

## Chapter II: Budgetary Management

This Chapter reviews Odisha’s budgetary process, revealing significant gaps between budget estimates and actual expenditure with issues like excess spending, persistent savings and last-minute fund surrenders. It highlights weaknesses in financial planning and control, stressing the need for realistic budgeting, timely fund utilisation and proper implementation and monitoring of budget. Similar issues were also observed during the comprehensive review of Grant No. 15 (Sports and Youth Services Department) and Grant No. 17 (Panchayati Raj and Drinking Water Department), substantiating the overall findings on deficiencies in the State’s budget management.

### 2.1 Budget Process

In compliance with Article 202 of the Constitution of India, in respect of every financial year, a statement of estimated receipts and expenditure of the State for that year, called “the Annual Financial Statement (Budget)” is to be laid before the State Legislature. The estimates of the expenditure show ‘charged’ and ‘voted’ items<sup>1</sup> of expenditure separately and distinguish expenditure on revenue accounts from other expenditures. Legislative authorisation is necessary before incurring any expenditure by the State Government.

As per the Odisha Budget Manual, the Finance Department is responsible for preparing the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called ‘Demand for Grants’. The State Budget majorly comprises the following documents:

| Document  | Purpose / Description  |
|---|--|
| Annual Financial Statement                                    | Estimates of receipts and expenditures of the government for the financial year.       |
| Demand for Grants   | Department-wise expenditure proposals requiring legislative approval.                  |
| Fiscal Responsibility and Budget Management (FRBM) Statements | Compliance reports under the FRBM Act.   |
| Medium Term Fiscal Plan                                       | Fiscal strategy and projections for the next 3-5 years.                                |
| Fiscal Risk Statement   | Identification and assessment of risks to fiscal stability.                            |
| Others  | Includes supplementary documents like outcome budgets, performance reports <i>etc.</i> |

Audit examined the State Budget, Appropriation Accounts and VLC data to assess whether the budget was prepared on realistic assumptions and whether expenditure

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

was incurred in accordance with legislative authorisation. As part of this exercise, comprehensive reviews of two grants, viz., Grant No. 15 - Sports and Youth Services (S&YS) Department and Grant No. 17 - Panchayati Raj and Drinking Water (PR&DW) Department were conducted to present a comprehensive assessment of budgetary management in the State. This Chapter highlights the overall status of budgetary management in the State with observations relating to S&YS and PR&DW Departments highlighted in box paragraphs.

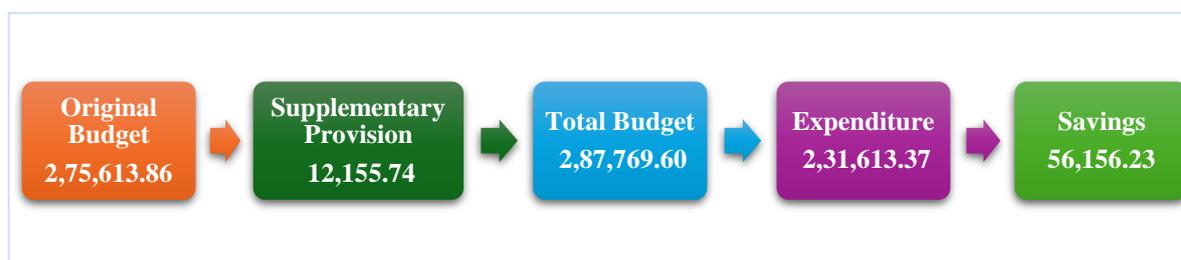
## 2.2 Budget projection and gap between expectation and actual

For optimum utilisation of resources, balance needs to be maintained between efficient management of tax administration/ other receipts and public expenditure. Persistent savings/ excesses indicate need for improvement in the underlying budgetary processes.

The Budget of the Government of Odisha is divided into 44 Grants and four Appropriations for expenditure management of 44 Departments. The summary of total appropriation obtained from State legislature, actual expenditure and savings are shown in **Chart 2.1** and **Table 2.1**.

**Chart 2.1: Actual expenditure vis-à-vis budget provision during the FY 2024-25**

(₹ in crores)



Source: Appropriation Accounts, 2024-25

**Table 2.1: Actual expenditure vis-à-vis Budget Provision during the FY 2024-25**

(₹ in crore)

|              | Nature of Expenditure        | Original Grant/ Appropriation | Supplementary Grant/ Appropriation | Total Budget       | Actual expenditure | Savings (-)/ Excess (+) | Surrender out of savings during 2024-25 |              |
|--------------|------------------------------|-------------------------------|------------------------------------|--------------------|--------------------|-------------------------|---|--------------|
|              |                              |                               |                                    |                    |                    |                         | Amount                                  | per cent     |
| Voted        | I. Revenue                   | 1,87,119.81                   | 9,105.79                           | 1,96,225.60        | 1,59,542.24        | (-) 36,683.36           | 34,376.36                               | 93.71        |
|              | II. Capital                  | 58,597.91                     | 3,018.29                           | 61,616.19          | 46,123.55          | (-) 15,492.64           | 14,563.9                                | 94           |
|              | III. Loans & Advances        | 2,910.01                      | 0                                  | 2910.01            | 2,877.28           | (-) 32.73               | 335.09                                  | 100          |
| <b>Total</b> |                              | <b>2,48,627.73</b>            | <b>12,124.08</b>                   | <b>2,60,751.80</b> | <b>2,08,543.07</b> | <b>(-) 52,208.73</b>    | <b>49,275.4</b>                         | <b>94.38</b> |
| Charged      | V. Revenue                   | 5,827.08                      | 1.66                               | 5,828.73           | 5,644.56           | (-) 184.18              | 301.65                                  | 100          |
|              | VII. Capital                 | 67.50                         | 30                                 | 97.50              | 74.89              | (-) 22.61               | 22.61                                   | 100          |
|              | VIII. Public Debt- Repayment | 21,091.56                     | 0                                  | 21,091.56          | 17,350.86          | (-) 3,740.70            | 3,740.70                                | 100          |
| <b>Total</b> |                              | <b>26,986.14</b>              | <b>31.66</b>                       | <b>27,017.79</b>   | <b>23,070.30</b>   | <b>(-) 3,947.49</b>     | <b>4,064.96</b>                         | <b>97.1</b>  |

|  | Nature of Expenditure             | Original Grant/ Appropriation | Supplementary Grant/ Appropriation | Total Budget       | Actual expenditure | Savings (-)/ Excess (+) | Surrender out of savings during 2024-25 |              |
|--|-----------------------------------|-------------------------------|------------------------------------|--------------------|--------------------|-------------------------|---|--------------|
|  |                                   |                               |                                    |                    |                    |                         | Amount                                  | per cent     |
|  | Appropriation to Contingency Fund | 0                             | 0                                  | 0                  | 0                  | 0                       | 0                                       | 0            |
|  | <b>Grand Total</b>                | <b>2,75,613.86</b>            | <b>12,155.74</b>                   | <b>2,87,769.60</b> | <b>2,31,613.37</b> | <b>(-) 56,156.23</b>    | <b>53,340.32</b>                        | <b>94.99</b> |

*Source: Appropriation Accounts for the year 2024-25*

*Note: There may be difference of ₹ 0.01 crore in the absolute figure, due to rounding off*

During 2024-25, against the total budget provision of ₹ 2,87,769.60 crore, the State incurred an expenditure of ₹ 2,31,613.37 crore, resulting in an overall savings of ₹ 56,156.23 crore (19.51 per cent) of which ₹ 2,815.91 crore was not surrendered. These savings were due to unrealistic budgeting as discussed in succeeding paragraphs.

The trends in the original budget, revised estimate and actual expenditure of the State, for the period from 2020-21 to 2024-25 are given in **Table 2.2**.

