

2.1 Introduction

Effective financial management ensures that policy decisions are implemented at the administrative level without wastage or diversion of funds and with reasonable assurance on the successful implementation of the policy at the ground level. This Chapter reviews the allocative priorities of the State Government and comments on the transparency and effectiveness of its budgetary processes.

2.2 Budget Preparation Process

As per Section 100 of AP State Reorganisation Act, 2014, any law which was in force in the Composite state of Andhra Pradesh will continue to be in force in the territories which comprised it unless otherwise provided by a competent authority. The Andhra Pradesh Financial Code (APFC) and the Andhra Pradesh Budget Manual (APBM) provided for the procedure to be followed with regard to all matters concerning finance and budget. Budget preparation in the State is guided by a budget calendar.

A bottom-up approach was prescribed for budget preparation in the APBM with the requirement of funds projected from the unit level and consolidated at the district and finally the Department level. There was, however, no evidence of compliance with this requirement by the Departments audited during the year. Audit of several schemes/transactions of Government Departments showed that financial inputs were not correlated with the corresponding physical outputs or outcomes either at the unit/district or Department level and inadequate rigour was exercised in analyzing and assessing the actual requirement of funds.

2.3 Financial accountability and budget management

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. 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 authorized by the Appropriation Act. Appropriation Accounts are complementary to Finance Accounts.

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

2.4 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2015-16 against 40 grants/appropriations is given in **Table 2.1**.

Table 2.1: Position of actual expenditure vis-à-vis original/supplementary Grants for the year 2015-16

		(₹ in crore)							
Nature of expenditure		Original	Supplementary	Total	Actual Expenditure	Saving(-)/ Excess(+)	Amount surrendered	Amount surrendered on 31 March 2016	Percentage of savings surrendered by 31 March 2016 (col.7 by col.6)
	1	2	3	4	5	6	7	8	9
Voted	I Revenue	86,579.03	8,225.23	94,804.26	74,079.65	(-)20,724.61	26,204.41	10,047.44	126.44
	II Capital	16,102.94	10,904.59	27,007.53	13,746.60	(-)13,260.93	9,980.71	5,544.45	75.26
	III Loans and Advances	2,392.10	3,379.10	5,771.20	5,591.51	(-)179.69	116.32	36.17	64.73
Total Voted		1,05,074.07	22,508.92	1,27,582.99	93,417.76	(-)34,165.23	36,301.44	15,628.06	106.25
Charged	IV Revenue	7,772.06	35.49	7,807.55	7,762.57	(-)44.98	54.54	47.55	121.25
	V Capital	59.57	42.39	101.96	72.85	(-)29.11	43.61	36.99	149.81
	VI Public Debt- Repayment	3,714.37	153.07	3,867.44	2,845.24	(-)1,022.20	556.64	556.64	54.46
Total Charged		11,546.00	230.95	11,776.95	10,680.66	(-)1,096.29	654.79	641.18	59.73
Grand Total		1,16,620.07	22,739.87	1,39,359.94	1,04,098.42	(-)35,261.52	36,956.23	16,269.24	104.81

Source: Appropriation Accounts 2015-16

Note: i) During the year, supporting documents/vouchers were not made available to AG (A&E) for an expenditure of ₹3,531.54 crore. Authenticity of this expenditure cannot, therefore, be vouched. ii) In the absence of Detailed Contingent bills in support of ₹97.07 crore during the year 2015-16 drawn on Abstract Contingent bills during 2015-16, the genuineness of the expenditure cannot be vouched to that extent, which is discussed at chapter-3.

The overall savings of ₹35,262 crore (25 per cent of budget provision) was the result of saving of ₹41,143 crore in 36 grants and 15 appropriations under revenue section, 30 grants and three appropriations under capital section and seven grants and one appropriation (Public Debt) under loans section, offset by an excess of ₹5,881 crore in four grants¹ and one appropriation² under revenue section and two grants each under capital³ and loan⁴ sections.

In view of the actual expenditure (₹ 52,768.25 crore) falling short of even the original budget provision (₹ 73,798.25 crore), the supplementary grant (₹ 12,317 crore) in 27 Grants⁵ proved unnecessary. This points to unrealistic budgetary assumptions.

¹ II-Governor and Council of Ministers (₹ 1.70 crore), V-Revenue, Registration and Relief (₹ 96.14 crore), IX-Fiscal administration, Planning, Surveys and Statistics (₹ 4,934.94 crore) and X-Home Administration (₹ 328.30 crore)

² IV-General Administration and Elections (₹ 9.37 crore)

³ XX-Labour and Employment (₹ 2.72 crore) and XXIX-Forest, Science, Technology and Environment (₹ 0.06 crore)

⁴ IX-Fiscal Administration, Planning, Surveys and Statistics (₹ 322.50 crore) and XVIII-Housing (₹ 185.06 crore)

⁵ III, VI, VII, VIII, XI, XII, XIII, XIV, XV, XVI, XXI, XXII, XXIII, XXIV, XXV, XXVII, XXVIII, XXIX, XXX, XXXI, XXXII, XXXIV, XXXV, XXXVI, XXXVII, XXXVIII & XXXIX (Source: Appropriation Accounts)

During the year, an amount of ₹36,956 crore (105 per cent) was surrendered in excess of actual saving of ₹35,262 crore, of which ₹16,269 crore (44 per cent) was surrendered on the last day of the financial year i.e., 31 March 2016.

2.4.1 Excess expenditure

As per Article 204(3) of the Constitution of India no money shall be withdrawn from Consolidated Fund of the State except under appropriations made by law passed in accordance with the provisions of this article.

Excess expenditure over budget provision was ₹5,881 crore during 2015-16. The excess expenditure occurred in eight grants and one appropriation during the year was shown below in **Table 2.2** and requires regularization under Article 205 of the Constitution.

