



CHAPTER-III

BUDGETARY MANAGEMENT

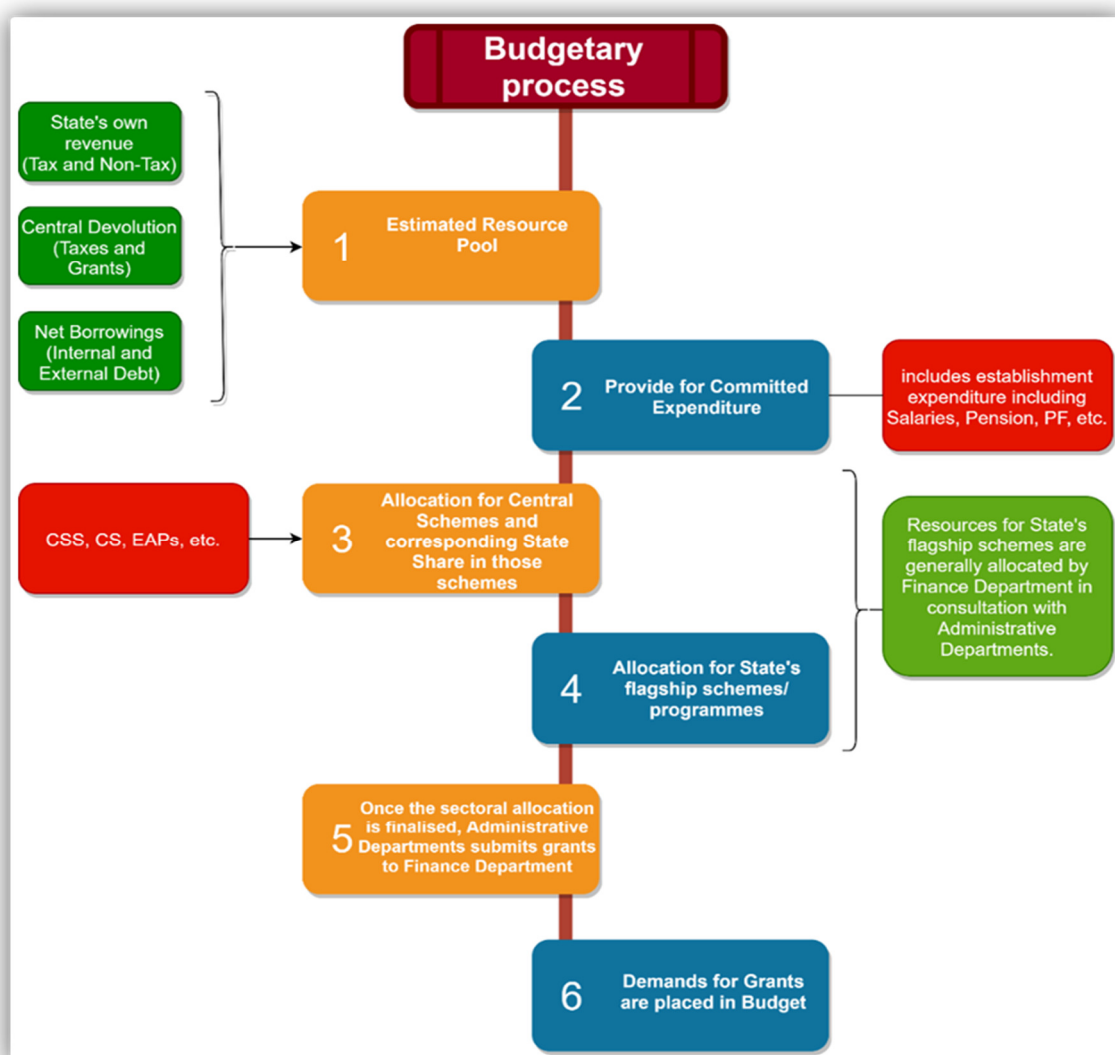


CHAPTER III BUDGETARY MANAGEMENT

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The Budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the departments in framing their estimates, for the next financial year. A typical budget preparation process in a State is given in **Chart 3.1**.

Chart-3.1



CSS: Centrally Sponsored Schemes; CS: Central Schemes.

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

Article 202 of Constitution of India requires laying of a statement of estimated receipts and expenditure of the State for that year as the "Annual Financial Statement" before

the House or Houses of the Legislature of the State. The Annual Financial Statement should show expenditure charged on Consolidated Fund and other expenditure separately. It shall also distinguish expenditure on revenue account from other expenditure.

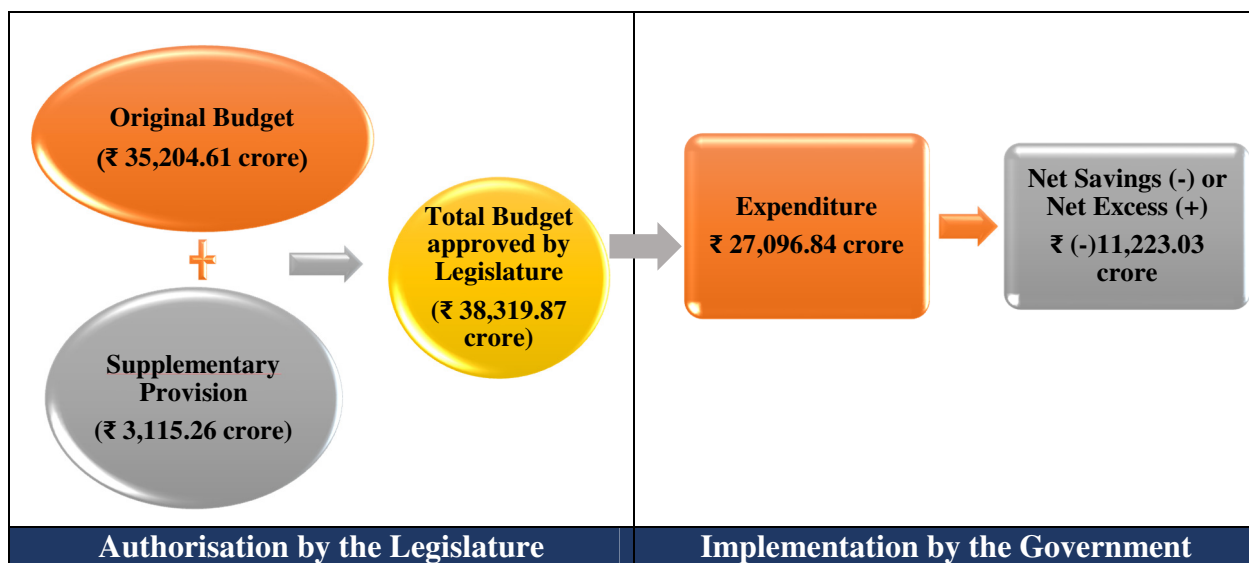
The Annual Financial Statement, also called general budget, is placed prior to the commencement of the financial year in the State Legislature, in accordance with Article 202 of the Constitution. The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the Demand for Grants are shown according to the accounting classification under Article 150 of the Constitution.

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution. Supplementary or Additional Grant or Appropriation is provided during the course of a financial year, in accordance with Article 205 of the Constitution. It is the provision for meeting expenditure in excess of the budgeted amount.

Legislative authorisation is the *sine qua non* for incurrence of all expenditure by the State Government. To guide individual Government Departments, the State Governments frame financial rules and provide for delegation of financial powers. These delegations establish limits for incurrence of expenditure and the levels authorised to sanction such expenditure together with restrictions on appropriation and re-appropriations.

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

Chart 3.2: Summary of Budget and Expenditure during 2022-23



Source: Appropriation Accounts.

Supplementary grants of ₹ 3,115.26 crore were obtained in February 2023. However, the actual expenditure up to the month of February 2023 was ₹ 26,776.39 crore against the original budget provision of ₹ 35,204.61 crore which was 76.06 *per cent* of the original provision.

The net savings of ₹ 11,223.03 crore was the result of gross savings of ₹ 12,897.44 crore offset by an excess expenditure of ₹ 1,674.41 crore during the year.

The total expenditure did not even come up to the original provision enhancement of provision by Supplementary grants proved poor financial management.

The cases of unnecessary/excessive supplementary grants (₹ 10 crore and above in each case) taken during the year have been discussed in detail under **Paragraph 3.3.5**.

3.1.1 Summary of total provision, actual disbursements and savings/excess during the financial year 2022-23

A summarised position of total budget provision, disbursement and saving/excess with further bifurcation into voted/charged during 2022-23 for 50 Grants and three Appropriations is given in **Table 3.1**.