**Table 2.2: Original Budget, Revised Estimate and Actual Expenditure during FYs 2020-21 to 2024-25**

|  | (₹ in crore) |             |             |             |             |
|--|--------------|-------------|-------------|-------------|-------------|
|  | 2020-21      | 2021-22     | 2022-23     | 2023-24     | 2024-25     |
| Original Budget  | 1,55,963.27  | 1,75,890.24 | 2,06,876.35 | 2,39,353.48 | 2,75,613.86 |
| Supplementary budget   | 11,700.00    | 19,833.13   | 16,800      | 28,200      | 12,155.74   |
| Total Budget (TB)  | 1,67,663.27  | 1,95,723.37 | 2,23,676.35 | 2,67,553.48 | 2,87,769.60 |
| Revised Estimate (RE)  | 1,35,000     | 1,64,999.66 | 2,00,000    | 2,30,000    | 2,65,000    |
| Actual Expenditure (AE)  | 1,24,109.14  | 1,58,016.78 | 1,84,080.82 | 2,07,697.39 | 2,31,613.37 |
| Savings  | 43,554.13    | 37,706.59   | 39,595.53   | 59,856.09   | 56,156.23   |
| Percentage of supplementary to the original provision              | 7.50         | 11.28       | 8.12        | 11.78       | 4.41        |
| Percentage of overall savings/excess to the total budget provision | 25.98        | 19.27       | 17.70       | 22.37       | 19.51       |
| TB-RE  | 32,663.27    | 30,723.71   | 23,676.35   | 37,553.49   | 22,769.60   |
| RE-AE  | 10,890.86    | 6,982.88    | 15,919.18   | 22,302.61   | 33,386.63   |
| (TB-RE) as percentage of TB  | 19.48        | 15.70       | 10.58       | 14.04       | 7.91        |
| (RE-AE) as percentage of TB  | 6.50         | 3.57        | 7.12        | 8.34        | 11.60       |

*Source: Annual Financial Statements and Appropriation Accounts of the respective years*

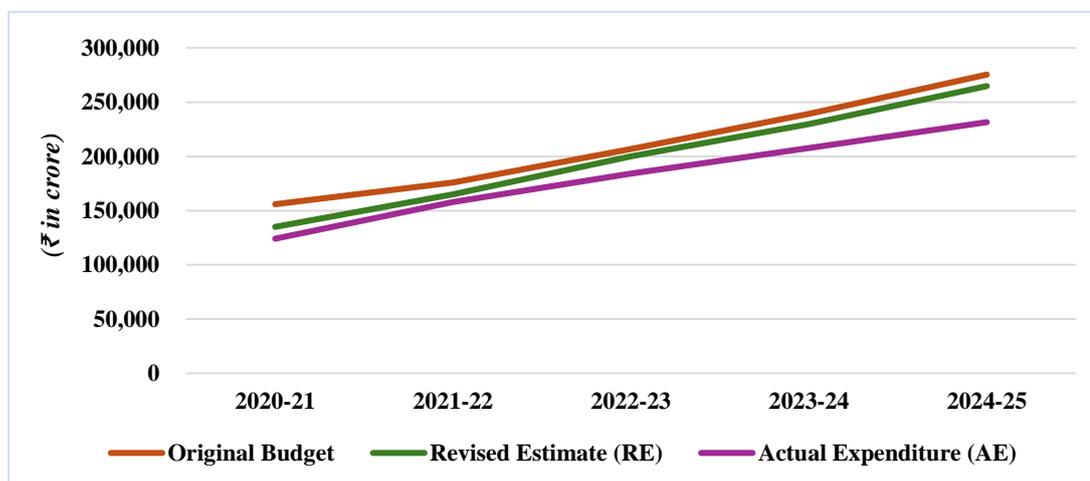
From **Table 2.2**, it can be seen that, although the Total Budget (TB) of Odisha increased by 71.64 per cent over the last five years, the savings remained between 17.70 per cent and 25.98 per cent of the TB, indicating inaccurate assessment of requirements as well as inefficient utilisation of funds.

During the period 2020-21 to 2024-25, the actual expenditure consistently remained below the Original Budget in every year but despite this, Supplementary Budgets were provided annually. Due to actual spending not reaching the level of even the Original Budget, these supplementary provisions were largely rendered non-essential. This trend highlighted increased overestimation in the budgetary process without actual

need assessment and non-improvement in spending capacity, leading to larger unspent allocations.

**Chart 2.2** provides a comparative analysis of budgetary allocations and actual spending trends during 2020-25.

**Chart 2.2 Trend showing BE, RE and Actuals**



Source: Appropriation Accounts of the respective years

**Chart 2.2** shows that during the period from 2020-21 to 2024-25, the gap between the Original Budget and actual expenditure not only persisted but continued to widen, especially in the later years *i.e.*, 2023-24 and 2024-25. Such widening divergence undermined the effectiveness of budget planning and indicated the need for strict forecasting and monitoring of implementation.

During the comprehensive review of two grants (Grant No. 15: Sports and Youth Services Department and Grant No. 17: Panchayati Raj & Drinking Water Department), for the FY 2024-25, Audit observed several shortcomings like poor assessment, inflated budget provisions and allocation of supplementary provisions without sufficient justifications, as discussed in the subsequent paragraphs. Instances of erroneous budget proposals/ arbitrary enhancement of budget provision noticed during comprehensive review of two grants are discussed below:

#### **Inflated Budget Provision under PM JANMAN due to submission of erroneous proposal in Grant No. 17 (PR&DW Department)**

The Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan (PM JANMAN) scheme was launched in November 2023 to construct 30,000 houses for Particularly Vulnerable Tribal Groups (PVTGs) at ₹ 2 lakh per house, with overall requirement of ₹ 600 crore. During 2024-25, the Rural Housing wing of PR & DW Department estimated an expenditure of ₹ 475 crore for the scheme, as ₹ 125 crore had already been provisioned during FY 2023-24, and had been approved by the PR & DW Department. However, contrary to this proposal, during 2024-25, the concerned wing erroneously forwarded a proposal for ₹ 600 crore to the Budget Section of the Department, resulting in inflated budget provision by ₹ 125 crore, which was

subsequently accepted and allocated, resulting in surrender of funds at the end of the year.

Government of India's guidelines for implementation of Special Component Plan (SCP)/ Tribal Sub-Plan (TSP) (2014) stipulate that 100 *per cent* of the funds pertaining to habitations of the Scheduled Tribes should be allocated and accounted for under TSP. PM JANMAN, being targeted specifically for PVTGs, should have been fully budgeted under the TSP during 2024-25. Analysis of VLC data revealed that the budget provision was incorrectly distributed across three components of budget, *viz.*, Panchayati Raj (General), SCP and TSP components, reflecting negligent budgeting and misalignment with the scheme's objectives. Later, ₹ 75.62 crore and ₹ 50.42 crore were re-appropriated to the TSP component by the Department, to partially align the budget with intended beneficiaries, while the remaining funds under the General Component (₹ 113.96 crore) and the entire SCP allocation (₹ 180.00 crore) were surrendered. Thus, against the total budget provision of ₹ 600 crore, an expenditure of only ₹ 306.03 crore was incurred on the construction of houses for the PVTGs, during 2024-25.

As a result, ₹ 293.97 crore (49 *per cent*) of the sanctioned ₹ 600 crore was surrendered, highlighting serious lapses in the budgeting process and financial management.

#### **Arbitrary enhancement of Budget provision and large savings under PMAY (G) in Grant No. 17 (PR&DW Department)**

Scrutiny of the budget proposals for Pradhan Mantri Awas Yojana-Gramin (PMAY(G)) revealed that the PR&DW Department had proposed ₹ 3,451 crore in the BE 2024-25 under PMAY (G), comprising: (i) the last tranche of arrears for FYs 2020-21 and 2021-22 (₹ 1,701 crore), (ii) housing assistance for 1.26 lakh households (₹ 1,600 crore) and (iii) administrative contingencies (₹ 150 crore). The proposal was sent to the Planning & Convergence Department for consideration. However, the budget provision was enhanced from ₹ 3,451 crore to ₹ 5,490 crore by the Government, with no justification recorded.

Further, ₹ 100 crore was re-appropriated by the PR&DW Department during the FY 2024-25 from the PMAY (G) to the Antyodaya Gruha Yojana, reducing the PMAY (G) allocation to ₹ 5,390 crore. From these available funds, the Department transferred ₹ 1,001.88 crore<sup>2</sup> to the Single Nodal Agency (SNA) Account of PMAY(G), and the same was booked as expenditure in the accounts. However, the remaining amount of budgetary allocation remained unexpended, leading to savings of ₹ 4,388.12 crore. Further, Audit found that only 22,026 houses were completed in the State during 2024-25, despite availability of budget provision. Thus, the

<sup>2</sup> Central share: ₹ 601.13 crore and State share: ₹ 400.75 crore

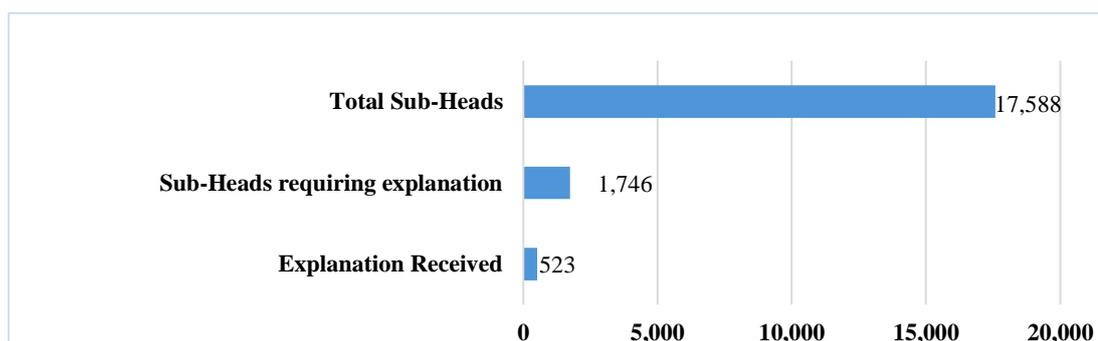
budget for PMAY(G) was formulated without proper & realistic assessment of actual requirements, reflecting poor financial planning and lack of accountability in budget formulation and poor scheme implementation. The Department stated (October 2025) that an amount of ₹ 3,451 crore was provided in the estimate to clear the arrears (₹ 1,701 crore) of the financial years 2020-21 and 2021-22, to cover 1.26 lakh households in the Permanent Wait List (₹ 1600 crore) and for administrative contingencies (₹ 150 crore). It was further stated that the provision was increased to ₹ 5,390 crore for providing housing assistance to an additional 1.60 lakh households. Further, shortfall in completion of houses was attributed to delay in receipt of targets (September 2024) from the Ministry of Rural Development (MoRD), Government of India. The reply is not acceptable as no documentary evidence was available on record to substantiate the enhancement of budget to ₹ 5,390 crore for extending benefits to additional 1.60 lakh households. Moreover, the delay in receipt of targets from MoRD cannot justify the shortfall, since it was already planned and budgeted to cover 1.26 lakh households in the Permanent Wait List.

