

CHAPTER-3
BUDGETARY MANAGEMENT

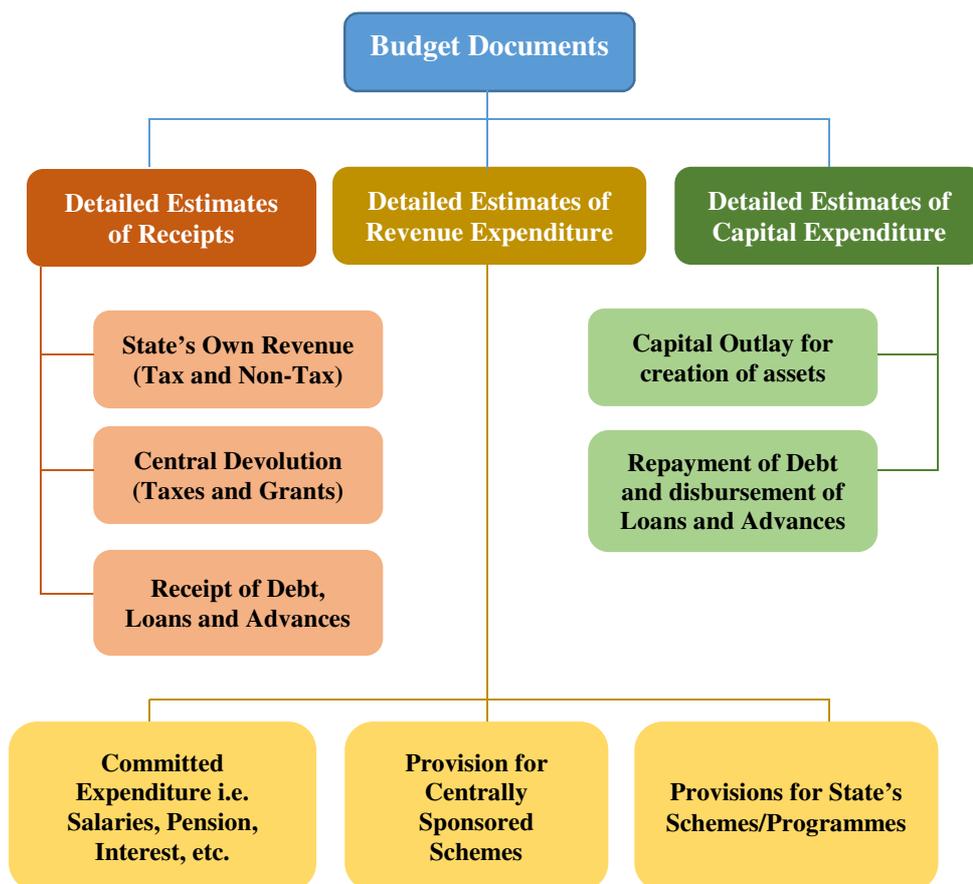
Chapter 3: Budgetary Management

3.1 Budget Process

In compliance with Article 202 of the Constitution of India, in respect of every financial year, a statement of the 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’ items¹ of expenditure separately and distinguish expenditure on revenue account from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the State Government.

As per the Punjab Budget Manual, as adopted by Haryana, the Finance Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called ‘Demand for Grants’. The State budget comprises following documents as given in *Chart 3.1*.

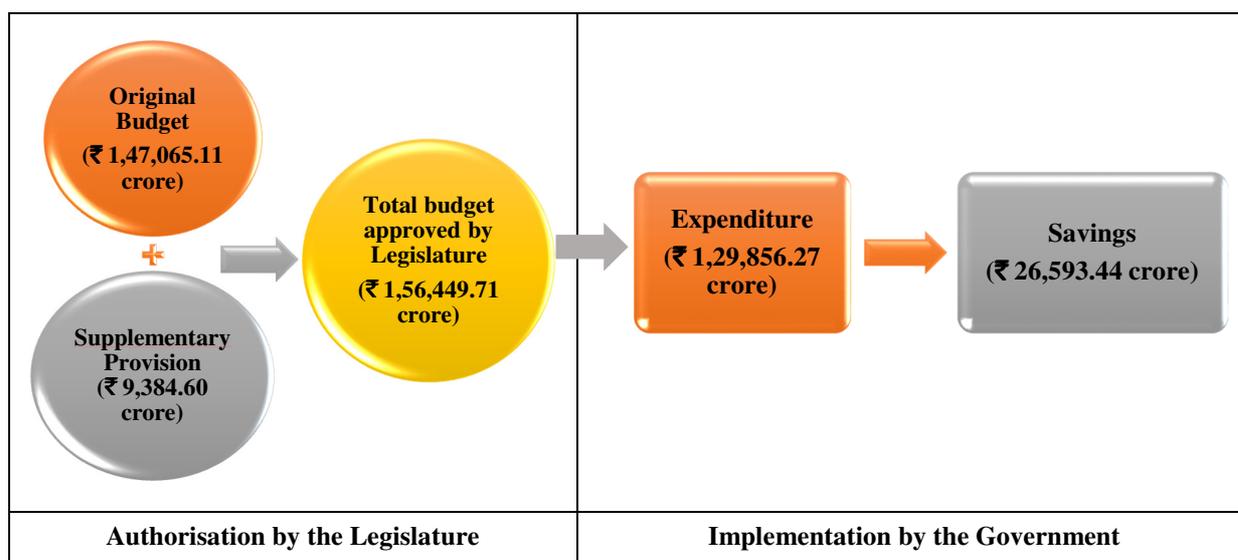
Chart 3.1: Details of State Budget Documents



¹ **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.

The various components of budget are depicted in the *Chart 3.2*.

Chart 3.2: Total Budget provision vis-à-vis expenditure during 2019-20



Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts

Summary of total provision, actual disbursements and savings during financial year

A summarised position of total budget provision, disbursement and savings with its further bifurcation into voted/charged during 2015-20 is given in *Table 3.1*.