Table 3.1: Budget provision, disbursement and savings/excess during 2022-23

Description	Total Budget provision		Disbursements		Savings		Excess	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
Revenue	19,801.51	1,040.76	13,271.14	929.17	6,530.37	111.60	0	0
Capital	9,747.28	7,730.31	3,491.81	9,404.72	6,255.47	0	0	1,674.41
Total	29,548.79	8,771.07	16,762.95	10,333.89	12,785.84	111.60	0	1,674.41

Source: Appropriation Accounts.

During the year 2022-23 there was an overall saving of ₹ 12,897.44 crore offset by excess of ₹ 1,674.41 crore resulting in net savings of ₹ 11,223.03 crore which was 29.29 *per cent* of total Grants/Appropriations and 41.42 *per cent* of the expenditure.

The savings are to be seen in the context of over estimation of expenditure as the State had planned to incur an expenditure of ₹ 38,319.87 crore against the total estimated receipts of ₹ 33,700.16 crore. As the actual receipts was limited to ₹ 27,009.89 crore, the actual expenditure was also restricted to ₹ 27,096.84 crore. This was indicative of poor estimation.

3.1.2 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. Aggregate Budget Outturn during 2022-23 is shown in **Table 3.2**.

Table 3.2: Aggregate Budget Outturn during 2022-23

(₹ in crore)

Description	Original Approved Budget (BE)	Actual Outturn	Difference between Actual and BE*
(1)	(2)	(3)	(4)
Revenue	18,188.58	14,200.31	(-) 3,988.27
Capital	17,016.03	12,896.53	(-) 4,119.50
Total	35,204.61	27,096.84	(-) 8,107.77

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

Source: Appropriation Accounts and Budget documents.

In Revenue section, deviation in outturn compared with Budget Estimates (BE) was (-) 21.93 per cent. This was due to deviation between 0 and ± 25 per cent in 17 Grants and 03 Appropriations, between ± 25 per cent and ± 50 per cent in 19 Grants and between ± 50 per cent and ± 100 per cent in 14 Grants.

In Capital section, deviation in outturn compared with BE was (-) 24.21 per cent. This was due to deviation between 0 and ± 25 per cent in 19 Grants and 03 Appropriations, between ± 25 per cent and ± 50 per cent in 05 Grants, between ± 50 per cent and ± 100 per cent in 26 Grants and equal to 100 per cent in 09 Grants. No provision was, however, made in respect of 11 Grants and 2 Appropriations (Grant nos. 15, 23, 24, 29, 31, 33, 34, 38, 39, 46, 49, Appropriation nos. 1 and 3) of the Capital section.

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. Expenditure Composition Outturn during 2022-23 is shown in **Table 3.3**.

Table 3.3: Expenditure Composition Outturn during 2022-23

(₹ 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	18,188.58	19,664.57	14,200.31	1,475.99	(-) 5,464.26
Capital	17,016.03	16,288.72	12,896.53	(-) 727.31	(-) 3,392.19
Total	35,204.61	35,953.29	27,096.84	748.68	(-) 8,856.45

Source: BE & RE from Demand for Grant.

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

In Revenue section, deviation in outturn compared with RE was (-) 27.79 per cent. This was due to deviation between 0 and ± 25 per cent in 16 Grants and 03 Appropriations, between ± 25 per cent and ± 50 per cent in 23 Grants, between ± 50 per cent and ± 100 per cent in 11 Grants.

In Capital section, deviation in outturn compared with RE was (-) 20.83 per cent. This was due to deviation between 0 and ± 25 per cent in 17 Grants and 03 Appropriations, between ± 25 per cent and ± 50 per cent in 06 Grants, between ± 50 per cent and ± 100 per cent in 27 Grants and equal to 100 per cent in 09 Grants. No provision was, however, made in respect of 09 Grants and 02 Appropriations (Grant nos. 23, 24, 29, 31, 33, 34, 38, 39, 46, Appropriation nos. 1 and 3) of the Capital section.

3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Article 204 of the Constitution of India. Appropriation Accounts are on Gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts, thus, facilitate understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various Grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

3.3 Budget Management and Financial Accountability

3.3.1 Summary of total provisions, disbursements and savings/excess

A summarised position of total budget provision, disbursement and savings/excess during 2018-23 with its further bifurcation into voted/ charged is shown in **Table 3.4**.

Table 3.4: Budget provision, disbursement and savings/ excess during 2018-23

Year	Total Budget provision		Disbursements		Savings (-)/Excess (+)	
	Voted	Charged	Voted	Charged	Voted	Charged
2018-19	15,118.26	2,035.05	10,888.59	3,701.63	(-) 4,229.67	(+) 1,666.58
2019-20	16,610.65	4,350.86	10,699.91	6,465.59	(-) 5,910.74	(+) 2,114.73
2020-21	22,345.92	4,411.60	14,058.06	8,447.92	(-) 8,287.86	(+) 4,036.32
2021-22	29,558.78	8,566.65	15,225.14	11,630.81	(-) 14,333.64	(+) 3,064.16
2022-23	29,548.79	8,771.08	16,762.95	10,333.89	(-) 12,785.84	(+) 1,562.81

Source: Appropriation Accounts.

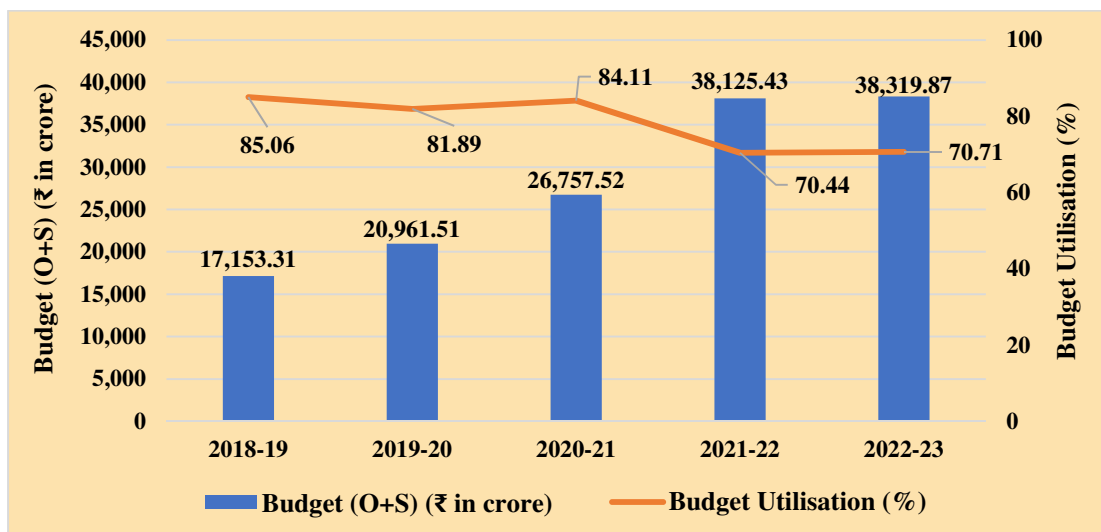
As can be seen from the above table, there were savings under voted expenditure during the last five years 2018-23 whereas there were also excess under charged expenditure in all the years during the same period.

During the year, the overall savings of ₹ 11,223.03 crore was the net result of savings of ₹ 12,897.43 crore in 50 Grants and three Appropriations under Revenue section and 34 Grants under Capital section, offset by an excess of ₹ 1,674.41 crore under Appropriation No. 2 – Interest Payment and Debt Services in Capital section.

3.3.2 Utilisation of Budgeted Funds

The extent of utilisation of budget during the five-year period 2018-23 is shown in Chart 3.3.

Chart 3.3: Budget Utilisation during 2018-23



Source: Appropriation Accounts.

Review of overall utilisation of budget provisions relating to the period 2018-23 revealed that the Government could utilise between 70.44 per cent (2021-22) and 85.06 per cent (2020-21) of the total allocation during this period. As compared to the previous year, budget utilisation in 2022-23 slightly increased to 70.71 per cent from 70.44 per cent in 2021-22.

Although the issue of persistent savings is being highlighted in the Reports of the CAG on State Finances every year, no corrective measure has been taken by the departments concerned. This shows that there is inadequate monitoring as well.

3.3.3 Budget projections and gap between expectations and actuals

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

The summarised position of actual expenditure during 2022-23 against 53 Grants/ Appropriations is given in **Table 3.5**.