### 2.2.1 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 reasons for such variations at the Sub-Head/ Sub-Sub-Head level (Unit of Appropriation) are to be explained in the Appropriation Accounts. Accountant General (A&E) provides the draft Appropriation Accounts to the Controlling Officers of the Departments and seeks reasons/ explanations for variations in expenditure with reference to approved budgetary allocation.

The Public Accounts Committee of Odisha Legislative Assembly had fixed norms<sup>3</sup> (March 1987) for comments in the Appropriation Accounts. Audit observed that as per the norms, explanation was required to be provided in 1,746 sub heads, out of the total 17,588 sub heads. However, the reasons for surrender, savings and curtailment of provisions in the Appropriation Accounts for the FY 2024-25 had been provided for only 523 (30 *per cent*) sub heads. A summary of explanations for variations in the Appropriation Accounts, as received from various Departments of the State is depicted in **Chart 2.3**. These explanations include reasons like non-release of Central Assistance, delay in release of funds, surrender after actual requirements, non-receipt of proposals from implementing agencies *etc.*

<sup>3</sup> Savings/ excess in excess of 10 per cent under the Grant and under individual sub heads is more than ₹ 10 lakh in Revenue-Voted. Savings/ excess is in excess of 10 per cent and under individual sub heads, is more than ₹ 15 lakh under Capital-Voted. Savings/excess is more than ₹ 1 lakh/ ₹ 5 lakh under Revenue/Capital-Charged respectively. Expenditure incurred without budget provision of ₹ 1 lakh in respect of establishment and ₹ 5 lakh in other cases.

**Chart 2.3: Summary of Explanation for Variation in Appropriation Account**

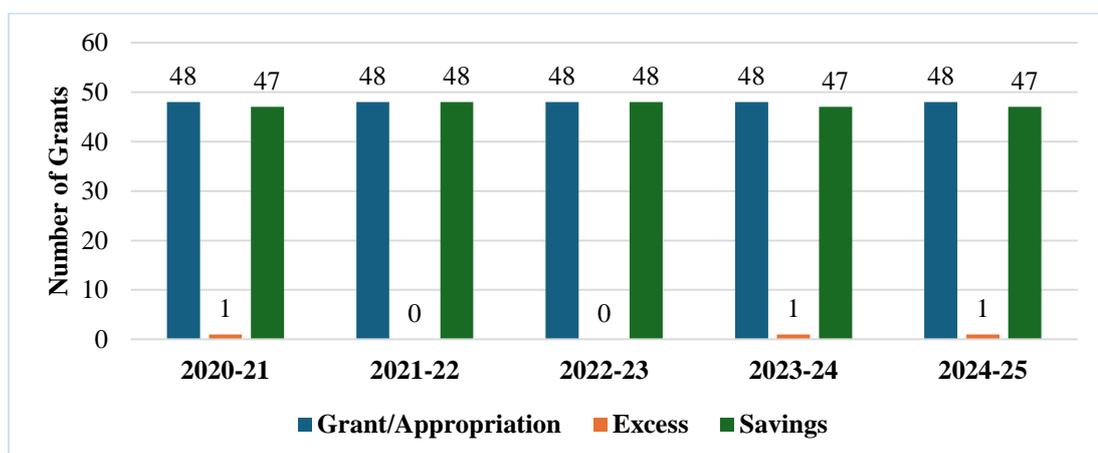
Source: Information supplied by office of the Pr. Accountant General (Accounts & Entitlement), Odisha

### 2.3 Budget marksmanship

#### 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.

Year-wise analysis of grants with respect to excesses and savings provides a valuable insight into the efficiency of budget execution and financial management by the State, as depicted in **Chart 2.4**.

**Chart 2.4: Year-wise Grants/Appropriation, Excesses and Savings**

Source: Appropriation Accounts of the respective years

As seen from the above, there were savings in almost all grants in the years from 2020-21 to 2024-25. There was also an excess expenditure of ₹ 9.63 crore during 2020-21 and ₹ 6.69 crore during 2023-24 under Grant No. 7 (Works Department). Further, during FY 2024-25, an excess expenditure of ₹ 117.50 crore was incurred under Major Head 2048 - Appropriation for Reduction or Avoidance of Debt, as discussed in **Paragraph 2.5.2**. Savings that took place in different grants during the year 2024-25 have been discussed in **Paragraph 2.5.5**.

The expenditure composition outturn for the FY 2024-25 is given in **Table 2.3**.

**Table 2.3: Expenditure composition overall deviation FY 2024-25**

| Section           | Overall Deviation<br>(in per cent) | Range of Deviation<br>(in per cent) | Number of Grants |
|-------------------|------------------------------------|-------------------------------------|------------------|
| Revenue (Voted)   | (-)18.69                           | 0 to $\pm$ 25                       | 37               |
|                   |                                    | $\pm$ 25 to $\pm$ 50                | 8                |
|                   |                                    | $\pm$ 50 to $\pm$ 100               | 3                |
| Capital (Voted)   | (-)24.06                           | 0 to $\pm$ 25                       | 29               |
|                   |                                    | $\pm$ 25 to $\pm$ 50                | 12               |
|                   |                                    | $\pm$ 50 to $\pm$ 100               | 7                |
| Revenue (Charged) | (-)5.17*                           | 0 to $\pm$ 25                       | 26               |
|                   |                                    | $\pm$ 25 to $\pm$ 50                | 2                |
|                   |                                    | $\pm$ 50 to $\pm$ 100               | 19               |
|                   |                                    | $\geq$ 100                          | 1                |
| Capital (Charged) | (-) 79.85                          | 0 to $\pm$ 25                       | 42               |
|                   |                                    | $\pm$ 25 to $\pm$ 50                | 0                |
|                   |                                    | $\pm$ 50 to $\pm$ 100               | 6                |

No provision was made in respect of six Grants & two Appropriations (Grant Nos. 18, 27, 35, 37, 41, 42, 2048, 2049) of the Capital section.  
\*Excluding excess of ₹ 117.50 crore in Appropriation MH 2048

(Source: Appropriation Accounts for FY 2024-25)

Audit analysis of the expenditure pattern during 2024-25 as given in **Table 2.3**, revealed significant deviations between the budgeted provisions and actual expenditure across both Revenue and Capital sections. While optimum deviation (63.17 per cent) under Revenue Voted was observed in one Grant<sup>4</sup>, on the other hand, more than 90 per cent deviations were noticed under Capital Voted in four Grants<sup>5</sup>. Similarly, under Revenue Charged, 100 per cent deviation was observed in nine<sup>6</sup> Grants and more than 90 per cent deviation in four Grants<sup>7</sup>. Under Capital Charged, 100 per cent deviation was noticed in three Grants<sup>8</sup>. These deviations indicated systemic weaknesses in budget formulation, non-assessment of actual requirements, unrealistic budgeting, lapses in monitoring and execution, leading to inefficient utilisation of available resources.

Instances of these variations due to unrealistic budget planning, under-utilisation and surrender of funds noticed during comprehensive review of two grants<sup>9</sup> pertaining to 2024-25, are discussed below:

<sup>4</sup> Food Supplies & Consumer Welfare Department

<sup>5</sup> Labour & Employees State Insurance; Steel & Mines; Information & Public Relations and Mission Shakti Departments

<sup>6</sup> Law; Commerce; Sports & Youth Services; Public Grievances & Pension Administration; Agriculture & Farmers' Empowerment; Steel & Mines; Information & Public Relations; Skill Development & Technical Education; and Odia Language, Literature and Culture Departments.

<sup>7</sup> Finance; ST&SC Development, Minorities & Backward Classes Welfare; Panchayati Raj & Drinking Water; and Excise Departments.