Table 3.1: Disbursement and Saving/Excess during 2015-20

(₹ in crore)

Year	Total Budget Provision		Disbursement		Saving	
	Voted	Charged	Voted	Charged	Voted	Charged
2015-16	91,483.98	20,075.28	79,478.98	16,001.52	12,005.00	4,073.76
2016-17	92,200.76	20,458.70	76,947.96	16,121.70	15,252.80	4,337.00
2017-18	1,02,879.77	22,110.63	84,418.03	18,544.66	18,461.74	3,565.97
2018-19	1,07,759.20	33,973.70	90,304.44	31,058.32	17,454.76	2,915.38
2019-20	1,19,003.62	37,446.09	98,167.61	31,688.66	20,836.01	5,757.43

Source: Appropriation Accounts of the respective years.

3.2 Appropriation Accounts

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

of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

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

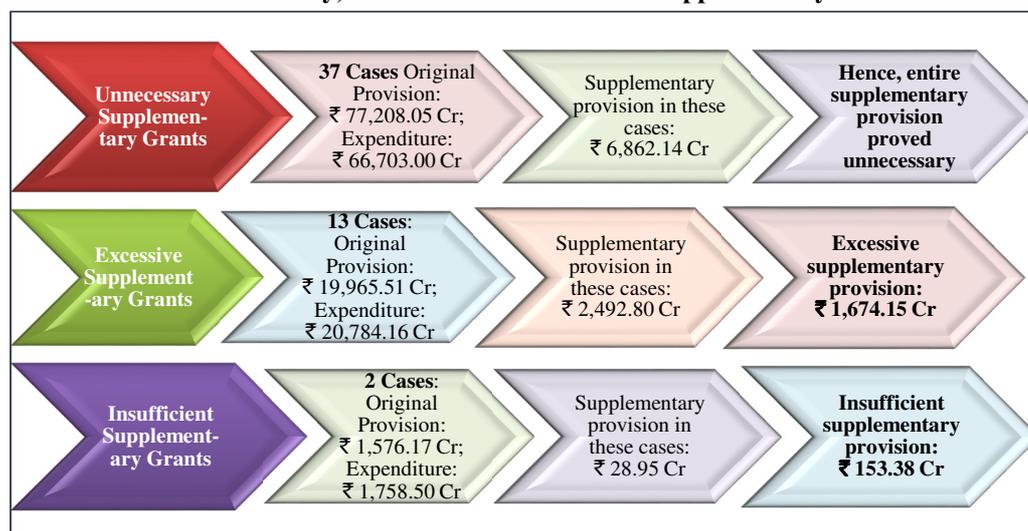
3.3 Comments on integrity of budgetary and accounting process

3.3.1 Unnecessary or excessive supplementary grants

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year, can be made during the current financial year but not after the expiry of current financial year.

Supplementary provisions aggregating ₹ 6,862.14 crore obtained in 37 cases, involving ₹ 50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions. In 13 cases, supplementary provision of ₹ 2,492.80 crore was proved excessive as detailed in *Appendix 3.1*. On the other hand, in two cases supplementary grant of ₹ 28.95 crore was not adequate to meet the requirement (*Chart 3.3*).

Chart 3.3: Unnecessary, Excessive and Insufficient Supplementary Provisions



Source: Appropriation Accounts

As such, the supplementary provisions were either unwarranted or excessive in large number of cases. The Government may consider preparing realistic budget estimates to avoid large savings and supplementary provisions.

3.3.2 Savings

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or unrealistic estimating. It is a matter of concern. All estimating Officers should strive to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should consider this while exercising final check on the estimates.

Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls promote release of funds towards the end of the financial year. Excessive savings in some heads also deprive other Departments of the funds which they could have utilised.

(i) Savings vis-à-vis allocations

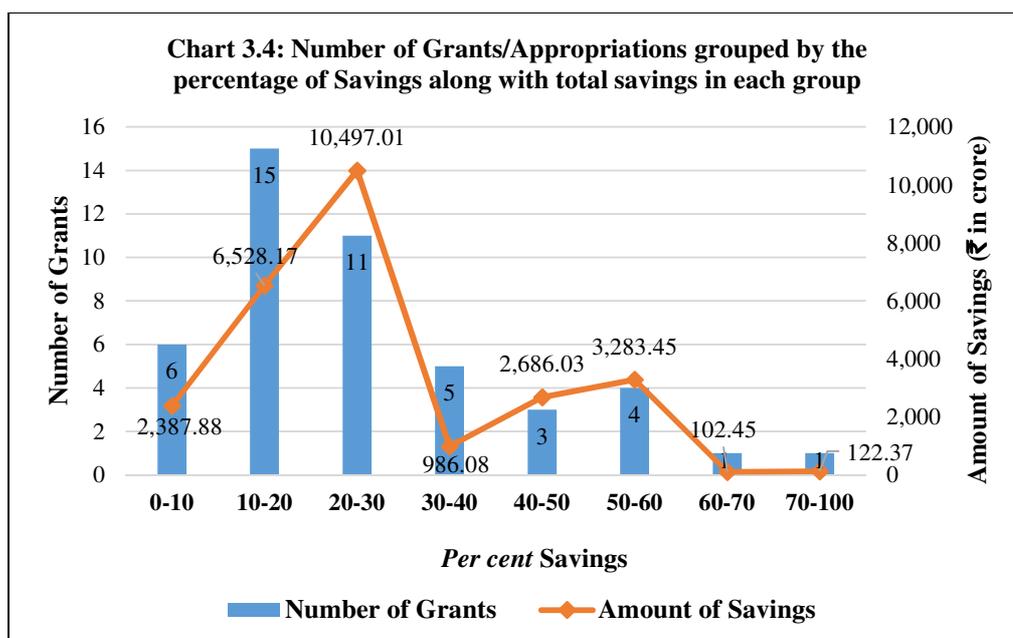
There were overall savings of ₹ 26,593.44 crore. Out of this, in 39 cases, savings were ₹ 25,905.61 crore registering saving of more than ₹ 100 crore in each case (*Appendix 3.2*). In these 39 cases, against the total provision of ₹ 1,37,879.71 crore actual expenditure was ₹ 1,11,974.10 crore and savings were ₹ 25,905.61 crore. The cases in which there were substantial saving have been listed in *Table 3.2*.

