

CHAPTER-III

BUDGETARY MANAGEMENT

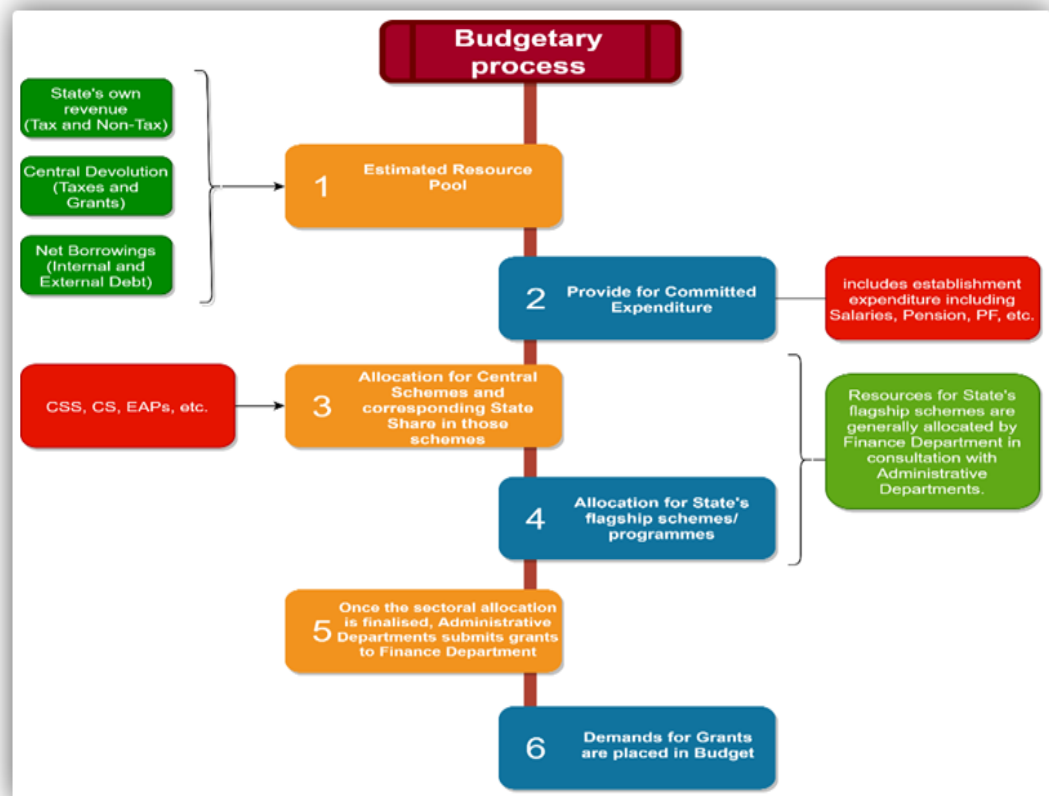
This Chapter deals with the integrity, transparency and effectiveness of the budgetary process and allocative priorities, including supplementary grants, and the concomitant financial management, assessing whether decisions taken at the policy level are implemented at the administrative level without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

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Uttar Pradesh Budget Manual (UPBM) specifies the Budget preparation process for the Government of Uttar Pradesh.

As per Para 8 of UPBM, the Finance Department is responsible for the preparation of the annual budget. The Heads of Departments and other estimating officers prepare the estimates for each head of account with which they are concerned and forward these to the Finance Department. The budget is prepared on the basis of the material furnished by the departmental officers and the administrative departments of the Secretariat. The budget preparation process is given in **Chart 3.1**.

Chart 3.1: Budget preparation process

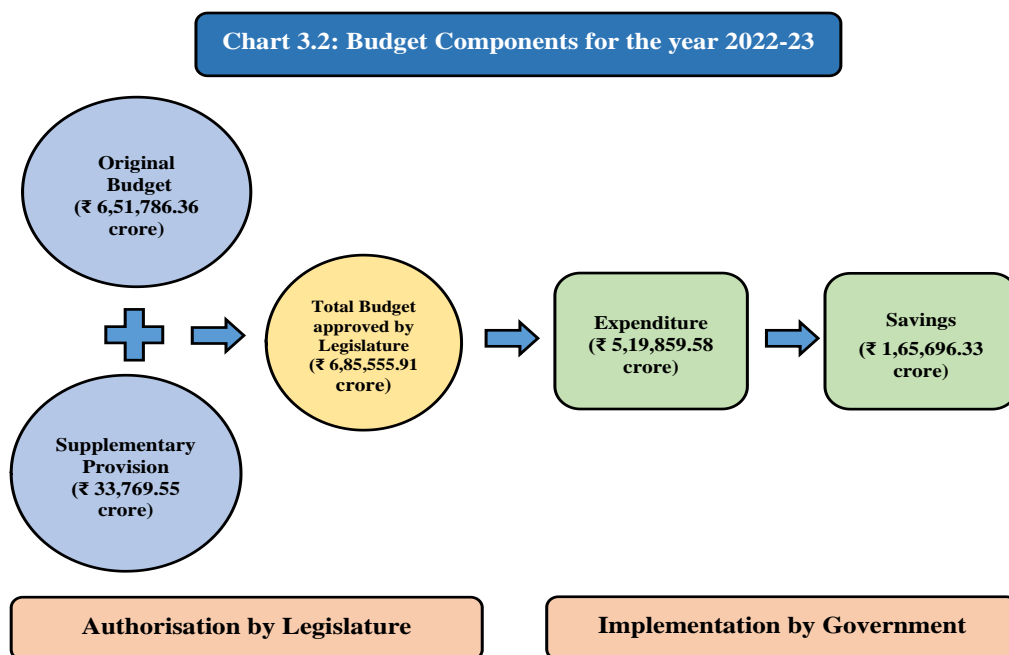


CSS: Centrally Sponsored Schemes; CS: Central Schemes; EAPs: Externally Aided Projects.

After the finalisation of the Budget, it is presented, under Article 202 of the Constitution, to both the Houses of the State Legislature on the recommendation of the Governor. The estimates of the expenditure embodied in the Budget show 'charged' and 'voted' items of expenditure separately and distinguish expenditure on revenue account from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the State Government. After the Grants have been voted by the Legislative Assembly, a Bill to provide for the appropriation out of the Consolidated Fund of the State of all moneys required to meet the Voted as well as the Charged expenditure is introduced in the Legislative Assembly. When the Appropriation Bill is passed by both the Houses of the Legislature and it has also received the assent of the Governor, the amounts shown therein can be expended during the financial year concerned.

Article 205 of the Constitution of India prescribes that a Supplementary Grant or Appropriation over the provisions passed in the Appropriation Act for the year can be made during the current financial year to meet expenditure where provisions of the Appropriation Act is found to be insufficient, or when a need has arisen during the current financial year for supplementary or additional expenditure upon some new service not contemplated in the original budget, or 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.

Apart from supplementary grant, re-appropriation can also be used to re-allocate funds within the same Grant or Charged Appropriation. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure on existing service under another unit within the same section (*viz.*, Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the Grant or Charged Appropriation. The various components of budget for the year 2022-23 are depicted in **Chart 3.2**.



Source: Uttar Pradesh Annual Financial Statement and Appropriation Accounts for the year 2022-23

Appropriation Accounts depict the original budget provision, supplementary grants, re-appropriations and surrenders distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act under Articles 204 and 205 of the Constitution of India in respect of both Charged and Voted items of budget. Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

3.1.1 Summary of total provisions, actual expenditure and savings during 2022-23

Summarised position of total budget provisions, expenditure and savings are given in **Table 3.1**.

Table 3.1: Budget provisions, expenditure and savings during 2022-23

(₹ in crore)

| | Total Budget provision | | Expenditure | | Savings | |
|----------------|------------------------|-----------------|------------------|-----------------|------------------|-----------------|
| | Voted | Charged | Voted | Charged | Voted | Charged |
| Revenue | 436261.48 | 49523.27 | 336997.42 | 46227.13 | 99264.06 | 3296.14 |
| Capital | 167153.05 | 32618.11 | 113919.00 | 22716.03 | 53234.05 | 9902.08 |
| Total : | 603414.53 | 82141.38 | 450916.42 | 68943.16 | 152498.11 | 13198.22 |

Source: Appropriation Accounts 2022-23 & Budget Documents.

During the financial year 2022-23, the actual expenditure was substantially lower than the budget provisions both under Revenue and Capital Sections which witnessed savings of 21.11 *per cent* and 31.60 *per cent*. The total expenditure against the budget provision was 77.25 *per cent* in Revenue Voted section, 93.34 *per cent* in Revenue Charged section, 68.15 *per cent* in Capital Voted section and 69.64 *per cent* in Capital Charged section of Grants/Appropriations.