Table 2.2: Excess expenditure

(₹ in crore)

Grant No.	Name of the Grant/Appropriation	Total Grant	Expenditure	Excess (+)	Reasons for excess expenditure
II	Governor and Council of Ministers (RV)	9.13	10.83	1.70	Specific reasons for excess expenditure were not intimated by Government
IV	General Administration and Elections (RC)	31.90	41.27	9.37	
V	Revenue, Registration and Relief (RV)	2,213.49	2,309.63	96.14	
IX	Fiscal Administration, Planning, Surveys and Statistics (RV)	9,936.49	14,871.43	4,934.94	
IX	Fiscal Administration, Planning, Surveys and Statistics (LV)	128.71	451.21	322.50	
X	Home Administration (RV)	4,085.41	4,413.72	328.31	
XVIII	Housing (LV)	1,747.18	1,932.24	185.06	
XX	Labour and Employment (CV)	3.89	6.61	2.72	
XXIX	Forest, Science, Technology and Environment (CV)	0.00	0.07	0.07	
	Total	18,156.20	24,037.01	5,880.81	

Source: Appropriation Accounts 2015-16, RV: Revenue Voted; RC: Revenue Charged; CV: Capital Voted; LV: Loans Voted

2.4.2 Expenditure incurred without Budget Provision/Re-appropriation

As per paragraphs 17.3.1 and 17.6.1(c) of APBM, expenditure should not ordinarily be incurred on a scheme/service without provision of funds. However, during the year 2015-16 expenditure of ₹2,161 crore was incurred in nine cases (₹10 crore and above in each case) without budget provision, as detailed in **Table 2.3**. In all these cases, budget provision (either original or supplementary) was not made and expenditure was met from the funds obtained by way of re-appropriation in four cases and in five instances (Sl. Nos. 2 to 4, 7 and 9) expenditure was incurred even without resorting to re-appropriation, which undermined the sanctity of budgeting process and legislative control.

Table 2.3: Expenditure without provision

(₹ in crore)				
Sl. No.	Grant No. and Name of the Grant	Head of Account	Re-appropriation	Expenditure
1	IX Fiscal Administration, Planning, Surveys and Statistics	2049-01-123-(04) - Interest on special securities issued to NSSF of the Central Government by the State Government	1,046.40	1,046.40
2	IX Fiscal Administration, Planning, Surveys and Statistics	2071-01-800-(05) -Medical Reimbursement of all types of Pensioners	0.00	136.38
3	IX Fiscal Administration, Planning, Surveys and Statistics	2071-01-800-(34) –Pension allocable to successor State of Telangana	0.00	39.80
4	IX Fiscal Administration, Planning, Surveys and Statistics	7810-00-125-(00)-Andhra Pradesh and Telangana	0.00	358.48
5	XI Roads, Buildings and Ports	3054-04-797-(04) -Subvention from Central Road Fund	10.00	107.14
6	XVII Municipal Administration and Urban Development	2217-80-191-(20)- Vemulavada Temple Area Development Authority	50.00	50.00
7	XXIV Minority Welfare	2225-80-800-(41)- Dawat-e-Iftar	0.00	14.00
8	XXXI Panchayat Raj	2515-00-789-(05)- Assistance to Panchayat Raj Institutions for Construction of Rural Roads	58.72	58.72
9	XXXI Panchayat Raj	4515-00-101-(06)- Mahatma Gandhi National Employment Guarantee Act	0.00	350.00
Total			1,165.12	2,160.92

Source: Appropriation Accounts 2015-16

2.4.3 Excess expenditure over provision relating to previous year not regularized

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularized by the State Legislature. Although no time limit had been prescribed under the Article, regularization of excess expenditure was to be done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure over the allocation amounting to ₹ 304 crore pertaining to the year 2014-15 was yet to be regularized as of July 2016, as detailed in **Appendix 2.1**, due to non-furnishing of Explanatory Notes by the concerned Administrative departments/Finance department.

2.4.4 Appropriation vis-à-vis allocative priorities

There were deviations from budget allocation with regard to expenditure of the State during 2015-16, raising questions about the soundness of the budget monitoring process and reliability of management information system.

During the financial year 2015-16, appropriation audit showed that in 24 grants, saving (₹ 38,244 crore) exceeded ₹ 100 crore and above and also by more than 20 per cent of total provision in each case, constituting 93 per cent of total saving (₹ 41,142 crore) (**Appendix 2.2**). Among these, saving of ₹ 15,385 crore (37 per cent of total saving) occurred in four cases exceeding ₹ 2,000 crore and more than 20 per cent of the total grant in each case, as indicated in **Table 2.4**. This raises doubts about the validity of assumptions made in the budgetary process.

Table 2.4: Grants with substantial savings

(₹ in crore)

Sl. No.	Grant No.	Name of the grant	Total Grant	Expenditure	Savings (-)	Reasons	
Revenue Voted							
1	XXI	Social Welfare	6,215	2,664	3,551	Specific reasons for savings were not intimated by Government	
2	XXXI	Panchayat Raj	9,195	4,227	4,968		
Capital Voted							
3	XI	Roads, Buildings and Ports	5,126	2,004	3,122		
4	XXXIII	Major and Medium Irrigation	10,159	6,416	3,743		
Total			30,695	15,311	15,384		

Source: Appropriation Accounts 2015-16

2.4.5 Unnecessary/Inadequate/Excessive Supplementary Grants

Supplementary grant aggregating ₹ 8,946 crore obtained in 38 cases (rupees one crore or more in each case) during the year proved unnecessary as the actual expenditure (₹ 56,076 crore) was less than the original provision (₹ 77,765 crore) as detailed in *Appendix 2.3*. This indicates that the CCOs could not realistically assess/estimate the actual requirement of funds for the remaining period of the financial year due to poor monitoring of expenditure through the monthly expenditure control mechanism.

Similarly, supplementary grant aggregating ₹ 10,982 crore proved excessive by ₹ 6,920 crore over the total required provision, as detailed in *Appendix 2.3(a)*. In four cases, supplementary grant of ₹ 2,780 crore proved insufficient by more than one crore rupees each, leaving an aggregated uncovered excess expenditure of ₹ 5,547 crore as detailed in *Appendix 2.3(b)*.

Significant cases on un-necessary, excessive and insufficient supplementary grants of more than ₹ 500 crore in various Departments are detailed in **Table 2.5** given below:

Table 2.5: Unnecessary, Excessive and Insufficient Supplementary Grants

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Original Provision	Actual Expenditure	Saving (-)/ Excess(+)	Supplementary
Unnecessary Supplementary Grants						
1	XII	School Education (RV)	9,044.17	8,960.47	(-)83.70	944.41
2	XVII	Municipal Administration and Urban Development Department (RV)	2,302.51	1,950.64	(-)351.87	934.81
3	XXXI	Panchayat Raj (RV)	7,532.22	4,227.26	(-)3,304.96	1,663.37
4	XXXII	Rural Development (RV)	6,256.69	5,610.97	(-)645.72	782.08
5	XXXV	Energy (CV)	1,001.16	523.59	(-)477.57	1,000.00
Excessive Supplementary Grants						
6	XVII	Municipal Administration and Urban Development Department (LV)	1,721.33	2,842.96	1,121.63	1,564.70