Table 3.2: Detail of cases in which savings were more than ₹ 500 crore

(₹ in crore)

Sr. No.	Number and name of the Grant	Original	Supplementary	Total	Actual	Saving
Revenue (Voted)						
1	6-Finance	10,584.69	14.43	10,599.12	9,064.73	1,534.39
2	9-Education	13,941.98	378.12	14,320.10	13,632.85	687.25
3	15-Local Government	4,021.68	1,438.35	5,460.03	3,196.37	2,263.66
4	27-Agriculture	2,721.80	335.00	3,056.80	1,513.84	1,542.96
5	32-Rural and Community Development	4,898.60	383.14	5,281.74	3,940.38	1,341.36
6	40-Energy and Power	7,366.92	1,500.00	8,866.92	7,028.67	1,838.25
Revenue Charged						
7	6-Finance	16,799.62	0.00	16,799.62	15,588.01	1,211.61
Capital Voted						
8	8-Buildings and Roads	4,008.64	459.76	4,468.40	2,970.57	1,497.83
9	14-Urban Development	1,300.00	500.00	1,800.00	883.72	916.28
10	23-Food and Supplies	13,596.40	1,509.46	15,105.86	14,107.10	998.76
Capital (Charged)						
11	Public Debt	20,257.15	0.00	20,257.15	15,775.51	4,481.64

Chart 3.4 categorises the grants/appropriations according to percentage of savings against budget allocations.



(ii) Persistent savings

During the last five years, 20 grants and one appropriation showed persistent savings of more than ₹ 10 crore which were also 10 per cent or more of the total grants (*Table 3.3*).

Table 3.3: Grants indicating persistent savings

(₹ in crore)

Sr. No.	Number and name of the grant	Amount of savings				
		2015-16	2016-17	2017-18	2018-19	2019-20
Revenue (Voted)						
1.	07-Planning and Statistics	237.74 (58)	283.17 (62)	10.76 (26)	22.00 (37)	18.24 (34)
2.	11-Sports and Youth Welfare	84.43 (27)	105.84 (25)	211.20 (46)	114.86 (29)	114.93 (28)
3.	14-Urban Development	63.06 (37)	12.47 (13)	53.95 (51)	38.93 (36)	477.33 (82)
4.	15-Local Government	1,407.70 (43)	879.77 (25)	1,462.93 (27)	2,168.63 (43)	2,263.66 (41)
5.	17-Employment	29.62 (38)	16.12 (23)	56.52 (24)	45.37 (13)	69.75 (15)
6.	18-Industrial Training	30.39 (12)	52.67 (19)	122.11 (29)	185.11 (37)	201.65 (31)
7.	19-Welfare of SCs and BCs	323.20 (49)	213.79 (27)	357.63 (47)	325.97 (45)	226.64 (44)
8.	21-Women and Child Development	268.23 (27)	368.88 (33)	232.26 (22)	476.58 (34)	409.27 (29)
9.	24-Irrigation	359.16 (21)	512.12 (27)	519.63 (27)	214.32 (13)	265.50 (15)
10.	25-Industries	70.33 (56)	436.29 (62)	234.39 (64)	343.58 (61)	60.84 (19)
11.	27-Agriculture	374.19 (27)	826.91 (43)	648.44 (34)	956.78 (35)	1,542.96 (50)
12.	28-Animal Husbandry	171.88 (25)	110.83 (15)	88.83 (12)	107.55 (12)	183.11 (18)

Sr. No.	Number and name of the grant	Amount of savings				
		2015-16	2016-17	2017-18	2018-19	2019-20
13.	30-Forest and Wild Life	76.92 (19)	97.95 (26)	142.21 (31)	143.96 (32)	178.39 (35)
14.	32-Rural and Community Development	815.54 (28)	366.90 (10)	1,193.68 (26)	1,261.75 (26)	1,341.36 (25)
15.	34-Transport	259.83 (13)	283.94 (13)	277.38 (12)	406.76 (16)	387.16 (16)
16.	37-Elections	15.49 (22)	11.24 (20)	38.15 (53)	30.63 (40)	171.11 (56)
Capital (Voted)						
17.	18-Industrial Training	14.74 (32)	16.99 (36)	14.30 (37)	53.33 (78)	32.13 (42)
18.	21-Women and Child Development	168.82 (79)	37.37 (34)	110.87 (64)	77.01 (48)	127.84 (88)
19.	34-Transport	79.85 (38)	149.58 (57)	45.64 (17)	163.57 (47)	488.07 (88)
20.	38-Public Health and Water Supply	323.70 (28)	310.50 (25)	273.98 (19)	294.53 (17)	296.86 (20)
Capital (Charged)						
21.	Public Debt	2,820.83 (28)	4,401.67 (45)	3,606.12 (36)	2,081.88 (11)	4,481.64 (22)

* Figures in parenthesis show percentage of savings to total provision

Further, scrutiny of savings in above mentioned grants revealed that during 2019-20 in 22 schemes (other than salary/establishments), the savings were more than ₹ 100 crore (*Appendix 3.3*).

Savings of such a magnitude are indicative of defective budgeting as well as shortfall in performance in a grant or appropriation. Further, since all the re-appropriation orders received after the cut-off date 15 April 2020 could not be incorporated in the Accounts, the reasons for savings were not included in the Accounts.

A detailed analysis of expenditure on development schemes have been made in Paragraph 3.4.3, which highlights mainly the schemes not implemented, reduction in revised outlay, increase in revised outlay but lesser expenditure, no expenditure in new schemes despite provision made in revised outlay, etc.

3.3.3 Excess expenditure and its regularisation

As per Article 204 of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the Article. Further, 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.

There was excess disbursement of ₹ 153.39 crore over the authorisation made by the State Legislature under two grants during the financial year 2019-20. Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State during 2019-20 is given in **Table 3.4**.

Table 3.4: Details of Major Head wise excess disbursement during 2019-20

(₹ in crore)

Sl. No.	Grant No.	Major Head	Major Head Description	Total provision	Expenditure	Saving (-)/ Excess (+)
1	8	2059	Public Works	304.41	174.57	(-) 129.84
2	8	2216	Housing	34.81	38.69	3.88
3	8	3054	Roads and Bridges	833.56	1,086.52	252.96
		Grant No. 8	Total	1,172.78	1,299.78	127.00
1	23	2408	Food, Storage and Warehousing	427.05	453.97	26.92
2	23	3456	Civil Supplies	0.28	0.19	(-) 0.09
3	23	3475	Other General Economic Services	5.01	4.57	(-) 0.44
		Grant No. 23	Total	432.34	458.73	26.39
		Grand Total		1,605.12	1,758.51	153.39

Under the Major Head 3054, the excesses were mainly due to excess expenditure against Central Road Fund (₹ 200.77 crore), Pro-rata transfer of establishment expenses from MH 2059 (₹ 44.29 crore) and excess expenditure on District Roads (₹ 6.44 crore). Under the Major Head 2408, the excess expenditure was mainly on establishment of field staff (₹ 48.22 crore) which was offset by savings in IT and Computerisation (₹ 13.46 crore), establishment of Directorate Staff (₹ 4.30 crore) and District Forum (₹ three crore). As such, under Grant Nos. 8 and 23, excess expenditure of ₹ 153.39 crore was incurred during 2019-20 which was excess over the authorisation made by State Legislature and required to be regularised.