3.1.2 Charged and Voted expenditure

Break-up of total expenditure into Charged and Voted and savings thereon and trend analysis during the period 2018-23 is detailed in **Table 3.2**

Table 3.2: Expenditure under Voted and Charged during the period 2018-23

(₹ in crore)

| Year | Revenue | | | | Capital | | | |
|---------|-------------|---------|---------|---------|-------------|---------|---------|---------|
| | Expenditure | | Savings | | Expenditure | | Savings | |
| | Voted | Charged | Voted | Charged | Voted | Charged | Voted | Charged |
| 2018-19 | 247287 | 58976 | 51703 | 433 | 82792 | 20729 | 27377 | 9838 |
| 2019-20 | 266083 | 35367 | 64113 | 22640 | 75556 | 22420 | 27637 | 12993 |
| 2020-21 | 263323 | 39047 | 81777 | 25080 | 66856 | 26798 | 33551 | 8139 |
| 2021-22 | 293995 | 45530 | 84220 | 999 | 80806 | 28734 | 57149 | 10258 |
| 2022-23 | 336997 | 46227 | 99264 | 3296 | 113919 | 22716 | 53234 | 9902 |

Source: Appropriation Accounts of respective years

Table 3.2 shows that the expenditure under Revenue Voted Section increased from ₹ 2,47,287 crore during the year 2018-19 to ₹ 2,66,083 crore during the year 2019-20 and thereafter decreased marginally to ₹ 2,63,323 crore in the year 2020-21 which further increased to ₹ 3,36,997 crore in the year 2022-23. During the year 2022-23, the expenditure under Revenue Voted Section was 14.63 *per cent* higher than the expenditure during the previous year. However, savings under Revenue Voted section has increased from ₹ 51,703 crore in 2018-19 to ₹ 99,264 crore in the year 2022-23.

Similarly, expenditure under Capital Voted section was volatile during the period 2018-23 and it was highest (₹ 1,13,919 crore) during the year 2022-23 and lowest (₹ 66,856 crore) during the year 2020-21. During the year 2022-23, the expenditure under Capital Voted Section (₹ 1,13,919 crore) was 40.98 *per cent* higher than the expenditure during the previous year. However, saving under Capital Voted section has increasing trend from ₹ 27,377 crore in 2018-19 to ₹ 57,149 crore in the year 2021-22, which decreased to ₹ 53,234 crore during 2022-23.

3.1.3 Budget marksmanship

Aggregate Budget Outturn

Aggregate Budget Outturn measures the extent to which the aggregate budget expenditure outturn/actual expenditure reflects the amount originally approved, both in terms of less than approved and in excess of approved.

Table 3.3 provides details of actual outturn as compared to original approved budget.

Table 3.3: Actual Outturn vs. original approved budget during 2022-23

(₹ in crore)

| Description | Original Approved Budget (BE) | Actual Outturn | Difference between Actual and BE* |
|--------------|-------------------------------|------------------|-----------------------------------|
| (1) | (2) | (3) | (4) |
| Revenue | 472027.90 | 383224.55 | (-)88803.35 |
| Capital | 179758.46 | 136635.03 | (-)43123.43 |
| Total | 651786.36 | 519859.58 | (-)131926.78 |

Source: Appropriation Accounts and Budget document

*Excess of actual outturn over original budget provision is denoted as (+) figure and shortage of actual outturn over original budget provision is denoted as (-) figure.

In Revenue section, deviation in outturn compared with BE was (-) 18.81 per cent. This was due to deviation between 0 to ± 25 per cent in 45 grants, between ± 25 per cent to ± 50 per cent in 40 grants, between ± 50 per cent to ± 100 per cent in six grants and equal to or more than 100 per cent in one grant.

In capital section, deviation in outturn compared with BE was (-) 23.99 per cent. This was due to deviation between 0 to ± 25 per cent in 45 grants, between ± 25 per cent to ± 50 per cent in 21 grants, between ± 50 per cent to ± 100 per cent in 19 grants and equal to or more than 100 per cent in seven grants.

Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition as detailed in **Table 3.4**.

Table 3.4: Expenditure Composition Outturn

(₹ in crore)

| Description | Original Approved Budget (BE) | Revised (RE) | Actual Outturn | Difference between BE & RE | Difference between Actual and RE* |
|--------------|-------------------------------|------------------|------------------|----------------------------|-----------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| Revenue | 472027.90 | 438622.88 | 383224.55 | 33405.02 | (-)55398.33 |
| Capital | 179758.46 | 180516.56 | 136635.03 | (-) 758.10 | (-)43881.53 |
| Total | 651786.36 | 619139.44 | 519859.58 | 32646.92 | (-)99279.86 |

Source: Appropriation Accounts and Budget document

*Excess of actuals over revised estimate is denoted as (+) figure and shortage of actuals over revised estimate is denoted as (-) figure

In Revenue section, deviation in outturn compared with RE was (-) 12.63 per cent. This was due to deviation between 0 to ± 25 per cent in 64 grants, between ± 25 per cent to ± 50 per cent in 23 grants, between ± 50 per cent to ± 100 per cent in five grants.

In capital section, deviation in outturn compared with RE was (-) 24.31 per cent. This was due to deviation between 0 to ± 25 per cent in 53 grants, between ± 25 per cent to ± 50 per cent in 14 grants, between ± 50 per cent to ± 100 per cent in 20 grants and more than or equal to 100 per cent in five Grants.

3.2 Comments on integrity of budgetary and accounting process

Deviations from prescribed budgetary and accounting process procedures are discussed in this section.

3.2.1 Regularisation of excess expenditure of previous financial years

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 laid before the Legislative Assembly of the State, a demand for such excess.

Para 137 of UPBM lays down that if after the close of the year, it is revealed that any expenditure was incurred under any Grant or Charged Appropriation in excess of the total appropriation for that year under that Grant or Charged Appropriation, the excess expenditure should be regularised, on the basis of the recommendation of the Committee on Public Accounts, by presenting to the Legislative Assembly demands for excess grants as required under Article 205(1)(b) of the Constitution.

Excess disbursements amounting to ₹ 32,533.46 crore under 104 grants and 48 appropriations pertaining to the years 2005-06 to 2020-21, as commented in the Appropriation Accounts of respective years, are yet to be regularised by the State Legislature as detailed in **Table 3.5**.

Table 3.5: Excess expenditure of previous financial years

| (₹ in crore) | | |
|--------------|--|--|
| Year | Description of Grant/ Appropriation | Amounts of excess expenditure required to be regularised |
| 2005-06 | Revenue Voted- 8,12,53,55,57,58,72 Capital Voted-15,16,18,23, 33, 34,37,38,40, 55,56, 57,58,73,75,96 Revenue Charged-1,52; Capital Charged-52,55 | 869.05 |
| 2006-07 | Revenue Voted-9,13,55,58,61,62,73,91,95 Capital Voted-3,16,31, 37, 55,57,58,89,96 Revenue Charged-2,3,10,52,62,89 | 2484.47 |
| 2007-08 | Revenue Voted-51,55,57,58,62; Capital Voted-13,16,55,58,63,83,96 Revenue Charged-51,66 | 3610.65 |
| 2008-09 | Revenue Voted-62,96; Capital Voted-55,58,96 Revenue Charged-52 | 3399.42 |
| 2009-10 | Revenue Voted-58; Capital Voted-1,16,55,58,59 Revenue Charged-3,10,16,48,52,66 | 1250.16 |

| Year | Description of Grant/ Appropriation | Amounts of excess expenditure required to be regularised |
|---|---|--|
| 2010-11 | Revenue Voted-30,51,91; Capital Voted-10,55,58 Revenue Charged-10,23,61,82 | 1702.62 |
| 2011-12 | Revenue Voted-21,62,91; Capital Voted-1,55,58 Revenue Charged-13,18,23,61,62,82 | 1889.66 |
| 2012-13 | Revenue Voted-51,57; Capital Voted-55,58 Revenue Charged-55,62,89 | 2380.23 |
| 2013-14 | Capital Voted – 55, 58 Capital Charged – 52 | 2608.18 |
| 2014-15 | Revenue Voted – 57,91; Capital Voted -1,40,55,57,58 Revenue Charged -13 | 2225.32 |
| 2015-16 | Capital Voted – 55,57,58,87 Revenue Charged – 2,23,52,62 | 1566.71 |
| 2016-17 | Capital Voted – 55,58,87 Revenue Charged – 89; Capital Charged – 61 | 5662.17 |
| 2017-18 | Revenue Voted- 62; Capital voted-55 Revenue Charged-91; Capital Charged-58 | 1337.17 |
| 2018-19 | Revenue Voted -57; Capital Voted – 55, 57, 58 Revenue Charged – 52; Capital Charged – 10, 21, 55 | 1539.44 |
| 2019-20 | Capital Charged – 55 | 0.11 |
| 2020-21 | Revenue Voted -57; Capital Voted –55; Capital Charged –55 | 8.10 |
| Total excess expenditure relating to previous years requiring regularisation | | 32533.46 |

Source: Appropriation Accounts of respective years

Excess expenditure vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public money and its non-regularisation is an infringement of the constitutional provision. The excess expenditure over the authorisation and non-regularisation of excess expenditure have been regularly reported in previous State Finances Audit Reports of Uttar Pradesh. However, the cases of excess expenditure pertaining to the years 2005-06 to 2020-21 are yet to be placed before State Legislature for regularisation by the Finance Department. This is in violation of Articles 204 and 205 of the Constitution, which provide that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature.

