ in crore) | Objective of the Scheme   |
|------------------------|--|---------------------|---|
| Power                  | Strengthening of power distribution infrastructure in Itanagar Capital Complex | 20.00               | Strengthening of power distribution infrastructure in Itanagar Capital Complex                  |
| PHE and WS             | Extension of Water Supply to 600 schools, 700 Anganwadi and 100 PHCs           | 30.00               | Extension of Water Supply to 600 schools, 700 Anganwadi and 100 PHCs                            |
| Indigenous Affairs     | Establishment of Prayer Centers across the State.                              | 10.00               | For the preservation of our indigenous belief and prayer systems of different indigenous faiths |

### ➤ Home Department

- ❖ Scrutiny of Detailed Demands for Grants (DDG) of Home Department, revealed that Lumpsum budget provision of ₹14.65 crore was made in Budget Estimate under sub-head ‘Creation of assets under Budget Announcement’ and ₹118.12 crore was allocated under the same head sub-head ‘Creation of Assets in Budget Announcements’ in Revised Estimates without details of the schemes. Further, scrutiny of the Budget Estimate of the Department revealed that State Government made provision of ₹15.00 crore towards construction of “10 New Police Station” in Original Budget instead of ₹30.00 crore. Department incurred ₹128.08 crore against the allocation of ₹118.12 crore under sub head “Creation of assets under Budget Announcement”.

### ➤ Panchayati Raj

- ❖ In the Budget speech, the State Government announced the proposal for commitment to devolve functional and financial power with 10 *per cent* of State’s Own Tax Revenues being transferred to PRIs and enabled consultative, grass root development from village level upwards. For continuing this initiative State Government announced the sum of ₹143.11 crore to the PRIs. However, the State Government did not allocate any amount against the proposed announcement. Thus, this had defeated the benefits accrued from the implementation and also, this was indicative of unrealistic Budget preparation without the input from the ground level and ascertaining of actual feasibility of the programme announced in the Budget speech.

Thus, due to non-provision of Budget and expenditure at ‘Detailed Head level’ in DDG and Detailed Appropriation Accounts, actual accrued benefit of the aforesaid schemes could not be ascertained. Besides when lumpsum provision was made in the budget and later on allocation were made to the appropriate heads of accounts it invariably led to delayed starting of implementation of the schemes.

### 3.7.6 Unexplained Re-appropriations

According to Rule 65(4) of General Financial Rules 2017, the re-appropriation of funds shall ordinarily be supported by a statement showing how the excess is proposed to be met. In all orders, sanctioning re-appropriation, the reasons for savings and excess of

₹one lakh or over, and the primary units (secondary units, wherever necessary), affected shall be invariably stated. Scrutiny of Appropriation Accounts revealed that the reasons for re-appropriations made during 2023-24 under various heads of accounts were not explained in detail. Even in cases where the reasons were given for additional provision/ withdrawal of provision in re-appropriation orders, they were of general nature like “less requirement of funds”, “less expenditure than anticipated”, “non-receipt of sanction”, “non-approval of Scheme”, “discontinuation of Scheme”, “less claim”, “revised budget outlay” and “reduction of provision” *etc.*

### 3.8 Outcome of Review of Selected Grant

The financial rules prescribe detailed and specific procedures to be followed in preparation of the budget estimates. The Government also issues every year instructions for the submission of budget estimates to the controlling officers. To verify compliance with prescribed procedures in the budget preparation and also to evaluate the effectiveness of the budget formulation process.

A review of the budgetary procedure and control over expenditure in respect of 14-Secondary Education was conducted wherein the magnitude of variations in original grants, supplementary demands, and actual expenditure was analysed.

#### (i) Introduction

Grant 14 – Secondary Education includes Major Heads 2202 and 2204 General Education and Sports and Youth Services respectively, 4202-Capital Outlay on Education, Sports, Art and Culture.

#### (ii) Budget and Expenditure

The overall position of budget provisions, actual disbursement, and savings under the grant for the last three years (2021-22 to 2023-24) is shown in **Table 3.21**.

