

CHAPTER-3
BUDGETARY MANAGEMENT

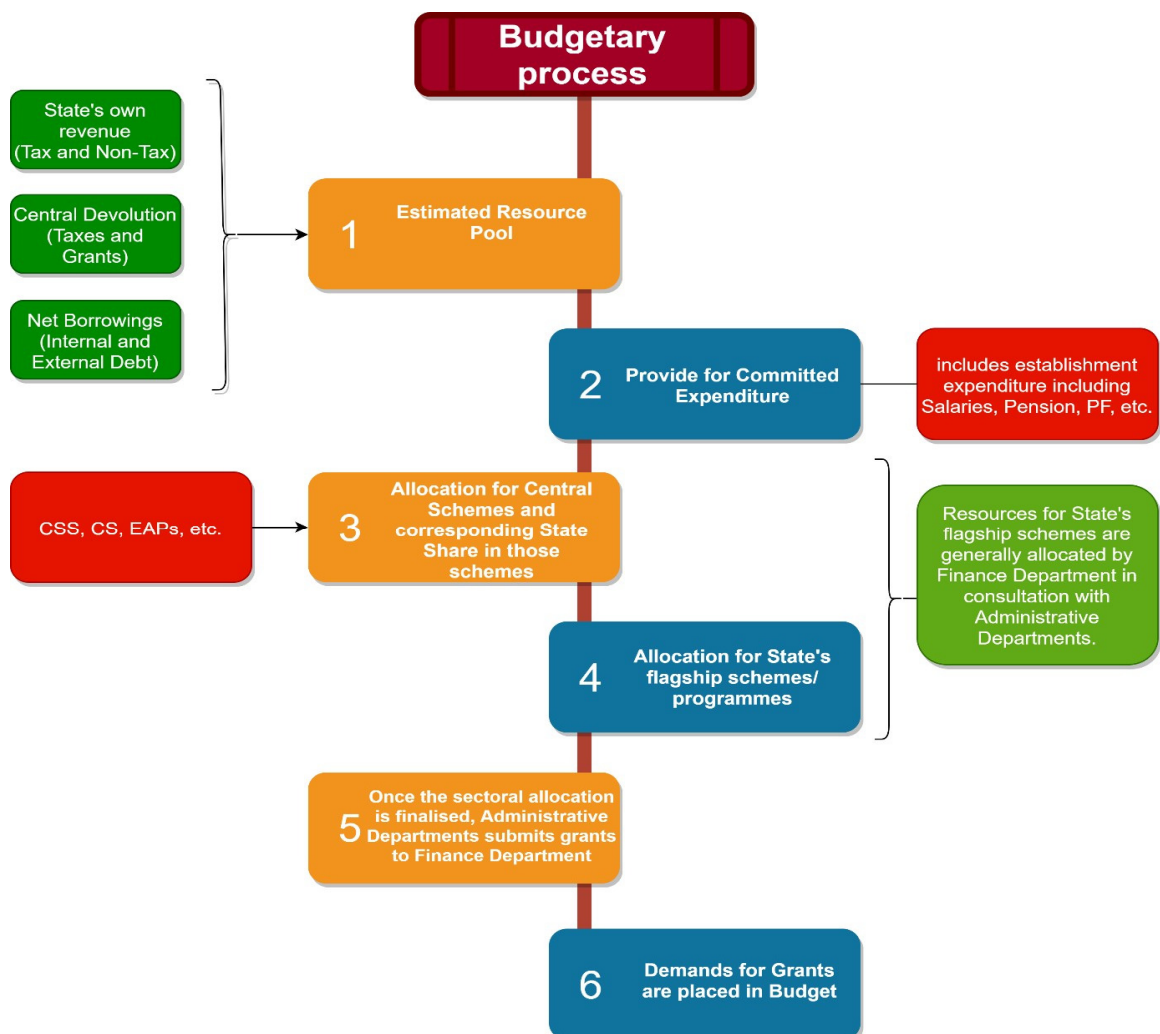
CHAPTER-3

BUDGETARY MANAGEMENT

This chapter deals with the review of integrity, transparency and effectiveness of the budgetary process and allocative priorities, including supplementary grants and the concomitant financial management.

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Budget glossary is given in *Appendix-3.1*. The budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the Departments in framing their estimates for the next financial year. According to Uttarakhand Budget Manual, budget preparation process in the State is given in the figure below:



3.2 Budget Preparation Process

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

Article 202 of Constitution of India requires laying of a statement of the estimated receipts and expenditure of the State for that year, as the "Annual Financial Statement" before the Legislature of the State. The Annual Financial Statement should show expenditure charged on consolidated fund and other expenditure separately. It shall also distinguish expenditure on revenue account from other expenditure.

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

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with provisions of Article 204 of the constitution.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

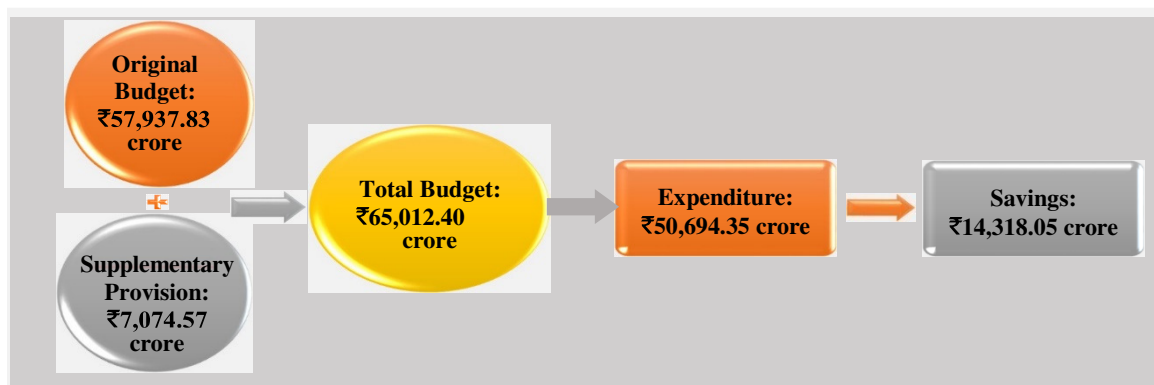
In Uttarakhand, Finance Department has the responsibility for preparing the Budget:

- Under the rules made by the Governor under Article 166 (2) and (3) of the Constitution and the instructions issued there-under, the Finance Department has been charged with the responsibility to prepare a statement of estimated receipts and expenditure, to be laid before the Legislature in each year. Although the material is supplied by the Heads of Departments and other officers, the actual preparation of the estimates and the budget thus falls upon the Finance Department and it is solely the business and responsibility of that department to finalise the estimates of receipts and disbursements.
- The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and Demands¹ for Grants/Appropriations.
- Supplementary or additional Grant/Appropriation is provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount.
- Further, the State Government also re-appropriates/re-allocates funds from various Units of Appropriation where savings are anticipated, to Units where additional expenditure is envisaged (within the Grant/Appropriation) during the year.

The various components of budget are depicted in **Chart-3.1** below:

¹ There are 31 demands for Grants/Appropriations for 2021-22.

Chart-3.1: Summary of Budget and Expenditure of Uttarakhand for the year 2021-22



Authorisation by the Legislature

Implemented by the Government

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

3.2.1 Summary of total provisions, actual disbursements and savings during financial year

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

Table-3.1: Budget provision, disbursement and savings/excess during the financial year (2021-22)
(₹ in crore)

Total Budget provision		Disbursements		Saving (-) /Excess (+)	
Voted	Charged	Voted	Charged	Voted	Charged
54,099.98	10,912.42	41,619.58	9,074.77	(-) 12,480.40	(-)1,837.65

Source: Appropriation Accounts.

3.2.2 Charged and voted disbursements

Break-up of total disbursement into charged and voted during 2017-18 to 2021-22 is given in **Table-3.2**.

Table-3.2: Disbursement and Savings/Excess during 2017-18 to 2021-22
(₹ in crore)

Year	Disbursements		Saving/Excess	
	Voted	Charged	Voted	Charged
2017-18	31,742.73	11,702.03	(-) 3,866.04	(+) 4,337.28
2018-19	34,617.56	14,778.29	(-) 4,950.03	(+) 6,308.38
2019-20	34,147.37	13,825.82	(-) 8,395.33	(+) 5,170.72
2020-21	38,726.01	1,3274.10	(-)9,201.42	(+)3,610.77
2021-22	41,619.58	9,074.77	(-)12,480.40	(-)1,837.65

Source: Appropriation Accounts.

As it can be seen from above, there are consistent savings in the Voted segment during last five years 2017-18 to 2021-22 and consistent excesses in the Charged segment during 2017-18 to 2020-21. However, there is saving in the Charged segment during current year 2021-22.

3.3 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 and 205 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, 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.