3.2.2 Misclassification of expenditure

The Finance Department has adopted a list of Object heads as primary unit of appropriation showing economic nature of expenditure. As such, certain Object heads correspond only to Revenue nature of expenditure as they do not result in creation of assets. Further, certain Object heads can only be associated with capital nature of expenditure since assets are created from these provisions and need to be budgeted and accounted for accordingly.

Audit noticed misclassification between revenue and capital expenditure under object heads 15 (Maintenance of vehicle and purchase of petrol, etc.), 16 (Payment for Commercial and Special Services), 27 (Subsidy), 29 (Maintenance), 47 (Maintenance of Computer/Purchase of related Stationery) and 58 (Disbursement for outsourcing services) as summarised in **Table 3.6**.

Table 3.6: Classification of Revenue expenditure as Capital Expenditure

(₹ in crore)

| Sl. No. | Object Head | Object Head Nomenclature | Major Head | Expenditure in 2022-23 |
|--|-------------|--|------------|------------------------|
| 1. | 15 | Maintenance of vehicle and purchase of petrol etc. | 4406 | 0.19 |
| 2. | 16 | Payment for Commercial and Special Services. | 4059, 5054 | 6.16 |
| 3. | 27 | Subsidy | 4810 | 9.08 |
| 4. | 29 | Maintenance | 4406 | 0.29 |
| 5. | 47 | Maintenance of Computer /Purchase of related Stationery. | 4202, 5054 | 0.82 |
| 6. | 58 | Disbursement for outsourcing services | 4070 | 1.18 |
| Understatement of Revenue Expenditure | | | | 17.72 |

Source: Finance Accounts 2022-23

As a result of misclassification between revenue and capital expenditure as detailed in **Table 3.6**, State's Revenue Surplus during the year 2022-23 was overstated by ₹ 17.72 crore.

3.2.3 Lump sum budgetary provisions

Availability of reliable, relevant and timely information about the institutional arrangements for public finance allows for the assessment of a Government's financial position and the true cost of government activities. Transparency is a means to strengthening governance.

As per Para 31 of UPBM, lump sum provisions should not, as a rule, be made in the estimates except when the expenditure out of lump sum allotments is regulated by standing sanctions, instructions or rules. Full explanation in justification of the provisions proposed, with indication of the principal items.

During the year 2022-23, lump sum provisions of ₹ 9,277.05 crore were made under various Heads of 18 Grants without indicating scheme details (**Appendix-3.1**). Out of these lump sum provisions, actual expenditure of ₹ 5,254.09 crore (56.64 per cent of the provision) was incurred.

In case of Capital (Voted) section of Grant No. 58-Public Works Department (Communications-Roads), the lump sum provisions of ₹ 5,246 crore were made for road works in the original budget provision, which constituted 33.05 per cent of the budgeted original provisions under Capital (Voted) section of the Grant. Out of this, the actual expenditure was ₹ 4,617.04 crore. Lump sum provisions without identifying the exact object of expenditure is against transparent budgetary practices.

3.2.4 Discrepancy in depiction of Central Schemes/Centrally Sponsored Schemes

The Uttar Pradesh Budget Manual and the Guidelines issued for preparation of Budget provide that the budget provisions should be made with specified funding pattern (Central share/ State share/Financial Institution) with appropriate detailed head under sub-head in respect of Central schemes/ Central Sponsored Schemes.

Scrutiny of Budget Documents for 2022-23 revealed that the aforesaid criteria for recording funding pattern was not adhered. In case of eight programmes under Centrally Sponsored Schemes (*Appendix-3.2*) funding pattern (Central share/ State share/ Financial Institution) was not mentioned with detailed head. Further, in case of four programmes under Central schemes/ Centrally Sponsored Schemes (*Appendix-3.3*) the sum total of Central share and State share was either more, or less than 100 *per cent* without specifying any reason.

The matter was also highlighted in Paragraph 3.2.7, Paragraph 3.2.6 and Paragraph 3.2.6 of the State Finances Audit Reports for the year ended 31 March 2020, 31 March 2021 and 31 March 2022 respectively but no corrective action was taken by the Government.

3.3 Comments on effectiveness of budgetary and accounting process

Details of budgetary allocations, actual disbursement, savings and surrenders and their impact on envisaged Schemes/Projects are discussed in succeeding paragraphs.

3.3.1 Budget projection and gap between planning and execution

The summarised position of Budget provisions, Supplementary provisions, actual expenditure against total budget provisions and savings under Revenue Voted, Revenue Charged, Capital Voted and Capital Charged sections for the financial year 2022-23 is detailed in **Table 3.7**

Table 3.7: Summarised position of Actual Expenditure *vis-à-vis* Budget provisions during the year 2022-23

(₹ in crore)

| Nature of expenditure | | Original grant /Appropriation | Supplementary Grant | Total Grant/ Appropriation | Actual Expenditure | Savings | Surrender | |
|-----------------------|------------------------|-------------------------------|---------------------|----------------------------|--------------------|------------------|-----------------|--------------|
| | | | | | | | Amount | Percentage |
| Voted | Revenue | 422507.48 | 13754.00 | 436261.48 | 336997.42 | 99264.06 | 20152.35 | 20.30 |
| | Capital | 144198.92 | 11757.35 | 155956.27 | 103710.37 | 52245.90 | 3401.72 | 6.51 |
| | Loans & Advances | 2946.78 | 8250 | 1,196.78 | 10208.63 | 988.15 | 415.71 | 42.07 |
| | Total | 569653.18 | 33761.35 | 603414.53 | 450916.42 | 152498.11 | 23969.78 | 15.72 |
| Charged | Revenue | 49520.42 | 2.85 | 49523.27 | 46227.13 | 3296.14 | 32.41 | 0.98 |
| | Capital | 49.47 | 00 | 49.47 | 25.57 | 23.90 | 0.53 | 2.22 |
| | Public Debt- Repayment | 32563.29 | 5.35 | 32568.64 | 22690.46 | 9878.18 | 00 | 00 |
| | Total | 82133.18 | 8.20 | 82141.38 | 68943.16 | 13198.22 | 32.94 | 0.25 |
| Grand Total | | 651786.36 | 33769.55 | 685555.91 | 519859.58 | 165696.33 | 24002.72 | 14.49 |

Source: Appropriation Accounts 2022-23

During 2022-23, actual expenditure was ₹ 5,19,859.58 crore against the total provision of ₹ 6,85,555.91 crore. The overall savings of ₹ 1,65,696.33 crore was 24.17 per cent of total provision, which was mainly under Revenue Voted (22.75 per cent) and Capital Voted (33.50 per cent) sections. This indicated wide gap between planning and execution by the State Government.

Trends in the original budget, revised estimate, actual expenditure for the period 2018-19 to 2022-23 are given in **Table 3.8**.

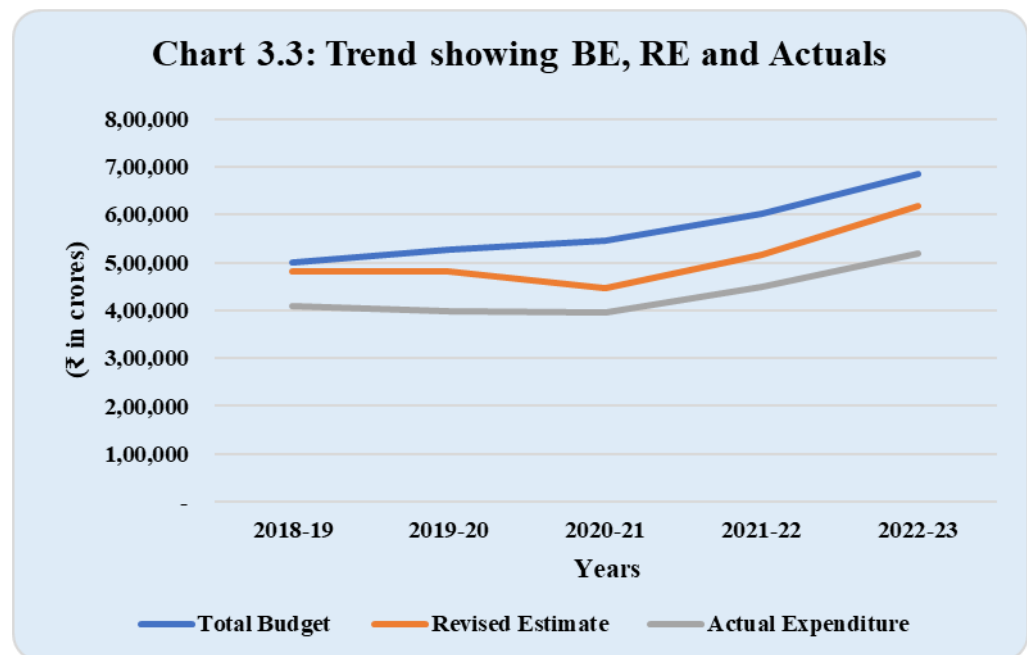
Table 3.8: Original Budget, Revised Estimate and Actual Expenditure during 2018-23
(₹ in crore)