<sup>8</sup> General Administration & Public Grievances; Rural Development; Parliamentary Affairs Departments.

<sup>9</sup> Grant 15: Sports & Youth Services and Grant 17: Panchayati Raj & Drinking Water

**Poor budget planning resulting in underutilisation and surrender of funds in Grant No. 15 (S&YS Department)**

A budget provision of ₹ 459.23 crore under Revenue Section and ₹ 862.00 crore under Capital Section was made by the S&YS Department for the FY 2024-25. However, at the end of the year, the Department could utilise only ₹ 293.54 crore and ₹ 90.86 crore under Revenue and Capital Sections, respectively. The Department had surrendered the unspent balances of ₹ 936.73 crore, leaving ₹ 9.86 lakh un-surrendered.

This indicated that the Department had not prepared the Original and Supplementary provisions on a realistic basis, keeping in view the actual requirement, thus resulting in non-utilisation of ₹ 936.83 crore, which constituted 71 *per cent* of the Budget provision. The surrendered amount included unutilised amount of ₹ 35.05 crore meant for 'Training and Coaching for Excellence', ₹ 100 crore meant for Promotion of Sports and Games and ₹ 771.14 crore provisioned for 'Infrastructure Development' (construction of 314 Block-level Stadiums).

The Department stated (September 2025) that expenditure constraints imposed by the Finance Department *vis-a-vis* Vote on Account (during General Elections), resulted in accumulation of unutilised balances which hindered implementation of schemes/ projects. The Department further stated the funds for construction of 314 Block level stadiums were kept unsurrendered to ensure seamless funding upon approval. In anticipation of the approval, funds were not surrendered. The fact, however, remains that the Department had failed to implement the intended schemes/ projects and efficiently utilise the available budget due to which, a large percentage of funds (*i.e.* 71 *per cent* of budget provision), remained unutilised and was surrendered.

**Unrealistic budgeting and under-utilisation of funds under Swachh Bharat Mission – Gramin in Grant No. 17 (PR&DW Department)**

During FY 2023-24, the PR&DW Department had utilised only ₹ 219.28 crore (up to November 2023) out of the total budget provision of ₹ 845 crore made under the Swachh Bharat Mission (SBM) – Gramin. Despite such low expenditure in 2023-24, the Director, Drinking Water and Sanitation, sought a budget provision of ₹ 600 crore (Central Share: ₹ 360 crore; State Share: ₹ 240 crore) for FY 2024-25. There were no supporting documents to indicate any detailed assessment conducted or any justification on record for this proposal. The budget proposal was forwarded to the Planning & Convergence Department, which approved the full amount, resulting in an unrealistic Budget allocation under SBM-Gramin for the FY 2024-25.

Against the Budget provision of ₹ 600 crore made for SBM (Gramin), an amount of ₹ 224.85 crore was released during 2024-25 as State Share to SNA Sparsh. Even out of the State share, the Department could spend only ₹ 185.43 crore (82 *per cent*), leading to less utilisation of funds, despite availability.

Thus, the budget provision of ₹ 600 crore under SBM (Gramin) for FY 2024-25 was unrealistic and was not done after any detailed assessment. Further, it was also not aligned with historical expenditure trends or actual implementation capacity, resulting in non-utilisation of available funds.

#### **Under-utilisation of budgetary provision and inadequate coverage under the Drinking Water Supply Programme (Grant No. 17) of PR&DW Department**

BASUDHA (Buxi Jagabandhu Assured Drinking Water to all Habitations) - a flagship programme of the Government of Odisha, was launched in 2017 to provide 135 litres per capita per day of drinking water across all Urban Local Bodies on 24x7 basis. The other aspects of the programme that were fundamental to the mission were optimal resource utilisation, efficient management and service level improvement through 100 *per cent* coverage, improvement in water quality monitoring, operational efficiency, metering and reduction of non-revenue water.

During 2024-25, the Government made a Budget provision of ₹ 1,500 crore under BASUDHA and ₹ 500 crore under the BASUDHA Rural Infrastructure Development Fund<sup>10</sup> (RIDF), under three different components (General, SCP and TSP), leading to a total provision of ₹ 2,000 crore.

Analysis of component-wise VLC data revealed that, out of total provision of ₹ 2,000 crore in the Budget for 2024-25, ₹ 1,172.28 crore (58.61 *per cent*) was utilised, leading to savings of ₹ 827.72 crore. Under-utilisation of 41.39 *per cent* of provisioned funds indicated non-achievement of the basic objective of optimum utilisation of resources and non-provision of safe drinking water to the prescribed population at desired levels.

It was further noticed that, out of the budget provision of ₹ 85 crore under the SCP component of BASUDHA-RIDF, only ₹ 5.05 crore could be utilised, leading to savings of 94.06 *per cent* of budget provision. Funds under this component were meant for Mega Piped Water Supply Projects (MPWSPs), a component funded by the National Bank for Agriculture and Rural Development (NABARD) through RIDF for the benefit of vulnerable sections of society. Huge savings under this component indicated lack of planned approach in implementing the MPWSPs, thus depriving the vulnerable section of society of the intended benefits.

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<sup>10</sup> Funds provided under RIDF are reimbursed to State Government by NABARD (as loan).

The Department stated (October 2025) that schemes taken up under the programme were mostly Mega/ Mini schemes, covering more than one Gram Panchayat with project completion period of more than one year. Hence, less expenditure in a particular year could not be presumed as failure of achieving the basic objective.

The reply is not tenable as schemes should operate on an annual budgeting framework with defined targets. Even in multi-year schemes, failure to utilise funds proportionately in a given year indicates serious implementation delays and weak financial control, resulting in deferred benefits and undermining timely achievement of objectives.

## **2.4 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. These Accounts depict actual expenditure as against the original budget provision, supplementary grants, surrenders and re-appropriations, distinctly on gross basis.

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.

## **2.5 Budgetary and accounting process**

### **2.5.1 Expenditure incurred without authority of law**

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution. Paragraph 6 & 7 of Appendix VIII of the Odisha's Budget Manual provides that expenditure on new scheme should not be incurred 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.

### **2.5.2 Excess expenditure and its regularisation**

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee.

### A. Excess expenditure during current year

There was an excess disbursement of ₹ 117.50 crore over the authorisation made by the State Legislature under Appropriation for Reduction or Avoidance of Debt (MH 2048) during 2024-25. This excess expenditure of ₹ 117.50 crore incurred during the year was towards contribution to the Consolidated Sinking Fund. It was noted that this amount was spent without any valid budgetary provision, rendering the expenditure unauthorised.

Since this expenditure was predictable and could have been assessed and estimated at the beginning of the year, its omission from the budget and expenditure at the end of the year indicates a gap between budget planning and its implementation. Further, no justification or explanation for incurring this expenditure was furnished to the Office of the Principal Accountant General (A&E), Odisha. Such expenditure made without legislative sanction, is irregular and requires formal regularisation under Article 205 of the Constitution.

During the Exit Conference, the Principal Secretary stated (November 2025) that explanatory note on excess disbursement of ₹ 117.50 crore over authorisation made by the State Legislature under one Appropriation (Major Head: 2048) during 2024-25, was under examination.

### B. Excess expenditure of previous financial years pending regularisation

In case of previous financial years, excess disbursements, pending regularisation from the State Legislature are shown in **Table 2.4**.

**Table 2.4: Excess expenditure relating to previous years, requiring regularisation**

| Year         | Grant / Appropriation No. | Name of the Grant/ Appropriation   | Amount of excess required to be regularised (₹ in crore) | Status of regularisation |
|--------------|---------------------------|------------------------------------|--|--------------------------|
| 2013-14      | 22                        | Forest and Environment             | 0.29   | Not regularised          |
|              | 26                        | Excise                             | 0.27   |                          |
|              | 31                        | Handlooms, Textile and Handicrafts | 18.00  |                          |
| 2014-15      | 26                        | Excise                             | 0.01   |                          |
| 2015-16      | 22                        | Forest and Environment             | 0.25   |                          |
| 2016-17      | 6003                      | Internal Debt                      | 56.63  |                          |
|              | 13                        | Housing and Urban Development      | 3.63   |                          |
| 2017-18      | 8                         | Odisha Legislative Assembly        | 0.52   |                          |
| 2018-19      | 7                         | Works                              | 169.77   |                          |
|              | 8                         | Odisha Legislative Assembly        | 3.65   |                          |
| 2020-21      | 7                         | Works                              | 9.63   |                          |
| 2023-24      | 7                         | Works                              | 6.69   |                          |
| <b>Total</b> |                           |                                    | <b>269.34</b>  |                          |

Source: Appropriation Accounts of respective years, Government of Odisha

The excess expenditure indicates that budgetary control in the concerned Department was weak and budget estimates were not prepared on a realistic basis. Such excess expenditure, remaining unregularised for extended periods, dilutes legislative control over the executive, and therefore needs to be got regularised at the earliest.