Table 3.5: Summarised position of Actual Expenditure vis-à-vis Budget provisions

(₹ in crore)

Nature of Expenditure	Details of Grant/ Appropriation		Total	Actual Expenditure	Savings(-)/ Excess (+)	Surrender during March		
	Original	Supplementary				Amount	Per cent	
Voted	I. Revenue	17,151.50	2,650.01	19,801.51	13,271.14	(-) 6,530.36	1,421.95	7.18
	II. Capital	9,285.71	461.57	9,747.28	3,491.81	(-) 6,255.48	857.15	8.79
	III. Loans & Advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	26,437.21	3,111.58	29,558.79	16,762.95	(-) 12,785.84	2,279.10	7.71
Charged	IV. Revenue	1,037.09	3.68	1,040.76	929.16	(-) 111.60	90.86	8.73
	V. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	VI. Public Debt Repayment	7,730.31	0.00	7,730.31	9,404.72	(+) 1,674.40	2.2	0.03
	Total	8,767.40	3.68	8,771.08	10,333.89	(+) 1,562.80	93.06	1.06
Appropriation to Contingency Fund (if any)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total	35,204.61	3,115.26	38,319.87	27,096.84	(-) 11,223.03	2,372.16	6.19	

Source: Appropriation Accounts.

The net savings of ₹ 11,223.03 crore was the net result of savings of ₹ 12,897.43 crore in 50 Grants and three Appropriations under Revenue section and 34 Grants under Capital section, offset by an excess of ₹ 1,674.40 crore under Appropriation No. 2 – Interest Payment and Debt Services in Capital section.

The trends in percentage of savings/excess against overall provision in the budget for the last five years from 2018-23 are shown in the following **Table 3.6** and **Chart 3.5**.

Table 3.6: Original Budget, Revised Estimate and Actual Expenditure during 2018-23

(₹ in crore)

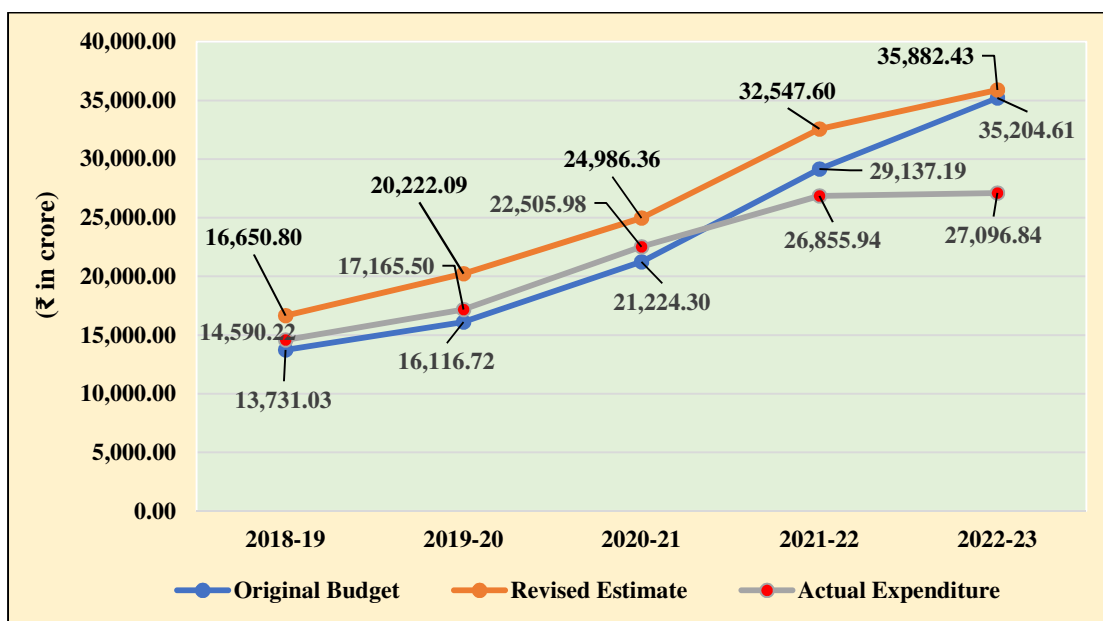
Sl. No.		2018-19	2019-20	2020-21	2021-22	2022-23
1	Original Budget	13,731.03	16,116.72	21,224.30	29,137.19	35,204.61
2	Supplementary Budget	3,422.27	4,844.79	5,533.22	8,988.24	3,115.26
3	Revised Estimate*	16,650.80	20,222.09	24,986.36	32,547.60	35,882.43
4	Actual Expenditure	14,590.22	17,165.50	22,505.98	26,855.94	27,096.84
5	Savings (-) /Excess (+) {(1+2)-4}	(-) 2,563.08	(-) 3,796.01	(-) 4,251.55	(-) 11,269.49	(-)11,223.03
6	Savings as per cent of total provision	14.94	18.11	15.89	29.56	29.29

Source: Appropriation Accounts and Budget at a Glance.

* Net amount is taken

It can be seen from the above table that there were overall savings during the period 2018-23 ranging from 14.94 to 29.56 per cent. Comparative analysis of original Budget, Revised Estimate and Actual Expenditure during 2018-23 is shown in chart below:

Chart 3.5: Comparative analysis of Original Budget, Revised Estimate and Actual Expenditure during 2018-23



Source: Appropriation Accounts and Buudget documents.

3.4 Integrity of budgetary and accounting process

3.4.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law in accordance with the provisions of Article 204 of the Constitution. Expenditure on new scheme should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

As per Articles 115(1)(a) and 205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/State assembly earlier, including a new activity or a new form of investment.

‘New Instrument of Service’ means relatively large expenditure arising out of important expansion of an existing activity.

Scrutiny of Appropriation Accounts revealed that an expenditure of ₹ 187.67 crore was incurred in 21 Grants/Appropriations without any provision in the original estimates or supplementary demands, but through re-appropriation without the knowledge of the Legislature. The expenditure incurred requires regularisation. The details of the scheme/service where there were instances of incurring expenditure through re-appropriation without the knowledge of the Legislature and which requires regularization are given in *Appendix 3.1*.

There were 21 cases under 12 Grants/Appropriations, where expenditure of more than ₹ one crore in each case was incurred during the year without budgetary provision, of which, in six cases under four Grants, the amount involved in each case was more than ₹ 10 crore. However, Government did not furnish any specific reason for incurring expenditure without budgetary provision.

Further, Audit observed that in three cases under Appropriation No. 2 and Grant no 22, expenditure was incurred amounting to ₹ 219.01 crore without any budget provision as detailed in **Table 3.7**.

Table 3.7: Summary of Expenditure without Budget Provision

Grant No./ Appropriation No.	Name of the Grant	Head of Account	Expenditure (₹ in crore)	Number of Schemes/ Sub Head
Appropriation No. 2	Interest Payment & Debt Services	6004-09-101-02	2.81	1
Grant No. 22	Public Health Engineering	4215-01-101-01	215.72	1
		4215-01-102-17	0.48	1
Total			219.01	3

Source: Detailed Appropriation Accounts.

Expenditure without budget violated financial regulations as well as the will of the Legislature.

3.4.2 Non-compliance with the Accounting Framework

As per Rule 79 of General Financial Rules, 2017 accounting of transactions are to be as per the list of Major and Minor Heads of Accounts as prepared by the Controller General of Accounts. In case of lower level of classification accounting, such heads of accounts are operated with due approval of the Principal Accountant General (A&E) of the State, including proposal of new scheme in budget.

3.4.2.1 Operation of unauthorised Sub-Major Head/Minor Head

During 2022-23, the State Government of Manipur provided budget provisions under three unauthorised Sub-Major Head and Minor Heads (two under the Revenue Section and one under the Capital Section) and incurred an expenditure of ₹ 71.63 crore (₹ 51.79 crore under the Revenue Section and ₹ 19.84 crore under the Capital Section) in these heads. The details are shown in **Table 3.8**.