| Details | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--|-----------|-----------|-----------|-----------|-----------|
| Original Budget | 456248.38 | 509003.49 | 544571.20 | 585910.43 | 651786.36 |
| Supplementary Budget | 42887.74 | 17805.73 | 00 | 15781.05 | 33769.55 |
| Total Budget(TB) | 499136.12 | 526809.22 | 544571.20 | 601691.48 | 685555.91 |
| Revised Estimate(RE) | 482328.87 | 481130.95 | 446224.67 | 517531.86 | 619139.44 |
| Actual Expenditure(AE) | 409784.50 | 399426.75 | 396023.70 | 449065.47 | 519859.58 |
| Savings | 89351.61 | 127382.47 | 148547.50 | 152626.01 | 165696.33 |
| Percentage of supplementary to original provision | 9.40 | 3.50 | 00 | 2.69 | 5.18 |
| Percentage of overall savings to the overall provision | 17.90 | 24.18 | 27.28 | 25.37 | 24.17 |
| TB –RE | 16807.24 | 45678.27 | 98346.53 | 84159.61 | 66416.47 |
| RE-AE | 72544.37 | 81704.20 | 50200.97 | 68466.39 | 99279.86 |
| (TB-RE) as % of TB | 3.37 | 8.67 | 18.06 | 13.99 | 9.69 |
| (RE-AE) as % of RE | 15.04 | 16.98 | 11.25 | 13.23 | 16.04 |

Source: Annual Financial Statement and Appropriation Accounts

Table 3.8 shows that supplementary provision of ₹ 33,769.55 crore during 2022-23 constituted 5.18 per cent of the original provision as against 2.69 per cent in the previous year.

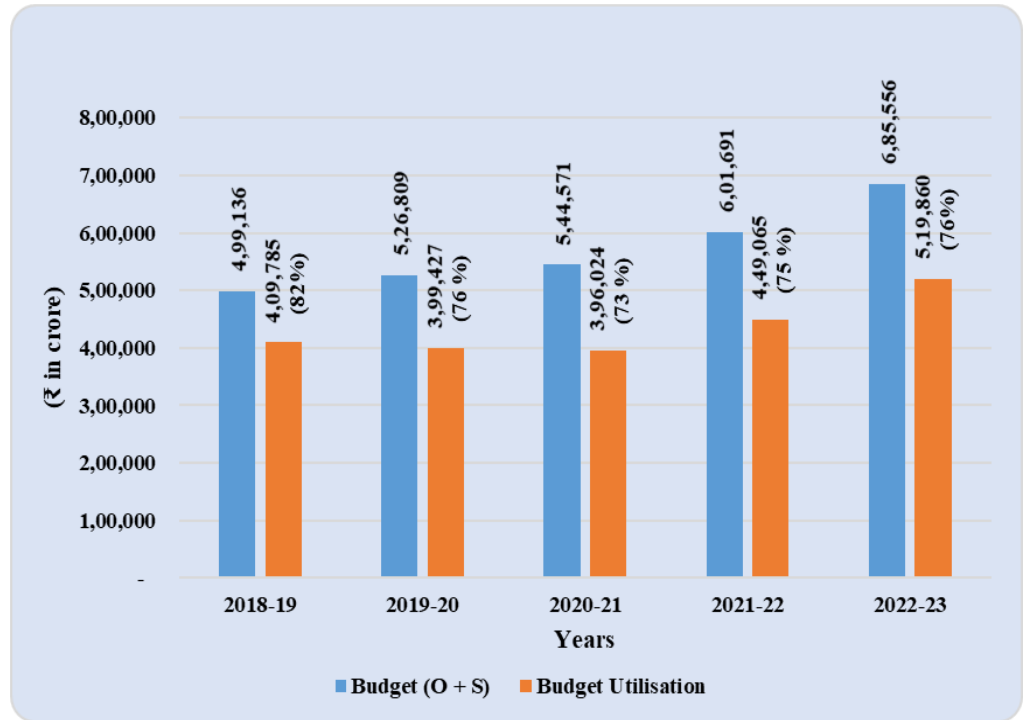
Trend showing BE, RE and Actuals are visualised in **Chart 3.3**.



From the above Chart, it can be seen that over the years from 2018-19 to 2022-23, the Revised Estimate (RE) was always lower than the Total Budget (TB) of the State. The gap between the RE and the TB showed an increasing trend constantly during the first three years, but had a decreasing during last two years. Actual expenditure slightly decreased during 2019-20 (by 2.53 per cent) and 2020-21 (by 0.85 per cent) as compared to respective previous years, however, it increased during 2021-22 (by 13.39 per cent) and 2022-23 (by 15.76 per cent) as compared to respective previous years. Savings varied between 17.90 per cent (2018-19) and 27.28 per cent (2020-21) of budget provisions during 2018-23. RE was 3.37 per cent lower than the TB in 2018-19 and the gap increased to 9.69 per cent in 2022-23. Further, Actual Expenditure during the same period was also lower than the RE throughout and during 2018-23, it ranged between 11.25 per cent (2020-21) and 16.04 per cent (2021-22). As such, the supplementary provisions during the years 2018-19 to 2022-23 proved unnecessary since the expenditure did not come up even to the level of original budget provisions.

Pattern of lower budget utilisation against provision during the last five years (2018-23) has been visualised in **Chart 3.4**.

Chart 3.4: Budget provisions and utilisation of budget during last five years (2018-23)



Source: Appropriation Accounts of respective years

Chart 3.4 shows that the budgetary provisions increased consistently during the last five years (2018-23), however actual expenditure had reducing trend during 2019-20 and 2020-21. There was increase in actual expenditure during 2021-22 and 2022-23, but it remained 75 per cent to 76 per cent of budget provision. This reflects that budgetary allocation were based on unrealistic proposals as Budget Estimates of the State were inflated and the Actual Expenditure was less than the budgetary provisions. A comparison between estimated receipts and actual receipts during 2022-23 also revealed resource gap to meet the budget provisions for total budgeted expenditure, as detailed in Table 3.9.

Table 3.9: Budget Estimates and Actual Receipts during 2022-23

(₹ in crore)

| Item of receipts | Budget Estimates | Actual Receipts | Shortfall/excess of actual receipts vis-à-vis Budget Estimates |
|------------------------------------|------------------|------------------|--|
| (i) Revenue receipts of which | 499212.71 | 417241.50 | (-) 16.42 |
| Own Tax Revenue | 220655.00 | 174087.15 | (-) 21.10 |
| Share of Union Taxes/Duties | 146498.76 | 169745.30 | (+) 15.87 |
| Non Tax Revenue | 23406.48 | 13489.46 | (-) 42.37 |
| Grants-in-aid from GoI | 108652.47 | 59919.59 | (-) 44.85 |
| (ii) Recovery of Loans and advance | 2565.00 | 1337.32 | (-) 47.86 |
| (iii) Public Debt | 89174.00 | 66846.93 | (-) 25.04 |
| Total Receipts | 590951.71 | 485425.75 | 17.86 |

Source: Budget document of the State Government and Finance Accounts

As evident from **Table 3.9**, there was substantial gap (₹ 1,05,526 crore) between estimated resources in Budget 2022-23 and actual receipts. Therefore, the State Government may review the increase in budget size vis-à-vis available revenue space.

3.3.2 Unspent budget provisions

Defective or inaccurate budgeting, necessitating large surrenders or resulting in excesses has been considered a financial irregularity in terms of Para 174 of UPBM. The guidelines for preparation of budget, issued by the Finance Department every year at the commencement of budgetary process, also lays stress on accuracy of estimates and contemplates of fixing personal responsibility of officers found responsible for inaccuracies in demands.

Audit scrutiny of budget provision *vis-à-vis* savings with regards to 92 grants under Appropriation Accounts for the year 2022-23 revealed that in 55 cases pertaining to 55 Grants under Revenue-Voted and in 31 cases pertaining to 31 Grants under Capital-Voted sections (where savings in each case were more than ₹ 100 crore), savings of ₹ 98,549.60 crore and ₹ 52,025.93 crore respectively were recorded. Similarly, in three cases pertaining to three Grants under Revenue Charged Section and in one case pertaining to one Grant under Capital Charged Sections (where savings in each case were more than ₹100 crore), savings of ₹ 3,256.15 crore and ₹ 9,876.90 crore respectively were recorded during 2022-23. Thus, there were total savings amounting to ₹ 1,63,708.58 crore (24.98 *per cent*) in 90 cases of 62 Grants (exceeding ₹ 100 crore in each case) as detailed in **Appendix-3.4** and summarised in **Table 3.10**.