Excess disbursements of ₹ 41.54 crore under three Appropriations pertaining to the year 2018-19 is yet to be regularised by the State Legislature (October 2020). This is in violation of Articles 204 and 205 of the Constitution and vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.4 Comments on effectiveness of budgetary and accounting process

3.4.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprive other departments of the funds, which they could have utilised.

The total provision for expenditure in 2019-20 was ₹ 1,56,449.71 crore. The actual gross expenditure during the year was ₹ 1,29,856.27 crore. This resulted in savings of ₹ 26,593.44 crore in 2019-20. The details are given in **Table 3.5**.

Table 3.5: Summarised position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) provisions during 2019-20

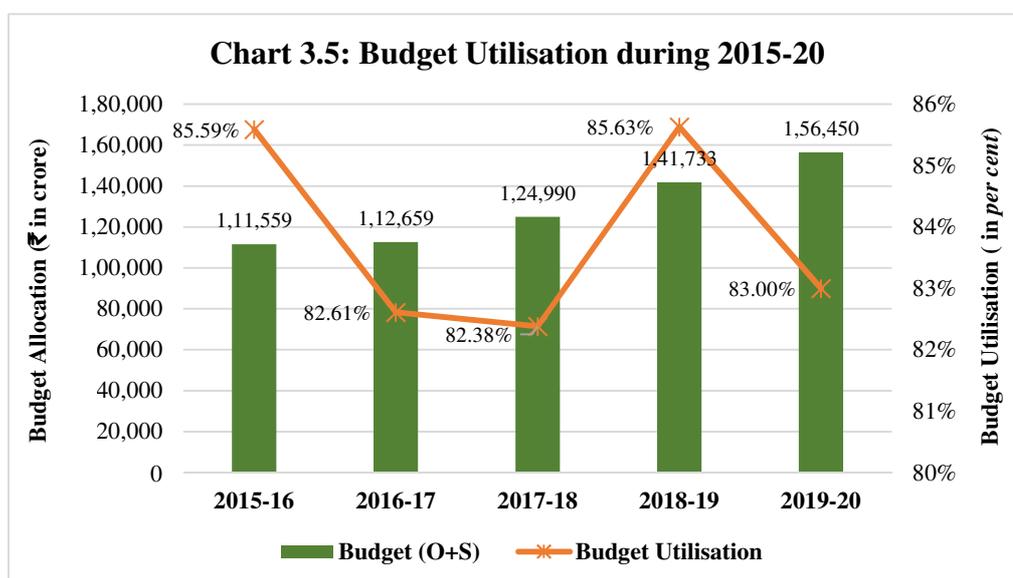
(₹ in crore)

Nature of expenditure		Original grant/ Appropriation	Supplementary grants/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	77,959.18	5,772.11	83,731.29	69,391.26	(-) 14,340.03
	II Capital	30,351.37	3,238.69	33,590.06	27,467.10	(-) 6,122.96
	III Loans and Advances	1,407.27	275.00	1,682.27	1,309.25	(-) 373.02
Total Voted		1,09,717.82	9,285.80	1,19,003.62	98,167.61	(-) 20,836.01
Charged	IV Revenue	16,990.14	33.80	17,023.94	15,788.94	(-) 1,235.00
	V Capital	100.00	65.00	165.00	124.21	(-) 40.79
	VI Public Debt Repayment	20,257.15	0.00	20,257.15	15,775.51	(-) 4,481.64
Total Charged		37,347.29	98.80	37,446.09	31,688.66	(-) 5,757.43
Appropriation to Contingency Fund		-	-	-	-	-
Grand Total		1,47,065.11	9,384.60	1,56,449.71	1,29,856.27	(-) 26,593.44

Source: Appropriation Accounts.

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹ 331.99 crore) and Capital Heads (₹ 9,925.38 crore).

Supplementary provision of ₹ 9,384.60 crore had constituted six per cent of the original provision as against 13 per cent in the previous year.



The State Government prepared the original budget of ₹ 1,11,908.84² crore for revenue expenditure, capital expenditure and disbursement of loans and advances for the year 2019-20 and revised it to ₹ 1,08,203.33 crore, against

² Recoveries under revenue and capital heads have been excluded from the gross budget figures

which actual expenditure was ₹ 1,03,823.39 crore. Trends in the original budget, revised estimate, actual expenditure for the period 2015-16 to 2019-20 are given in **Table 3.6**.

Table 3.6: Original budget, revised estimate and actual expenditure during 2015-20

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20
Original Budget	69,140.29	88,781.96	92,384.38	1,02,732.54	1,11,908.84
Revised Estimate	85,037.30	84,132.15	93,685.52	1,02,779.09	1,08,203.33
Actual Expenditure	79,394.32	79,781.44	88,190.15	93,217.78	1,03,823.39
Saving	5,642.98	4,350.71	5,495.37	9,561.31	4,379.94

Source: Budget at a glance and Finance Accounts for respective years

3.4.2 Major policy pronouncements in budget and actual expenditure

Some major policy pronouncements in budget and actual expenditure thereagainst are given in **Table 3.7**.