Sl. No.	Grant No.	Name of the Grant	Original Provision	Actual Expenditure	Saving (-)/ Excess(+)	Supplementary
7	XXXI	Panchayat Raj (CV)	45.27	1,823.08	1,777.81	2,899.02
8	XXXIII	Major and Medium Irrigation (CV)	6,168.27	6,416.13	247.87	3,991.36
9	XXXIV	Minor Irrigation (CV)	776.40	1,291.51	515.11	1,561.77
Insufficient Supplementary Grants						
10	V	Revenue, Registration and Relief (RV)	1,657.97	2,309.63	651.67	555.53
11	XVIII	Housing (LV)	40.01	1,932.24	1,892.23	1,707.17

Source: Appropriation Accounts 2015-16; RV: Revenue Voted; CV: Capital Voted; LV: Loan Voted

2.4.6 Unnecessary re-appropriation of funds

As per paragraph 17.5 of APBM, re-appropriation is permissible only when a saving under one head of account and an excess under another are known or anticipated with reasonable certainty or when it is deliberately proposed to curtail expenditure under one head with a view to incurring more urgent additional expenditure under another.

During the year 2015-16, excessive/unnecessary/inadequate re-appropriation of funds occurred in 56 cases which resulted in either non-utilisation of funds or excess over provision by ₹ 10 crore and above in each case, as detailed in *Appendix 2.4*.

2.4.7 Unexplained re-appropriations

Paragraph 17.17.2 of APBM stipulates that reasons for additional expenditure and savings should be explained in the re-appropriation statement and vague expressions such as “based on actual requirement/expenditure”, “savings are anticipated” “observance of economy”, “original provision proved insufficient or excessive”, “based on progress of actuals” etc., should be avoided. However, scrutiny of re-appropriation orders issued by the State Government revealed that out of 11,372 items of re-appropriations made, specific reasons in respect of 9,826 (86 per cent) items were not intimated to the Accountant General (Accounts & Entitlements).

2.4.8 Substantial surrenders

Funds in excess of ₹ 10 crore and also more than 50 per cent of total provision in each case were surrendered in respect of 288 sub-heads amounting to ₹ 31,502 crore. These surrenders included cent per cent surrenders (₹ 8,715 crore) under 85 sub-heads. Details of cases where the surrendered amount was more than ₹ 200 crore and more than 90 per cent of the provision in each case are given in *Appendix 2.5*. Government could have assessed its requirement more realistically in these cases.

2.4.9 Lumpsum provision

Paragraph 13.12 of the APBM stipulates that lumpsum provision should not as a rule be made in the budget estimates. However, lumpsum provision of ₹ 55 crore was made in the budget under MH 2052-00-090-(75) in violation and the entire provision remained unutilised at the end of the year.

2.4.10 Surrender in excess of savings

The Departments, as per the provisions of the paragraph 17.2.2 of APBM, are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. Surrender of the provision in anticipation of saving and incurring expenditure subsequently by the controlling officers' results in surrender in excess of the overall saving in a grant/appropriation. In 16 cases, the amount surrendered (Rupees two crore more in each case) was in excess of actual saving indicating lack of/inadequate budgetary control and monitoring in these Departments. Against the saving of ₹ 11,324 crore, the actual amount surrendered was ₹ 12,273 crore, resulting in excess surrender of ₹ 949 crore. Details are given in *Appendix 2.6*.

2.4.11 Savings not surrendered

At the close of the year 2015-16, there were eight grants and three appropriations in which saving of ₹ 1,703 crore occurred which was not surrendered by the Departments (*Appendix 2.7*). Similarly, out of the saving of ₹ 20,407 crore under 22 grants and one appropriation, (Rupees five crore and above) saving amounting to ₹ 5,807 crore (28 per cent) was not surrendered (*Appendix 2.8*).

Besides, in 20 cases, ₹ 17,604 crore (43 per cent) of the total saving of ₹ 41,143 crore was surrendered (in excess of ₹ 10 crore) on the last working day of the financial year (*Appendix 2.9*), which was contrary to the Paragraph 17.2.2 of the Andhra Pradesh Budget Manual.

2.5 Advances from Contingency Fund

Contingency Fund (CF) of the State has been established under the Telangana Contingency Fund Act, 2014 in terms of provisions of Article 267(2) and 283(2) of the Constitution of India. Advances from the Fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, until its authorisation by the Legislature, would be undesirable. The Fund is in the nature of an imprest with a corpus of ₹ 50 crore and required to be recouped by obtaining supplementary grants.

During the year 2015-16, an aggregate amount of ₹ 19.49 crore was drawn from Contingency Fund against 41 sanctions and an amount of ₹ 18.88 crore was recouped to the Fund. An amount of ₹ 59.62 lakh drawn against eight sanctions proved unnecessary as the entire amount was remitted back to the CF.

2.6 Major Policy Initiatives

Several major policy initiatives/flagship schemes were announced by the Government in 2015-16 reflecting its socio-economic priorities. Some of the major policy initiatives/schemes outlined in the budget speech/annual plan for the year 2015-16 were scrutinized in audit on a test-check basis to verify their implementation. Significant audit findings in this regard are as under.

Table 2.6 Budgetary Position vis-à-vis actual Expenditure and Status of Implementation of the Schemes