Table 3.8: Operation of unauthorised heads and opening of new Sub-Major/Minor Head

Opening of unauthorised Minor Heads				
Sl. No.	Grant No.	Head of Account	Minor Head Description	Expenditure
Capital				
1	7	4055-00-115-25	Modernisation of Police Force	19.84
Sub-Total (Capital)				19.84
Revenue				
2	20	2501-01-001-05	Monitoring Cell	2.38
3		2501-01-101-01	District Rural Development Programme (Central Share)	2.00
4		2501-01-101-14	State Matching Share for CSS	0.22
5		2501-01-800-17	Financial Assistance to Manipur State Rural Roads	4.80
6		2501-01-800-20	Rural Engineering Department	15.69

Opening of unauthorised Minor Heads				
Sl. No.	Grant No.	Head of Account	Minor Head Description	Expenditure
7		2501-01-800-22	State Routine Maintenance Fund (DLP) for PMGSY	20.00
8	24	2070-00-104-01	Vigilance Department	3.51
9		2070-00-104-02	Anti Corruption Wing	2.24
10	30	3451-00-800-27	Sub Division Development Monitoring Mission (SDG Cell)	0.45
11	30	3451-00-800-29	District Meeyamgi Numit	0.50
Sub-Total (Revenue)				51.79
Grand Total (Capital + Revenue)				71.63

Source: Appropriation Accounts.

3.4.2.2 Opening of New Sub Head/Detailed Head of Accounts without advice of C&AG

During 2022-23, the State Government of Manipur opened 141 new Sub Heads/Detailed Heads (95 under the Revenue Section, 46 under Capital Section) in the budget, without seeking the advice of the Principal Accountant General (A&E), Manipur as required under the Constitution. The State Government provided budget provisions under these heads and incurred an expenditure of ₹ 1,097.95 crore (₹ 909.29 crore under the Revenue Section and ₹ 188.66 crore under the Capital Section) during 2022-23. Details are given in *Appendix 3.2*.

3.4.3 Parking of Funds in Public Account/Bank Accounts to avoid lapse of budgetary Grants

As per Rule 290 of Central Treasury Rules (CTR), no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants. Further, as per order¹⁸ of the Finance Department, Manipur, no part of the fund is to be kept in the form of bankers cheque or is to be deposited into Drawing and Disbursement Officer (DDO) account which is solely meant for transaction of salary payment.

3.4.3.1 Parking of Funds in Bank Accounts

A test-check of records revealed that in respect of 229 Drawing and Disbursing Officers (DDOs), funds amounting to ₹ 83.36 crore in 299 current/savings bank accounts which pertain to non-salary payments were parked in Commercial/Nationalised Banks which is in contravention of the order of Finance Department. The DDO wise details are shown in *Appendix 3.3*.

Drawal of money from the Consolidated Fund and parking it in Public Accounts and DDOs' bank accounts which is outside the Government account for future utilisation is not only a violation of the Finance Department's order but also is fraught with the risk of mis-utilisation and fraudulent drawals. Booking of such drawals and parking it for future use as expenditure in the accounts only inflated the reported expenditure figures.

¹⁸ Order No. 9/2/2007-FR(Misc.) dated 13 March 2008 of Finance Department, Government of Manipur.

3.4.4 Misclassification of Revenue Expenditure as Capital Expenditure and vice versa

Misclassification of expenditures and receipts has a great impact on the integrity of the financial statements. Object Heads of capital nature (e.g. 53- Major Works) should be booked under Capital Major Heads and that of Object Heads of revenue nature (e.g. 27 - Minor Works) under Revenue Major Heads.

During 2022-23, expenditure of ₹ 0.02 crore under Object Head 53 - Major Works was booked under Revenue Major Heads and ₹ 0.59 crore under Object Head 27 - Minor Works was booked under Capital Major Head.

Misclassification of expenditure of Revenue expenditure as Capital expenditure resulted in understatement of Revenue Expenditure and overstatement of Revenue Surplus to the extent of ₹ 0.59 crore. Similarly, misclassification of Capital Expenditure as Revenue Expenditure resulted in overstatement of Revenue Expenditure and understatement of Revenue Surplus by ₹ 0.02 crore. Details are given in **Appendix 3.4**.

3.4.5 Unnecessary or excessive supplementary grants

Supplementary provision aggregating to ₹ 2,172.66 crore in 46 cases under 37 Grants/Appropriation during the year 2022-23 proved unnecessary as the expenditure did not come up even come up to the level of original provision as detailed in **Appendix 3.5**. Out of these, in 18 cases under 18 Grants, the supplementary provision was more than ₹ 10 crore in each case as given in table below:

Table 3.9: Cases where supplementary provision of ₹ 10 crore or more proved unnecessary

(₹ in crore)					
Sl. No.	Number and name of Grant/ Appropriation	Original provision	Supplementary	Expenditure	Savings out of Original provision
Revenue Voted					
1.	7. Police	2,122.56	56.73	2,120.89	1.67
2.	11. Medical, Health and Family Welfare Services	1,239.17	237.76	1,105.86	133.31
3.	14. Department of Tribal Affairs and Hills Development	711.87	139.82	531.39	180.48
4.	20. Community and Rural Development	2,329.84	712.32	1,506.05	823.79
5.	22. Public Health Engineering	157.83	10.40	104.21	53.62
6.	23. Power	493.25	25.13	317.95	175.30
7.	26. Administration of Justice	75.98	11.43	41.51	34.47
8.	38. Panchayat	138.89	23.38	56.83	82.06
9.	44. Social Welfare	764.39	444.36	633.69	130.70
10.	47. Minorities and Other Backward Classes and Scheduled Castes Department	95.02	11.06	32.25	62.77
11.	48. Relief and Disaster Management	113.15	14.19	15.64	97.51
Sub Total		8,241.95	1,686.58	6,466.27	1,775.68

Sl. No.	Number and name of Grant/ Appropriation	Original provision	Supplementary	Expenditure	Savings out of Original provision
Capital Voted					
12.	8. Public Works Department	883.30	104.47	687.39	195.91
13.	10. Education	40.99	48.72	37.06	3.93
14.	11. Medical, Health and Family Welfare Services	243.05	27.28	194.91	48.14
15.	12. Municipal Administration, Housing and Urban Development	416.80	45.83	148.38	268.42
16.	17. Agriculture	47.56	18.28	2.28	45.28
17.	30. Planning	1,093.22	148.79	489.82	603.40
18.	36. Minor Irrigation	328.47	35.60	20.09	308.38
Sub Total		3,053.39	428.97	1,579.93	1,473.46
Grand Total		11,295.34	2,115.55	8,046.20	3,249.14

Source: Appropriation Accounts.

Further examination of records revealed that under three grants i.e. Grant No. 14, 37 and 49 (Capital Voted) there was no expenditure. However, original provision was enhanced through Supplementary grants.

3.4.6 Unnecessary or Excessive Re-appropriation

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive, unnecessary or insufficient in 81 sub-heads and resulted in savings and excess (₹ 10 crore or more in each case) of ₹ 6,484.70 crore and ₹ 108.84 crore respectively as detailed in *Appendix 3.6*. This indicates that the availability or requirement of funds was not properly assessed before re-appropriation and proved injudicious.

3.4.7 Savings/Surrenders in Grants/Appropriations

3.4.7.1 Substantial Savings

As per Rule 62(1) of GFR, 2017, Grants/Appropriations which are anticipated to remain unspent must be surrendered as early as possible before the close of the financial year.

Audit noticed that in 73 cases under 48 Grants/Appropriation, savings exceeded by more than 25 per cent of the total provision, as detailed in *Appendix 3.7*. Further, there were 46 cases under 36 Grants/Appropriation where savings were 50 per cent and above of the total provision in each case. Out of these, 100 per cent savings occurred in ten¹⁹ Grants.

¹⁹ (2. Council of Ministers, 4. Land Revenue Stamps & Registration and District Administration, 14. Department of Tribal Affairs and Hills Development, 32. Jails, 35. Stationery and Printing, 37. Fisheries, 42. State Academy of Training, 48. Relief and Disaster Management, 49. Economics and Statistics under Capital Voted and 5. Finance Department under Revenue Charged).