Table 3.10: Summary of grants having large savings above ₹100 crore during the period 2022-23

(₹ in crore)

| Sl. No | Section of Grant | Number of Cases | Total Provision | Expenditure | Savings | Savings over total provisions (<i>per cent</i>) |
|----------------------|------------------|-----------------|------------------|------------------|------------------|---|
| 1 | Revenue Voted | 55 | 422917.71 | 324368.05 | 98549.60 | 23.30 |
| 2 | Capital Voted | 31 | 158459.24 | 106433.31 | 52025.93 | 32.83 |
| Total Voted | | 86 | 581376.95 | 430801.36 | 150575.53 | 25.90 |
| 1. | Revenue Charged | 3 | 45821.03 | 42564.88 | 3256.15 | 7.11 |
| 2. | Capital Charged | 1 | 28136.73 | 18259.84 | 9876.90 | 35.10 |
| Total Charged | | 4 | 73957.76 | 60824.72 | 13133.05 | 17.76 |
| Grand Total | | 90 | 655334.71 | 491626.08 | 163708.58 | 24.98 |

Source: Appropriation Accounts 2022-23

Large savings are indicative of poor budgeting or shortfall in performance or both, in respect of concerned schemes being implemented by the Department.

3.3.3 Persistent Savings

Persistent savings (₹100 crore and above) had been commented upon in previous State Finances Audit Reports of Uttar Pradesh and the State Government was recommended to review the reasons for non-utilisation of provisions under various schemes for more judicious provision in future years.

In 27 cases involving 24 grants, it was noticed that there was persistent savings (₹ 100 crore and above) during the last five years ranging between ₹ 101.54 crore and ₹ 14,921.22 crore. The persistent savings are detailed in *Appendix-3.5* and summarised in **Table 3.11**.

Table 3.11: Summary of grants having persistent savings during the period 2018-23

(₹ in crore)

| Nature of expenditure | No. of Cases | Amount of Savings | | | | |
|-----------------------|--------------|-------------------|-----------------|-----------------|-----------------|-----------------|
| | | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| Revenue Voted | 23 | 37825.43 | 47801.39 | 53290.45 | 52515.92 | 61142.03 |
| Capital Voted | 04 | 10717.24 | 12115.09 | 10233.06 | 11636.85 | 5663.27 |
| Total | 27 | 48542.67 | 59916.48 | 63523.51 | 64152.77 | 66805.30 |

Source: Appropriation Accounts of respective years

Persistent savings in substantial number of grants over the years is indicative of improper assessment of the requirement of fund by the State Government repeatedly.

3.3.4 Unnecessary Supplementary Grants

Para 162 of UPBM, *inter-alia* stipulates that Supplementary grants or appropriations are required in the cases when the amount included in a grant or appropriation authorised by the Appropriation Act is found to be insufficient for the year or when need has arisen for incurring expenditure upon some new services, scheme or item not contemplated in the Appropriation Act for the year.

Appropriation Accounts for the year 2022-23 revealed that Supplementary provisions (₹ 1.00 crore or more in each case) made in 42 cases of 17 Grants amounting to ₹ 5,256.75 crore proved unnecessary due to savings of ₹ 17,504.94 crore in these Grants. The expenditure was not even up to the less than or equal to the level of original provisions as detailed in the *Appendix-3.6* and summarised in **Table 3.12**.

Table 3.12: Summary of cases in which supplementary provisions (₹ 1 crore or more in each case) proved unnecessary in 2022-23

(₹ in crore)

| Sl. No | Section of the Grant | Total Cases | Original Provision | Supplementary Provision | Total | Expenditure | Savings |
|--------------|----------------------|-------------|--------------------|-------------------------|-----------------|-----------------|-----------------|
| 1. | Revenue Voted | 28 | 52971.17 | 3826.77 | 56797.94 | 42369.82 | 14428.12 |
| 2. | Capital Voted | 14 | 4255.55 | 1429.98 | 5685.53 | 2608.71 | 3076.82 |
| Total | | 42 | 57226.72 | 5256.75 | 62483.47 | 44978.53 | 17504.94 |

This shows absence of adequate justification for obtaining supplementary provisions resulting in substantial savings under these Grants. Moreover, this is also indicative of poor budget discipline as it entails that supplementary provisions were not based on careful assessment of fund requirement.

3.3.5 Unnecessary Re-appropriation

Para 147 of UPBM stipulates that expenditure under each unit of appropriation should be kept within the amount originally provided under that unit of appropriation. However, if the original/ supplementary provision on a scheme/ service is found short of requirement, the Government may resort to re-appropriation which is transfer of savings from one head of the grant to another, within the same section of the grant.

Audit noticed that during 2022-23, in 31 sub-heads involving 18 Grants (*Appendix-3.7*), the total budget provision was ₹ 8,484.54 crore, and further augmentation of ₹ 542.35 crore was made through re-appropriation. However, re-appropriation proved unnecessary, as in each case, expenditure was within the total budget provision under these sub-heads. There were overall savings of ₹ 1,498.57 crore in these 31 sub-heads as summarised in **Table 3.13**.

Table 3.13: Summarised position of unnecessary re-appropriation

(₹ in crore)

| Grants | Sub Head | Total Provision | Re-appropriations | Total provision after re-appropriation | Expenditure | Savings |
|--------|----------|-----------------|-------------------|--|-------------|---------|
| 18 | 31 | 8484.54 | 542.35 | 9026.89 | 7528.32 | 1498.57 |

Source: Appropriation Accounts 2022-23

This shows absence of adequate justification for resorting to re-appropriation under these Grants while sufficient budgetary provisions were already available.

3.3.6 Rush of expenditure

Under Rule 62 (3) of the General Financial Rules, maintaining a steady pace of expenditure has universally been accepted as a sound public financial management practice. In General Financial Rules applicable in the Central Government, rush of expenditure, particularly in the closing month of financial year, has been regarded as a breach of financial propriety. However,

no specific instructions have been given in the UPBM to prevent rush of expenditure.

Audit scrutiny of Appropriation Accounts for the year 2022-23 revealed that under 10 Grants, the expenditure incurred during the month of March 2023 ranged between 50 and 71 *per cent* as detailed in **Appendix 3.8**. The expenditure under these Grants during the fourth quarter of the year 2022-23 ranged between 54 *per cent* and 77 *per cent*.

Further examination revealed that under out of ₹ 11,969 crore incurred under Grant No. 58 (PWD-Communication and Roads) during March 2023, ₹ 53.03 crore was transferred to PD/PLA in two districts (Kaushambi and Prayagraj). Similarly, out of ₹ 1,420 crore incurred under Grant No. 38 (Civil Aviation Department) in March 2023, ₹ 611.62 crore was transferred to PD/PLA in two district (Gautam Budh Nagar and Shrawasti). In case of Grant No. 7 (Industries Department-Heavy and Medium Industries), ₹ 25 crore was transferred to PD/PLA in Urai district out of expenditure of ₹ 10,367 crore incurred in March 2023.

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

Para 212 of UPBM outlines the Guidelines for formulation and appraisal of schemes and projects as follows: ‘Rigorous project formulation and appraisal have a major bearing on the relevance and impact of projects as well as on their timely implementation. Additional time and effort spent at the project formulation and appraisal stage would result in qualitative improvement in terms of ultimate project impact.’

Audit scrutiny of Appropriation Accounts 2022-23 revealed that there were Schemes for which the Government made Original provisions but did not expend any money without any reason disclosed in the Appropriation Accounts. Similarly, there were instances where Original provisions were re-appropriated to other projects/schemes with no expenditure on those schemes for which appropriations were originally made. Details of such instances are discussed below:

Scheme (Sub heads) for which budget provisions could not be utilised

From Appropriation Accounts 2022-23, it was noticed that the State Government did not incur any expenditure on 22 schemes (**Appendix-3.9**) under 13 Grants for which budget provision of one hundred crore and above were made, as summarised in **Table 3.14**.