Sl. No.	Department	Major Policy	Status of Implementation
(1)	Housing department	<p>Two Bed Room Houses in Rural and Urban areas:</p> <p>The main objective of the scheme is to provide two Bed Room (2BHK) <i>pucca</i> houses with infrastructure facilities to eligible BPL families in Rural areas and Urban areas. During the year 2015-16, it was proposed to construct 36,000 houses for beneficiaries in rural areas and 24,000 houses for the beneficiaries in urban areas. For implementation of the scheme, an amount of ₹ 391.67 crore (for Rural housing) and ₹ 7.29 crore (for Urban housing) was allocated during the year 2015-16.</p>	<p>For construction of housing in rural areas, out of the total budget of ₹ 391.67 crore, only an amount of ₹ 32.31 crore was released and parked (February 2016) in the Personal Deposit (PD) Account No. 27 of State Housing Corporation Limited and the balance amount of ₹ 359.36 crore was re-appropriated to other schemes. Further, ₹ 32.31 crore kept in PD Account of the Corporation lapsed to Government⁶ on 31 March 2016. Thus, the initiative of the Government to provide <i>pucca</i> houses to 36,000 BPL families during the year 2015-16 has not been implemented.</p> <p>For construction of houses in urban areas, though an amount of ₹ 7.29 crore was released (August 2015) the entire amount was withdrawn by way of re-appropriation. Thus, the initiative of the Government for construction of houses for 24,000 BPL families in urban areas during the year 2015-16 has not been implemented.</p>
(2)	Housing department	<p>Sardar Patel Urban Housing Scheme:</p> <p>It was launched in 2015-16 by GoI for the welfare of Urban poor. It was targeted to take up 2,709 houses with a financial outlay of ₹ 149.04 crore during the year.</p>	<p>Though, the Government made a provision for ₹ 149.04 crore, the entire amount was re-appropriated as the modalities of the Scheme were not finalised by GoI. Thus, the scheme was not implemented during the year 2015-16.</p>
(3)	Scheduled Caste Development Department	<p>Economic Support Schemes:</p> <p>For the social and economic development of SCs, Government has been providing financial assistance in the form of subsidy for creation of income generating assets through various economic support schemes, implemented by Telangana Scheduled Caste Cooperative Development Corporation Limited. Government provided an amount of ₹ 1,005.10 crore in the budget during 2015-16 to cover 41,297 beneficiaries under various schemes.</p>	<p>Out of the budget provision of ₹ 1005.10 crore, Government released an amount of ₹ 500 crore to the Corporation. The Corporation drew ₹ 250 crore and spent an amount of ₹ 114.52 crore on implementation of various land purchases/developments and other Bank-linked self-employment/economic schemes covering only 4,248 (10 <i>per cent</i>) beneficiaries against the target of 41,297 beneficiaries during 2015-16. The unutilised fund of ₹ 135.48 crore available in the PD account lapsed at the end of the year. The balance provision of ₹ 755.10 crore (75 <i>per cent</i>) was re-appropriated.</p>

⁶ G.O.Ms.No.42 , Finance (DCM) Department, dated 31 March 2016

Sl. No.	Department	Major Policy	Status of Implementation
(4)	Department for Women, Children, Disabled and Senior Citizens	Arogya Lakshmi The objective of the scheme was to provide one full meal a day to children in the age group of seven months to six years and Pregnant and Lactating women with a target of 22,51,883 beneficiaries. During the year 2015-16 an amount of ₹325.77 crore was provided in the budget.	Out of ₹ 309.72 crore released, an amount of ₹277.77 crore (77 per cent) was drawn by the Department. An amount of ₹239.92 crore (77 per cent) was spent covering 21,50,992 beneficiaries (95.52 per cent) against 22,51,883 beneficiaries targeted.
(5)	Department for Women, Children, Disabled and Senior Citizens	Nutrition Programme (50:50) To provide nutritious food to the children in the age group of i) seven months to three years; ii) three years to six years, as well as for iii) pregnant and lactating women. An amount of ₹412.74 crore was provided in the budget to cover 22,51,883 beneficiaries during 2015-16.	Out of budget provision of ₹412.74 crore, Government released an amount of ₹326.86 crore (GoI: ₹182.93 crore & State: ₹143.93 crore) of which Department spent an amount of ₹248 crore (60 per cent). Against the target of 22,51,883 beneficiaries 20,03,524 beneficiaries (89 per cent) were provided nutrition.
(6)	School Education Department	Prarambhik Shiksha Kosh Under the Scheme, GoI provides funds to State Government from out of the proceeds of the education cess credited to the Prarambhik Shiksha kosh (maintained by Ministry of Human Resource Development, Department Elementary Education and Literacy) to be spent exclusively for the (a) Sarva Shiksha Abhiyan (SSA) and (b) Mid Day Meal (MDM) Schemes.	Government provided an amount of ₹245.75 crore and the entire allocation was withdrawn by way of re-appropriation due to non-receipt of guidelines under the scheme.
(7)	Panchayat Raj & Rural Development Department	Interest Free Loans to DWCRA Women (Vaddi Leni Runalu) Government introduced the scheme of Interest Free Loans to DWCRA Women "Vaddi Leni Runalu" with an objective to provide total interest subsidy on the bank loans taken by the Women Self Help Groups to reduce their financial burden. The incentive is in the form of reimbursement of total interest irrespective of bank interest rates. Government provided an amount of ₹197.34 crore in the Budget.	During the year, Government allocated an amount of ₹197.34 crore and the same was released. Out of this, an amount of ₹36.10 crore was utilised for repayment of interest in respect of 93,788 Self Help Groups against a target of 3,56,495 SHGs during the year and the remaining amount of ₹161.24 crore was utilised towards payment of arrears to 3,01,588 SHGs for the year 2014-15. Though there was an outstanding liability of interest on subvention of ₹526.49 crore (2014-15: ₹73.36 crore & 2015-16: ₹453.13 crore) to SHGs, Government allocated meagre amounts due to which the intended purpose was not achieved.
(8)	Agriculture & Cooperation department	Rashtriya Krishi Vikas Yojana (RKVY) With an objective (i) to maximize returns to the farmers and (ii) to bring about quantifiable changes in the production and productivity, an amount	Out of budget provision of ₹196.26 crore, only an amount of ₹148.88 crore (GoI: ₹104.88 crore & State ₹43.04 crore) was released by Government and the remaining amount of ₹39.10 crore was