The fact of non-regularisation of excess expenditure had been brought out in the Report of the C&AG on State Finances for previous years also. However, such excess expenditure has not been regularised yet. The Principal Secretary, Finance Department stated (November 2025) in the Exit Conference that the matter had been placed before the PAC in its first meeting of 2025-26 (May 2025) for examination.

### 2.5.3 Supplementary Grants rendered non-essential

Article 205 of the Constitution prescribes the requirement of a Supplementary or Additional Grant or Appropriation to cater to requirements in excess of the original provisions.

It was noticed that in 33 instances (more than ₹ three crore in each case) (*Appendix 2.1*) even though the supplementary provisions, amounting to a total of ₹ 9,090.78 crore were made, the expenditure (₹ 1,35,966.77 crore) did not come up to even the original provisions (₹ 1,61,493.92 crore) during the year 2024-25. The expenditure ranged between 0.84 to 62.52 *per cent* below the original provision. Similarly, supplementary provisions of ₹ 3,029.50 crore in 15 cases (more than ₹ three crore in each case) proved excessive (*Appendix 2.2*), as the full amount of supplementary provisions could not be utilised. This led to huge savings ranging from ₹ 0.30 crore to ₹ 1,177.48 crore, mainly due to inaccurate budgeting and lapses in execution.

An instance of unnecessary supplementary provision was noticed during detailed review of Grant No. 17 (Panchayati Raj & Drinking Water Department), as detailed below:

#### Unnecessary Supplementary Provisions and Large Savings in Grant No. 17 (PR&DW Department)

During the FY 2024-25, out of total Budget provision of ₹ 27,437.66 crore (Original: ₹ 27,216.48 crore<sup>11</sup> and Supplementary: ₹ 221.18 crore<sup>12</sup>) in respect of PR&DW Department, ₹ 14,775.88 crore (53.85 *per cent*) only could be expended, leading to savings of ₹ 12,661.78 crore (46.15 *per cent*). While the expenditure under Revenue heads accounted for 67.72 *per cent* (₹ 10,005.55 crore), on the other hand, expenditure on Capital heads accounted for 32.28 *per cent* (₹ 4,770.33 crore) of the overall expenditure of the Department.

Audit observed that the supplementary provisions under both Revenue and Capital Heads (₹ 221.18 crore) proved unnecessary as the expenditure did not even come up to the level of original provision of ₹ 27,216.48 crore.

<sup>11</sup> Revenue original: ₹ 18,320.80 crore and Capital original: ₹ 8,895.68 crore

<sup>12</sup> Revenue supplementary: ₹ 218.68 crore and Capital supplementary: ₹ 2.50 crore

Further, against savings of ₹ 8,533.93 crore under Revenue Heads, the Department had surrendered ₹ 8,533.60 crore in March 2025, leaving ₹ 0.33 crore un-surrendered, resulting in lapse of funds. Similarly, under Capital Heads, the Department had surrendered ₹ 3,627.84 crore out of the total savings of ₹ 4,127.84 crore, in March 2025, leaving ₹ 500.00 crore un-surrendered which lapsed at the end of the year. Thus, unnecessary supplementary provisions, large savings and non-surrender of savings leading to lapse of funds at the year-end highlighted inefficient budgetary management and controls, while risking non-allocation of required resources to other sectors.

***Instances of unnecessary Supplementary provisions in other Grants (other than selected Grants) is discussed below:***

**Unnecessary Supplementary provisions and Surrender of entire provisions in Grant No. 9 - Food Supplies and Consumer Welfare Department**

Analysis of VLC data revealed that during FY 2024-25, an amount of ₹ 3.31 crore was allocated by Food Supplies and Consumer Welfare Department (FS&CW) to Odisha State Civil Supplies Corporation (OSCSC) Limited in the Original Budget for repair, renovation and restoration purpose. Additionally, ₹ 10 crore was also provided to OSCSC through supplementary grants, bringing the total provision to ₹ 13.31 crore. It was, however observed that no expenditure was incurred during the period and the entire amount was surrendered to the Government.

Non-utilisation of the entire ₹ 13.31 crore, despite provision in both the Original and Supplementary Budgets indicated that the allocation was made without proper assessment of actual requirements and lack of planned estimates, resulting in avoidable surrender of substantial public funds.

In reply, the FS&CW Department stated (September 2025) that the entire amount was surrendered due to non-receipt of estimates from OSCSC Ltd. During the Exit Conference (November 2025), the Principal Secretary, Finance Department, directed all Financial Advisors that all formalities such as preparation of estimates, obtaining administrative and technical approvals *etc.*, should be completed before budget allocations are made.

**Unrealistic supplementary budgeting and large savings under Subhadra Yojana in Grant No. 36 - Women and Child Development Department**

Subhadra Yojana - a flagship scheme of the Government of Odisha was launched (2024) with the objectives *inter alia*, of providing a financial safety net to women and their families, for their socio-economic development, as also income support.

During 2024-25, a provision of ₹ 10,000 crore was made in the Budget estimates to provide financial assistance<sup>13</sup>. Thereafter, a Supplementary provision of ₹ 1,195.92 crore was also made, increasing the cumulative provision to ₹ 11,195.92 crore for the FY 2024-25. However, the Department could utilise only ₹ 10,136.61 crore, leaving an unutilised balance of ₹ 1,059.31 crore (9.46 per cent). Thus, it was apparent that only ₹ 136.61 crore (11.42 per cent) of the supplementary provision of ₹ 1,195.92 crore could be utilised during the year. This highlighted unrealistic provision of the supplementary budget, which ultimately resulted in surrender of a large chunk of funds (88.58 per cent of the supplementary provision). It is also pertinent to mention here that the provision made for the Subhadra Yojana alone, accounted for 66 per cent of the total provision envisaged (₹ 17,017.21 crore) for the Gender Specific Budget, 2024-25 of the State. Substantial savings under the scheme thus adversely impacted the goal of achieving 'Gender Equality', as envisaged in the Sustainable Development Goals.

#### 2.5.4 Injudicious re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation to another unit where additional funds are needed. During 2024-25, re-appropriation orders under 44 grants and 3 appropriations, amounting to ₹ 13,319.96 crore were issued.

It was observed that in Grant No. 33- Fisheries and Animal Resources Development Department, under MH-2403-113-3700 - Integrated Sample Survey (Salary) augmentation of provision of ₹ 2.88 crore by ₹ 5.35 crore proved excessive, since only ₹ 4.23 crore could be spent.

#### **Injudicious / unnecessary re-appropriation of funds under Antyodaya Gruha Yojana in Grant No. 17 (PR&DW Department)**

Scrutiny of records and analysis of VLC data revealed that the Department had proposed funds amounting to ₹ 100 crore under the Antyodaya Gruha Yojana in the Original Budget for providing incentives to beneficiaries under PM-JANMAN and PMAY-G, for timely completion of houses. Despite utilising only ₹ 38 crore by October 2024, the Department sought an additional ₹ 100 crore in the Supplementary Budget, citing payment of arrears related to incentives and new constructions. However, as the supplementary allocation was not approved, ₹ 100 crore was re-appropriated from PMAY(G). Even after this, no further expenditure was incurred, resulting in surrender of ₹ 162 crore at the end of the year under Antyodaya Gruha Yojana.

The Department stated (October 2025) that ₹ 247.33 crore was utilised under the Antyodaya Gruha Yojana during 2024-25 (which included ₹ 209.33 crore of FY 2023-24 and ₹ 38 crore of FY 2024-25). It further stated that incentives to the

<sup>13</sup> At the rate of ₹ 10,000 per annum per beneficiary in two instalments.

beneficiaries were disbursed through Aadhar Based Payment System through rural housing portal, which was non-functional from January 2025, leading to non-payment of incentives to the beneficiaries. This led to surrender of the allocated fund.

The reply is not tenable since the rural housing portal was functional till December 2024, but despite this, the Department had not provided incentives to the beneficiaries. Further, the unspent balance of ₹ 209.33 crore of the FY 2023-24 said to be utilised during 2024-25, was indicative of the fact that the Department had not surrendered the funds during 2023-24. This indicated major inconsistencies between the budgeted incentive proposals and the Department's actual implementation and shows inadequate planning, weak financial management, which led to unnecessary re-appropriation of resources.

### 2.5.5 Unspent amount and surrendered appropriation and/or large Savings/Surrenders

Timely surrenders by the spending units are an important mechanism for optimal reallocation, as well as optimum utilisation of resources, within the approved budget.

Analysis of grants and appropriations showed that in five cases, the savings (excluding surrenders) exceeded ₹ 100 crore in each case, during the year 2024-25 (*Appendix 2.3*). It was further noticed that in another five grants, the entire budgeted amount remained unutilised during the year and was surrendered, as shown in **Table 2.5**.