**Table 3.21: Budget and Expenditure during 2021-22 to 2023-24**

(₹ in crore)

| Year    | Section              | Budget Provision | Total  | Expenditure | Saving (-)/ Excess (+) and Percentage |
|---------|----------------------|------------------|--------|-------------|---------------------------------------|
| 2021-22 | Revenue-Original (V) | 468.49           | 480.92 | 445.01      | (-)35.91<br>(7.47)                    |
|         | Supplementary        | 12.43            |        |             |                                       |
|         | Capital-Original (V) | 62.10            | 85.47  | 46.12       | (-)39.35<br>(46.04)                   |
|         | Supplementary        | 23.37            |        |             |                                       |
| 2022-23 | Revenue-Original (V) | 542.24           | 578.33 | 565.61      | (-)12.72<br>(2.20)                    |
|         | Supplementary        | 36.09            |        |             |                                       |
|         | Capital-Original (V) | 82.53            | 82.53  | 36.17       | (-)46.36<br>(56.17)                   |
|         | Supplementary        | 0.00             |        |             |                                       |
| 2023-24 | Revenue-Original (V) | 767.48           | 767.49 | 546.43      | (-)221.06<br>(28.80)                  |
|         | Supplementary        | 0.01             |        |             |                                       |
|         | Capital-Original (V) | 40.00            | 252.50 | 252.50      | 0.00                                  |
|         | Supplementary        | 212.50           |        |             |                                       |

Source: Appropriation Accounts of the respective year

**Table 3.21** shows that un-utilised budget provisions under Capital (Voted) to the tune of 46.04 per cent in 2021-22 and 46.36 per cent in 2022-23. There was no un-utilised budget provision under Capital (Voted) during 2023-24. The unutilised budget provisions under Revenue (Voted) ranged between two per cent to 29 per cent during 2021-24.

### (iii) Non-surrender of savings

Rule 61 (1) of General Financial Rules, 2017 prescribes that all the anticipated savings shall be surrendered to the Finance Department by the dates prescribed by that Department. The Finance Department shall communicate acceptance of such surrenders before the close of the financial year.

The position of savings and surrenders during 2021-22 to 2023-24 has been depicted in **Table 3.22**.

**Table 3.22: Details of Saving and Surrender during 2021-22 to 2023-24**

(₹ in crore)

| Year    | Savings     |             | Amount surrendered (percentage) |                  |
|---------|-------------|-------------|---------------------------------|------------------|
|         | Revenue (V) | Capital (V) | Revenue (V)                     | Capital (V)      |
| 2021-22 | 35.91       | 39.35       | 0.00                            | 0.00             |
| 2022-23 | 12.72       | 46.36       | 0.00                            | 34.01<br>(73.36) |
| 2023-24 | 221.06      | 0.00        | 164.40<br>(74.36)               | 0.00             |

Source: Appropriation Accounts of the respective year

### (iv) Persistent savings

It was observed during scrutiny of Budget Documents that persistent savings have occurred under the Revenue Section and Capital Section from 2021-22 to 2023-24 as given in **Table 3.23**.

**Table 3.23: Budget and Expenditure during 2021-22 to 2023-24**

(₹ in crore)

| Particulars | Year-wise Savings (-)/ Excess (+) |           |            |
|-------------|-----------------------------------|-----------|------------|
|             | 2021-22                           | 2022-23   | 2023-24    |
| Revenue     | (-) 35.91                         | (-) 12.71 | (-) 221.06 |
| Capital     | (-) 39.35                         | (-) 46.36 | 0.00       |

Source: Appropriation Accounts of the respective year

### (v) Entire Provision remained unutilised

It was observed that the entire budget allocation remained un-utilised under one scheme during 2023-24, indicating non-implementation of the scheme as shown in **Table 3.24**.

**Table 3.24: Entire provision remained un-utilised**

(₹ in crore)

| Sl. No. | Head of Account   | Original Budget | Re-appropriation/ Supplementary | Savings |
|---------|---|-----------------|---------------------------------|---------|
| 1       | 2202-02-108-01-Reimbursement of Examination/ Tuition Fees of AISSCE Examination | 0.10            | 0.00                            | 0.10    |
| 2       | 2202-02-108-02-Conduct of Examination   | 0.10            | 0.00                            | 0.10    |

Source: Detailed Appropriation Accounts, 2023-24

The Department stated in its reply (September 2024) that un-utilised provision was due to non-receipt of financial concurrence and communication from the State Finance Department.