3.3.1 Comments on integrity of budgetary and accounting process

3.3.1.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the Article 204 of the Constitution. Expenditure on new scheme should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was observed that one department incurred an expenditure totaling ₹ 0.28 crore² during the year without the authorisation by Legislature as detailed in **Table-3.3** below.

Table-3.3: Summary of Expenditure without Budget Provision

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in crore)	Number of Schemes/Sub Heads
7- Finance, Tax, Planning, Secretariat & Miscellaneous Services	2071 Pensions and Other Retirement Benefits	0.28	01

3.3.2 Misclassification of capital expenditure as revenue expenditure and vice versa

Misclassification of expenditures and receipts has a direct impact on the integrity of the financial statements. Article 202 of the Constitution prescribes that, in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that

² However, in Grant No 21 (Energy) expenditure of ₹ 249.64 crore pertains as O. B. suspense clearance of the year 2011-12

year, called the "annual financial statement" (or the "budget"), is to be laid before both the Houses of the State Legislature. The estimates of expenditure are classified under 'charged' (such expenditure as is not to be submitted to the vote of the Legislative Assembly under the provisions of the Constitution) and 'voted' items of expenditure separately. Annual Financial Statement distinguishes expenditure on revenue account from other expenditure as explained in *Chapter-2*.

State financial rules categorize the primary units of appropriation. There are specific object heads meant for obtaining provision for acquisition of Capital Assets and other Capital Expenditure. These object heads pertaining to booking of expenditure of capital nature should correspond with capital major heads only.

Classification of expenditure of revenue nature as capital expenditure or vice-versa, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus. Details of misclassification of expenditure during the year 2021-22 are given in **Table-3.4** below:

Table-3.4: Details of misclassification of expenditure

Sl No.	Number of the Grant and Head of Account	Type of Misclassification	Amount (₹ in crore)	Remarks
1.	06, 2245	Booking of capital into revenue	19.64	Expenditure on major works met from revenue expenditure.
	Sub Total		19.64	
2.	15, 4225	Booking of revenue into capital	23.57	Expenditure on grants-in-aid met from capital expenditure.
3.	23, 4859		2.00	
	Sub Total		25.57	

Analysis of data revealed that an expenditure of ₹ 19.64 crore had been booked under revenue section. This expenditure should have been booked under the capital section as this expenditure pertained to the major works. Similarly, an expenditure of ₹ 25.57 crore had been booked under capital section. This expenditure should have been booked under revenue section, as this expenditure pertained to grants-in-aid. No case of misclassification was noticed where expenditure on establishment and administrative expenses were booked under Capital section. During the exit conference, Secretary Finance stated that corrective measures would be taken during the current year 2023-24 in this regard.

3.3.3 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 the current financial year as is necessary to meet-

- Expenditure on Schemes of New Expenditure to be taken up within the current financial year.

- Inadequacy of provision.
- Fresh expenditure but not technically Schemes of New Expenditure.
- Omissions of provision.

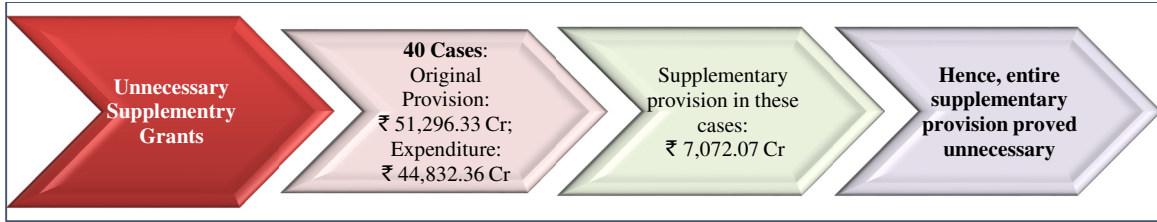
When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the Grant to cover the excess by Re-Appropriation, the Secretary in the Department concerned proposes to the Finance Department for Supplementary or Additional Grant or Appropriation. In deserving cases which are unforeseen and which cannot wait for provision by Supplementary or Additional Grant or Appropriation, advances from the Contingency Fund may be sanctioned in accordance with the provisions made in the Constitution and the relevant rules. The advances so sanctioned will have to be regularized by a Supplementary Grant or Appropriation and recouped to the Contingency Fund. Considerable Re-Appropriation from one Sub Head to another must always be avoided. That fresh expenditure is unavoidable or imperatively necessary or that it will produce consequential economy or that it is essential for preserving the revenue or the public safety are reasonable justifications for introducing fresh expenditure during the course of the year. However, in such circumstances, it must be shown that the requirements could not have been foreseen and provided for in the budget. The process of Re-Appropriation is not designed merely to rectify omissions and lack of foresight.

Details of cases where supplementary provision (₹ 10 crore or more in each case) proved unnecessary are detailed in **Table-3.5** below:

Table-3.5: Details of cases where supplementary provision (₹ 10 crore or more in each case) proved unnecessary.
(₹ in crore)

Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Saving out of Provisions
Revenue (Voted)					
1	03- Council of Ministry	182.43	0.85	75.09	108.19
2	04-Judicial Administration	235.43	15.45	207.57	43.31
3	06- Revenue and General Administration	1,840.63	720.75	1499.19	1062.19
4	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	9,588.92	1211.91	9,354.87	1445.96
5	10- Police & Jail	2,251.51	2.81	2,028.05	226.27
6	11 Education, Sports, Youth Welfare & Culture	9,035.99	75.06	8,154.96	956.09
7	12-Medical, Health & Family Welfare	2,746.31	452.15	2,474.75	723.71
8	13- Water Supply, Housing & Urban Development	825.07	99.09	568.11	356.05
9	14-Information	276.75	118.40	383.41	11.74
10	15-Welfare Schemes	1,880.83	462.61	1,645.71	697.73
11	16-Labour & Employment	394.92	0.74	336.03	59.63
12	17- Agriculture Works & Research	1,093.40	48.06	1007.85	133.61

Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Saving out of Provisions
13	18-Co-Operative	112.29	1.11	90.73	22.67
14	19-Rural Development	910.46	136.20	758.73	287.93
15	22-Public Works	957.34	110.14	867.77	199.71
16	23-Industries	286.15	107.96	277.30	116.81
17	24 Transport	175.80	42.56	154.41	63.95
18	26-Tourism	113.57	15.12	79.20	49.49
19	27 Forest	1,131.16	166.93	1120.66	177.43
20	28 Animal Husbandry	387.07	16.34	330.15	73.26
21	29 Horticulture Development	367.23	34.63	332.34	69.52
22	30 Welfare of Scheduled Castes	1,425.17	82.43	870.62	636.98
23	31 Welfare of Scheduled Tribes	395.25	31.01	286.52	139.74
Total		36,613.68	3,952.31	32,904.02	7,661.97
Revenue (Charged)					
1	04-Judicial Administration	54.41	5.08	47.99	11.50
2	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	6,356.13	200.00	5,148.56	1,407.57
Total		6,410.54	205.08	5,196.55	1,419.07
Capital (Voted)					
1	06- Revenue and General Administration	398.30	1.84	370.10	30.04
2	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	394.94	746.00	516.76	624.18
3	11 Education, Sports, Youth Welfare & Culture	414.79	173.00	307.15	280.64
4	12-Medical, Health & Family Welfare	442.64	38.00	313.19	167.45
5	13- Water Supply, Housing & Urban Development	1,824.98	480.88	1,336.43	969.43
6	16- Labour & Employment	92.01	25.00	51.15	65.86
7	19-Rural Development	1403.17	722.67	1596.36	529.48
8	20-Irrigation and Flood	767.66	44.99	254.17	558.48
9	22-Public Works	1,402.02	300.00	1,310.54	391.48
10	23-Industries	67.10	2.40	13.95	55.55
11	24 Transport	314.71	115.88	109.63	320.96
12	26-Tourism	122.40	30.00	111.23	41.17
13	28 Animal Husbandry	27.49	3.00	8.14	22.35
14	30 Welfare of Scheduled Castes	451.85	165.00	313.81	303.04
15	31 Welfare of Scheduled Tribes	148.05	66.02	119.18	94.89
Total		8,272.11	2,914.68	6,731.79	4,455.00
Grand Total		51,296.33	7,072.07	44,832.36	13,536.04



3.4 Re-appropriations undertaken which require prior Legislative authorization

Re-appropriation is the transfer of funds within a grant from one unit of appropriation where savings are anticipated, to another unit where additional funds are needed. No cases of Re-appropriation, which require prior Legislative authorization, were noticed in Uttarakhand during the year 2021-22.