Table 3.7: Major policy pronouncements in budget and actual expenditure during 2019-20

(₹ in crore)

Sr. No.	Name of the Scheme and Classification	Budget Provisions	Actual expenditure	Savings (+)/ Excess (-)
1	Scheme for Rashtriya Krishi Vikas Yojna (2401-109-80)	350.00	92.37	257.63
2	On-Farm and Marketing Support to Horticulture Farmers (2401-119-54)	100.00	--	100.00
3	Vidhayak Adarsh Gram Yojana (VAGY) (2515-106-99)	180.20	66.35	113.85
4	Haryana Gram Uday Yojana for up-gradation of infrastructure renamed as Deenbandhu Haryana Gram Uday Yojana (4515-101-99)	300.00	28.59	271.41
5	Scheme for Sanitation under Swachh Bharat Mission (Gramin)-Normal Plan (2515-102-93-99)	120.00	87.67	32.33
6	Installation of Solar Water Pumping System in the State (2810-101-98)	400.00	10.92	389.08
7	Ayushman Bharat Haryana Health Protection Mission (2210-80-199-99)	150.00	42.00	108.00
8	Financial Assistance to Destitute Children (2235-02-102-99)	200.00	248.72	(-) 48.72
9	Supplementary Nutrition Programme (2235-02-101-95)	150.00	74.23	75.77
10	Vishwakarma Skill University at village Dudhola District Palwal (2230-03-001-91)	120.00	105.50	14.50
11	Dal Roti Scheme Renamed as Antodya Aahar Yojna (2408-01-001-93)	160.00	160.68	(-) 0.68
	Total	2,230.20	917.03	1,313.17

Source: Finance Accounts and Appropriation Accounts

As evident from above, against the total budget provision of ₹ 2,230.20 crore, expenditure of ₹ 917.03 crore (41.12 per cent) only was incurred on these schemes during 2019-20. Out of 11, in seven schemes, the expenditure was less than 50 per cent of the budget provision. The reasons quoted were non-receipt of funds from GoI and other financing institutions, non-finalisation of project layouts, economy measures, etc. This deprived the beneficiaries of intended benefits.

3.4.3 Development schemes

The Revised estimates for development schemes during 2019-20 was assessed at ₹ 43,754.80 crore. An amount of ₹ 37,391.88 crore was spent on development schemes which was 85.46 *per cent* of the provisions. The savings of ₹ 6,362.92 crore were mainly due to non-receipts of fund from GoI, vacant posts, non-receipts of demands from beneficiaries, non-finalisation of works under schemes, etc. as detailed in following sub-paras.

- (i) Eight schemes with an approved outlay of ₹ 146.47 crore for 2019-20 were not implemented and withdrawn in revised estimates (**Appendix 3.4**) due to non-finalisation of project layout, vacant posts, non-receipts of grants from GoI, etc.
- (ii) Provision of ₹ 879.77 crore made for 34 schemes in approved outlay for 2019-20 was reduced to ₹ 148.60 crore in the Revised Estimates, but no expenditure was incurred under these schemes (**Appendix 3.5**) due to non-receipts of funds from GoI, non-finalisation of land for Science City, vacant posts, non-receipts of demands from beneficiaries, etc.
- (iii) Provisions of ₹ 39.53 crore were made for 12 schemes in approved outlay as well as in revised outlay, but no expenditure was incurred during the year 2019-20 (**Appendix 3.6**) due to non-release of funds by GoI, non-receipts of demands from beneficiaries, etc.
- (iv) The provision of ₹ 201.78 crore made for 10 schemes was increased to ₹ 392.71 crore against which expenditure of ₹ 131.73 crore was incurred during the year 2019-20 which was 65 *per cent* of the original estimates due to non-release of funds by GoI, non-receipts of demands from beneficiaries, non-finalisation of works under schemes, revised ceiling for expenditure, etc. Further augmentation of funds through supplementary grants proved unnecessary as the total expenditure was less than the original estimates (**Appendix 3.7**).
- (v) 51 development schemes for which the outlay of ₹ 4,038.83 crore approved for execution during 2019-20 was reduced to ₹ 2,274.99 crore in the revised estimates. Only ₹ 1,372.52 crore was spent on these schemes which was 60 *per cent* of the revised outlay (**Appendix 3.8**) due to non-release of funds by GoI, lesser number of eligible students, vacant posts, non-receipts of demands from beneficiaries, etc.
- (vi) Nine schemes for which provision of ₹ 183.99 crore was approved for execution during 2019-20 was reduced to ₹ 59.90 crore in the revised estimate, but expenditure of ₹ 87.08 crore was incurred which was 145 *per cent* of revised estimate as detailed in **Appendix 3.9**.
- (vii) 46 schemes for which provision of ₹ 2,258.04 crore was made in approved outlay as well as in revised estimates, but expenditure of

₹ 1,407.03 crore (62 per cent) was incurred which was less than the provision made as detailed in **Appendix 3.10** due to non-receipts of funds from GoI, vacant posts, receipts of lesser claims from beneficiaries, economy measures, etc.

- (viii) One scheme for Buildings (Youth Hostels) under PWD (Building and Roads) Department for which provision of ₹ five crore was made in revised estimates. An expenditure of ₹ 1.91 crore (38 per cent) was incurred which was less than the provision made.
- (ix) Four schemes³ for which provision of ₹ 59.64 crore was made in revised estimates but no expenditure was incurred during the year 2019-20.
- (x) Three schemes⁴ for which provision was enhanced from ₹ 91 crore to ₹ 161.20 crore in revised estimates but no expenditure was incurred during the year 2019-20.
- (xi) The provision of ₹ 1,071.47 crore made for 17 schemes was increased to ₹ 2,088.79 crore against which expenditure of ₹ 1,187.42 crore was incurred during the year 2019-20. Further, augmentation of funds through supplementary grants proved excessive, as the total expenditure of these schemes were 57 per cent of the revised estimates (**Appendix 3.11**) due to non-receipt of funds from GoI, economy measures, lesser eligible students, etc.

3.4.4 Rush of expenditure

Rule 56 of the General Financial Rules provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided. Contrary to this, in respect of 15 heads under 10 grants/appropriations listed in **Appendix 3.12**, expenditure exceeding ₹ 10 crore and also more than 50 per cent of the total expenditure for the year was incurred during the last quarter of the year.