**Table 2.5: Entire grant remaining unutilised during the financial year 2024-25**

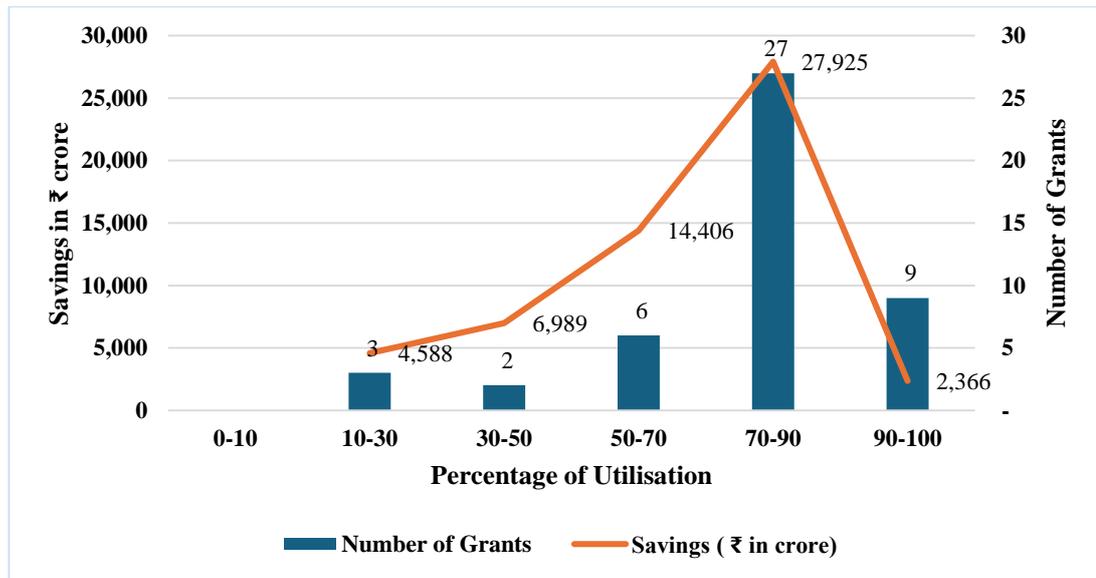
| <i>(₹ in crore)</i> |   |             |
|---------------------|---|-------------|
| Sl. No.             | Grant Number and Name   | Amount      |
| 1                   | 4-Law Department (Revenue –Charged)                                     | 0.05        |
| 2                   | 25-Information and Public Relations Department (Revenue–Charged)        | 0.02        |
| 3                   | 28-Rural Development Department (Capital-Charged)                       | 0.50        |
| 4                   | 29-Parliamentary Affairs Department (Capital-Charged)                   | 5.00        |
| 5                   | 39-Skill Development & Technical Education Department (Revenue-Charged) | 0.05        |
| <b>Total</b>        |   | <b>5.62</b> |

*Source: Appropriation Accounts for the year 2024-25*

It was also observed that in 23 cases under 18 Grants and one Appropriation, there were persistent savings exceeding ₹ 100 crore in each case (*Appendix 2.4*) during 2022-23 to 2024-25.

Details of grants grouped by the percentage of utilisation along with total savings during 2024-25, are shown in *Appendix 2.5* and **Chart 2.5**.

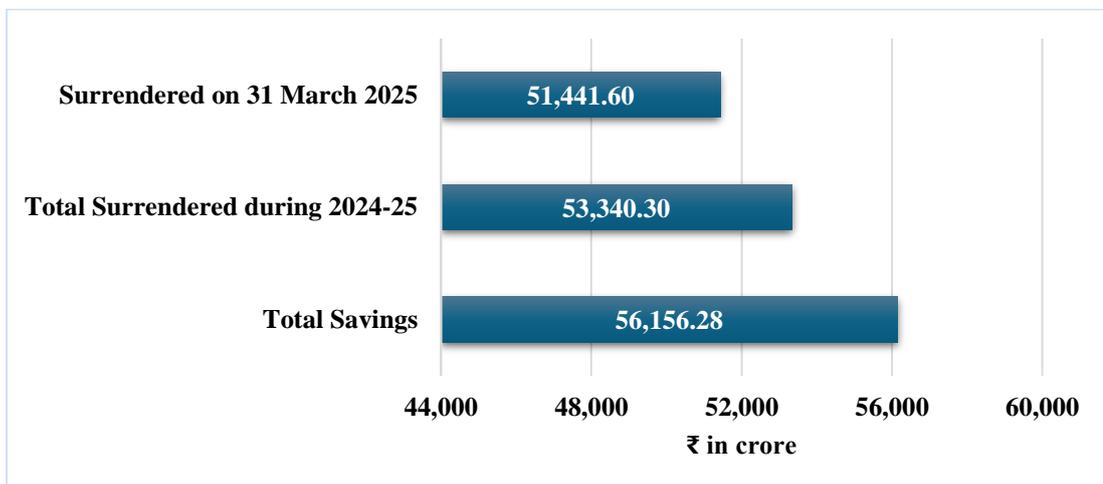
**Chart 2.5: Distribution of the number of Grants/Appropriations grouped by the percentage of Savings along with total Savings**



*Source: Appropriation Accounts  
(Excess Expenditure is taken as zero savings.)*

It was noticed that in 39 Grants and two Appropriations, savings amounting to ₹ 3,033.68 crore (*Appendix 2.6*) were not surrendered. Details of savings (in excess of ₹ 10 crore) surrendered on the last day of March 2025, are given in *Appendix 2.7*.

**Chart 2.6: Savings and surrenders for the year 2024-25**



*Source: Appropriation Accounts*

Analysis of **Chart 2.6** revealed that only 95 per cent of the savings were surrendered. Out of the surrendered amount of ₹ 53,340.30 crore, ₹ 51,441.60 crore (96.44 per cent) was surrendered on 31 March 2025, the last day of the financial year. This last-minute surrender reflects poor financial planning and ineffective budgetary control. These delays also restrict the Finance Department from reallocating funds to other priority

areas. Timely surrender of savings is crucial to enhance transparency, accountability and optimal utilization of public funds.

### **2.5.6 Misclassification between Revenue Expenditure and Capital Expenditure**

As per Rule 30 of the Government Accounting Rules, 1990, expenditure that results in the creation of concrete material and permanent assets should be classified in Capital Expenditure.

During the financial year 2024-25, the State Government had booked an amount of ₹ 45,481 crore as Capital Expenditure which included Capital Outlay on (i) Roads & Bridges (₹ 16,203.33 crore), (ii) Water Supply & Sanitation (₹ 4,061.80 crore), (iii) Medical & Public Health (₹ 2,973.20 crore), (iv) Flood Control Projects (₹ 2,696.99 crore), (v) Medium Irrigation (₹ 2,542.05 crore) *etc.* Audit examined sanction orders and expenditure vouchers related to this amount and noticed that out of the amount of ₹ 45,481 crore, ₹ 720.61 crore of expenditure of Revenue nature had been booked under Capital head. The said amount was expended towards operation, maintenance, repair and renovation *etc.* As per Rule 31 (2) (b) of the Government Accounting Rules, 1990, all such expenditure should be charged to Revenue account.

Thus, there was a misclassification of ₹ 720.61 crore, which resulted in overstatement of Revenue Surplus to that extent. The resulting Capital Expenditure, post-Audit, for the FY 2024-25 was ₹ 44,760.39 crore.

### **2.5.7 Major policy pronouncements in the State budget and actual funding for ensuring implementation**

Several policy initiatives taken by the Government are wholly or partially not executed due to non-approval of scheme guidelines/modalities, non-commencement of works for want of administrative sanction, non-release of budget *etc.* It was observed that during the year 2024-25 in 15 schemes<sup>14</sup> under nine Grants, there was revised outlay of ₹ 460.07 crore (₹ one crore or more in each scheme), but no expenditure was incurred, resulting in non-implementation of the schemes, as shown in **Appendix 2.8**. The Government did not furnish specific reasons for non-utilisation of funds. However, the reasons for low expenditure as stated in the Appropriation Accounts, included non-implementation of schemes, expenditure based on actual requirements, non-receipt of requisition for funds, non-receipt of the Central share *etc.* This not only deprived beneficiaries of the intended benefits of these schemes, but also deprived other requisitioning Departments of funds for its optimum utilisation. Moreover, in the

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<sup>14</sup> *Development of Pipili Applique Hub, Promotion of Karuna Silk, Transformation of Veer Surendra Sai University of Technology (VSSUT), Burla, Transformation of Odisha University of Technology and Research (OUTR), Bhubaneswar, CM- Aspire, Development of e-Commerce Platform for MSMEs, Support to Tribal Research Institutes, Aitihya Vidyalaya, Solar Based Street Light, Odisha Saharanchala Bidyutikaran Yojana, Care and Protection for victims of POCSO, One Stop Centre (Construction), Saheed Laxman Nayak Transformation of Schools, Construction of Dharamasala-cum-Guest House, Establishment of CoE in Joint Collaboration with Tata Technology Limited*