Sl. No.	Department	Major Policy	Status of Implementation
		of ₹ 196.26 crore was provided in the budget during the year.	re-appropriated. The released fund of ₹ 148.88 crore was drawn and kept in the PD account of Director, SAMETI ⁷ . Of this amount, only ₹ 64.45 crore was spent on the programme and the balance fund of ₹ 84.73 crore was not utilised, though there was a committed liability to that extent. Further, the State Government retained an amount of ₹ 31.04 crore out of GoI release of ₹ 135.92 crore and its matching share was also not fully released.
(9)	Municipal Administration & Urban Development	<p>Development of Smart Cities Scheme For improving quality of life and attracting people and investment to the cities, development of 100 Smart Cities was proposed in five years across the country. GoI has allocated two smart cities⁸ for the State of Telangana.</p> <p>An amount of ₹ 183.46 crore (including supplementary grant of rupee one crore) was provided in the budget for the year 2015-16.</p>	GoI released an amount of Rupees four crore for preparation of Smart City Proposal (SCP) under Smart Cities Mission (SCM) guidelines for the year 2015-16. The State Government did not release the fund as the DPRs were at approval stage. Government re-appropriated the entire budget provision.
(10)	Environment, Forests Science & Technology department	<p>Telanaganaku Harithaharam is a flagship programme of State Government which envisages increasing the tree cover of the state from present 25.16 <i>per cent</i> to 33 <i>per cent</i> of the total geographical area of the state. To achieve this objective, massive plantation, intensive rejuvenation and regeneration works in degraded forest areas throughout the State were to be implemented. During the year 2015-16, budget provision of ₹ 300 crore was provided under Forest Department.</p>	Out of ₹ 300 crore provided, Government released only an amount of ₹ 166.38 crore, of which an amount of ₹ 155.92 crore was spent. Against the target of 1.68 crore plantations, only 1.28 crore plantations were done. An amount of ₹ 10.46 crore was remaining as unspent balance.
(11)	Panchayat Raj & Rural development department	<p>Swachh Bharath Mission (Gramin): It is a Centrally Assisted State Plan Scheme with a sharing pattern of Centre and State 75:25, to bring about an improvement in the general quality of life in the rural areas, by promoting cleanliness, hygiene and accelerate sanitation coverage in rural areas</p> <p>During the year an amount of ₹ 171.18 crore was provided (including supplementary grant of ₹ 26.98 crore) in the budget.</p>	During the year, Government provided and released the entire budget provision of ₹ 171.18 crore (GoI: ₹ 128.39 crore & State: ₹ 42.79 crore) and was incurred. However, against the target of construction of 6,86,842 of sanitary complexes, toilets for schools, Individual House Hold Latrines (IHHL/APL & BPL) only 2,40,193 (35 <i>per cent</i>) constructions were completed. Thus there is mis-match between the financial progress and physical targets reported.

⁷ State Agricultural Management & Extension Training Institute (SAMETI)

⁸ Greater Warangal Municipal Corporation and Karimnagar Municipal Corporation

2.6.12 Scheduled Castes and Tribal Sub-Plan

As per Andhra Pradesh Scheduled Castes Sub-Plan (SCSP) and Tribal Sub-Plan (TSP) Act 2013 (Planning, Allocation and Utilisation of Financial Resources), all Government Departments should earmark at least 15.44 *per cent* and 9.34 *per cent* of the total plan outlay in the Budget exclusively for the development of Scheduled Castes and Scheduled Tribes, respectively, by designing schemes that directly benefit the SCs/STs individually or as a community with a view to improving the economic and social condition of the targeted groups. During the year 2015-16, ₹7,847.38 crore⁹ (15.58 *per cent*) and ₹5,035.50 crore¹⁰ (9.37 *per cent*) were allocated towards SCSP and TSP, respectively (including deemed allocation towards non-divisible infrastructure works under Energy, Transport and Irrigation and Command Area Development Department). The scheme-wise allocations under SCSP and TSP are detailed in *Appendix 2.10*.

Budget allocation and expenditure under Scheduled Castes Sub Plan (SCSP) and Tribal Area Sub Plan (TSP) during the year 2015-16 were as follows.

Table 2.7: Budget vis-à-vis expenditure under SCSP and TSP during 2015-16

(₹ in crore)								
Total State Plan Budget	Budget for SCSP (original)	% of SCSP budget	Total Budget SCSP (O+S)	Expenditure	Budget for TSP (original)	% of TSP budget	Total Budget TSP (O+S)	Expenditure
52,383	6,877	13.13	7,693	3,709 (48%)	4,620	8.82	5,385	2,613 (49%)

Source: Statement of Demands for Grants and SCSP and TSP 2015-16

Figures in parentheses indicate percentage of funds expended vis-à-vis allocation

It would be seen from the above that only 48 *per cent* and 49 *per cent* were spent towards SCSP and TSP, respectively, against the allocated amount (other than deemed allocation towards non-divisible infrastructure works), resulting in huge savings of 52 *per cent* and 51 *per cent*. It would be evident that the intended purpose was not achieved due to non-release of funds for the SCSP and TSP.

2.7 Review of Selected Grants

During the year 2015-16, two grants viz., Panchayat Raj, Major and Medium Irrigation were selected for detailed audit scrutiny to ascertain compliance with budgeting processes, utilisation of funds, expenditure control mechanisms and implementation of schemes within these grants. Audit findings in this regard are discussed below.

2.7.1 Panchayat Raj (Grant No. XXXI)

This Grant is administered by the Panchayat Raj Department. The allocation of budget to Panchayat Raj Department (₹12,140.15 crore) constituted 8.71 *per cent* of the total state budget (₹1,39,359.94 crore) during the year 2015-16.

⁹ ₹6,876.79 crore towards all departments and ₹970.59 crore towards non-divisible infrastructure works

¹⁰ ₹4,619.53 crore towards all departments and ₹415.97 crore towards non-divisible infrastructure works

2.7.1.1 Budget and Expenditure

Details of budgetary provision, actual expenditure and savings in this grant during the year 2015-16 are given below:

Table 2.8: Budget vis-a-vis expenditure

(₹ in crore)						
Section	Original	Supplementary	Total	Expenditure	Savings	Surrenders
Revenue	7,532.22	1,663.64	9,195.86	4,227.53	(-) 4,968.33	5,533.42
Capital	45.27	2,899.02	2,944.29	1,823.08	(-)1,121.21	0.00
Total	7,577.49	4,562.66	12,140.15	6,050.61	(-)6,089.54	5,533.42

Source: Appropriation Accounts 2015-16

Under the Revenue Section, an amount of ₹4,228 crore was spent against the total provision of ₹9,196 crore, resulting in a saving of ₹4,968 crore (54 per cent) and under the Capital Section, ₹1,823 crore was spent against the total provision of ₹2,944 crore, resulting in saving of ₹1,121 crore (38 per cent).

2.7.1.2 Surrender of Savings

As per the provisions of Paragraph 17.2.2 of APBM, all Departments are required to surrender the grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated.

An amount of ₹5,533 crore (111 per cent) was surrendered on the last working day of the financial year 2016 in excess of the actual saving of ₹4,968 crore under the Revenue Section. Though the actual expenditure was less than Original provision, obtaining supplementary grant proved unnecessary. Out of the total saving of ₹1,121 crore, no amount was surrendered under the Capital Section during the year.

2.7.1.3 Excessive /Insufficient /Unnecessary Supplementary Grants

Supplementary Grant aggregating ₹4,062 crore proved excessive by ₹1,562 crore in 17 schemes and similarly, Supplementary Grant of ₹3.40 crore proved insufficient in two schemes. The details are in *Appendix 2.11*.

Supplementary grants aggregating ₹203 crore obtained in nine schemes during the year proved unnecessary as the actual expenditure (₹432 crore) was less than the original provision (₹3,433 crore), as detailed in *Appendix 2.12*.