3.4.1 Unnecessary/excessive re-appropriation

There were forty cases where final savings were more than ₹ one crore as shown in **Table-3.6:**

Table-3.6: Excess/unnecessary re-appropriation

(₹ in crore)

Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Saving
		Original	Supplementary	Re-appropriation	Total		
1	04-JUDICIAL ADMINISTRATION 2014-Administration of Justice 105-Civil and Session Courts 04-Family Court	10.96	0.15	0.46	11.57	9.59	1.98
2	05 ELECTION 2015 Elections 103 Preparation and Printing of Electoral rolls 05 Election Establishment expenses (50% Central Share)	14.43	0	1.87	16.30	14.54	1.76
3	06 Revenue & General Administration 2052 Secretariat - General Services 99 - Board of Revenue 02-Revenue Commissioner Establishment	5.44	0	0.15	5.59	4.41	1.18
4	06 Revenue & General Administration 2070-Other Administrative Services 107-Home Guards 03-General Establishment	111.69	10.00	5.64	127.33	126.07	1.26
5	07 Finance, Tax, Planning Secretariat & Miscellaneous Services 2043-Collection Charges under State Goods and Services Tax 101-Collection Charges 03-Commercial Tax Establishment	92.15	0	0.58	92.73	81.93	10.80
6	08 Excise 2039 State Excise 001 Direction and Administration 03 Establishment	8.29	1.83	0.19	10.31	7.19	3.12
7	10 POLICE & JAIL 2055 Police 001 Direction and Administration 13 Establishment prosecution	10.83	0	0.55	11.38	9.32	2.06

Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Saving
		Original	Supplementary	Re-appropriation	Total		
8	10 POLICE & JAILS 2055 Police 001 Direction and Administration 14 State Crime inspection bureau	5.81	0	0.10	5.91	4.59	1.32
9	10 POLICE & JAILS 2055 Police 003 Education and Training 04 Education and Training Home	16.32	0	0.13	16.45	13.71	2.74
10	10 POLICE & JAILS 2055 Police 108 State Headquarter Police 04 State Disaster Response Force	51.75	0	1.25	53.00	42.73	10.27
11	10 POLICE & JAILS 2055 Police 111 Railway Police 03 Main	21.65	0	0.01	21.66	18.22	3.44
12	10 POLICE & JAILS 2055 Police 001 Direction and Administration 03 Headquarter	47.11	0	24.95	72.06	64.35	7.71
13	11-Education, Sports, Youth Welfare & Culture 2202-General Education 01 Elementary Education 104 Inspection 03- Regional Inspection	15.61	0	0.22	15.83	13.41	2.42
14	11-Education, Sports, Youth Welfare & Culture 2202-General Education 02 Secondary Education 101-Inspection 03- Regional Inspection	28.71	0	0.14	28.85	25.46	3.39
15	11-Education, Sports, Youth Welfare & Culture 2204 Sports and Youth Services 001 Direction and Administration 03- Sports Directorate	9.48	0.16	0.23	9.87	8.63	1.24
16	11-Education, Sports, Youth Welfare & Culture 2204 Sports and Youth Services 104 Sports and Game 35-Rural sports and health promotion scheme	0.50	0	14.00	14.50	12.84	1.66
17	12- Medical, Health and Family Welfare 2210-Medical and Public Health 01-Urban Health Services-Allopathy 001-Direction and Administration 03-Headquarters Establishment	22.77	0.77	0.73	24.27	20.00	4.27
18	12- Medical, Health and Family Welfare 2210- Medical and Public Health 01- Urban Health Services-Allopathy 110 Hospital and Dispensaries 23- Establishment of Gandhi Century Eye Science Center	7.71	0	0.25	7.96	5.22	2.74
19	12- Medical, Health and Family Welfare 2210- Medical and Public Health 03- Rural Health Services-Allopathy	138.54	6.70	1.55	146.79	102.99	43.80

State Finances Audit Report for the year ended 31 March 2022

Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Saving
		Original	Supplementary	Re-appropriation	Total		
	103- Primary Health Centers 03- Establishment Primary Health Centers						
20	12- Medical, Health and Family Welfare 2210- Medical and Public Health 03- Rural Health Services-Allopathy 104- Community Health Centers 03- Establishment Community Health Centers	176.53	4.55	1.88	182.96	138.43	44.53
21	13- Water Supply, Housing and Urban Development 4217- Capital outlay on Urban Development 03- Integrated development of Small and Medium Towns 051- Construction 04- Integrated development of Towns	22.00	0	15.00	37.00	33.44	3.56
22	14-Information 2220-Information and Publicity 60-Others 001 Direction and Administration 03 Establishment Expenses	9.21	0	3.40	12.61	11.61	1.00
23	15-Welfare 2235-Social Security and Welfare 03 National Social Assistance Programme 101 National Old Age Pension Scheme 01 Centrally Sponsored Scheme	11.89	51.69	47.63	111.21	70.46	40.75
24	19-Rural Development 2515-Other Rural Development Programmes 102-Community Development 32- Establishment of poverty employment cell and elevation capacity development	15.62	0	0.20	15.82	12.85	2.97
25	19-Rural Development 2515-Other Rural Development Programmes 102-Community Development 95-State Share in Centrally Sponsored Scheme	19.97	0	0.03	20.00	14.60	5.40
26	19-Rural Development 4515-Capital Outlay on Other Rural Development Programmes 102-Community Development 05- Payment for excess expenditure under PMGSY	20.00	0	23.00	43.00	13.24	29.76
27	20- Irrigation and Flood 4700-Capital Outlay on Major Irrigation 02- Tube well, Canal & short Canal Construction 001- Direction and Administration 02-State Funded tube wells and canal construction	3.00	0	3.50	6.50	3.63	2.87
28	20- Irrigation and Flood 4711 Capital outlay on Flood Control Projects 01 Flood Control 103 Civil Works 98 NABARD Funded	45.00	0	23.47	68.47	67.13	1.34

Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Saving
		Original	Supplementary	Re-appropriation	Total		
29	23- Industries 2851- Village and small industries 102- Small Scale Industries 03- Establishment Expenses	21.42	0	0.30	21.72	17.74	3.98
30	24-Transport 3055- Road Transport 190- Assistance of Public Sector and Other Undertaking 12- Reimbursement of equivalent amount of loss due to Bus Operation in Mountain Routes by Uttarakhand transport corporation	60.00	42.00	0.34	102.34	83.13	19.21
31	24-Transport 5053- Capital outlay on Civil Aviation 02- Airports 102- Aerodromes 03- Construction of Helipad and Hangar	6.00	0	15.00	21.00	12.24	8.76
32	26-Tourism 5452Capital Outlay on Tourism 80-General 104-Promotion and Publicity 04-State Sector	60.93	30.00	43.00	133.93	99.22	34.71
33	27- Forest 2406- Forestry and Wild Life 02-Envirmental forestry and Wild Life 110-Wild Life Preservation 95- State Share in Centrally Sponsored Scheme	5.38	0	0.69	6.07	3.66	2.41
34	28- Animal Husbandry 2403- Animal Husbandry 101- Veterinary Services and Animal Health 95- State Share in Centrally Sponsored Scheme	1.06	0.70	0.10	1.86	0.11	1.75
35	29- Horticulture Development 2401- Crop Husbandry 119- Horticulture and Vegetable Crops 07- Mulberry cultivation and skill development	16.42	0	0.55	16.97	14.62	2.35
36	30-Welfare of Scheduled Castes 2225-welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities 01Welfareof Scheduled Castes 102- Economic Development 01-Centrally Sponsored Scheme	30.62	0	0.25	30.87	9.1	21.77
37	30-Welfare of Scheduled Castes 2225-welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities 01Welfareof Scheduled Castes 277—Education 95-State Share in Centrally Sponsored Scheme	5.25	0	11.31	16.56	14.59	1.97
38	31- Welfare of Scheduled Tribes 2225- welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 02- welfare of Scheduled Tribes 277-Education 01- Centrally Sponsored Scheme	21.84	4.73	12.01	38.58	23.72	14.86

Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Saving
		Original	Supplementary	Re-appropriation	Total		
39	31- Welfare of Scheduled Tribes 2225- welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 02- welfare of Scheduled Tribes 277-Education 04- Maintenance of Ashram Padhyati school for Scheduled Tribes	27.42	0	0.26	27.68	18.38	9.30
40	31- Welfare of Scheduled Tribes 2501- Special Programmes for Rural Development 01- Integrated Rural Development Programmes 003- Training 01- Centrally Sponsored Scheme	19.12	0	6.43	25.55	20.91	4.64

During 2021-22, the State Government re-appropriated ₹ 766.86 crore within the grants as provided in the Uttarakhand Budget Manual. Out of this, an amount of ₹ 108.67 crore was re-appropriated on the last working day of the financial year 2021-22 (31 March 2022). These Re-appropriations in 27 cases out of 40 cases (of savings more than ₹ 1.00 crore) proved unnecessary, as the savings under these cases was more than re-appropriated amount. However, no case of re-appropriation from Capital to Revenue and vice-versa and from Voted to Charged and vice-versa was noticed during 2021-22.

3.5 Unspent amount and surrendered appropriations and/or large savings/ surrenders

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 slipshod estimating, it is not readily excusable. The golden rule for all Estimating Officers should be 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, in checking the estimates, apply unrelentingly the proven and well-tried check of average of previous actuals with known or reasonably foreseeable facts which may modify that average.