In these cases, out of the expenditure of ₹ 3,701.87 crore incurred during 2019-20, expenditure of ₹ 1,735.39 crore (47 per cent) was incurred during the month of March 2020. Funds of ₹ 102.52 crore under Major Head 4210-Capital outlay on Medical and Public Health were deposited in the Personal Deposit Accounts during the month of March 2020. As such, against the target of

³ (i) Services of Sewage, Water Supply and Drainage in Municipal Corporation: ₹ 42.74 crore (ii) Revamping of End to End Computerisation of TPDS Operation: ₹ 1.40 crore (iii) Purchase of land and construction of building for Lokayukt: ₹ 12.50 crore (iv) District and Session Courts - Fast Track Courts: ₹ 3 crore

⁴ (i) Construction/ upgradation of houses for SCs/STs, Free bonded labour under Indira Awas Yojna renamed as Pradhan Mantri Awas Yojna: Original Budget: ₹ 30 crore and Revised: ₹ 32 crore (ii) Haryana State Emergency Response System: Original Budget: ₹ one crore and Revised: ₹ 9.20 crore (iii) Swachh Bharat Mission: Original Budget: ₹ 60 crore and Revised: ₹ 120 crore

30 per cent for last quarter, 47 per cent expenditure was incurred in one month only. Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules.

The State Government may consider devising suitable mechanism to avoid rush of expenditure in the last quarter/month of the financial year.

3.4.5 Review of selected grants

A review of budgetary procedure and control over expenditure in respect of two selected grants i.e. 09-Education and 13-Health was conducted wherein magnitude of variations in original grants, supplementary demands and actual expenditure were analysed.

3.4.5.1 Grant No. 9 - Education

Grant No 9-Education includes Major Heads 2202-General Education and 4202-Capital outlay on Education, Sports, Art and Culture in which expenditure was incurred on various schemes for Elementary Education, Secondary Education, University and Higher Education and Adult Education.

(i) Budget and Expenditure

The overall position of budget provision, actual disbursement and savings for the last three years (2017-18 to 2019-20) is given in **Table 3.8**.

Table 3.8: Budget provisions and Expenditure

Year	Section	Original provision	Supplementary	Total	Expenditure	Savings (-)/ Excess (+) (In per cent)
		(₹ in crore)				
2017-18	Revenue (V)	13,414.09	95.87	13,509.96	11,164.25	(-) 2,345.71 (17)
	Capital (V)	100.00	0.00	100.00	0.00	(-) 100.00 (100)
2018-19	Revenue (V)	13,587.44	175.00	13,762.44	11,962.65	(-) 1,799.79 (13)
	Capital (V)	100.00	0.00	100.00	0.00	(-) 100.00 (100)
2019-20	Revenue (V)	13,941.98	378.12	14,320.10	13,632.85	(-) 687.25 (5)
	Capital (V)	100.00	0.00	100.00	0.00	(-) 100.00 (100)

Source: Appropriation Accounts of respective years

There were cent *per cent* saving under Capital (Voted) Section during 2017-20 indicating non-implementation of schemes. This shows that unrealistic provisions were made in budget.

(ii) Savings

Paragraph 5.3 of Punjab Budget Manual as applicable in Haryana State provides that the budget estimates should be as close to accurate as possible and the provision to be included in respect of each item should be based on what is expected to be paid or spent during the financial year.

Under Revenue (Voted) Section, an expenditure of ₹ 1,948.79 crore was incurred against the budget provision of ₹ 3,247.89 crore in 46 sub-heads (₹ one crore and above) which resulted savings of ₹ 1,299.10 crore ranging

between 12 and 100 *per cent* of the total provision. There were 100 *per cent* savings under Capital (Voted) Section during the year as per detail given in **Appendix 3.13**.

(iii) Persistent savings

In 33 sub heads, there were persistent savings which was indicating non-achievement of the projected financial outlays, inefficient planning and unrealistic estimation in the respective years during 2017-20 ranging between 11 and 100 *per cent* of the total provision as per detail given in **Appendix 3.14**.

(iv) Unnecessary supplementary provision

Supplementary grants are obtained to cover the excess that may be anticipated after mid-term review of the requirement of additional funds under the grants/appropriations during the financial year. Against the supplementary budget provision of ₹ 378.12 crore in three schemes under this grant, no expenditure was incurred and proved unnecessary as details given in **Table 3.9**.

Table 3.9: Details of schemes in which unnecessary supplementary provisions were made (₹ in crore)

Name of Scheme (Head of Account)	Original Provision	Supplementary	Total Provision	Expenditure	Saving
Performance Linked Outlay (PLO) for Department of Elementary Education (EDP-PLO-REV) (2202-01-001-93)	Nil	105.00	105.00	Nil	105.00
PLO for Department of Secondary Education (EDS-PLO-REV) (2202-02-001-92)	Nil	30.12	30.12	Nil ⁵	30.12
PLO for Department of Higher Education (EDH-PLO-REV) (2202-03-001-96)	Nil	243.00	243.00	Nil	243.00
Total	Nil⁶	378.12	378.12	Nil	378.12

Source: Appropriation Accounts

During further scrutiny, it was noticed that supplementary provision of ₹ 243 crore was required for providing assistance/grants-in-aid to seven Universities and for meeting increased expenditure on establishment of Government Colleges. Instead of providing supplementary grant in specific sub-heads, a lump sum grant was provided as PLO for Higher Education which was subsequently diverted to the concerned sub-heads.

Supplementary provision of ₹ 30.12 crore was made for PLO for Secondary Education which was actually demanded for establishment expenditure, providing scholarship and bicycles to students. The funds were diverted subsequently to concerned sub-heads.

The Elementary Education Department required ₹ 105 crore for meeting the expenditure of wages to *chowkidars* in compliance to Court orders. But the

⁵ Only ₹ 20,000 is spent in this scheme.

⁶ In these schemes, only ₹ one thousand was allocated in original budget.

same were provided as PLO in supplementary grants and diverted subsequently to concerned sub-head.

Thus, the supplementary grants provided were not in transparent manner as subsequent diversion of funds is not depicted in the Appropriation Accounts of the State Government.

(v) Excess expenditure

Supplementary grants are obtained to cover the excess that may be anticipated after mid-term review of the requirement of additional funds under the grants/appropriations during the financial year.

However, Supplementary provisions were made in lump sum as Performance Linked Outlay and were subsequently diverted to the concerned sub-heads lacking transparency in Budget provisions. Detail of schemes in which excess expenditure was incurred against total budget provision is given in **Table 3.10**.