Table 3.14: Summary of schemes in which original provisions not utilised

| (₹ in crore) | | | | |
|------------------|-------------------|--------------------|-------------------|----------|
| Number of Grants | Number of Schemes | Original Provision | Total Expenditure | Saving |
| 13 | 22 | 9,458.85 | 0.00 | 9,458.85 |

Source: Appropriation Accounts 2022-23

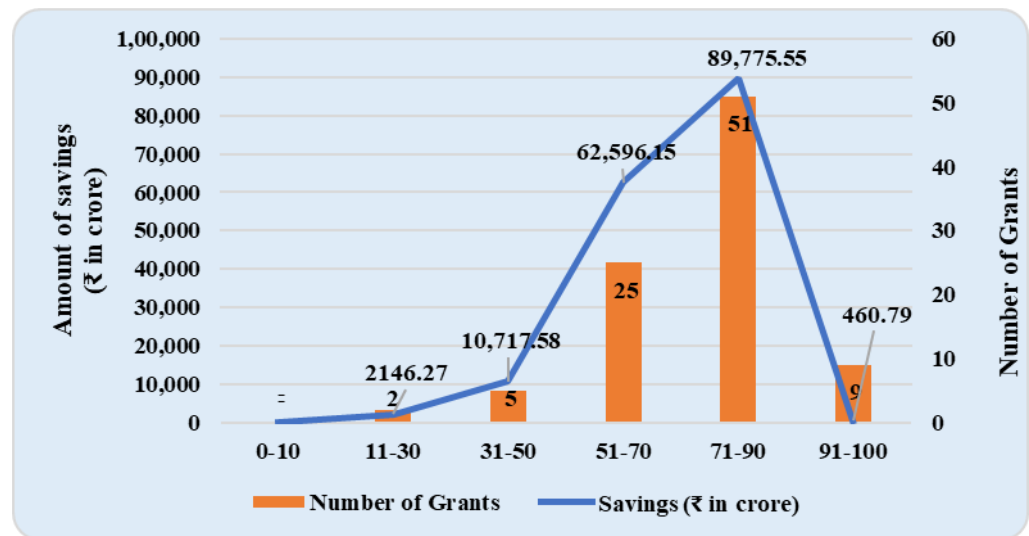
Scheme (Sub heads) from which budget provisions were re-appropriated to other Schemes

The State Government provisioned ₹ 1,233.69 crore for 30 schemes under 15 Grants for which budget provision of ten crore and above were made during the year 2022-23 (*Appendix-3.10*), but no expenditure was incurred and the provisions were re-appropriated (₹ 1,233.69 crore) from these schemes.

Non-utilisation of funds under above 52 schemes indicated that either the budgeting was done without due prudence or there was slippage in programme implementation.

Details of grants grouped by the percentage of utilization along with total savings during 2022-23 has been shown in *Appendix 3.11* and **Chart 3.5**.

Chart 3.5: The distribution of the number of Grants/Appropriations grouped by the percentage of Savings along with total savings



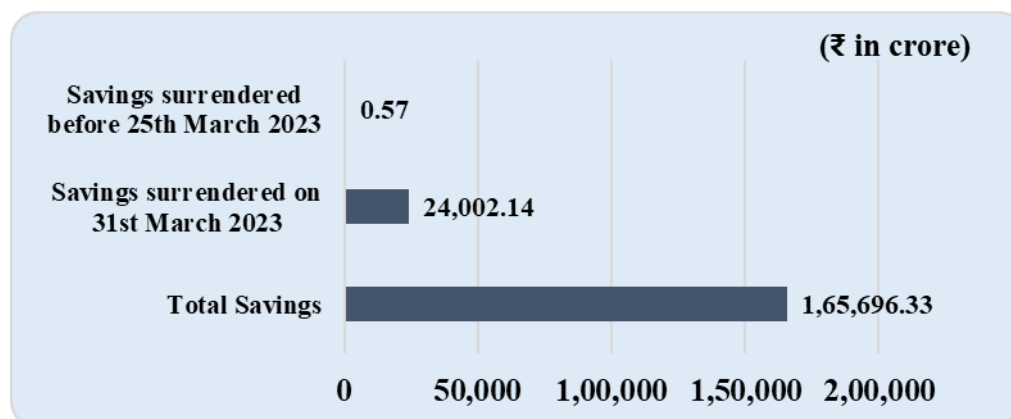
Source: Appropriation Accounts 22-23

3.3.8 Delayed surrender of Savings

Para 141 of UPBM directs Controlling Officers that all final savings must be surrendered to the Finance Department by 25th March. Officers making belated surrenders, when savings could reasonably have been foreseen and surrendered earlier, would be held responsible for the resultant financial irregularity if the Finance Department is not able to accept such surrenders.

The details of savings and surrenders during the year 2022-23 is plotted in **Chart 3.6**.

Chart 3.6: Total Savings and Surrenders during the year 2022-23



Source: Appropriation Accounts 2022-23

It can be seen in **Chart 3.6** that out of the total savings of ₹ 1,65,696.33 crore, the amount surrendered was ₹ 24,002.71 crore (14.49 per cent). Out of total surrender, ₹ 0.57 crore was surrendered before 25 March 2023 and remaining ₹ 24,002.14 crore was surrendered on the last day of financial year. Remaining savings of ₹ 1,41,693.62 crore (85.51 per cent) was not surrendered. Further, the surrenders done on the last day of the financial year was in gross violation of the directions of UPBM.

Surrenders in Excess of actual savings

In three cases involving three Grants (₹1.00 crore or more in each case) as against saving of ₹ 785.46 crore, ₹ 791.14 crore was surrendered resulting in excess surrenders of ₹ 5.68 crore during the year 2022-23 as detailed in **Table 3.15**.

Table 3.15: Summary of schemes in which surrender excess to savings

| (₹ in Crore) | | | | |
|--------------|---|---------------|---------------|------------------|
| Grant No. | Grant Name | Saving | Surrender | Excess Surrender |
| 68 | Legislative Assembly Secretariat (Revenue Voted) | 21.93 | 25.85 | 3.92 |
| 73 | Education Department (Higher Education-Revenue Voted) | 578.68 | 580.43 | 1.75 |
| 17 | Agriculture and other allied department (Revenue Voted) | 184.85 | 184.86 | 0.01 |
| Total | | 785.46 | 791.14 | 5.68 |

Source: Appropriation Accounts 2022-23

Such surrenders in excess of actual saving indicated that the departments did not exercise adequate budgetary controls by watching flow of expenditure.

3.4 Review of selected Grants

Budgetary procedure and control over expenditure in respect of selected Grants was conducted wherein magnitude of variations in original grants,

supplementary demands and actual expenditure were analysed. The result of grant reviews are discussed in succeeding paragraphs of this Report.

3.4.1 Grant No. 60-Forest Department

3.4.1.1 Introduction

Grant 60-Forest Department includes Major Heads 2049-Interest Payments, 2235-Social Security and Welfare 2406-Forestry and Wild Life, 2407-Plantations, 2415-Agricultural Research and Education, 3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions, 4059-Capital Outlay on Public Works, 4216-Capital Outlay on Housing and 4406-Capital Outlay on Forestry and Wild Life.

3.4.1.2 Budget and Expenditure

The overall position of budget provisions, actual expenditure and unutilised provisions under the Grant for the last three years (2020-21 to 2022-23) is given in **Table 3.16**.

Table 3.16: Budget provisions, expenditure and savings during the year 2020-21 to 2022-23

(₹ in crore)

| Year | Section | Budget provision | Total | Expenditure | Un-utilised provision and its percentage |
|---------|--------------------------|------------------|----------------|-----------------|--|
| 2020-21 | Revenue-Voted Original | 901.55 | 901.55 | 566.71 | 334.84 |
| | Supplementary | 0.00 | | | (37.14) |
| | Revenue-Charged Original | 0.14 | 0.14 | 0.00 | 0.14 |
| | Supplementary | 0.00 | | | (100.00) |
| | Capital-Voted Original | 468.19 | 468.19 | 414.63 | 53.56 |
| | Supplementary | 0.00 | | | (11.44) |
| | Total | | 1369.88 | 981.34 | 388.54 |
| 2021-22 | Revenue-Voted Original | 936.89 | 936.89 | 589.33 | 347.56 |
| | Supplementary | 0.00 | | | (37.10) |
| | Revenue-Charged Original | 0.14 | 0.14 | 0.00 | 0.14 |
| | Supplementary | 0.00 | | | (100.00) |
| | Capital-Voted Original | 568.86 | 568.86 | 541.05 | 27.81 |
| | Supplementary | 0.00 | | | (4.89) |
| | Total | | 1505.89 | 1,130.38 | 375.51 |
| 2022-23 | Revenue-Voted Original | 1010.88 | 1010.98 | 671.21 | 339.77 |
| | Supplementary | 0.10 | | | (33.61) |
| | Revenue-Charged Original | 31.80 | 31.80 | 31.69 | 0.11 |
| | Supplementary | 0.00 | | | (0.35) |
| | Capital-Voted Original | 729.93 | 986.44 | 900.58 | 85.86 |
| | Supplementary | 256.51 | | | (8.70) |
| | Total | | 2029.22 | 1603.48 | 425.74 |

Source: Appropriation Accounts 2020-21, 2021-20 & 2022-23 and information provided by Forest Department

Table 3.16 shows that there was un-utilized budget provision ranged between 33.61 per cent and 37.14 per cent under Revenue-Voted during last three

years, whereas entire budget provision under Revenue- Charged remained unutilised during the years 2020-21 and 2021-22.