There were savings amounting to ₹ 11,577.84 crore in 26 cases under 23 Grants where savings were more than ₹ 100 crore against total provision in each case as shown in table below:

Table 3.10: List of Grants having savings above ₹ 100 crore during the year (₹ in crore)

Sl. No.	Grant No.	Name of Grant	Original	Supple-mentary	Total	Actual	Savings	Surrender	Savings excluding Surrender	Savings (in per cent)
Revenue Voted										
1.	5	Finance Department	2,360.15	872.03	3,232.18	2,818.18	414.00	0.00	414.00	12.81
2.	10	Education	2,484.44	0.00	2,484.44	2,066.04	418.39	55.51	473.90	16.84
3.	11	Medical Health and Family Welfare Services	1,239.17	237.76	1,476.93	1,105.86	371.07	0.00	371.07	25.12
4.	12	Municipal Administration Housing and Urban Development	360.76	0.00	360.76	213.47	147.30	11.35	158.65	40.83
5.	13	Labour and Employment	418.95	0.00	418.95	27.02	391.92	337.07	728.99	93.55
6.	14	Department of Tribal Affairs and Hills Development	711.88	139.82	851.70	531.39	320.30	0.00	320.30	37.61
7.	15	Consumer Affairs Food and Public Distribution	167.77	0.00	167.77	49.25	118.51	1.32	119.83	70.64
8.	17	Agriculture	332.91	0.96	333.87	131.64	202.23	0.00	202.23	60.57
9.	18	Animal Husbandry and Veterinary including Dairy Farming	214.21	0.00	214.21	86.86	127.35	57.33	184.68	59.45
10.	19	Environment and Forest	672.20	0.00	672.20	160.83	511.37	391.73	903.10	76.07
11.	20	Community and Rural Development	2,329.84	712.32	3,042.16	1,506.05	1,536.11	0.00	1,536.11	50.49
12.	21	Textiles Commerce and Industries	184.05	0.00	184.05	47.04	137.01	60.30	197.31	74.44
13.	23	Power	493.25	25.13	518.38	317.95	200.43	0.00	200.43	38.66
14.	30	Planning	300.70	0.00	300.70	45.63	255.07	134.86	389.92	84.82
15.	38	Panchayat	138.89	23.38	162.27	56.83	105.44	0.00	105.44	64.98
16.	44	Social Welfare Department	764.39	444.36	1,208.75	633.69	575.05	0.00	575.05	47.57
17.	48	Relief and Disaster Management	113.15	14.20	127.34	15.64	111.70	5.60	117.30	87.72
Sub-Total (Revenue)			13,286.70	2,469.95	15,756.65	9,813.39	5,943.26	1,055.07	6,998.33	37.72
Capital Voted										
18.	8	Public Works Department	883.30	104.47	987.77	687.39	300.38	0.00	300.38	30.41
19.	12	Municipal Administration Housing and Urban Development	416.80	45.82	462.63	148.38	314.25	0.00	314.25	67.93
20.	20	Community and Rural Development	1,716.50	0.00	1,716.50	497.24	1,219.27	20.00	1,239.27	71.03
21.	22	Public Health Engineering	2,180.37	0.00	2,180.37	777.79	1,402.57	363.74	1,766.31	64.33
22.	30	Planning	1,093.22	148.78	1,242.01	489.82	752.19	0.00	752.19	60.56
23.	36	Minor Irrigation	328.47	35.60	364.07	20.09	343.99	0.00	343.99	94.48
24.	40	Water Resources Department	868.71	0.00	868.71	204.76	663.96	396.11	1,060.07	76.43
25.	45	Tourism	267.94	0.00	267.94	20.32	247.62	222.50	470.12	92.42
26.	47	Minorities and Other Backward Classes and Scheduled Castes Department	568.54	0.00	568.54	178.18	390.36	107.00	497.36	68.66
Sub-Total (Capital)			8,323.86	334.68	8,658.54	3,023.95	5,634.58	1,109.36	6,743.94	65.08
Grand Total (revenue + Capital)			21,610.56	2,804.62	24,415.19	12,837.35	11,577.84	2,164.43	13,742.27	47.42

Source: Appropriation Accounts.

In 22 out of 50 Grants and three Appropriations utilisation was less than 50 per cent of the budget allocation (Revenue and Capital), as shown in **Appendix 3.8**. In seven out of these 22 Grants/Appropriations, there was a pattern of low utilisation in four out of the last five years 2018-23, which indicates weak budgetary management.

The above low utilisation against grants mostly relate to developmental schemes such as Municipal Administration, Housing & Urban Development, Commerce and Industries and Planning.

3.4.7.2 Persistent Savings

During the last five years from 2018-19 to 2022-23, there were persistent savings of more than ₹ one crore in 54 cases (36 cases in revenue and 18 cases in capital heads of account) under 35 Grants. The number and name of Grants/Appropriations where persistent savings of more than ₹ one crore occurred in each case during the last five years are shown in **Appendix 3.9**. During the five-year period 2018-19 to 2022-23, out of 54 cases of persistent savings of more than ₹ one crore, savings of more than ₹ 10 crore in each year occurred in 19 cases under revenue heads. In the Capital voted, in 14 cases there were persistent savings of more than ₹ 10 crore each year. In ten cases, the persistent savings were more than ₹ 100 crore (five under Revenue voted and five under Capital voted). The Grant/Appropriation where persistent savings of more than ₹ 100 crore occurred during 2018-19 to 2022-23 are given in the following table:

Table: 3.11: Grant having persistent savings more than ₹ 100 crore during 2018-23

Sl. No	Grant No. and Name	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Voted						
1	10. Education	141.60	526.04	819.97	822.93	418.39
2	12. Municipal Administration, Housing and Urban Development	134.23	103.40	226.40	299.16	147.30
3	14. Department of Tribal Affairs and Hills Development	226.33	239.48	234.50	214.38	320.30
4	20. Community and Rural Development	897.02	852.45	1,491.41	3798.49	1,536.11
5	44. Social Welfare Department	134.63	231.80	270.89	236.11	575.05
Capital Voted						
6	8. Public Works Department	372.73	423.42	243.71	366.43	300.38
7	12. Municipal Administration, Housing and Urban Development	289.37	301.69	333.29	207.10	314.25
8	30. Planning	158.22	108.78	314.71	391.03	752.19
9	40. Water Resources Department	168.99	314.07	219.70	411.92	663.96
10	47. Minorities and Other Backward Classes and Scheduled Castes Department	107.06	152.73	421.83	524.99	390.36

Source: Appropriation Accounts.

Persistent savings over a period of five years or more indicated that the basic assumptions behind the overall budget formulation process were not realistic and there was lack of proper assessment as well as prudent utilisation of the allocated budgetary provision. The issue of persistent savings is being pointed out every year in the State Finances Audit Report of the Comptroller and Auditor General of India. The

departments concerned have not taken any corrective measures for minimising the savings, as savings continued during 2022-23 also.

Recommendation: *The Department should design and implement an effective monitoring system to ensure timely utilisation of funds to avoid persistent savings.*

3.4.7.3 Anticipated savings not surrendered

Departments are required to surrender Grants/ Appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2022-23, no part of savings in 59 cases (29 under Revenue voted, six under Revenue charged and 24 under Capital voted) was surrendered by the Departments concerned. The amount involved in these cases was ₹ 6,314.47 crore (56.26 per cent of the overall savings of ₹ 11,223.03 crore) (**Appendix 3.10**). It was observed that in 12²⁰ cases, savings exceeded ₹ 100 crore but were not surrendered.

Besides, in 33 Grants/Appropriations (37 cases), ₹ 2,372.18 crore (₹ 1,092.44 crore under Revenue Voted, ₹ 1,186.66 crore under Capital Voted, ₹ 90.86 crore under Revenue Charged and ₹ 2.22 crore under Capital Charged) was surrendered against the savings of ₹ 4,908.56 crore i.e. 48.33 per cent as of 31 March 2023 (**Appendix 3.11**). The inadequate surrender indicates lack of control over the budget provision. Moreover, these funds could not be utilised for the purpose it was sanctioned or for any other purpose.

3.4.8 Excess expenditure and its regularisation

3.4.8.1 Excess expenditure during 2022-23

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a Grant/Appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). During 2022-23, there was excess over provisions in one case under one Appropriation, amounting to ₹ 1,674.41 crore which required regularisation by the State Legislature. Details are shown in the table below:

Table 3.12: Excess over provision during 2022-23 requiring regularisation

(₹ in crore)				
Sl. No.	Number and title of Grant/Appropriation	Total provision	Expenditure	Excess
1.	Appropriation No. 2-Interest Payment and Debt Services (Capital Charged)	7,730.31	9,404.72	1,674.41
Total		7,730.31	9,404.72	1,674.41

Source: Appropriation Accounts.

²⁰ Grant. No. (5, 11, 14, 17, 20, 23, 38 and 44 under Revenue Voted; 8, 12, 30 and 36 under Capital Voted)

Under Appropriation No. 2 – Interest Payment and Debt Services (Capital Charged), excess of the budget provision has been observed consistently for the last five years from 2018-23. The persistence excess expenditure indicates poor budgeting especially as the interest payments and debt servicing which can be calculated well in advance.