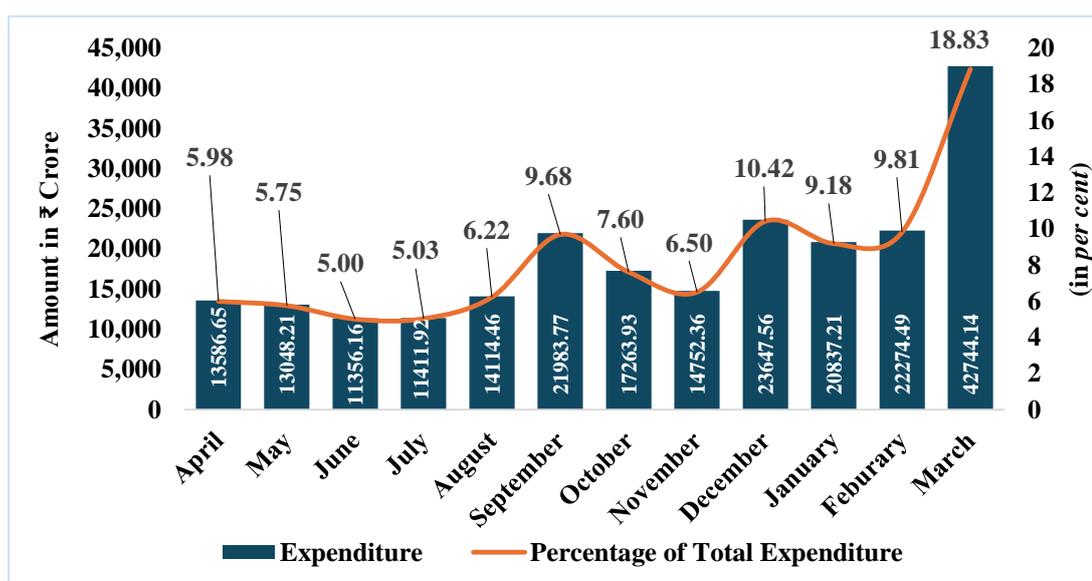
absence of specific reasons, Audit could not ascertain whether the savings were unavoidable or arose from deficiencies in planning and implementation.

### 2.5.8 Non-adherence to the Quarterly Expenditure Limit

Rule 62(3) of the General Financial Rules provides that rush of expenditure particularly in the closing months of the financial year is a breach of financial propriety and should be avoided. Maintaining a steady pace of expenditure is a crucial component of sound public financial management as it prevents fiscal imbalances and temporary cash crunches. The State Government had prescribed (April 2023/ November 2024) quarter-wise percentages (1st Quarter: 15 per cent, 2nd Quarter: 15 per cent, 3rd Quarter: 30 per cent, 4th Quarter: 40 per cent) for incurring expenditure during the year, with the aim of regulating expenditure in a phased manner.

Audit observed that in case of 177 sub-heads related to 36 grants/departments, the entire expenditure amounting to ₹ 3,130.27 crore was incurred in the month of March 2025.

**Chart 2.7: Trend analysis of Expenditure (Month-wise)**

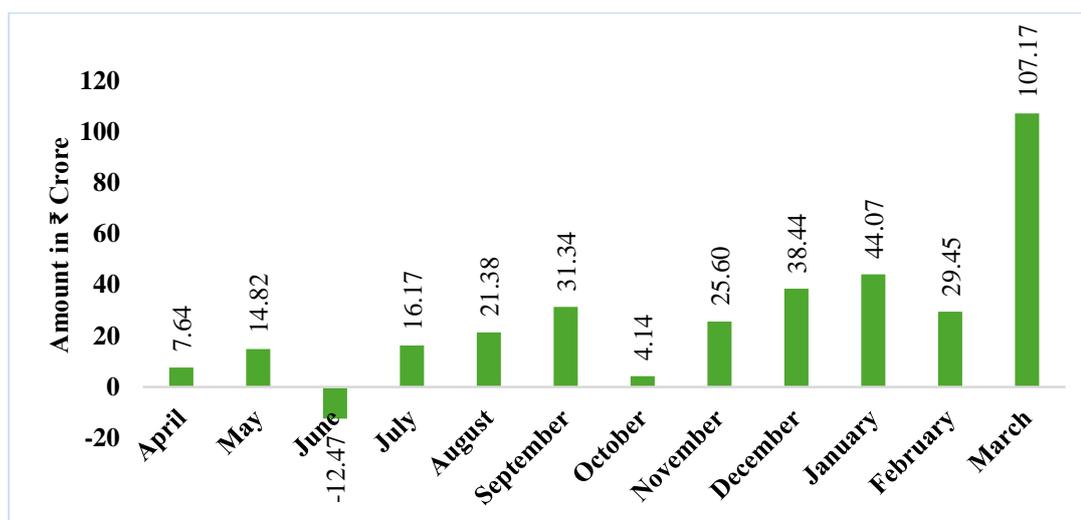


Source: Office of the Principal Accountant General (A&E), Odisha

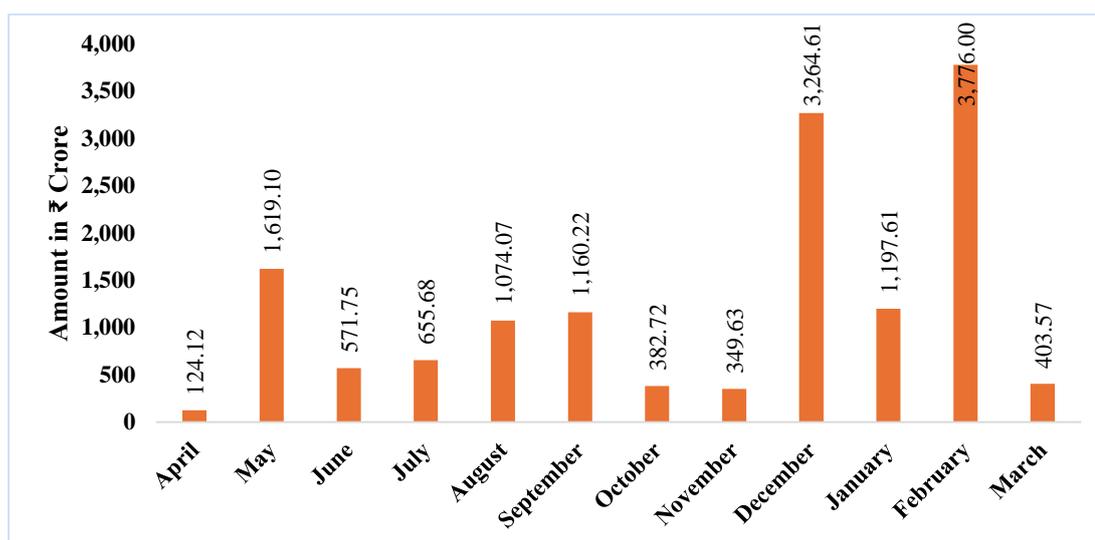
The trend of monthly expenditure depicted in **Chart 2.7** indicates a pronounced skewness towards the last quarter of the financial year, particularly in March. While expenditure in the last quarter (₹ 85,855.84 crore) constituted 37.82 per cent of the total expenditure (₹ 2,27,020.91 crore), the expenditure in March alone (₹ 42,744.14 crore) accounted for 18.83 per cent of the total expenditure during the FY 2024-25 and 49.79 per cent of total expenditure in last quarter of the year.

### **Analysis of month-wise expenditure in Selected Grants**

Audit also examined the month-wise expenditure in respect of the two Grants reviewed (Grant No. 15 & Grant No. 17), as depicted in **Chart 2.8** and **Chart 2.9**.

**Chart 2.8: Month-wise expenditure under Grant No. 15 (S&YS Department)**

Source: Office of the Pr. Accountant General (A&E), Odisha

**Chart 2.9: Month wise expenditure under Grant No. 17 (PR&DW Department)**

Source: Office of the Pr. Accountant General (A&E), Odisha

The expenditure pattern of Grant No. 15 and Grant No. 17 revealed the following:

- **Grant No. 15:** Out of the total expenditure of ₹ 327.75 crore, the Department spent ₹ 180.69 crore (55.13 per cent) in the last quarter of the year against the prescribed limit of 40 per cent, out of which ₹ 107.17 crore (32.69 per cent) was spent in the month of March alone. This indicated that the Department failed in maintaining a steady pace of expenditure, which was a crucial component of sound public financial management.
- **Grant No. 17:** Out of the total expenditure of ₹ 14,579.09 crore, PR&DW Department spent ₹ 5,377.18 crore (36.88 per cent) in the last quarter, which was within the prescribed limit.