### (vi) Expenditure without Budget Provision

Article 205 (1) (b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess.

Scrutiny of budget documents revealed that an expenditure of ₹0.05 crore was incurred without having any budget provision under 2204-104-15-Scheme under BA/ SDS during 2023-24.

### (vii) Unnecessary/Inadequate re-appropriation of funds

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 2023-24, it was observed that the reduction of provision and augmentation of the provision was not correctly anticipated as a result of savings/ excess occurred as given below in **Table 3.25**.

**Table 3.25: Statement showing unnecessary re-appropriation of funds**

(₹ in crore)

| Unnecessary Re-appropriation  |               |                  |               |                    |              |
|---|---------------|------------------|---------------|--------------------|--------------|
| Head of Accounts  | Total Grants  | Re-Appropriation | Final Grant   | Actual Expenditure | Saving       |
| 2202-04-01-01-Districts Establishment                                 | 16.03         | (+) 4.1          | 20.13         | 12.94              | 7.19         |
| 2202-02-109-07-District Establishment                                 | 461.45        | (-)7.56          | 453.89        | 413.31             | 40.58        |
| 03-2202-02-101-01-New literacy programme                              | 0.88          | -0.11            | 0.77          | 0.5                | 0.27         |
| 04-2202-02-109-02-Scheme under BA/ SDS                                | 256.77        | (-)167.76        | 89.01         | 81.24              | 7.77         |
| 08-2202-02-796-02-Pre-Matric scholarship for Scheduled Tribe Students | 3.19          | (-)1.02          | 2.17          | 1.96               | 0.21         |
| 2204-101-01-NCC/ Scout & Guides Activities in School                  | 20.06         | (-)0.26          | 19.8          | 18.79              | 1.01         |
| 2202-80-01-01-Establishment Expenses                                  | 8.91          | (+)1.65          | 10.56         | 7.94               | 2.62         |
| <b>Total</b>  | <b>767.29</b> | <b>(-)170.96</b> | <b>596.33</b> | <b>536.68</b>      | <b>59.65</b> |
| Inadequate Re-Appropriation   |               |                  |               |                    |              |
| 04-2204-104-15-Schemes under BA/ SDS                                  | 0.01          | 6.53             | 6.54          | 9.48               | 2.94         |

Source: Detailed Appropriation Accounts, 2023-24

## 3.9 Conclusion

### Budget Outturn

Aggregate Budget Outturn measures the extent to which the aggregate actual expenditure compares with the amount originally approved, both in terms of less than approved or in excess of approved. In the Revenue section, deviation in outturn compared with BE was

(-)9.49 *per cent*. This was due to deviation up to (±)25 in 44 Grants, between (±) 25 and (±)50 in 18 Grants, between (±) 50 and (±) 100 in 14 Grants and equal to or more than (±) 100 in 03 Grants. In the Capital section, deviation in outturn compared with BE was (+) 42.12 *per cent*. This was due to deviation up to (±)25 in 24 Grants, between (±) 25 and (±)50 in 06 Grants, between (±)50 and (±)100 in 07 Grants and equal to or more than (±) 100 in 35 Grants

### **Expenditure Composition Outturn**

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during the execution have contributed to variance in the expenditure composition. In the Revenue section, deviation in outturn compared with RE was (-)19.61 *per cent*. This was due to deviation up to (±)25 in 46 Grants, between (±)25 and (±)50 in 22 Grants, between (±)50 and (±)100 in 11 Grants. In the Capital section, deviation in outturn compared with BE was (-)20.10 *per cent*. This was due to deviation up to (±)25 in 53 Grants, between (±)25 and (±)50 in 12 Grants, between (±)50 and (±)100 in 04 Grants and equal to or more than (±)100 in three Grants

Budget Outlay of the State grew at an average growth rate of 7.52 *per cent* from ₹23,487.10 crore in 2019-20 to ₹37,565.28 crore in 2023-24

During 2023-24, an expenditure of ₹261.49 crore was incurred on 10 Grants/ Appropriations without any provisions in the original estimates/ supplementary demands and without any re-appropriation orders.