Table 3.10: Details of schemes in which excess expenditure was incurred

(₹ in crore)

Sr. No.	Name of Scheme (Head of Account)	Budget	Expenditure	Excess	In per cent
1	Haryana State Merit Scholarship Secondary Stage (2202-02-107-84)	2.20	2.98	0.78	35
2	Information Technology (2202-03-001-99-97)	4.00	16.82	12.82	320
3	Setting up of Bhagat Phool Singh Mahila Vishwavidyalya, Khanpur Kalan (Sonepat) (2202-03-102-92)	50.00	84.00	34.00	68
4	Assistance to Mahrishi Dayanand University, Rohtak (2202-03-102-96)	28.00	53.00	25.00	89
5	Assistance to Kurukshetra University (2202-03-102-99)	70.00	125.00	55.00	79
6	Government Colleges (2202-03-103-98)	227.50	296.23	68.73	30
7	Grant-in-aid to Non-Government Colleges (2202-03-104-99)	394.00	490.00	96.00	24
8	Establishment of Gurugram University, Gurugram (2202-03-190-99)	20.00	40.00	20.00	100
	Total	795.70	1108.03	312.33	39

As the overall expenditure in Grant No. 9 was within the Budget provisions, the savings and excess expenditure in various schemes indicate lack in transparency in estimation of requirement of funds for the remaining period of the financial year and failure to monitor the flow of expenditure by this department.

3.4.5.2 Grant No. 13-Health

Grant No. 13-Health includes Major Heads 2210-Medical and Public Health, 2211-Family Welfare and 4210-Capital Outlay on Medical and Public Health in which expenditure was incurred on various schemes for Urban and Rural Health Services-Allopathy, Rural and Urban Health Services-Other Systems of Medicines, Medical Education, Training and Research, Public Health, etc.

(i) Budget and Expenditure

The overall position of budget provision, actual disbursements and savings for the last three years (2017-18 to 2019-20) is given in **Table 3.11**.

Table 3.11: Budget provision and Expenditure

Year	Section	Original provision	Supplementary	Total	Expenditure	Savings (In per cent)
		(₹ in crore)				
2017-18	Revenue (V)	3,399.43	108.81	3,508.24	3,074.17	434.07 (12)
	Revenue (C)	0.25	0.00	0.25	0.09	0.16 (64)
	Capital (V)	516.60	68.05	584.65	169.49	415.16 (71)
2018-19	Revenue (V)	4,050.41	125.15	4,175.56	3,678.19	497.37 (12)
	Revenue (C)	0.21	0.00	0.21	0.14	0.07 (33)
	Capital (V)	522.50	45.00	567.50	144.70	422.80 (75)
2019-20	Revenue (V)	4,392.73	467.81	4,860.54	4,472.21	388.33 (8)
	Revenue (C)	0.25	0.00	0.25	0.22	0.03 (12)
	Capital (V)	474.36	220.00	694.36	322.58	371.78 (54)

Source: Appropriation Accounts

There were persistent saving ranging between 54 and 75 per cent under Capital (Voted) Section indicating non-achievement of the projected budget provisions during 2017-20. This shows that unrealistic provisions were made in budget.

(ii) Savings

Under Revenue Head, an expenditure of ₹ 208.61 crore was incurred against the budget provision of ₹ 935.80 crore in 30 sub-heads which resulted in saving of ₹ 727.19 crore. There were savings ranging between 12 and 100 per cent of the total provision. Under Capital Head, against budget provision of ₹ 494.36 crore in nine sub-heads, an expenditure of ₹ 33.23 crore was incurred which resulted in saving of ₹ 461.13 crore during the year. There were savings ranging between 75 and 100 per cent of the total provision as per detail given in **Appendix 3.15**.

On scrutiny of schemes having substantial savings, it was noticed that ₹ 1.50 crore provided for grants-in-aid for Keratoplasty were not utilised because unique codes for the beneficiary District Health and Family Welfare societies were not generated. The provision of ₹ 6.02 crore meant for grants to Panchayati Raj Institutions (PRIs) for maintenance of Sub Centres was not utilised during 2019-20 because the Utilisation Certificates of earlier grants were not submitted by the PRIs. Out of total provision of ₹ 100 crore for grant to Shri Krishna Ayush University, Kurukshetra, ₹ 88.07 crore remained unspent due to non-finalisation of drawings of the building by the State Government.

The Department diverted capital outlay of ₹ 57.89 crore from eight schemes to Construction of Kalpana Chawla Government Medical College, Karnal in March 2020 as detailed in **Table 3.12**.

Table 3.12: Detail of funds diverted to Construction of Kalpana Chawla Government Medical College, Karnal**(₹ in crore)**

Sr. No.	Diverted from the Scheme	Budget Estimate	Funds Diverted
1.	Construction of AIIMS, Manethi (Rewari) (4210-03-105-87)	1.00	0.10
2.	Construction of Government Medical College and Hospital at Mahendergarh (Narnaul) (4210-03-105-88)	50.00	6.47
3.	Construction of Nursing Training Schools/Colleges in the State (Construction of buildings) ((4210-03-105-89-99)	20.00	15.57
4.	Construction of Dental College at Nalhar (Nuh) (4210-03-105-90)	5.00	5.00
5.	Construction of BD Sharma University of Health Sciences, Rohtak (Construction of building) (4210-03-105-91-99)	60.00	15.00
6.	Construction of University of Health Sciences, Karnal (Construction of building) (4210-03-105-92-99)	50.00	12.98
7.	Construction of BPS Women Medical College, Khanpur Kalan, Sonapat (Construction of building) (4210-03-105-97-98)	5.00	0.57
8.	Construction of Mewat Medical College at Nalhar (Nuh), Construction of building (State Contribution) (4210-03-105-98-97)	70.00	2.20
	Total	261.00	57.89

(iii) Persistent savings

In 28 sub heads, there were persistent savings during 2017-20 ranging between 11 and 100 *per cent* of the total provision as per detail given in **Appendix 3.16** which was indicating non-achievement of the projected financial outlays, inefficient planning and unrealistic estimation in the respective years.

(iv) Unnecessary original/supplementary provision

Supplementary grants are obtained to cover the excess that may be anticipated after mid-term review of the requirement of additional funds under the grants/appropriations during the financial year. Against the budget provision of ₹ 769.29 crore (Original budget: ₹ 113.52 crore + Supplementary: ₹ 655.77 crore) in eight⁷ schemes under this grant, no expenditure was incurred (100 *per cent* saving of total provision). Original/Supplementary provision of ₹ 769.29 crore obtained under these schemes, proved unnecessary as no expenditure was incurred details of which are given in **Table 3.13**.