No object is served by keeping back savings which should ideally be surrendered in time. For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. If this is not done, other spending Departments are deprived of the funds which they could have utilized. Surrenders are being made generally in the month of March, and a careful study of figures of expenditure incurred and watch over the progress of last month's expenditure should enable a Controlling Officer to fix upon his final requirements with a reasonable degree of exactness.

When the need for surrender manifests itself, the Controlling Officers should carefully estimate the amounts that they can surrender. The aim should be to surrender as much as they can so as to keep the expenditure just within the modified Grant.

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls promote

release of funds towards the end of the financial year and increase the propensity of the Departments to retain huge balances outside the Government account in Bank Accounts. Excessive savings also deprives other Departments of the funds which they could have utilized.

Details of grants having large savings (₹ 100 crore & above) are given below in **Table-3.7:**

Table-3.7: Details of Grants having large savings (₹ 100 crore & above) during the year

(₹ in crore)

Sl. No.	Number and name of the grant	Original	Supplementary	Total	Actual Expenditure	Saving/ Excess	Savings as percentage of total grant	Savings excluding surrender
Revenue (Voted)								
1	03 Council of Ministers	182.43	0.85	183.28	75.09	108.19	59.03	108.19
2	06 Revenue & General Administration	1,840.63	720.75	2,561.38	1,499.19	1,062.19	41.47	1,062.19
3	07 Finance, Tax, Planning, Secretariat & Miscellaneous	9,588.92	1211.91	10,800.83	9,354.87	1,445.96	13.39	1,445.96
4	10 Police & Jail	2,251.51	2.81	2,254.32	2,028.05	226.27	10.04	226.27
5	11 Education, Sports, Youth Welfare & Culture	9,035.99	75.06	9,111.05	8,154.96	956.09	10.49	956.09
6	12 Medical Health & Family Welfare	2,746.31	452.15	3,198.46	2,474.75	723.71	22.63	723.71
7	13 Water Supply, Housing & Urban Development	825.08	99.08	924.16	568.11	356.05	38.53	356.05
8	15 Welfare schemes	1,880.83	462.61	2,343.44	1,645.71	697.73	29.77	697.73
9	17 Agriculture Works & Research	1,093.40	48.06	1,141.46	1007.85	133.61	11.71	133.61
10	19 Rural Development	910.46	136.20	1,046.66	758.73	287.93	27.51	287.93
11	22 Public Works	957.34	110.14	1,067.48	867.78	199.70	18.71	199.70
12	23 Industries	286.15	107.96	394.11	277.30	116.81	29.63	116.81
13	27 Forest	1,131.16	166.93	1,298.09	1120.66	177.43	13.67	177.43
14	30 Welfare of Scheduled Castes	1,425.17	82.43	1,507.60	870.62	636.98	42.25	636.98
15	31 Welfare of Scheduled Tribes	395.25	31.01	426.26	286.52	139.74	32.78	139.74
Total		34550.63	3707.95	38258.58	30990.19	7268.39	19.00	7268.39
Revenue (Charged)								
1	07 Finance, Tax, Planning, Secretariat & Miscellaneous	6,356.13	200.00	6,556.13	5,148.56	1,407.57	21.47	1,407.57
Total		6,356.13	200.00	6,556.13	5,148.56	1,407.57	21.47	1,407.57
Capital (Voted)								
1	07 Finance, Tax, Planning, Secretariat & Miscellaneous	394.94	746.00	1140.94	516.76	624.18	54.71	624.18
2	11 Education, Sports, Youth Welfare & Culture	414.79	173.00	587.79	307.15	280.64	47.74	280.64
3	12 Medical Health & Family Welfare	442.64	38.00	480.64	313.19	167.45	34.84	167.45
4	13 Water Supply, Housing & Urban Development	1,824.98	480.88	2305.86	1,336.43	969.43	42.04	969.43

Sl. No.	Number and name of the grant	Original	Supplementary	Total	Actual Expenditure	Saving/ Excess	Savings as percentage of total grant	Savings excluding surrender
5	19 Rural Development	1403.17	722.67	2125.84	1596.36	529.48	24.91	529.48
6	20 Irrigation & Flood	767.66	44.99	812.65	254.17	558.48	68.72	558.48
7	22 Public Works	1,402.02	300.00	1702.02	1,310.54	391.48	23.00	391.48
8	24 Transport	314.72	115.88	430.60	109.63	320.97	74.54	320.97
9	30 Welfare of Scheduled Castes	451.85	165.00	616.85	313.81	303.04	49.13	303.04
	Total	7,416.77	2,786.42	10,203.19	6,058.04	4,145.15	40.63	4,145.15
	Grand Total	48,323.53	6,694.37	55,017.90	42,196.79	12,821.11	23.30	12,821.11

As is evident from table above, Government sought supplementary budget of ₹ 6,694.37 crore in 25 cases under 17 grants which proved unnecessary as there was a saving of ₹ 12,821.11 crore (26.53 per cent) against the Original Budget. The Government did not surrender any amount under these grants. The reasons for savings were not given in the Appropriation Accounts.

3.5.1 Grants/Appropriations with budget utilization of less than 50 per cent

Details of Grants/Appropriation with budget utilization of less than 50 per cent during 2021-22 are given in the **Table-3.8**.

Table-3.8: Grants/Appropriations with budget utilization of less than 50 per cent (in 2021-22)

Sl. No.	Grant No & Name	2017-2018 (per cent)	2018-2019 (per cent)	2019-2020 (per cent)	2020-2021 (per cent)	2021-2022 (per cent)	Number of Years	Budget 2021-22 (in crore)	Total Budget of last 5 Years (in crore)
1	01 Legislature (Capital Voted)	97.73	99.84	76.93	17.29	15.00	2	13.00	90.90
2	03 Council of Ministers (Revenue Voted)	81.35	84.03	78.91	80.82	40.97	1	183.28	433.02
3	04 Judicial Administration (Capital Voted)	79.68	89.71	47.68	44.15	25.37	3	55.30	230.10
4	07, Finance, Tax, Planning, Secretariat & Miscellaneous (Capital Voted)	41.94	51.13	30.45	76.17	45.29	3	1140.94	2802.29
5	15 Welfare (Capital Voted)	31.82	47.17	64.17	47.87	31.33	4	107.60	513.78
6	16-Labour & Employment (Capital Voted)	75.17	78.27	27.48	79.67	43.71	2	117.01	205.60
7	18 Co-operative (Capital Voted)	24.95	66.98	99.98	0	0	3	80.00	290.93
8	20 Irrigation & Flood (Capital Voted)	115.64	78.16	52.23	36.00	31.28	2	812.65	2,932.97
9	23 Industries (Capital Voted)	9.38	36.37	54.86	9.15	20.08	4	69.50	365.79
10	24 Transport (Capital Voted)	87.36	7.43	17.56	0.11	25.46	4	430.60	1,392.10
11	28 Animal Husbandry (Capital Voted)	46.39	32.88	35.15	29.32	26.71	5	30.49	132.20

As has been detailed in **Table-3.8** above, under utilisation (less than 50 *per cent*) of budgetary provision was noticed in eleven grants. Further analysis revealed that three Departments viz (i) Welfare (ii) Industries and (iii)Transport were not able to utilise 50 *per cent* of the budget allocation in four out of the last five years and the Department of Animal Husbandry was not able to utilise 50 *per cent* of the budget allocation in the last five years.

3.5.2 Details of surrenders of funds in excess of ₹ 1 crore

Details of surrender of funds in excess of ₹ 1 crore at the end of March are given in **Table-3.9**

Table-3.9: Details of surrender of funds in excess of ₹ 1 crore till 31st March.

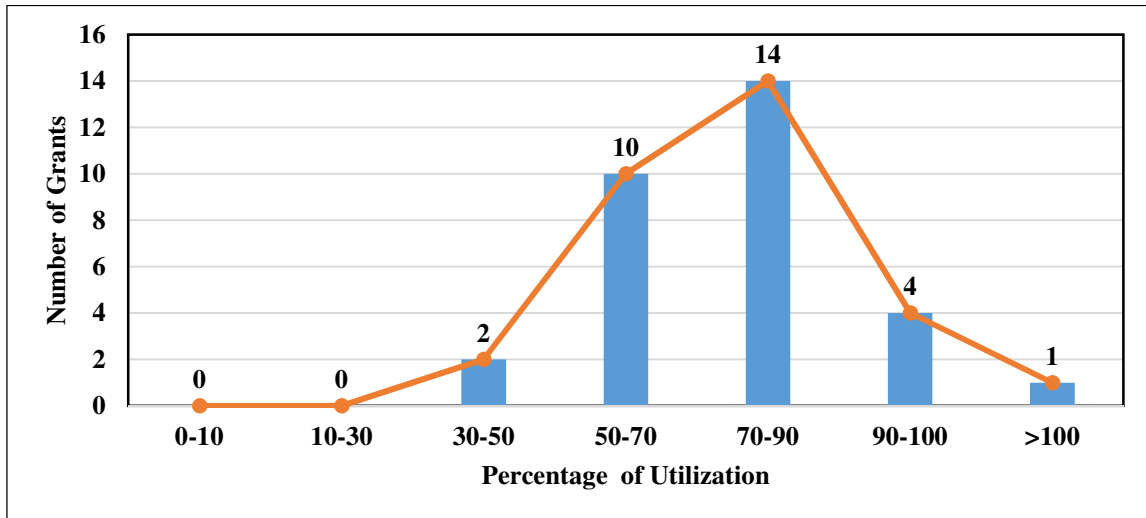
SI No.	Grant Number and Name	Original	Supplementary	Total provisions	Actual Expenditure	Saving (-) /Excess (+)	Amount Surrendered
-----NIL-----							

The State Government of Uttarakhand did not surrender any funds during the financial year 2021-22.