2.7.1.4 Unnecessary and Excessive Re-appropriation of funds

As per paragraph 17.5 of APBM, re-appropriation is permissible only when a saving under one head of account and an excess under another are known or anticipated with reasonable certainty or when it is deliberately proposed to curtail expenditure under one head with a view to incurring more urgent additional expenditure under another. During the year 2015-16, unnecessary/excessive/insufficient re-appropriation of funds occurred in 13 schemes under the grant which resulted in either non-utilisation of funds or excess over provision in each case, as detailed in *Appendix 2.13*.

2.7.1.5 Surrender of entire provision

In respect of certain schemes, although funds were provided in accordance with the Annual Plan, the entire provision in eight schemes amounting to ₹ 187.24 crore was surrendered/re-appropriated without any expenditure as detailed in *Appendix 2.14*.

2.7.1.6 Expenditure incurred without provision

As per Paragraph 17.3.1 and 17.6.1(c) of APBM, no expenditure should be incurred on a scheme/service for which no provision has been made in the original Budget Estimates. However, it was observed that an amount of ₹ 517 crore was incurred in seven schemes without budget provision as detailed in *Appendix 2.15*.

Programme implementation

Test-check of a few schemes showed the following:

(a) Funds lying unutilised ₹ 13.71 crore

It was observed that funds released for an amount of ₹ 13.71 crore under a few schemes were neither utilised nor surrendered and were lying in the P.D. Account of the CEO, Z.P.P, Rangareddy District and other Bank accounts, as detailed in **Table 2.9** below:

Table 2.9: Details of unutilised funds

(₹ in crore)						
Sl. No.	Name of the scheme	Budget allocation	Funds released	Date of release	Unutilised funds	Where funds kept
1.	Unanimously Elected Gram Panchayats	9.04	4.52	May 2015 & November 2015	4.52	P.D. Account
2.	Strengthening of G.Ps.	15.00	7.50	May 2015 & November 2015	7.50	₹ 3.75 crore in PD A/c and ₹ 3.75 crore in Oriental Bank of Commerce (OBC) A/c. No.11112191010143, Himayat Nagar branch
3.	Awards to Best Gram Panchayats	1.00	0.50	May 2015 & November 2015	0.50	₹ 0.25 crore in P.D. account and ₹ 0.25 crore in OBC A/c.No.11112191010143, Himayat Nagar branch
4.	Rajiv Gandhi Panchayat Sashaktikaran Abhiyan	1.21	1.21	NA	1.19	State Bank of Hyderabad (SBH) A/c.No.62465611307, Himayat Nagar branch
Total					13.71	

Source: Departmental figures; NA: Not Available

(b) No provision for discharging outstanding liabilities

Government had issued orders¹¹ for supply of power in Gram Panchayats with effect from

¹¹ G.O.Ms.No.44 Energy Department, dated 11 May 1987

1 March 1987 (other than Major Panchayats) for Drinking Water Supply scheme and street lighting free of cost. An amount of ₹ 1,473.13 crore remained to be paid to TRANSCO as of March 2016 on this account. Though such undischarged liability existed, Government did not provide sufficient budget for the same, which needs to be addressed.

(c) Grants to PRIs

Per Capita Grant is given to a PRI, based on population, to be utilised for development activities as part of its General resources. Though the Department had proposed ₹ 72.60 crore towards Per Capita Grant, only an amount of ₹ 31.20 crore was allocated in the budget. Against a release of ₹ 15.60 crore, an amount of ₹ 15.96 crore was spent exceeding the release by ₹ 0.36 crore. Further, an amount of ₹ 11.35 crore was re-appropriated to another scheme on 31 March 2016. The non-release of intended grants to PRIs, which have limited financial resources, would adversely affect their developmental activities.

(d) Short release of Seigniorage Fees to Local bodies

Seigniorage Grant (Non- Plan) relates to the share of the PRIs in respect of Seigniorage fee collections made by the Mines and Geology Department from metal, sand, mining etc. The Seigniorage fee collected during the previous year is initially adjusted in Government Account and apportioned among the local bodies (in the ratio of 25:50:25 between ZPs/MPPs/GPs). Against collection of Seigniorage fee of ₹ 434.20 crore in 2014-15, provision in the budget was made only for ₹ 38.72 crore during 2015-16. Of this, only ₹ 19.36 crore (4 per cent) was released to ZPs/MPPs/GPs. Thus, the PRIs were not provided with the intended financial support for their developmental activities.

(e) Water Grid - Telangana Drinking Water Supply Sanitation Project (TDWSSP)

During the year 2015-16, an amount of ₹ 6,862.27 crore (including supplementary grant ₹ 2,862.27 crore) was allocated in the budget for implementation of TDWSSP, of which only an amount of ₹ 1,413.86 crore was released and expenditure incurred. Though, the actual expenditure was less than the original provision, supplementary grant of ₹ 2,862.27 crore was obtained, which proved unnecessary.

The Scheme was funded from loans obtained from HUDCO, NABARD and a consortium of Banks. The first installment of HUDCO loan of ₹ 998.82 crore was drawn in March 2015 and the unutilised loan of ₹ 970 crore later lapsed on 31 March 2016 from the PD account. During 2015-16, for payment of interest on the loan, an amount of ₹ 71.73 crore was provided in the budget and the amount was utilised for payment of interest to HUDCO.

(f) Release of Supplementary budget to outdated scheme Backward Region Grant Fund (BRGF)

During the year 2015-16, ₹ 121.28 crore was provided in the budget under BRGF (which was closed during 2014-15) and the entire grant was booked as expenditure by DTO (Urban). The Department had not produced the supporting vouchers in this regard. However, the Commissioner of Panchayat Raj and Rural Development informed that no funds were

released by Government under the Scheme. Irregularities can not be ruled out in expenditure without supporting documentation.

2.7.2 Major and Medium Irrigation (Grant No. XXXIII)

This Grant is administered by the Irrigation and Command Area Development Department. The allocation of budget to Irrigation Department constituted 9.72 *per cent* of the total state budget (₹ 1,39,359.94 crore) during the year 2015-16.