## 2.6 Single Nodal Agency

In March 2021, the Ministry of Finance mandated that funds for each Centrally Sponsored Scheme (CSS) be routed through a designated Single Nodal Agency (SNA), with dedicated bank accounts in Scheduled Commercial Banks. States must transfer both Central and matching State shares to these accounts. However, an audit of VLC data and SNA PFMS reports revealed discrepancies in transfer of Central and State shares to SNA accounts, indicating gaps in fund flow tracking and potential issues related to financial compliance and transparency. The discrepancies between VLC data and SNA PFMS reports on Central and State share transfers to SNA are shown in Table 2.6.

**Table 2.6: Discrepancies in Central and State share transfer**

(₹ in crore)

| Source of Data           | Central share received | Central share transferred | State share transferred | Less amount released by State |
|--------------------------|------------------------|---------------------------|-------------------------|-------------------------------|
| VLC                      | 9,643.97               | 9,051.72                  | 10,525.14               | 592.25                        |
| SNA PFMS Report          | 9,643.97               | 9,561.02                  | 9,709.77                | 82.95                         |
| <b>Difference Amount</b> | 0                      | 509.30                    | 815.37                  |                               |

Source: Finance Accounts for the year 2024-25

As can be seen from the above table, as per the VLC database, the State Government received ₹ 9,643.97 crore, being Central share during the year 2024-25, in its Treasury Accounts. As on 31 March 2025, the Government transferred Central Share of ₹ 9,051.72 crore, received in the Treasury Accounts and State share of ₹ 10,525.14 crore, to the SNAs, leaving an amount of ₹ 592.25 crore of Central share, untransferred. Out of the total transfer of ₹ 19,576.86 crore, 16,608.86 crore was transferred through Miscellaneous Bills and ₹ 2,968.00 crore through GIA bills. Detailed vouchers and supporting documents of actual expenditure were not received by the AG office, from the SNAs.

As per SNA PFMS report, the State Government received ₹ 9,643.97 crore, being Central share during the year 2024-25, in its Treasury Accounts. As on 31 March 2025, the Government transferred Central Share of ₹ 9,561.02 crore and State share of ₹ 9,709.77 crore to the SNAs, showing an amount of ₹ 82.95 crore of Central share, as untransferred. Thus, there was a difference of ₹ 509.30 crore in the Central share transferred and ₹ 815.37 crore in the State share transferred between the VLC data and the SNA PFMS report. This difference in the two databases (VLC and PFMS) needs reconciliation

As per SNA report of PFMS portal, ₹ 6,239.92 crore was lying unspent in the bank accounts of SNAs, as on 31 March 2025.

### 2.6.1 Single Nodal Agency-SPARSH

The Department of Expenditure, Ministry of Finance, Government of India, introduced (13 July 2023) fund flow mechanism called SNA-SPARSH for CSS funds for 'Just in Time' release in respect of all payments to the extent possible. This system operates

through an integrated framework of PFMS, the State IFMS and the RBI's e-Kuber platform and was to be implemented in a phased manner. The specific schemes and States to be covered under this mechanism are notified by the Department of Expenditure, Government of India, from time to time.

The 'Just-in-Time' system of release of CSS funds under SNA-SPARSH model was piloted by GoI during FY 2023-24 to bring about more efficiency in cash management at both Centre and State level. Odisha was one of the pilot States to implement this model (during FY 2023-24) in respect of five CSSs, namely Swachh Bharat Abhiyan (Gramin), Rashtriya Uchhtar Shiksha Abhiyan (RUSA), Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PM-ABHIM), Pradhan Mantri Matsya Sampada Yojana (PMMSY) and Conservation of Natural Resources and Ecosystem.

In this context Audit observed that:

- GoI had decided to on-board 22 schemes on SNA-SPARSH platform with effect from 1 June 2024, in addition to the five CSSs which were to be on-boarded on the platform during the pilot phase. Audit found that only 19 out of 27 schemes were on-boarded on the platform of SNA-SPARSH, including the five pilot CSSs, as of October 2025.
- Further, as stipulated by the Department of Expenditure (July 2023), upon on-boarding of a CSS on SNA-SPARSH platform, the State Government should close the SNA accounts and remit the Central share lying in the SNA account/Treasury to the Consolidated Fund of India and State share into the Consolidated Fund of the State. It was, however noticed that altogether, ₹ 2,499.76 crore was lying in the bank accounts of SNA of the 19 CSSs which were on-boarded on SNA-SPARSH platform, which was not remitted into the Consolidated Fund of India / State. The details of schemes notified by GoI, their on-boarding status on SNA-SPARSH platform and amount lying in the SNA Account of these schemes, are given in *Appendix 2.9*.

Thus, delay in on-boarding and refund of money lying in the SNA account of the schemes undermines the objective of SNA-SPARSH to ensure streamlined fund flow, transparency and effective financial management of government schemes.

## **2.7 Contingency Fund**

The Contingency Fund of Government Odisha was established under the Odisha Contingency Fund Act, 1967 and the State Government made the Odisha Contingency Fund Rules, 1967 for regulating all matters connected with or ancillary to the custody of payment of monies into and the withdrawal of monies from the Contingency Fund of the State of Odisha for meeting unforeseen expenditure. The fund is recouped when the State Legislature authorises the additional expenditure. The corpus of the Fund is ₹ 400 crore.

### 2.7.1 Advance from Contingency Fund

Advances from the Contingency Fund are to be made only for meeting expenditure of an unforeseen and emergent nature, postponement of which, till its authorisation by the Legislature, would be undesirable.

During FY 2023-2024, an amount of ₹ 117.73 crore was withdrawn as an advance by School and Mass Education Department from the Contingency Fund in respect of PM POSHAN scheme. The amounts were not recouped till the end of the FY 2024-25.

Details of schemes in which amounts were withdrawn as advances from the Contingency Fund, are given in **Table 2.7**.

**Table 2.7: Details of schemes in which amount was withdrawn as an advance from Contingency Fund**

(₹ in crore)

| Sl. No.      | Nomenclature of the scheme                                   | Date of sanction | Original budget | Supplementary budget | Total         | Expenditure   | Savings /Excess | Advance from Contingency fund |
|--------------|--|------------------|-----------------|----------------------|---------------|---------------|-----------------|-------------------------------|
| 1            | Demand No. 10-2202 -01-112-3581- State Support for PM POSHAN | 06.06.2023       | 52.50           | 83.85                | 136.35        | 76.31         | 60.04           | 60.04                         |
| 2            | Demand No. 10-2202 -01-789-3581-State Support for PM POSHAN  | 06.06.2023       | 19.77           | 31.57                | 51.34         | 28.73         | 22.61           | 22.61                         |
| 3            | Demand No. 10-2202 -01-796-3581-State Support for PM POSHAN  | 06.06.2023       | 30.68           | 48.99                | 79.67         | 38.73         | 40.94           | 35.08                         |
| <b>TOTAL</b> |  |                  | <b>102.95</b>   | <b>164.41</b>        | <b>267.36</b> | <b>143.77</b> | <b>123.59</b>   | <b>117.73</b>                 |

*Source: Office of the Principal Accountant General (A&E), Odisha.*

Drawal of funds from the Contingency Fund for non-emergent purposes, which ultimately remained unutilised and non-recoupment of the same during the financial year, violates the provisions of the Odisha Contingency Fund Act, 1967.

In FY 2023-24, three components of the “State Support for PM POSHAN” scheme were sanctioned on 6 June 2023 under Demand No. 10, with a combined original budget of ₹ 102.95 crore and supplementary allocation of ₹ 164.41 crore, totalling ₹ 267.36 crore. Of this, ₹ 117.73 crore was met through advances from the Contingency Fund. However, the actual expenditure under the scheme amounted to ₹ 143.77 crore, resulting in overall savings of ₹ 123.59 crore. The data highlights the need for better budget estimation and fund utilisation under this centrally supported nutrition initiative.

## **2.8 Conclusion**

Supplementary provisions were not made on a realistic basis in 33 cases (₹ three crore or more in each case) and were unnecessary, as the expenditure did not come up to even the level of the original budgetary provision.

Excess expenditure of ₹ 386.84 crore for the period from FYs 2013-14 to 2024-25 (no excess expenditure during FYs 2019-20, 2021-22 and 2022-23), requires regularisation by the State Legislature.

The budgetary system of the State Government was not up to the mark, as the overall utilisation of budget was 80.49 *per cent* of the total grants and appropriations, during FY 2024-25.

## **2.9 Recommendations**

- 1) To improve fiscal discipline and budget management, the Government may focus on accurate assessment of both the availability of financial resources for preparing realistic budget estimates and the potential to incur expenditure. This would minimise large-scale savings.
- 2) Need for supplementary budget may be assessed on the basis of trends in expenditure and realistic requirements.
- 3) The State Government may get the expenditure incurred in excess of the budget provision regularised by the State Legislature.