3.5.3 Distribution of the number of Grants/Appropriations grouped by the percentage of utilisation

Details of distribution of the number of Grants/Appropriations grouped by the percentage of utilisation are given in the **Chart 3.2** below:

Chart-3.2: Distribution of the number of Grants/Appropriations grouped by the percentage of utilisation



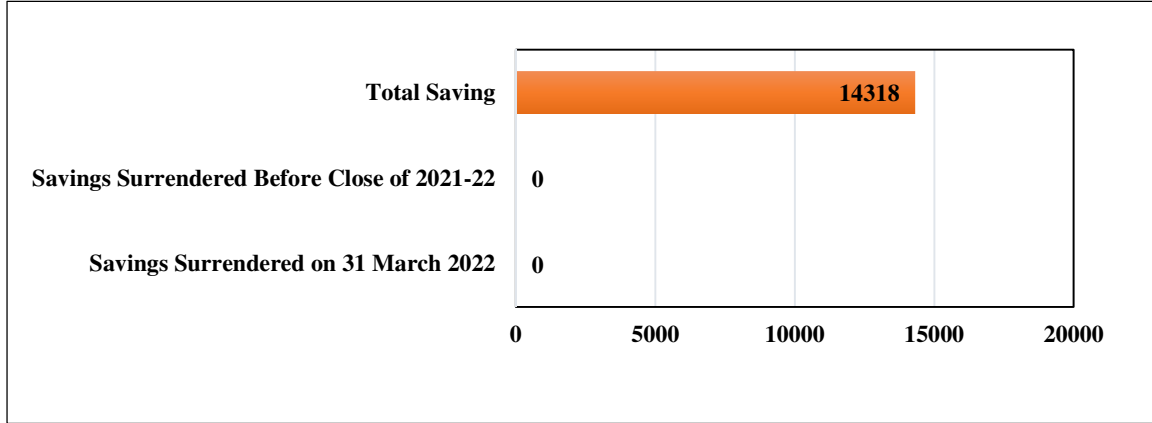
As is evident from chart above, in 14 Grants/Appropriations, the utilization was between 70 to 90 *per cent* and in 10 grants, the utilization was between 50 to 70 *per cent*, in two Grants/Appropriation utilization was below 50 *per cent* and five Grants/Appropriations namely, 02-Governor, 10-Police and Jail, 14-Information 21 Energy and 25-Food utilization was above 90 *per cent* of the budget allocations.

3.5.4 Details of savings and surrenders before close of financial year 2021-22

Details of savings and surrenders before close of financial year 2021-22 are given in **Chart-3.3**:

Chart-3.3: Savings and surrenders before close of financial year 2021-22

(₹ in crore)

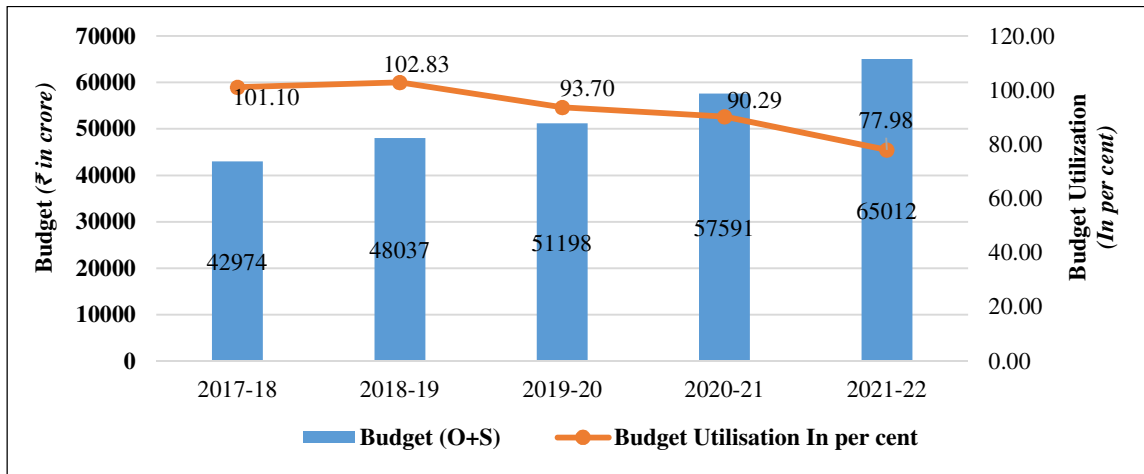


As is evident from above, there was a saving of ₹ 14,318 crore as compared to budget figures during the year 2021-22. However, the various Government departments did not propose any amount for surrender and no amount was surrendered by any department during 2021-22.

3.5.5 Budget allocation and its utilisation

Budget allocation (Original and Supplementary) and its utilisation is given in **Chart-3.4** below:

Chart-3.4: Budget Utilization during 2017-18 to 2021-22



3.6 Excess expenditure and its regularization

Article 205(1) (b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a

demand for such excess. This implies that it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature for the Financial year.

Although no time limit for regularisation of excess 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. Failure to do so is in contravention of constitutional provisions and defeats the objective of ensuring accountability by the Legislature of the executive over utilisation of public money.

3.6.1 Excess expenditure relating to 2021-22

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose. No such case was noticed during 2021-22.

3.6.2 Details of Major Head wise disbursement over the authorisation

According to para 151 of Uttarakhand Budget Manual, Under sub-clauses (b) of clause (1) and (2) of Article 205 of the Constitution of India, if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, demand for such excess amount has to be presented to the Legislative Assembly and is to be dealt with in the same way as if it were a demand for a grant.

Details of Major Head-wise disbursement over the authorisation from the Consolidated Fund of the State during the financial year 2021-22 are given in **Table-3.10**

Table-3.10: Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State
(₹ in crore)

Sl. No.	Grant No.	Major Head	Major Head Description	Total provision	Re-appropriation	Total	Expenditure	Excess	Reasons for excess stated by the Department
1	2	3	4	5	6	7 = 5+6	8	9= 8-7	10
1.	16	2210	Medical and Public Health.	119.26	0	119.26	127.73	8.47	Grant-16-Reasons not provided by the Department.
2.	21	6801	Loans for Power Projects	48.00	0	48.00	289.73	241.73	Grant-21- excess expenditure is due to O B suspense clearance pertaining to the year 2011-12
Total								250.20	

Source:- Detailed Appropriation Accounts

3.6.3 Persistent excesses in certain Grants

A number of grants witness excess expenditure year after year. The persistent excess expenditure indicates that the budgetary control in the department as well as oversight by the Finance Department were ineffective and budget estimates were not prepared on realistic basis. Such repeated excess expenditure is in violation of the will of the State Legislature. Strictly, not a single rupee can be spent without prior legislative authorisation

and, therefore, this has been a serious lapse on part of executives. Persistent excesses may be due to improper estimation at the time of preparation of budget. Persistent excesses were noticed in three grants during 2017-18 to 2020-21. However, no excess was noticed in any grant during the year 2021-22 as given in **Table-3.11** below:

Table 3.11 Details of excess noticed in three grants during 2017-18 to 2021-22

(₹ in crore)							
Sl. No	Description of Grant/Appropriation	2017-18	2018-19	2019-20	2020-21	2021-22	
1.	Grant No.-25: Food						No cases of persistent excesses found in any grant.
	Total Grant	19.27	19.00	28.50	12.00		
	Expenditure	1,341.66	1,433.04	1,011.08	93.17		
	Excess	1,322.39	1,414.04	982.58	81.17		
2.	Grant No.-07: Finance, Tax, Planning, Secretariat & Miscellaneous						
	Total Grant	2,640.23	3,182.00	2,876.31	3,503.31		
	Expenditure	7,651.62	10,230.14	9,096.03	8,269.59		
	Excess	5,011.39	7,048.14	6,219.72	4,766.28		
3.	Grant No.-17: Agriculture, Works & Research						
	Total Grant	23.03	No excess	25.00	11.03		
	Expenditure	26.75		37.18	27.22		
	Excess	3.72		12.18	16.19		

Source:- Appropriation Accounts

3.6.4 Regularisation of excess expenditure of previous financial years

Paragraph 121 of Chapter XIII of the Uttarakhand Budget Manual envisages that if after the close of the year, it is revealed, through the Appropriation Accounts, that any expenditure was incurred under any Grant or Charged Appropriation in excess of the final appropriation for that year under that Grant or Charged Appropriation, the excess expenditure should be regularised, on the basis of the recommendation of the Committee on Public Accounts, by presenting to the Legislative Assembly, demands for excess grants as required under Article 205 (1) (b) of the Constitution. However, excess expenditure amounting to ₹ 47,758.16 crore pertaining to previous years from 2005-06 to 2020-21 was yet to be regularised by the State Legislature. The year-wise amount of excess expenditure pending regularisation is summarised in **Table-3.12**.