In reply, Department stated (August 2023) that the unutilised amount of revenue (voted non-plan) heads during 2020-23 pertained to salary and establishment heads which were assessed on the basis of sanctioned strength. Savings was due to superannuation/vacant posts and there was possibility in reduction in savings in ensuing years. In respect of savings under revenue charged heads, Department further stated that the provision was made for anticipated payments in compliance of judgement, decree or award of court/tribunal.

3.4.1.3 Entire provision remained un-utilised

As discussed in **Para 3.3.7**, the State Government did not incur any expenditure on 22 schemes (**Appendix-3.9**) under 13 Grants for which budget provision of ₹ 100 crore and above were made. Apart from above, it was noticed during the grant audit of Forest Department that there were two heads/schemes for which the Government made original provisions as well as supplementary provisions but did not incur any expenditure as discussed in **Table 3.17**.

Table 3.17: Scheme for which entire provisions could not be utilised

(₹ in crore)

| Sl. No. | Head of Accounts | Name of scheme/ head | Original Provision | Supple-entary Provision | Total | Expenditure | Un-utilised provision |
|--|----------------------|---|--------------------|-------------------------|-------|-------------|-----------------------|
| 1. | 4406-01-102-01 Voted | Centrally Sponsored Schemes | 7.05 | 21.71 | 28.76 | 0.00 | 28.76 |
| 2. | 4406-01-102-89 Voted | Relevant State Share of Centrally Sponsored Schemes | 5.23 | 14.47 | 19.70 | 0.00 | 19.70 |
| In reply, Department stated (August 2023) that central share of Centrally Sponsored Schemes (CSS) could not be obtained from Government of India (GoI) due to non-completion of PFMS mapping due to change in fund transfer and monitoring mechanism system. | | | | | | | |

Source: Appropriation Accounts 2022-23 and information provided by Forest Department

Further, under one head/scheme, the Government made re-appropriation from original provision, however, Department did not incur any expenditure out of budget provisions remained after re-appropriation as discussed in **Table 3.18**.

Table 3.18: Scheme in which budget provision remained after re-appropriation could not be utilised

(₹ in crore)

| Sl. No. | Head of Accounts | Name of scheme/head | Original Provision | Re-appropriation | Total | Expenditure | Un-utilised provision |
|--|-------------------------|--|--------------------|------------------|-------|-------------|-----------------------|
| 1. | 4406-02-110-08 Voted | Establishment of Eco-tourism & Bio-diversity Centre in Kukrail Forest Area | 10.00 | (-)4.75 | 5.25 | 0.00 | 5.25 |
| In reply, Department stated (August 2023) that provisions were un-utilised due to pending approval of establishment of Kukrail Night Safari Park in Kukrail forest area. Fact remained that Department could not complete the necessary formalities to initiate the proposed work due to which budget provision could not be utilised. | | | | | | | |

Source: Appropriation Accounts 2022-23 and information provided by Forest Department

Non-utilisation of funds under above heads/schemes indicated that the budgeting was done without completion of necessary formalities to initiate the proposed work.

3.4.1.4 Implementation of new Services/Schemes

There was provision for 11 new Heads/Schemes for the year 2022-23 in Grant 60 (Forest Department). During scrutiny of the records, it was noticed that Department has incurred expenditure of 50.00 per cent to 60.40 per cent against provisions in three cases out of 11 new heads/schemes as detailed in **Table 3.19**.

Table 3.19: Detail of Expenditure in new Services

(₹ in crore)

| Sl. No. | Head of accounts | Name of scheme | Original Provision | Expenditure (Percentage) | Un-utilised Provision |
|---|-------------------------|--|--------------------|--------------------------|-----------------------|
| 1. | 2406-01-070-03 Voted | Renovation & Maintenance of Forest Rest Houses in Districts other than Bundelkhand | 10.00 | 6.04 (60.40) | 3.96 |
| In reply, Department stated (August 2023) that it had sent proposal to GoUP for re-appropriation of un-utilised amount. However, approval for the same could not be obtained till the end of financial year. | | | | | |
| 2. | 2406-02-111-04 Voted | Corpus Fund for Shaheed Ashfak Ullah Khan Zoo, Gorakhpur | 50.00 | 25.00 (50.00) | 25.00 |
| In reply, Department stated (August 2023) that GoUP had accorded financial approval of only ₹ 25.00 crore. | | | | | |
| 3. | 4406-02-110-04 Voted | Wildlife Management and Development of Tourism facilities in Sarnath Dear Park | 0.33 | 0.18 (54.55) | 0.15 |
| In reply, Department stated (August 2023) that Appraisal Committee could not obtain proposal on time for upgradation of mini zoo in place of proposed work of maintenance of Rest Houses as directed and consequently fund could not be utilised. | | | | | |

Source: Appropriation Accounts 2022-23 and information provided by Forest Department

As discussed in **Table 3.19**, Department could not complete the necessary formalities for execution of proposed work resulting in non-utilisation of fund.

3.4.1.5 Unnecessary Supplementary Grants

Para 162 of UPBM, *inter alia* stipulates that Supplementary grants are required in the cases when the amount included in a grant or appropriation authorised by the Appropriation Act is found to be insufficient for the year or when need has arisen for incurring expenditure upon some new services, scheme or item not contemplated in the Appropriation Act for the year.

During scrutiny of records of Forest Department for the year 2022-23, it was observed that Supplementary provisions made in two schemes amounting to ₹ 37.18 crore proved unnecessary due to non-utilisation of total provisions in these cases as per details given in **Table 3.20**.

Table 3.20: Detail of provision, expenditure and savings in Supplementary provisions
(₹ in crore)

| Sl. No. | Head | Name of scheme | Original Provision | Supplementary Provision | Total | Expenditure | Savings |
|--|----------------------------------|------------------------------|--------------------|-------------------------|--------------|-------------|--------------|
| 1. | 4406-01-102-01 Voted | Green India Mission | 7.05 | 21.71 | 28.76 | 0.00 | 28.76 |
| | 4406-01-102-89 State Share-Voted | | 5.23 | 14.47 | 19.70 | 0.00 | 19.70 |
| In reply, Department stated (August 2023) that Department could not utilize the provision for Green India Mission due to non-release of central share by GoI. | | | | | | | |
| 2. | 2406-02-110-17 Voted | Establishment of Kukrail | 0.00 | 0.10 | 0.10 | 0.00 | 0.10 |
| | 4406-02-110-17 Voted | Night Safari Park in Lucknow | 0.00 | 0.90 | 0.90 | 0.00 | 0.90 |
| In reply, Department stated (August 2023) that establishment of Kukrail Night Safari Park could not be started due to lack of approval of work from Central Zoo Authority (CZA). Fact remained that despite availability of budget provisions, Department could not ensure the completion of necessary formalities to initiate the proposed work of establishment of Kukrail Night Safari Park. | | | | | | | |
| Total | | | 12.28 | 37.18 | 49.46 | 0.00 | 49.18 |

Source: Appropriation Accounts 2022-23 and information provided by Forest Department

3.4.1.6 Persistent Savings

Substantial portion (₹ 1.00 crore and above in each case) of the budget allocation remained unutilised under the head 2406-04-103-03 (State Compensatory Afforestation-State Authority) in this grant during 2020-21 to 2022-23 indicating non-achievement of the projected financial outlays in the respective years as shown in **Table 3.21**.

Table 3.21: Detail of Persistent Savings of ₹ 1.00 crore and above

(₹ in crore)

| Sl. No. | Head | Name of scheme | Savings 2020-21 | Savings 2021-22 | Savings 2022-23 |
|---|----------------------------------|---|-----------------|-----------------|-----------------|
| 1. | 2406-04-103-03 Revenue- Voted | State Compensatory Afforestation – State Authority | 26.06 | 3.11 | 368.26 |
| Audit observed that provisions under the head 2406-04-103-03 State Compensatory Afforestation-State Authority were made for Compensatory Afforestation, <i>Jal Sangrahan Kshetra Shodhan Yojna</i> , Net Present Value (NPV) of forest land and interest payment heads. With reference to savings under NPV of forest land and interest payment heads, Department stated (August 2023) that reasons for savings were non-achievement of targets by many forest divisions during 2021-22 and 2022-23 and less expenditure in the head respectively. However, with reference to savings under <i>Jal Sangrahan Kshetra Shodhan Yojna</i> head, Department stated (August 2023) that reason for savings was not sending of proposal for fund by GoUP in view of pending approval from GoI for transfer of forest land. | | | | | |

Source: Appropriation Accounts 2020-21, 2021-22 & 2022-23 and information provided by Forest Department

Persistent savings over the years is indicative of improper assessment of the requirement of fund by the State Government.

3.4.1.7 Indiscriminate use of Minor Head 800

Audit noticed that Forest Department booked expenditure amounting to ₹ 3.21 crore, ₹ 3.27 crore and ₹ 7.03 crore under Minor Head 800- Other Expenditure in Major Head-2406 and Major Head-4406 during the year 2020-21, 2021-22 and 2022-23 respectively instead of booking these expenditures under appropriate minor heads as per detail given in **Table 3.22**.