3.4.8.2 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive. Excess expenditure amounting to ₹ 11,260.91 crore were yet to be examined (January 2024) by PAC. The details of excess expenditure during the period 2018-23 are shown in **Table 3.13**.

Table 3.13: Excess expenditure relating to previous years requiring regularisation.

(₹ in crore)

Year	Grant/ Appropriation No.	Grant/ Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of Regularisation
2018-19	Appropriation No. 2 (Capital Charged)	Interest Payments and Debt Services	1,729.50	Not yet regularised
2019-20	Appropriation No. 2 (Revenue Charged)	Interest Payments and Debt Services	8.16	
	Appropriation No. 2 (Capital Charged)	Interest Payments and Debt Services	2,121.77	
2020-21	Appropriation No. 2 (Revenue Charged)	Interest Payments and Debt Services	208.80	
	Appropriation No. 2 (Capital Charged)	Interest Payments and Debt Services	3,876.27	
2021-22	Appropriation No. 2 (Capital Charged)	Interest Payments and Debt Services	3,316.41	
Total			11,260.91	

Source: Finance Department, Government of Manipur.

All such cases of excess expenditure over Grants/Appropriations need to be regularised at the earliest. The responsibility of the executive on account of persistent excess expenditure over Grants/Appropriations needs to be fixed as this is contrary to the legislative intent and defeats the objective of ensuring accountability of the executive over utilisation of public funds.

3.5 Effectiveness of budgetary and accounting process

3.5.1 Supplementary budget and opportunity cost

During the year 2022-23, in 30 cases under 25 Grants and one appropriation, (savings exceeding ₹ 50 crore or more in each grant), the departments could not use either the original budget provision or the entire supplementary provision resulting in un-utilised funds of ₹ 12,253.84 crore as per details given in **Table 3.14**.

Table 3.14: List of Grants with unutilised fund during 2022-23

(₹ in crore)

Sl. No.	Grant/Appropriation	Original	Supple- mentary	Total provisions	Actual Expenditure	Savings (-)/ Excess (+)
Revenue Voted						
1.	5. Finance Department	2,360.15	872.03	3,232.18	2,818.18	414.00
2.	7. Police	2,122.56	56.73	2,179.29	2,120.89	58.40
3.	10. Education	2,484.44	0.00	2,484.44	2,066.04	418.39
4.	11. Medical Health and Family Welfare Services	1,239.17	237.76	1,476.93	1,105.86	371.07
5.	12. Municipal Administration Housing and Urban Development	360.76	0.00	360.76	213.47	147.30
6.	13. Labour and Employment	418.95	0.00	418.95	27.02	391.92
7.	14. Department of Tribal Affairs and Hills Development	711.88	139.82	851.70	531.39	320.30
8.	15. Consumer Affairs Food and Public Distribution	167.77	0.00	167.77	49.25	118.51
9.	17. Agriculture	332.91	0.96	333.87	131.64	202.23
10.	18. Animal Husbandry and Veterinary including Dairy Farming	214.21	0.00	214.21	86.86	127.35
11.	19. Environment and Forest	672.20	0.00	672.20	160.83	511.37
12.	20. Community and Rural Development	2,329.84	712.32	3,042.16	1,506.05	1,536.11
13.	21. Textiles Commerce and Industries	184.05	0.00	184.05	47.04	137.01
14.	22. Public Health Engineering	157.83	10.40	168.23	104.21	64.02
15.	23. Power	493.25	25.13	518.38	317.95	200.43
16.	30. Planning	300.70	0.00	300.70	45.63	255.07
17.	38. Panchayat	138.89	23.38	162.27	56.83	105.44
18.	44. Social Welfare Department	764.39	444.36	1,208.75	633.69	575.05
19.	47. Minorities and Other Backward Classes and Scheduled Castes Department	95.02	11.06	106.08	32.25	73.83
20.	48. Relief and Disaster Management	113.15	14.20	127.34	15.64	111.70
Sub-Total		15,662.12	2,548.14	18,210.26	12,070.75	6,139.51
Capital Voted						
21.	7. Police	78.83	0.00	78.83	26.95	51.88
22.	8. Public Works Department	883.30	104.47	987.77	687.39	300.38
23.	10. Education	40.99	48.72	89.71	37.06	52.65
24.	11. Medical Health and Family Welfare Services	243.05	27.28	270.33	194.91	75.42
25.	12. Municipal Administration Housing and Urban Development	416.80	45.82	462.63	148.38	314.25
26.	17. Agriculture	47.56	18.29	65.85	2.28	63.56
27.	20. Community and Rural Development	1,716.50	0.00	1,716.50	497.24	1,219.27
28.	22. Public Health Engineering	2,180.37	0.00	2,180.37	777.79	1,402.57
29.	30. Planning	1,093.22	148.78	1,242.01	489.82	752.19
30.	36. Minor Irrigation	328.47	35.60	364.07	20.09	343.99
31.	40. Water Resources Department	868.71	0.00	868.71	204.76	663.96
32.	44. Social Welfare Department	58.78	2.69	61.47	10.73	50.74
33.	45. Tourism	267.94	0.00	267.94	20.32	247.62

Sl. No.	Grant/Appropriation	Original	Supplementary	Total provisions	Actual Expenditure	Savings (-)/ Excess (+)
34.	47. Minorities and Other Backward Classes and Scheduled Castes Department	568.54	0.00	568.54	178.18	390.36
35.	50. Information Technology	143.90	0.00	143.90	47.30	96.60
Sub Total		8,936.98	431.65	9,368.63	3,343.19	6,025.43
Revenue Charged						
36.	Appropriation No. 2 - Interest Payment and Debt Services	963.08	0.00	963.08	874.19	88.90
Sub Total		963.08	0.00	963.08	874.19	88.90
Grand Total		25,562.18	2,979.79	28,541.97	16,288.13	12,253.84

Source: Appropriation Accounts.

It can be seen from above that there was a huge unutilised fund in 25 Grants and one Appropriation. Audit observed that in five Grants (Grant Nos. 8, 10, 45, 47 and 50), 153 projects/schemes remained incomplete for lack of fund allocation as discussed in Paragraph 2.7.6.2(A).

3.5.2 Missing/Incomplete Explanation for Variation from Budget

Apart from showing the expenditure against the approved budget, Appropriation Accounts also provide 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) are to be explained in the Appropriation Accounts is set by the Public Accounts Committee (PAC).

Principal Accountant General (A&E) provides the draft Appropriation Accounts to the Controlling Officers of the Departments and seeks the reasons/ explanations for the variations in expenditure with reference to approved budgetary allocation in keeping with the limits set by the PAC.

The current limits, approved by the PAC are as follows:

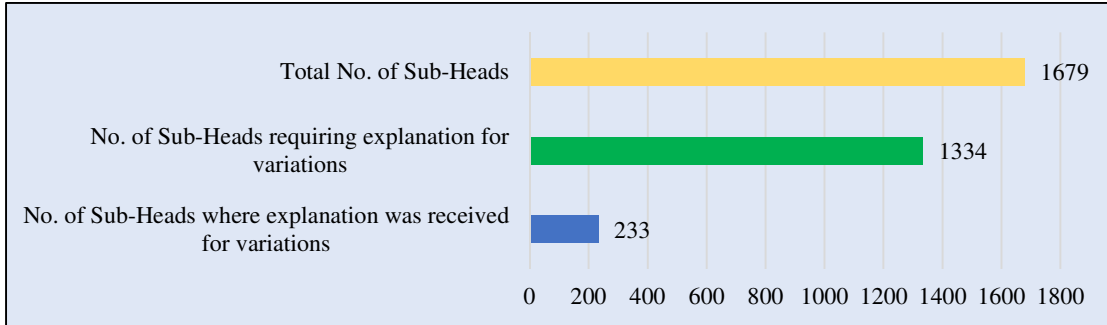
Savings	<ul style="list-style-type: none"> Comments are to be made for overall savings exceeding ₹ 5 lakh of the total provision (Original plus Supplementary). Comments are to be made in individual sub-heads for savings exceeding ₹ 5 lakh in all the Grants/Charged Appropriation.
Excess	<ul style="list-style-type: none"> General comments are to be made for regularisation of excess over the provision in all cases where there is an overall excess (irrespective of the amount) Comments are to be made in individuals sub-heads for excess exceeding ₹ 2.5 lakh in all the Grants.
<i>Under Charged Appropriation, comments are to be made in all sub-heads where the variation is more than ₹ 2.5 lakh</i>	

Audit of Appropriation Accounts of 2022-23 and an analysis of the underlying accounting data revealed that the Controlling Officers have provided explanation for the variations in the expenditure *vis-à-vis* budgeted allocation in about 17 per cent of cases. Of the 53 Grants/ Appropriations, reasons for variation were called for in respect of 1,334 cases. However, reasons for variations in respect of only 233 cases covering savings of ₹ 2,366.49 crore (228 cases) and excess of ₹ 8.57 crore (five cases) were

furnished by the Controlling Officers of Government Departments. For the remaining 1,101 cases covering savings of ₹ 8,170.75 crore (997 cases) and excess of ₹ 2,225.11 crore (104 cases), the Controlling Officers of Government Departments did not furnish reasons for variations to the Principal Accountant General (A&E).