Table-3.12: Details of year-wise amount of excess expenditure pending regularisation

(₹ in crore)				
Year	Grant No./Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularization
2005-06	7	7, 8, 17, 20, 22, 25 & 29	663.50	Not yet regularised
2006-07	6	7, 17, 20, 22, 25 & 29	935.92	
2007-08	6	7, 17, 20, 22, 25 & 29	733.79	
2008-09	6	7, 17, 20, 22, 25 & 29	1, 146.41	
2009-10	7	7, 17, 18, 21, 22, 25 & 29	1, 007.49	
2010-11	9	10, 12, 15, 17, 20, 21, 22, 25 & 29	1, 295.40	
2011-12	5	7, 17, 22, 25 & 29	1, 611.40	
2012-13	7	12, 14, 17, 21, 22, 25 & 29	1, 835.34	
2013-14	3	22, 25 & 29	1, 837.15	
2014-15	4	17, 22, 25 & 29	1, 922.80	
2015-16	4	17, 22, 25 & 29	2, 334.24	

Year	Grant No./Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularization
2016-17	4	07, 17, 25 & 29	5,457.33	
2017-18	6	07, 17, 20, 22, 25 & 27	6,413.38	
2018-19	3	07, 19 & 25	8,464.98	
2019-20	03	07, 17 & 25	7,214.48	
2020-21	06	07, 17, 18, 19, 25 & 29	4,884.55	
Total			47,758.16	

Source:- Appropriation Accounts.

The State Government has not furnished any reasons for these excesses. Therefore, this is in violation of Articles 204 and 205 of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

During the exit conference, Secretary Finance assured that steps would be taken to get the amount regularized by the Legislature/ PAC.

3.7 Grant-in-aid for creation of capital asset

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

As per Indian Government Accounting Standards 2 (IGAS 2), Grants-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorized by President on the advice of the Comptroller and Auditor General of India.

It has been seen that Grants-in-aid for capital assets are sometimes classified as capital expenditure. This leads to understatement of revenue deficit.

Details of Grants-in-aid classified as Capital Expenditure for the period 2017-18 to 2021-22 are given in the **Table-3.13**.

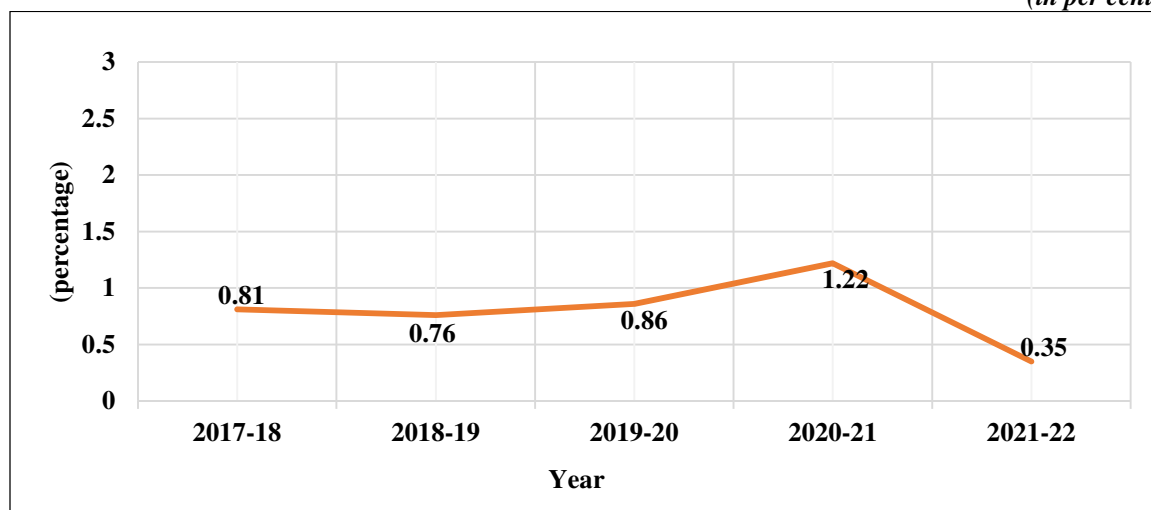
Table-3.13: Details of Grants-in-aid classified as Capital Expenditure

	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
GIA booked as Capital Expenditure	48	47	46	80	26
Total Capital Expenditure	5,914	6,184	5,414	6,538	7533
Share of GIA in Capital Expenditure (In per cent)	0.81	0.76	0.86	1.22	0.35
Impact on Revenue Deficit (-)/Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	(-) 2,026	(-) 1,027	(-) 2,182	(+)1,034	(+)4102

Details of share of Grants-in-aid in Capital Expenditure is given in the **Chart-3.5** below:

Chart-3.5: Details of share of Grants-in-aid in Capital Expenditure

(in per cent)



The State Government has continued to book Grants-in-aid as capital expenditure over the period 2017-18 to 2021-22. This has resulted that Revenue Deficit was understated by 2.11 per cent to 4.58 per cent during 2017-18 to 2019-20 and revenue surplus was overstated by 7.74 per cent and 0.63 per cent during 2020-21 and 2021-22 respectively.

Comments on transparency of budgetary and accounting process

Lump Sum budgetary provisions

No lump sum budgetary provision was made.

3.8 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 competing developmental needs. Excessive savings in some departments deprive other departments of the funds which they could have utilized.

The summarised position of original and supplementary provision *vis-à-vis* actual expenditure during 2021-22 in respect of 31 Grants/Appropriations is given in **Table-3.14**.

Table-3.14: Summarised position of Original/Supplementary Provisions *vis-à-vis* Actual Expenditure during 2021-22

(₹ in crore)

	Nature of expenditure	Original Grant/Appropriation	Supplementary Grant/Appropriation	Total	Actual expenditure	Net of Savings (-) Excess (+)	Surrender during March	
							Amount	Percent
Voted	I. Revenue	37567.54	3,954.36	41,521.90	33,684.33	(-)7,837.57	0.00	0.00
	II. Capital	9513.35	2,915.13	12,428.48	7,587.79	(-)4,840.69		
	III. Loans & Advances	149.60	0	149.60	347.46	(+)197.86		
Total		47,230.49	6,869.49	54,099.98	41,619.58	(-)12,480.40		

	Nature of expenditure	Original Grant/Appropriation	Supplementary Grant/Appropriation	Total	Actual expenditure	Net of Savings (-) Excess (+)	Surrender during March	
							Amount	Percent
Charged	IV. Revenue	6465.77	205.08	6,670.85	5244.62	(-)1,426.23		
	V Capital	0	0	0	0	0		
	VI Public Debt-Repayment	4,241.57	0	4241.57	3830.15	(-)411.42		
	Total	10,707.34	205.08	10,912.42	9,074.77	(-)1,837.65		
	Appropriation to Contingency Fund (if any)	0	0	0	0	0		
	Grand Total	57,937.83	7,074.57	65,012.40	50,694.35	(-)14,318.05		

Source: Appropriation Accounts.

As shown above, there was an overall net saving of ₹ 14,318.05 crore from budgetary figures which was the result of saving of ₹ 14,515.91 crore in Grants and Appropriations, offset by excess of ₹ 197.86 crore. Further, no surrenders were made during the year 2021-22.

Details of Original Budget, Revised Estimate and Actual Expenditure during 2017-18 to 2021-22 are given in **Table-3.15**.