Supplementary provision aggregating ₹657.38 crore (₹10.00 lakh or more in each case) obtained in 18 Grants during 2023-24 proved unnecessary as the original provision was not fully utilised, indicating that Supplementary Grants were not provided in an *ad-hoc* manner. Further, Supplementary Provisions aggregating ₹7,478.31 crore under 65 cases proved excessive by ₹3,394.28 crore under 58 cases and inadequate by ₹619.20 crore under 07 cases.

In 125 cases, the re-appropriation was not made after a realistic assessment as the expenditure was less/ more than the final appropriated amount resulting in Excessive/ Unnecessary/ Inadequate/ Injudicious of the re-appropriation orders. The Re-appropriation proved excessive by ₹1,209.67 crore in 69 cases, as Total Expenditure was ₹5,563.77 crore against the Final Grant (Original *plus* Supplementary *plus* Re-appropriation) of ₹6,773.44 crore. Under Eight cases, the Re-appropriation was inadequate as Total Expenditure ₹807.72 crore exceeded the Final Grant (Original *plus* Supplementary *plus* Re-appropriation) by ₹155.55 crore. In 36 cases, re-appropriation was unnecessary by ₹747.19 crore as actual expenditure was less than the Total Grant. Similarly, re-appropriation was injudicious in 12 cases by ₹516.08 crore.

Savings during the year accounted for about one-fifth of the budget. The controlling officers did not surrender the funds on time. However, Departments were not cautioned against the persistent savings; nor their budget varied in accordance with their ability to absorb the

allocations. During 2023-24, the savings (₹one crore and above in each cases) aggregating to ₹4,628.24 crore in 36 cases was under Revenue section and ₹2,503.76 crore in 13 cases was under Capital section. Out of these, there were savings of ₹100 crore and above under 20 Grants. Further, there were persistent savings in 35 Grants during the last five years, indicating lack of systematic and closer budget review by the Government.

During 2023-24, against the gross savings of ₹8,241.88 crore, 67 departments surrendered ₹5,962.34 crore (72.34 per cent), however, the entire amount was surrendered on the last day of the financial year. Further, in respect of nine grants, there was an injudicious surrender of ₹120.84 crore as the Departments surrendered in excess of savings within the grant.

Non-compliance with rules stated not only deprives other needy Departments of resources, but also defeats the very objective of achieving efficiency in budget management, which may be an impediment to the speedy development of State as in respect of 86 cases, anticipated savings were not surrendered by the prescribed date.

During 2023-24, there was an excess expenditure over provisions in 11 Grants/Appropriations by ₹816.97 crore. In addition, an excess expenditure amounting to ₹3,343.64 crore from 1986-87 to 2022-23 are pending for regularisation. Such excess expenditure over budgetary allocation is a matter of concern, as it is indicative of poor budgetary management and dilutes legislative oversight over public funds.

The substantial variations of actuals with the revised estimates indicates absence of proper care in estimating the revised estimates by the controlling officers concerned as envisaged in the General Financial Rules, 2017 and failure of the Finance Department (Budget).

Performance report for the year 2022-23 (Allocated ₹364.91 crore against 14 departments) was required to be incorporated in the Gender Budget of 2023-24 to ascertain the effectiveness of the schemes targeted to benefit women. It was however, noticed that no such report was incorporated in Gender Budget of 2022-23 due to which actual achievement of schemes for the benefit of women could not be analysed.

### 3.10 Recommendations

State may ensure that the Budget Estimates should be formulated after taking the inputs from the respective Drawing and Disbursing Officers of the Departments for better management of budgeted funds. The Finance Department may provide supplementary grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments, to avoid under or over spending by them.

Review the expenditure incurred without budget provision seriously and take appropriate corrective measures to strengthen the mechanism for strict compliance with the rules and Treasury Officer strictly adheres to the provisions regarding existence of the budget while passing of bills.

Identify the Departments, which had incurred excess expenditure persistently and closely monitor their progressive expenditure, so that they seek supplementary grants/