Summary of unexplained variations over budget provision is given in the following chart.

Chart 3.6: Summary of unexplained variations vis-à-vis budget



Source: O/o the Pr. AG (A&E), Manipur.

Absence of explanation for variation between the budgeted allocation and its utilisation limits the informational utility of Appropriation Accounts for enabling financial accountability of the Government and legislative control over budget.

Finance Department may therefore issue clear instruction to all the departments for timely submission of explanations of variations with respect to approved provision to the Principal Accountant General (A&E), Manipur for their incorporation in the Appropriation Accounts.

3.5.3 Rush of expenditure

As per Rule 62 (3) of the GFR, 2017, rush of expenditure in the closing month of the financial year is regarded as a breach of financial propriety. In contravention of this rule, in 24 cases under 19 grants as shown in **Appendix 3.12**, expenditure of more than ₹ 10 crore and 25 per cent of the total expenditure for the year was incurred in March 2023. Out of 24 cases in three cases under three grants expenditure where more than 50 per cent of the total expenditure under the expenditure incurred in March 2023 alone as detailed in **Table 3.15**.

Table 3.15: Grants with more than 50 per cent of expenditure in March alone

(₹ in crore)

Sl. No.	Grant No.	Description	Expenditure in March	Total Expenditure (TE)	Expenditure in March as percentage of TE
1	8	Capital Outlay on Public Works/4059	22.58	30.28	74.56
2	10	Capital Outlay on Education, Sports, Art and Culture/4202	35.12	35.27	99.57
3	15	Food, Storage and Warehousing/2408	26.98	44.55	60.56
Total			84.68	110.10	76.91

Source: VLC data of O/o the PAG (A&E), Manipur.

Thus, contrary to the spirit of financial regulation, a substantial quantum of expenditure was incurred by the Government at the fag end of the year, indicating inadequate control over expenditure.

3.5.4 Review of selected grant

A review of budgetary procedure and control over expenditure was conducted in respect of *Grant No. 18 - Animal Husbandry and Veterinary including Dairy Farming* and *Grant No. 21 - Textiles Commerce and Industries* to review compliance with prescribed budgetary procedures, monitoring of funds, control mechanisms and implementation of schemes within the grant. The following were noticed in Audit:

3.5.4.1 Budget and Expenditure

The summarised position of Budget Provision and Actual Expenditure during 2018-23 of the Grants is given in **Table 3.16**.

Table 3.16: Summarised position of Budget Provision and Actual Expenditure

	2018-19	2019-20	2020-21	2021-22	2022-23
<i>(₹ in crore)</i>					
Grant No. 18					
Total Budget Provision	130.22	169.73	243.76	244.05	238.56
Expenditure	93.68	79.15	146.22	95.75	93.82
Savings	36.54	90.58	97.54	148.30	144.74
Total Surrender	0.00	0.00	0.00	0.00	57.33
Surrender as a percentage of Savings	0.00	0.00	0.00	0.00	39.61
Savings (in per cent)	28.06	53.37	40.01	60.77	60.67
i) Revenue Provision	126.34	159.13	219.84	222.58	214.21
Expenditure	92.37	78.61	124.24	89.33	86.86
Savings	33.97	80.52	95.60	133.25	127.35
Surrender	0.00	0.00	0.00	0.00	57.33
Surrender as a percentage of Savings	0.00	0.00	0.00	0.00	45.02
Savings (in per cent)	26.89	50.60	43.49	59.87	59.45
ii) Capital Provision	3.88	10.60	23.92	21.47	24.35
Expenditure	1.31	0.54	21.98	6.42	6.96
Savings	2.57	10.06	1.94	15.05	17.39
Surrender	0.00	0.00	0.00	0.00	0.00
Surrender as a percentage of Savings	0.00	0.00	0.00	0.00	0.00
Savings (in per cent)	66.24	94.91	8.11	70.10	71.42
Grant No. 21					
Total Budget Provision	177.28	179.36	198.44	199.60	211.01
Expenditure	69.06	60.80	51.62	72.74	56.47
Savings	108.22	118.56	146.82	126.86	154.53
Total Surrender	13.32	0.00	86.81	4.11	60.30
Surrender as a percentage of Savings	12.31	0.00	59.13	3.24	39.02
Savings (in per cent)	61.04	66.10	73.99	63.56	73.23
i) Revenue Provision	150.46	164.06	171.83	173.16	184.05
Expenditure	55.72	47.18	45.11	50.90	47.04
Savings	94.74	116.88	126.72	122.26	137.01
Surrender	0.00	0.00	86.81	0.00	60.30
Surrender as a percentage of Savings	0.00	0.00	68.51	0.00	44.01
Savings (in per cent)	62.97	71.24	73.75	70.61	74.44
ii) Capital Provision	26.82	15.30	26.61	26.44	26.96
Expenditure	13.34	13.62	6.51	21.84	9.44
Savings	13.48	1.68	20.10	4.60	17.52
Surrender	13.32	0.00	0.00	4.11	0.00
Surrender as a percentage of Savings	98.81	0.00	0.00	89.35	0.00
Savings (in per cent)	50.26	10.98	75.54	17.40	64.99

Source: Appropriation Accounts.

Under Grant No. 18, there was unutilised budget provision of ₹ 144.74 crore which consists of 60.67 per cent during the year. The unutilised budget provision ranged between 28.06 per cent and 60.77 per cent during the last five year period 2018-23.

Similarly, under Grant No. 21, there was unutilised budget provision of ₹ 154.53 crore which consists of 73.23 per cent during the year. The unutilised budget provision ranged between 61.04 per cent and 73.23 per cent during the last five year period 2018-23.

Persistently large savings of budget provision is an indicative of incorrect assessment of actual needs and calls for a critical review of budget formulation exercise of the Department.

3.5.4.2 Expenditure incurred without authority of law

Article 204 of the Constitution provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

Scrutiny of Appropriation Accounts revealed that an expenditure of ₹ 48.66 lakh was incurred in the selected two Grants without any provision in the original estimates or supplementary demands, but through re-appropriation without the knowledge of the Legislature. The details are given in the following table.

Table 3.17: Expenditure incurred through re-appropriation on new services

(₹ in lakh)

Grant No.	Head of Account	Description of Sub-Head	Original + Supplementary	Re-Appropriation	Expenditure
18	2403-00-195-19	Pony Development Programme	0.00	36.66	36.66
Sub Total			0.00	36.66	36.66
21	2552-00-800-41	World Bamboo Workshop	0.00	9.00	9.00
21	2852-08-600-11	Food and Beverage	0.00	3.00	3.00
Sub Total			0.00	12.00	12.00
Grand Total			0.00	48.66	48.66

Source: Detailed Appropriation Accounts.

As can be seen from the above table that during 2022-23, an expenditure of ₹ 36.66 lakh was incurred by creating provision of ₹ 36.66 lakh through re-appropriation under Grant No. 18. Similarly, an expenditure of ₹ 12.00 lakh was incurred by creating provision through re-appropriation under Grant No. 21. Without the knowledge of the State Legislature in violation of Article 204 of the Constitution of India.