2.7.2.1 Budget and Expenditure

Details of budgetary provision, actual expenditure and savings in this grant are as follows:

Table 2.10: Budget vis-a-vis expenditure

(₹ in crore)						
Section	Original	Supple- mentary	Total	Expenditure	Savings	Surrenders
Revenue	3,279.33	17.72	3,297.05	3,127.76	(-) 169.29	146.87
Capital	6,221.84	4,028.79	10,250.63	6,484.63	(-)3,766.00	1,979.90
Total	9,501.17	4,046.51	13,547.68	9,612.39	(-)3,935.29	2,126.77

Source: Appropriation Accounts 2015-16

Under the Revenue Section, an amount of ₹ 3,128 crore was spent against the total provision of ₹ 3,297 crore resulting in a saving of ₹ 169 crore (5 *per cent*) and under the Capital Section, an amount of ₹ 6,485 crore was spent against the total provision of ₹ 10,251 crore resulting in a saving of ₹ 3,766 crore (37 *per cent*).

2.7.2.2 Surrender of Savings

As per Paragraph 17.2.2 of APBM, all Departments are required to surrender the grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. Out of the total provision of ₹ 169 crore under the Revenue Section, an amount of ₹ 147 crore (87 *per cent*) was surrendered on the last working day of the financial year 2015-16. Though the actual expenditure was less than Original provision, obtaining supplementary grant proved unnecessary. Out of the total saving of ₹ 3,766 crore, only an amount of ₹ 1,980 crore was surrendered under the Capital Section during the year.

2.7.2.3 Unnecessary/Excessive Supplementary Grants

Supplementary grants aggregating ₹ 416.38 crore obtained in 10 projects during the year proved unnecessary as the actual expenditure (₹ 2,098.30 crore) fell short of even the original provision (₹ 2,870.78 crore), as detailed in *Appendix 2.16*. Similarly, Supplementary grants aggregating ₹ 3,607.87 crore proved excessive by ₹ 1,636.90 crore against the required provision of ₹ 1,970.97 crore in 17 schemes under the grant, as detailed in *Appendix 2.17*.

2.7.2.4 Unnecessary/Excessive/Insufficient Re-appropriation of funds

As per paragraph 17.5 of APBM, re-appropriation is permissible only when a saving under one head of account and an excess under another are known or anticipated with reasonable

certainty or when it is deliberately proposed to curtail expenditure under one head with a view to incurring more urgent additional expenditure under another. During the year 2015-16, unnecessary/excessive/insufficient re-appropriation of funds occurred in 11 projects under the grant which resulted in either non-utilisation of funds or excess over provision in each case, as detailed in *Appendix 2.18*.

2.7.2.5 Surrender of entire provision

In respect of certain schemes, although funds were provided in accordance with the Annual Plan, the entire provision in 30 cases amounting to ₹61.39 crore was surrendered/re-appropriated without incurring any expenditure, as detailed in *Appendix 2.19*.

2.7.2.6 Expenditure incurred without provision

As per Paragraph 17.3.1 and 17.6.1(c) of APBM, no expenditure should be incurred on a scheme/service for which no provision has been made in the original Budget Estimates. However, it was observed that an amount of ₹ 1.18 crore was incurred in two projects without budget provision, as detailed in **Table 2.11** given below:

Table 2.11: Expenditure incurred without Budget provision

(₹ in crore)					
Sl. No.	Head of Account	Name of the Project	Budget (O+S)	Re-appropriation	Expenditure
1	2701-03-123	Musi Project	0.00	0.49	0.49
2	2701-03-800	Other Expenditure	0.00	0.70	0.70
Total			0.00	1.18	1.18

Source: Appropriation Accounts 2015-16

2.7.2.7 Rush of expenditure

Article 39 of the APFC requires that expenditure should be evenly distributed throughout the year and no attempt should be made to prevent the lapse of an appropriation by any undue rush of expenditure during March. Expenditure during the three quarters ending up to December 2015 was 46 per cent of the total expenditure. While the percentage of expenditure in the last quarter was 54 per cent, the expenditure in the month of March 2016 alone constituted 38 per cent, indicating rush of expenditure, as detailed in *Appendix 2.20*.

2.7.2.8 Programme implementation

Test-check of a few schemes showed the following:

(a) Civil Works

A budget provision of ₹224.00 crore was made for drainage works under Tribal Area Sub Plan, which was re-appropriated (₹223.65 crore) to other Projects/Schemes. Thus, no expenditure on civil works has been incurred during the year. The details of re-appropriation are given in **Table 2.12** below:

Table 2.12: Details of re-appropriations

(₹ in crore)			
Sl. No.	G.O Rt No./Date	Decrease (-)	Remarks
1	2601/22-8-15	70.00	Held in Reserve
2	3103/28-9-15	48.93	Towards clearing of electrical charges in respect of ST Housing Colonies under Deepika Scheme
3	3118/29-9-15	100.00	Towards acquisition of land in Adilabad District and Deposited with the District Collector, Adilabad
4	3130/30-9-15	4.72	For Upper Koulasanala Project
Total		223.65	

As per Para-17.4 of A.P. Budget Manual, re-appropriations between different grants are not permissible. However, due to the slow progress of works, Government had re-appropriated¹² an amount of ₹ 100 crore from “Civil Works” under Major & Medium Irrigation provided to “Construction and restoration of minor irrigation sources” under Minor Irrigation Grant.

(b) Alimineti Madhava Reddy Srisailam Left Bank Canal (AMRSLBC) Project

The Project is to provide irrigation facility to the drought prone areas of Nalgonda district for irrigating 3.00 lakh acres of land and drinking water to the fluoride affected villages in Nalgonda district and Hyderabad by utilising 30 TMC of Krishna water.

An amount of ₹ 805 crore (including ₹ 205 crore in supplementary grant) was provided in the budget estimates, of which an amount of ₹ 592.05 crore was incurred and an amount of ₹ 26.54 crore was re-appropriated to other projects. Though the expenditure fell short of even the original provision, the supplementary grant of ₹ 205 crore obtained towards payment of Land Acquisition charges proved unnecessary.

(c) Sripada Yellampally Project

This project was contemplated to tap the available yield in Godavari River below the Sriram Sagar Project, hitherto untapped. Construction of a barrage across river Godavari was proposed at Yellampally village, Ramagundam Mandal of Karimnagar district to store 20,175 TMC of water for irrigating an ayacut of 1,85,700 acres in Karimnagar district and stabilization of 30,000 acres in Adilabad district.

During the year 2015-16, an amount of ₹ 598 crore was provided in budget estimates of which ₹ 225.58 crore (38 *per cent*) was incurred, leaving a balance of ₹ 372.42 crore (62 *per cent*), which was re-appropriated to other projects.

(d) Jawahar Nettekpadu Lift Irrigation Scheme

This scheme envisages lifting of 20 TMC of water from the foreshore of PJP Reservoir to provide irrigation facilities to two lakh acres in the drought prone upland areas of Gadwal and

¹² G.O.Rt.No.3118 Finance(Budget) Department, dated 29-09-2015

Alampur Constituencies, covering about 148 villages of eight Mandals, besides providing drinking water facilities en-route the canal in Mahbubnagar District.