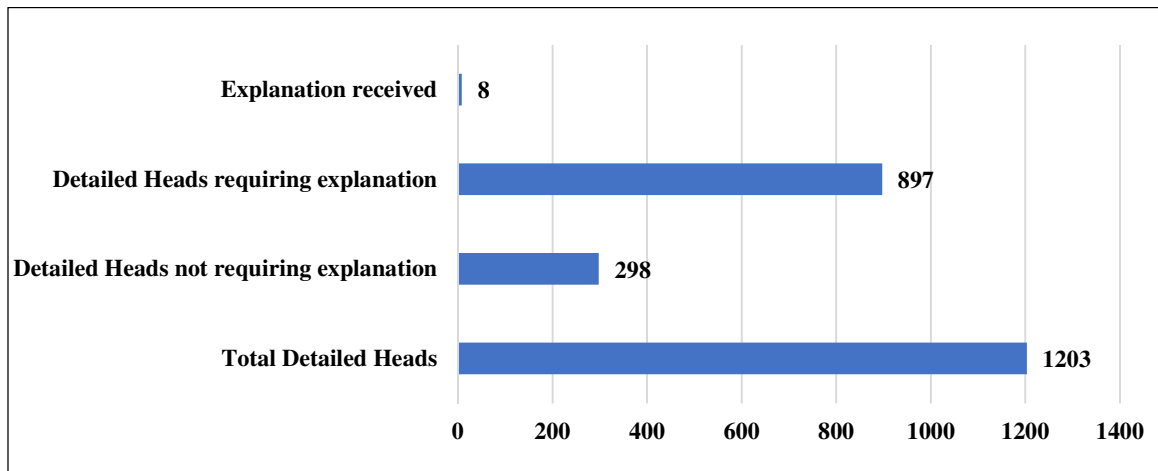
Table-3.15: Original Budget, Revised Estimate and Actual Expenditure during 2017-18 to 2021-22
(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021- 22
Original Budget	39,957.78	45,585.09	48,663.90	53,526.97	57937.83
Supplementary Budget	3,015.75	2,452.40	2,533.90	4063.79	7074.57
Revised Estimate	37,992.87	43,460.93	45,081.50	51,343.15	53130.62
Actual Expenditure	43,444.76	49,395.84	47,973.19	52,000.11	50694.35
Saving(-) /excess(+)	(+) 471.23	(+) 1,358.35	(-)3,224.61	(-)5,590.65	(-)14318.05
Percentage of Saving	NA	NA	6.30	9.71	22.02

Source:- Appropriation Accounts and Budget documents of respective years.

A summary of Explanation for variation in Appropriation accounts is given in the **Chart-3.6** below:

Chart-3.6: Summary of Explanation for Variation in Appropriation Accounts



During 2021-22, the State Government booked the expenditure under 1, 203 detailed heads below different major heads of accounts under 31 grants and appropriations. Out of 1,203 detailed heads, variation (20 per cent or more) against the total budget provision was noticed in 897 detailed heads. Out of 897 detailed heads explanation was given only in 8 detailed heads. Further, out of 1, 203 detailed heads justification was not required in respect of 306 detailed heads, as the variation in these detailed heads were below 20 per cent.

3.9 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the Departments report to legislature for large additional requirement for different purposes under various schemes/activities; but finally they are unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. At the same time, some of the schemes remain incomplete for want of funds. Thus, the intended benefits of the unfinished schemes are not extended to the public in such cases. Further, this leads to escalation of project cost.

The Government also announces several new policies/schemes for implementation through the Finance Minister (FM) Budget Speech and other budget documents which are either for that Financial Year *i.e.* one-time activity or are of recurring nature.

Details of un-utilised funds under capital voted section are given in **Table-3.16**

Table-3.16: Details of un-utilised funds under capital voted section

Sl. No.	Number/ Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
Capital (Voted)						
1	06-Revenue and General Administration	398.30	1.84	400.14	370.10	30.04
2	07/ Finance, Tax, Planning, Secretariat & Misc Services	394.94	746.00	1140.94	516.76	624.18
3	11/ Education, Sports, Youth Welfare & Culture	414.79	173.00	587.79	307.15	280.64
4	12/ Medical Health & Family Welfare	442.64	38.00	480.64	313.19	167.45
5	13/ Water Supply, Housing & Urban Development	1, 824.98	480.88	2305.86	1, 336.43	969.43
6	16/ Labour & Employment	92.01	25.00	117.01	51.15	65.86
7	19/Rural Development	1403.17	722.67	2125.84	1596.36	529.48
8	20/Irrigation and Flood	767.66	44.99	812.65	254.17	558.48
9	22/ Public Works	1, 402.02	300.00	1702.02	1, 310.54	391.48
10	23/Industries	67.10	2.40	69.50	13.95	55.55
11	24/Transport	314.71	115.88	430.59	109.63	320.96
12	26/Tourism	122.40	30.00	152.40	111.23	41.17
13	28/ Animal Husbandry	27.49	3.00	30.49	8.14	22.35
14	29/Horticulture Development	20.5	0.44	20.94	15.94	5.00
15	30/ Welfare of Scheduled Castes	451.85	165.00	616.85	313.81	303.04
16	31/ Welfare of Scheduled Tribes	148.05	66.02	214.07	119.18	94.89
Total		8, 292.61	2, 915.12	11, 207.73	6, 747.73	4, 460.00

Due to unavailability of data from State Government in respect of schemes/projects which could not be completed for want of funds during the year, it could not be ascertained in audit whether savings of ₹ 4, 460.00 crore under capital section could have been utilised for the completion of those schemes/projects.

3.10 Adherence of Financial Power in relation to re-appropriation.

Audit analysis of re-appropriation orders revealed that all the re-appropriations were issued by the Finance Department, Government of Uttarakhand. Re-appropriations to the tune of ₹ 766.86 crore was made within the Grant and within the schemes contemplated in the Original Budget. No case of re-appropriation was made after the close of the financial year.

3.11 Rush of expenditure

Paragraph 183 of chapter XVII of Uttarakhand Budget Manual stipulates that rush of expenditure in the closing month of the financial year should be avoided. For sound financial management, uniform pace of expenditure should be maintained. Contrary to this, expenditure exceeding 50 per cent of the total expenditure for the year 2021-22 was incurred in March 2022 in respect of 5 major heads as listed in **Table-3.17** below:

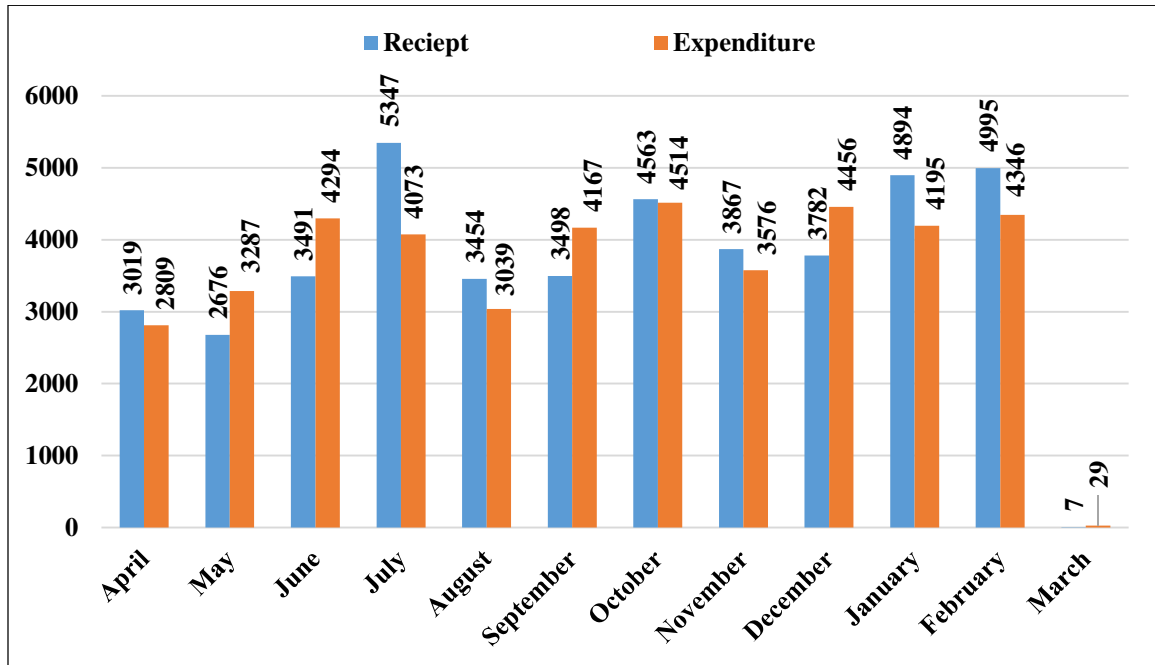
Table-3.17: Grants where more than 50 per cent of expenditure was incurred in March alone (In percentage)
(₹ in crore)

Sl. No.	Major Head	Description	Ist Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total	Expenditure in March	Expenditure in March as percentage of total expenditure
1	2015	Election	5.75	8.37	12.88	87.74	114.74	65.85	57.39
2	2225	Welfare of Schedule Castes, Scheduled Tribes, Other Backward Classes and Minorities	12.79	23.48	23.25	120.41	179.93	97.81	54.36
3	2408	Food Storage and Warehouse	9.91	9.03	11.22	58.34	88.50	49.90	56.38
4	4700	Capital Outlay on Major Irrigation (1)	0	22.53	19.59	76.47	118.59	68.08	57.41
5	4711	Capital Outlay on Flood Control Projects	0	14.38	11.30	71.83	97.51	58.31	59.80
Total			28.45	77.79	78.24	414.79	599.27	339.95	56.73

The monthly pace of expenditure was not uniform as was required under the Uttarakhand Budget Manual, as 69.22 per cent of expenditure under Five Major Heads was incurred in the last quarter of the financial year 2021-22. However, no amount drawn during the month was transferred to Public Accounts.