3.5.4.3 Entire provision under sub-heads remained unutilised during the year

In 23 cases under 12 Sub-Heads under Grant No. 18 and 21 though there was nil utilisation of the original budget provision the amount was neither re-appropriated nor surrendered during the year. The details are given in the following table:

Table 3.18: Budget Provision remained unutilised

(₹ in lakh)

Sl. No.	Head of Account	Description	Total Budget Provision	Re-Appropriation /surrender	Expenditure	Savings
Grant No. 18						
1.	2403-00-101-09(H)	District and Sub-Divisional Veterinary Hospital	5.00	0.00	0.00	5.00
2.	2403-00-101-09(V)	District and Sub-Divisional Veterinary Hospital	10.00	0.00	0.00	10.00
3.	2403-00-103-11(H)	Poultry Farm	30.00	0.00	0.00	30.00
4.	2403-00-105-18(H)	Piggery Farms	32.00	0.00	0.00	32.00
5.	2403-00-106-03(V)	National Mission on Bovine Productivity (Central Share)	29.70	0.00	0.00	29.70
6.	2403-00-106-27(V)	National Programme on Dairy Development (NPDD)	174.05	0.00	0.00	174.05
7.	2403-00-109-31(H)	Composite Demonstration Units	5.90	0.00	0.00	5.90
8.	2403-00-195-32(H)	District Council	30.00	0.00	0.00	30.00
9.	4403-00-800-09(V)	Scheme under Rural Infrastructure Development Fund (RIDF)	26.02	0.00	0.00	26.02
10.	4403-00-800-10(V)	Establishment of a Poultry Breeding Farm at Ningthoukhong under NEC	41.15	0.00	0.00	41.15
Sub-Total			383.82	0.00	0.00	383.82
Grant No. 21						
11.	2851-00-102-21(V)	Incentives under Industrial Policy	15.00	0.00	0.00	15.00
12.	2851-00-103-86(H)	Development of Exportable products and their Marketing	78.00	0.00	0.00	78.00
13.	2851-00-104-46(H)	Publicity & Exhibition, Documentation	12.00	0.00	0.00	12.00
14.	2851-00-104-46(V)	Publicity & Exhibition, Documentation	12.00	0.00	0.00	12.00
15.	2851-00-104-96(H)	Cluster Development of Handicraft	131.00	0.00	0.00	131.00
16.	2851-00-104-96(V)	Infrastructure and Technology Development Scheme (ITDS) (Central Share)	227.10	0.00	0.00	227.10
17.	2851-00-104-97(H)	State Share for NERTPS of HC	18.00	0.00	0.00	18.00
18.	2851-00-104-97(V)	State Share for NERTPS of HC	40.00	0.00	0.00	40.00
19.	4860-01-190-36(H)	Cotton & Spinning Mills	25.00	0.00	0.00	25.00
20.	4860-01-190-36(V)	Cotton & Spinning Mills	75.00	0.00	0.00	75.00
21.	4860-01-190-82(V)	Financial Assistance to MEETAC	90.00	0.00	0.00	90.00
22.	4860-60-102-02(V)	Setting up of Mega Food Park under NABARD	1,263.00	0.00	0.00	1,263.00
23.	4860-60-600-83(V)	Fragrance & Flavour Development Programme	9.00	0.00	0.00	9.00
Sub-Total			1995.10	0.00	0.00	1,995.10
Total			2,378.92	0.00	0.00	2,378.92

Source: Detailed Appropriation Accounts.

3.5.4.4 Withdrawal of entire provision by Surrender:

Scrutiny of Appropriation Accounts for the year 2022-23 revealed that, in four cases, the entire original budget provisions were reduced by surrendered/re-appropriated during the year, however, no reasons for surrendered was furnished by the Departments. The details are given in the following table:

Table 3.19: Withdrawal of entire provision

(₹ in lakh)

Sl. No.	Grant No.	Head of Account	Original Provision	Re-Appropriation/ Surrender
1	21	2851-00-103-42	1,800.00	-1,800.00
2		2851-00-103-42	4,200.00	-4,200.00
3		2851-00-104-04	87.50	-87.50
4		2851-00-104-04	162.50	-162.50

The reasons for the surrender by re-appropriation were not stated by the concerned department.

3.5.4.5 Rush of Expenditure

According to Rule 62(3) of GFR 2017, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as breach of financial propriety and should be avoided. The details of quarter-wise expenditure of the Major Heads under the Grant during the year and expenditure was more than 25 per cent in the month of March 2023 are given below:

Table 3.20: Expenditure pattern during 2022-23

(₹ in lakh)

Sl. No.	Grant No. and Description	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total Expenditure (TE)	Expenditure during March	Expenditure in March as percentage of TE
1	18 - Capital Outlay on Animal Husbandry/4403	0.00	0.00	0.00	695.99	695.99	687.99	98.85
2	21 - Village and Small Industries/2851	483.81	466.60	1,213.81	1,592.80	3,757.02	1,126.70	29.99
3	21 - Other Industries/2875	0.00	0.00	0.00	102.00	102.00	102.00	100.00
4	21 - Capital Outlay on Village and Small Industries/4851	0.00	0.00	0.00	755.37	755.37	755.37	100.00

Source: Detailed Appropriation Accounts.

In both the grants despite there was substantial provision in the original budget there was rush of expenditure regarded from 29.99 per cent to 100 per cent in the month of March 2023.

3.5.4.6 Insufficient/ Excessive Re-Appropriation of Funds

During the year 2022-23, Re-appropriation of Funds proved insufficient/excessive resulting in savings of ₹ one crore or more in each case as per details given in the following table:

Table 3.21: List of Sub Heads with excess/savings during 2022-23

(₹ in crore)

Sl. No.	Grant No.	Head of Account	Original	Supplementary	Re-appropriation	Total	Expenditure	Excess (+)/ Savings (-)
1.	18	2403-00-001-05 (V)	10.89	0.00	-2.39	8.50	3.07	-5.43
2.		2403-00-101-04 (H)	34.73	0.00	-19.93	14.80	16.64	1.84
3.		2403-00-101-04 (V)	27.38	0.00	1.86	29.24	18.53	-10.71
4.		2403-00-101-07 (V)	4.00	0.00	5.70	9.70	1.57	-8.13
5.		2403-00-102-09 (V)	34.84	0.00	-15.78	19.06	17.83	-1.23
6.		2403-00-106-23 (V)	0.00	0.00	1.50	1.50	0.00	-1.50
Sub-Total			111.84	0.00	-29.04	82.80	57.64	-25.16
7.	21	2851-00-001-01 (V)	12.53	0.00	-2.01	10.52	8.41	-2.11
8.		2851-00-001-47 (V)	2.00	0.00	-1.00	1.00	0.00	-1.00
9.		2851-00-103-01 (H)	8.35	0.00	-0.23	8.12	1.75	-6.37
10.		2851-00-103-01 (V)	18.65	0.00	6.15	24.80	3.20	-21.60
11.		2852-80-800-02 (V)	0.00	0.00	2.25	2.25	0.00	-2.25
Sub-Total			41.53	0.00	5.16	46.69	13.36	-33.33
Grand Total			153.37	0.00	-23.88	129.49	71.00	-58.49

Source: Detailed Appropriation Accounts.

3.6 Conclusion

- Against the total budget provision of ₹ 38,319.87 crore, State Departments incurred an expenditure of ₹ 27,096.84 crore during 2022-23, resulting in net savings of ₹ 11,223.03 crore. The overall savings was the net result of gross savings of ₹ 12,897.44 crore offset by an excess of ₹ 1,674.41 crore.
- In three cases, expenditure of ₹ 219.01 crore was incurred during 2022-23 in one Grant and one Appropriation without budget provision without the knowledge of the State Legislature.
- During 2022-23, an expenditure of ₹ 187.67 crore was incurred under 21 grants/Appropriations by creating provision through re-appropriation without the knowledge of the State Legislature.
- During 2022-23, Supplementary grants of ₹ 2,172.66 crore provided in 46 cases under 37 Grants/Appropriations proved unnecessary as the expenditure did not come up to the level of original provision, indicating that Supplementary grants were provided in an *ad hoc* manner without adequate review.
- In 73 cases under 48 Grants/Appropriations, savings exceeded more than 25 *per cent* of total provision during 2022-23. Out of these, 100 *per cent* savings occurred in 10 Grants.
- During 2022-23, there was excess expenditure over provisions in one case under one Appropriation, amounting to ₹ 1,674.41 crore, which requires regularisation by the State Legislature. There was persistent excess expenditure during the last five years from 2018-19 to 2022-23 under this Appropriation, which reflects poor budgeting.
- Under three Grants, more than 50 *per cent* of the total expenditure (above 10 crore expenditure) was incurred in March 2023, indicating inadequate control over expenditure.

3.7 Recommendations

- *Excess of expenditure over budgetary provisions under different grants is a serious lapse of budget rules and dilutes legislative approval over budgets. Departments which had incurred excess expenditure persistently should be identified to closely monitor their progressive expenditure and to seek supplementary grants/re-appropriations in time.*
- *State Government may take immediate action to regularise excess expenditure by the Legislature.*
- *Supplementary grants should be provided in such grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments to avoid under or over spending by them.*