⁷ Four schemes under Revenue Section and four schemes under Capital Section

Table 3.13: Details of schemes in which unnecessary original/supplementary provisions were made**(₹ in crore)**

Name of Scheme (Head of account)	Original budget	Supplementary	Total
Performance Linked Outlay (PLO) for Department of Health (DHS-PLO-REV) (2210-01-001-92)	--	292.95	292.95
Grant to Panchayati Raj Institutions (PRIs) by Health Department (2210-01-192-99)	6.02	--	6.02
Performance Linked Outlay (PLO) for Department of Medical Education and Research (MER-PLO-REV) (2210-05-105-72)	--	142.82	142.82
Grant-in-aid for Keratoplasty (2210-06-199-99)	1.50	--	1.50
Performance Linked Outlay (PLO) for Medical Education and Research (MER-PLO-CAP) (4210-03-105-86)	--	220.00	220.00
Construction work AIIMS, Manethi (Rewari) (4210-03-105-87)	1.00	--	1.00
Construction Work of Dental College at Nalhar (4210-03-105-90)	5.00	--	5.00
Construction works of New Medical College at Bhiwani (4210-03-105-93)	100.00	--	100.00
Total	113.52	655.77	769.29

Source: Appropriation Accounts

This indicates deficiencies in estimation of requirement of funds for the remaining period of the financial year and failure to monitor the flow of expenditure by this department. Thus, unnecessary provisions were made without assessing the actual requirement of funds.

(v) Excess expenditure

Supplementary grants are obtained to cover the excess that may be anticipated after mid-term review of the requirement of additional funds under the grants/appropriations during the financial year.

Supplementary provision was not obtained to meet the requirement as per details given in **Table 3.14** in which excess expenditure was incurred against total budget provision.

Table 3.14: Details of schemes in which excess expenditure was incurred**(₹ in crore)**

Sr. No.	Name of Scheme (Major Head)	Budget	Expenditure	Excess	In per cent
1	Mukhyamantri Muft Ilaaj Yojna (2210-01-110-38)	50.00	70.00	20.00	40
2	Urban Health Mission (2210-01-110-40)	25.00	27.51	2.51	10
3	Out Sourcing of Support Services (2210-01-110-46)	150.00	207.05	57.05	38
4	Grant-in-aid under NRHM (2210-03-103-84)	510.00	662.85	152.85	30
5	Opening/Continuation of Primary Health Purchase of Medicine for P.H.Cs. (2210-03-103-99)	250.00	286.56	36.56	15
6	Referred Hospital (M.N.P) (2210-03-110-98)	28.00	33.86	5.86	21
7	GIA to State Ayush Society, Haryana for National Ayush Mission (2210-04-101-81)	30.00	38.48	8.48	28
8	Establishment of BPS Women Medical College, Khanpur Kalan, Sonapat (2210-05-105-82)	100.00	111.01	11.01	11
9	Maharaja Agarsen Institute of Medical Research and Education, Agroha (2210-05-105-94)	70.00	80.00	10.00	14
10	Grant-in-aid to Maharaja Agarsen Institute of Medical Education and Research, Agroha (2210-05-199-99)	3.00	4.00	1.00	33
11	Other Disease Control Programme (2210-06-101-58)	14.56	17.20	2.64	18
12	Prevention and Control of Diseases Malaria (2210-06-101-99)	177.67	210.19	32.52	18
13	Immunisation Programme (2211-51-103-99)	18.00	48.52	30.52	170
14	Construction work of University of Health Sciences, Karnal Construction of Building (4210-03-105-92-99)	50.00	144.02	94.02	188

3.5 Conclusions

The budgetary system of the State Government was not upto the mark, as overall utilisation of budget was 83 *per cent* of total grants and appropriations during 2019-20. Budgetary allocations were based on unrealistic proposals as out of total 46 grants, in 25 grants savings were more than twenty *per cent*. In 20 grants and one appropriation there were persistent savings of more than ten *per cent* over the last five years.

Supplementary provisions were also not on realistic basis as in 50 cases the supplementary provisions were either unwarranted or excessive. There was rush of expenditure at fag end of the year. In 15 heads under 10 grants/appropriations 47 *per cent* of the total expenditure during 2019-20 was incurred in the month of March 2020.

In two grants the expenditure of ₹ 153.39 crore was excess over the authorisation made by the State Legislature which vitiates the system of budgetary and financial control. The excess expenditure is required to be regularised from the State Legislature alongwith excess disbursements of ₹ 41.54 crore pertaining to 2018-19.

In 11 major policy pronouncements relating to rural development, health and nutrition of children, etc the expenditure was only ₹ 917.03 crore (41 *per cent*) against the budget provision of ₹ 2,230.20 crore which deprived the beneficiaries of intended benefits.

There were overall savings of ₹ 6,363 crore against the revised budget provision of ₹ 43,755 crore on development schemes during 2019-20. 61 development schemes with an approved outlay of ₹ 1,216.41 crore were not implemented and in 125 schemes actual expenditure was only ₹ 4,101 crore (58 *per cent*) against the budget provision of ₹ 7,020 crore which is indicative of poor budgetary and financial management.

Review of Grant No. 9–Education revealed the cases of lump sum supplementary provisions of ₹ 378.12 crore as performance linked outlay (PLO), against which no expenditure was incurred but was subsequently diverted to other sub-heads. There was lack of transparency in estimation of requirement of funds for the remaining period of the financial year.

Review of Grant No. 13-Health revealed irregular diversion of funds ₹ 57.89 crore from eight different schemes to one project. There was lack of transparency in budgetary management in the grant as lump sum supplementary provisions of ₹ 655.77 crore were made against which no expenditure was incurred.

3.6 Recommendations

- i. Government should prepare realistic budget estimates, backed with correct assessment for availability of resources and potential to expend, to avoid large savings and supplementary provisions;
- ii. Government should ensure strict compliance of provisions of budget manual in preparation of supplementary provisions and ensure transparency in estimation for avoiding unrealistic supplementary provisions.
- iii. Government should adhere to quarterly targets fixed for incurring expenditure through periodic monitoring, to avoid rush of expenditure towards end of the year, and for proper utilisation of savings through timely surrender; and
- iv. Government may consider formulating strategies for actual execution of major policy decisions and development schemes in the State at the time of preparing budgetary estimates.