An amount of ₹254.11 crore (including supplementary grant of ₹5.11 crore) was provided in the budget estimates of which only an amount of ₹62.68 crore (25 per cent) was expended and ₹185.14 crore (75 per cent) was re-appropriated to other heads/projects.

2.8 Errors in budgeting process

The following lapses/errors were observed in the process of budgeting during the year 2015-16:

2.8.1.1 No Provision in Budget Estimates under Subventions from Central Road Fund

Subvention from Central Road Fund is released to the State by GoI for road development works. These amounts are to be transferred to Major Head 8449-Other Deposits-103-Subvention from Central Road Fund by debit to MH 3054-Roads and Bridges-797-Transfers to Reserve Fund-Deposit Account. Although provision for transfer of grant received is required to be made every year in the budget, this was not done.

2.8.1.2 Incorrect classification

Subsidies are being shown under Detailed Head 310-Grants-in-Aid instead of under 330-Subsidies. During the year 2015-16 an amount of ₹360.64 crore was provided, of which ₹339.58 crore was booked as expenditure under 310-Grants-in-aid, instead of 330-Subsidies in various Departments.

Similarly, a huge provision of ₹1,673.30 crore made in the nature of subsidies and an amount of ₹1,010.42 crore was expended under 310-Grants-in-Aid, instead of 330-Subsidies in various Departments, as detailed in *Appendix 2.21*.

2.8.1.3 Misclassification in budget estimates

- i. As per LMMH, the scheme “Veterinary Services and Animal Health” has been accommodated under Minor Head 101. However the Government provided budget of ₹9.29 crore for the scheme under the Omnibus Minor Head 800 and an expenditure of ₹5.50 crore was incurred.
- ii. As per Standard Objects of Expenditure (Detailed Heads of Account) given in Budget Manual the object Head-501 has to be operated for Compensations.
However, for payment of compensations, a provision of ₹89.18 crore was made under “310-Grants-in-Aid and 320-Contributions” under Major Head 3604- Compensation and Assignments to Local bodies and Panchayat Raj Institutions and an expenditure of ₹43.69 crore was incurred.
- iii. As per the guidelines of the Indian Government Accounting Standards (IGAS-2), the detailed head 310-Grants in Aid constitutes the revenue expenditure of the Government. However, an amount of ₹676.14 crore was provided towards 310-Grants-in-aid and the expenditure of ₹151.10 crore was booked under the Capital Section during the year 2015-16.

- iv. As per Standard Objects of Expenditure (Detailed Head of Account) given in Budget Manual, the Sub Detailed Head 311 is to be operated for Grants-in-Aid towards salaries. Test-check of vouchers for the month of October 2015 showed that the Government had released¹³ an amount of Rupees one crore towards salaries of Research Personnel under Centre for Economic & Social Studies (CESS) and the same was classified under the Sub Detailed Head 312-Other Grants-in-Aid instead of 311-Grants-in-Aid towards salaries.

2.8.1.4 Non-incorporation of correction slip

- i. As per CGA's correction slip no.718, dated 14 February 2012 the functional head "102-National Rural Livelihood Mission" was to be operated under MH 2501-Special Programmes for Rural Development-06-Self Employment Programmes". However, the sub head (05)-"National Rural Livelihood Mission" was provided under minor head 800, instead of operating specific functional minor head "102". During the year 2015-16, an amount of ₹ 80.95 crore was budgeted and expended.
- ii. As per CGA's correction slip no.417 issued on 16 January 2002, the nomenclature of Minor Head 191 was "Assistance to Municipal Corporations". However, under MH 2217-80 the nomenclature of Minor Head 191 was shown as "Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards etc." During the year an amount of ₹ 1,316.76 crore was budgeted and ₹ 684.19 crore expended.

2.8.1.5 Operation of unauthorized Sub Major Head/Minor Heads

As per correction slip No.370, dated 25 March 2000 Sub Major Head 01-"Integrated Rural Development Programme" and the Minor Heads thereunder below MH 2501-"Special Programmes for Rural Development" were no longer in operation and had been deleted from the year 2000-01. However, these heads were still being operated by State Government. During the year 2015-16, an amount of ₹ 593.17 crore was provided and expenditure of ₹ 296.33 crore was incurred.

2.8.1.6 Opening of new sub-heads

Article 150 of the Constitution mandates the prescription of the form of accounts by the President on the advice of the Comptroller and Auditor General. Section 21 of the DPC Act 1971, however, permits the CAG to delegate his powers to his subordinated authorities. Accordingly, CAG has, at various points of time, delegated his powers to render advice, to the Pr. Accountants General/Accountant General (A&E). The State Government has to take prior concurrence of the AG (A&E) before opening any new head. It was, however, seen that during the year 2015-16 the Government had opened 39 new Sub-Heads without prior concurrence of the Accountant General (A&E) with a total provision of ₹ 6,121.27 crore, against which an expenditure of ₹ 426.25 crore in respect of various schemes under 14 Grants was incurred, as shown in *Appendix 2.22*.

¹³ G.O.Rt.No.451 Planning (III) Department, dated 15 September 2015

2.9 Conclusion

Evidence of unrealistic budgetary assumptions and weaknesses in expenditure monitoring and control were observed during the year. Actual expenditure (₹1,04,098 crore) incurred was less than the budget provision (₹1,39,360 crore) and savings for the current year stood at ₹35,262 crore (25 per cent). Out of the savings, ₹16,269 crore were surrendered on 31 March 2016.

Several policy initiatives taken up by Government were either unfulfilled or were partially executed, primarily due to non-approval of scheme guidelines/modalities, non-commencement of works for want of administrative sanction and poor project implementation, apart from the non-release of budget.

Excess expenditure of ₹5,881 crore was incurred during 2015-16 without Legislative authorization. Regularisation of excess expenditure for the year 2014-15 amounting to ₹304 crore was yet to be carried out by Government by taking Legislative approval. Lumpsum provision (₹55 crore) without specific details of expenditure were included in the budget for 2015-16 and the entire provision was surrendered at the end of the year.

There were several instances of misclassification in the budget on subsidies, Subvention from Central Road Fund etc., which indicated deficiencies in the budgetary process.

Unrealistic budgetary allocations resulting in substantial savings, unnecessary supplementary grants, expenditure incurred without provision and excess re-appropriations resulting in excess provision were indicative of poor budget management.