Table 3.22: Detail of Expenditure under Minor Head 800

(₹ in crore)

| Major Head/ Sub-major Head | Expenditure under Minor Head 800 and its percentage to total expenditure of Major Head | | |
|---|--|----------------|----------------|
| | 2020-21 | 2021-22 | 2022-23 |
| 2406- Forestry and Wildlife-01- Forestry | 2.21 (0.39) | 0.77 (0.13) | 0.78 (0.12) |
| 4406- Capital outlay on Forestry and Wildlife- 01- Forestry | 1.00 (0.24) | 2.50 (0.46) | 6.25 (0.69) |
| Total | 3.21 | 3.27 | 7.03 |

Audit noticed that Department booked expenditure related to Centrally Sponsored Schemes (CSS) Forest Fire Prevention and Management Scheme, construction and revision of works plan, e-Governance scheme, relevant state Share of CSS, development and protection of Musabag forest area, Lucknow, establishment of Acharya Narendra Dev Memorial Park, development of eco-tourism, protection and development of Van Devi Bio-diversity area, Mau, development of Van Vihar Park in Gaura Hardo, Azamgarh under Minor head 800-Other Expenditure. However, these expenditure should pertained to minor heads-101-Forest Conservation, Development and Regeneration; 102- Social and Farm forestry or 001-Direction and Administration available under Major Head 2406 and Major Head- 4406.

In reply, Department assured (August 2023) to submit proposal to Finance Department for provision and booking of these expenditures in the relevant minor heads.

Source: Information provided by o/o the A.G.(A&E-I), U.P., Prayagraj and Forest Department

3.4.2 Grant No. 38 Civil Aviation

3.4.2.1 Introduction

Grant 38- Civil Aviation includes Major Heads 2070- Other Administrative Services, 2203- Technical Education, 3053- Civil Aviation and 5053- Capital Outlay on Civil aviation.

3.4.2.2 Budget and Expenditure

The overall position of budget provisions, actual disbursement, and savings under the grant for the last three years (2020-21 to 2022-23) is given in **Table 3.23**.

Table 3.23: Budget and Expenditure during the year 2020-21 to 2022-23

(₹ in crore)

| Year | Section | Budget provision | Total | Expenditure | Un-utilised provision and its percentage |
|---------|----------------------|------------------|---------|-------------|--|
| 2020-21 | Revenue-Original (V) | 146.91 | 146.91 | 87.96 | 58.95 |
| | Supplementary | 0.00 | | | (40.13) |
| | Capital-Original (V) | 2,604.75 | 2604.75 | 1728.92 | 875.83 |
| | Supplementary | 0.00 | | | (33.62) |
| 2021-22 | Revenue-Original (V) | 101.19 | 101.19 | 52.72 | 48.47 |
| | Supplementary | 0.00 | | | (47.90) |
| | Capital-Original (V) | 2,206.00 | 2206.00 | 128.28 | 2077.72 |
| | Supplementary | 0.00 | | | (94.18) |
| 2022-23 | Revenue-Original (V) | 103.68 | 103.68 | 76.17 | 27.51 |
| | Supplementary | 0.00 | | | (26.53) |
| | Capital-Original (V) | 2,212.00 | 2212.00 | 2013.77 | 198.23 |
| | Supplementary | 0.00 | | | (8.96) |

Source: Appropriation Accounts

Table 3.23 Shows that un-utilised budget provision under Capital (Voted) ranged between 8.96 per cent and 94.18 per cent and under Revenue (Voted) ranged between 26.53 per cent and 47.90 per cent.

The Department stated (August 2023) that less utilisation of budget were lockdown in view of COVID during 2020-21 and 2021-22 and assembly election during 2021-22 due to which operation of helicopters affected. Further, for the year 2022-23, the Department stated savings were due to less expenditure on capital projects.

3.4.2.3 Non-surrender of savings

As per UPBM, the spending departments are required to surrender the grant/appropriations or portion thereof to the Finance Department by 25th March.

The position of savings and surrenders under Grant 38-Civil Aviation during 2020-21 to 2022-23 has been depicted in **Table 3.24**.

Table 3.24: Non-surrender of savings under Grant No. 38-Civil Aviation

(₹ in crore)

| Year | Savings | | Surrender | |
|---------|-------------|-------------|-------------|-------------|
| | Revenue (V) | Capital (V) | Revenue (V) | Capital (V) |
| 2020-21 | 58.95 | 875.83 | 0.00 | 0.00 |
| 2021-22 | 48.47 | 2077.72 | 9.91 | 2077.62 |
| 2022-23 | 27.51 | 198.23 | 27.51 | 198.23 |

Source: Appropriation Accounts

Audit observed that all the surrenders, as detailed in Table 3.23, were made by the Department on the last day of the financial year, i.e., on 31 March, which was in violation of UPBM.

3.4.2.4 Incorrect classification of expenditure

As per note (8) below Major Head 3053 under the List of Major and Minor Heads of Accounts of Union and States (LMMH), planes purchased by the State Government for use of high dignitaries should be classified as part of the general administrative expenditure of the Government. Further, note (6) below under Major Head 2070 in LMMH provides that expenditure on purchase and maintenance of aircrafts maintained by the Government not as a regular public service should be classified under Minor Head 114 below Major Head 2070-Other Administrative Services. Thus, the expenditure on repair and maintenance of aircraft should be classified under Major Head 2070-Other Administrative Services and not under Major Head 3053-Civil Aviation or MH 5053 - Capital Outlay on Civil Aviation.

Audit scrutiny revealed that the Department incurred an expenditure of ₹ 11.81 crore on special repair of State helicopters and classified the expenditure under Capital Major Head 5053 instead of Revenue Major Head 2070. Classification of Revenue expenditure as Capital expenditure in the book of accounts had also impact on Revenue surplus of the State.

In reply, the Department stated (July 2023) that expenditure was classified on head of accounts in which budget allotment was made.

Fact remained that the expenditure incurred on repair and maintenance of State helicopter was classified as Capital expenditure instead of Revenue expenditure which was in violation of directions under LMMH.

3.4.2.5 Entire budget provision remained un-utilised and surrendered

The Government sanctioned (February 2023) ₹ 0.88 crore made for purchase and installation of security system at Lucknow airport. A budget provision of ₹ one crore under 5053-02-800-04-26-machines and equipment was made in the budget 2022-23.

Audit scrutiny revealed that entire provision of ₹ one crore remained unutilised and surrender, as proposed equipment could not be purchased.

In reply, the Department (August 2023) stated that to purchase the security equipment as per standards of Bureau of Civil Aviation Security, GoI, a purchase committee and technical committee was framed but the purchase committee had not completed the purchase process in the financial year.

Facts remains that due to delay in procurement process, the fund provided for purchase of equipment could not be utilised.

3.5 Conclusion

- Out of total budget provision of ₹ 6,85,555.91 crore during the year 2022-23, there were overall savings of ₹ 1,65,696.33 crore. Budgetary provisions increased consistently during the last five years (2018-23) but utilization of budget remained in the range of 73 per cent to 82 per cent. However, there was increase of ₹ 70,794.11 crore (15.76 per cent) in actual expenditure during 2022-23 over the previous year 2021-22.
- There were cases of misclassification of expenditure, rush of expenditure in the last quarter of the financial year, unutilised provisions under large number of schemes and unnecessary re-appropriation of budget provisions. Besides, Departmental Controlling Officers did not surrender savings and 85.51 per cent of savings lapsed.
- Excess disbursements of ₹ 32,533.46 crore under 104 Grants and 48 Appropriations pertaining to the years 2005-06 to 2020-21 are yet to be placed before the State Legislature for regularisation. Excess expenditure require regularisation under Article 205 of the Constitution of India.

3.6 Recommendations

5. *The Finance Department should review the reasons due to which the provisions under various Grants/Appropriations remained unutilised and take steps to make more judicious budget provisions in future years.*
6. *Re-appropriations should be based on careful assessment of fund requirements. Finance Department may advice line departments to improve accuracy in cost estimation of Schemes/Projects at the time of submitting Revised Estimates in order to optimise utilisation of funds.*
7. *The Finance Department should monitor trend of expenditure by Departmental Controlling Officers, so that funds are not retained unnecessarily and are surrendered at the earliest, without resorting to last minute surrenders and lapse of allocations.*
8. *Classification of some expenditure items as Capital or Revenue nature included in certain Object Heads, as pointed out in Paragraph 3.2.2. needs review and redressal to align it with UPBM.*

9. *The Government may consider issuing guidelines to control rush of expenditure towards the closing months of the financial year especially in the month of March in order to maintain a steady pace of expenditure.*
10. *The State Government should ensure that all the existing cases of excess expenditure are placed before the State Legislature for regularisation in term of the provisions contained in Article 205 of the Constitution.*