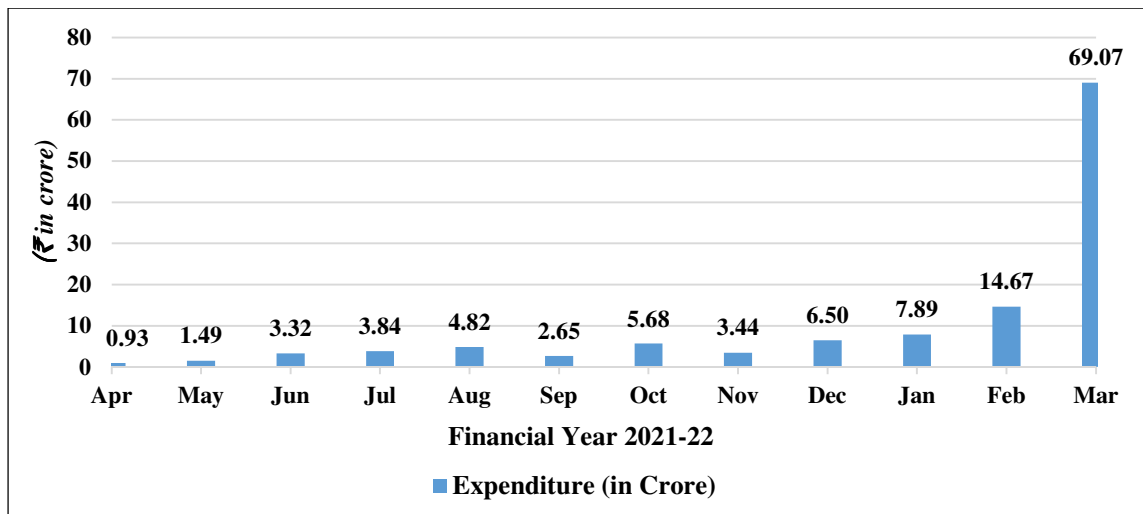
Details of monthly receipts and expenditure incurred against these receipts are given in the **Chart-3.7** below:

Chart-3.7: Monthly receipts and expenditure during 2021-22 (₹ in crore)



Details of monthly expenditure incurred during 2021-22, with high percentage expenditure incurred in the Month of March 2022 was noticed for Election Department which is given in the **Chart-3.8** below:

Chart-3.8: Month wise expenditure of Election Department with very high percentage of expenditure in March



As can be seen from the above chart, 56 per cent of expenditure under Department of Election was incurred in the month of March 2022. No amount drawn by the department during the month was transferred to Public Accounts.

3.12 Review of selected grants

3.12.1 Outcome of Review of Selected Grants

A review of receipts and expenditure under Grant Number 22: Public Works, 25: Food for the period 2019-20 to 2021-22 revealed the following position.

Grant Number 22. Public Works

A. Revenue Expenditure

The overall revenue expenditure showed increase during 2020-21 by 15.45 per cent and further increased by 12.74 per cent during 2021-22 over the previous year, as summarized in the **Table-3.18**.

Table-3.18: Summarized position of actual expenditure vis-à-vis original provision during 2019-20 to 2021-22
(₹ in crore)

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In percent	
							Saving	Variation in expenditure over last year
2059- Public Works 2216- Housing 3054-Roads and Bridge	2019-20	841.38	51.90	893.28	666.68	226.60	25.37	NA
	2020-21	966.86	20.00	986.86	769.70	217.16	22.01	15.45
	2021-22	957.34	110.14	1067.48	867.78	199.70	18.71	12.74
Total		2,765.58	182.04	2,947.62	2,304.16	643.46	21.83	--

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings during 2019-20 to 2021-22. There was unnecessary supplementary provision of ₹ 182.04 crore in 2019-12 to 2021-22, as the original allotment (₹ 2,765.58 Crore) was more than the actual expenditure (₹ 2,304.16 Crore) in these years. Further, in one sub head development/construction works in sub-division under Public Works (2059-80-051-03) the supplementary provision of ₹ 5.08 crore was unnecessary as the final savings under this subhead was ₹ 82.14 crore which was more than the supplementary provision.

It further revealed that under Major Head 5054- Capital Outlay on Roads and Bridges, 799-Suspense head, a credit balance of ₹ 419.50 crore exists without any transaction during the period from 2019-20 to 2021-22. The closing balance represents the amount recoverable from different parties (contractors, employees, depositors). Further, there is no budgetary allocation under 799 suspense head under MH 2059/3054 /5054 during 2021-22. However, there were instances of procurement of stock during 2021-22.

During the exit conference, Secretary Finance assured that Finance Department will take up the matter with concerned department.

Test check of expenditure incurred under certain major heads below this grant for the last three years showed that the pattern of expenditure varied during these years. The variation of more than ₹ 20 crore has been taken as base. The details are shown in **Table-3.19** below.

Table-3.19: Trends of major variations in expenditure over previous years in grant

Sl. No.	Scheme Name	Head of Account	Expenditure (in lakh)			Variation (in lakh)		Variation in per cent	
			2019-20	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
1	Roads and Bridges District and Other Roads Road Works Maintenance and Repairs	3054-04-337-03	18246.92	29826.09	38462.09	11579.17	8636.00	63.46	28.95

Source: Detailed Appropriation Accounts.

B. Capital Expenditure

The overall capital expenditure increased by 23.07 per cent during 2020-21 and increased by 25.45 per cent during 2021-22 over the previous year, as summarized below in **Table-3.20**.

Table-3.20: Summarized position of actual expenditure vis-à-vis original /supplementary provision during 2019-20 to 2021-22

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In percent	
							Saving	Variation in expenditure over last year
4059-Capital Outlay on Public Works	2019-20	1047.00	182.00	1229.00	848.83	380.17	30.93	-
	2020-21	1079.70	200.00	1279.70	1044.64	235.06	18.37	23.07
	2021-22	1402.02	300.00	1702.02	1310.54	391.48	23.00	25.45
Total		3528.72	682.00	4210.72	3204.01	1006.71	23.91	

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings in the years, 2019-20, 2020-21 and 2021-22. During the period 2019-20 to 2021-22, supplementary provisions of ₹ 682.00 crore proved unnecessary as the original provision (₹ 3, 528.72 crore) was far more than the actual expenditure of ₹ 3, 204.01 crore. Further, in one sub head, State Sector Road works under Roads and Bridges (5054-04-337-03) the supplementary provision of ₹ 100.00 crore was unnecessary as the final savings under the subhead was ₹ 146.24 crore which was more than the supplementary provisions under the subhead.

The details of variations in which ₹ 20 crore and above have been depicted under each subhead over the previous years in Grant Number 22 are shown in **Table-3.21**.

Table-3.21: Trends of major variations in expenditure over previous years

Sl. No.	Scheme Name	Head of Account	Expenditure (in lakh)			Variation (in lakh)		Variation in per cent	
			2019-20	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
1	Capital Outlay on Roads and Bridges District & Other Roads Road Works Centrally Sponsored Scheme	5054-04-337-01	1090.97	8517.85	23045.69	7426.88	14527.84	680.76	170.56
2	Capital Outlay on Roads and Bridges District & Other Roads Road Works State Sector	5054-04-337-03	52824.04	62073.14	80744.38	9249.10	18671.24	17.51	30.08
3	Capital Outlay on Roads and Bridges District & Other Roads Road Works NABARD Funded	5054-04-377-98	25402.64	25952.10	22127.55	549.46	-3824.55	2.16	-14.74

Source: Detailed Appropriation Accounts.

Analysis of trends of variation within the minor heads of Major Head revealed that the expenditure during the year within the minor heads varied between (-) 14.74 per cent to 170.56 per cent as compared to the previous year. Which shows inappropriate expenditure pattern within the Minor Heads of the Grant.

C. Non-utilisation of entire provision

Test check of sub-heads revealed that the department had not been able to utilize the entire budget allocation during the period 2019-20 to 2021-22 at the end of the year. (₹ one crore has been taken as base).

Table-3.22: Summarized position of non-utilisation of entire provision during 2019-20 to 2021-22 (₹ in lakh)

Sl. No.	Year	Name of the Scheme	Head of Account	Original	Supplementary	Saving
1.	2019-20	Capital Outlay on Roads and Bridges District & Other Roads Road Work Provision for the treatment of chronic Slip Zone	5054-04-337-06	500.00	0.00	500.00
2.		Capital Outlay on Roads and Bridges Roads Road Works Laying of Ducts in major urban cities	5054-05-337-03	500.00	0.00	500.00

Sl. No.	Year	Name of the Scheme	Head of Account	Original	Supplementary	Saving
3.		Capital Outlay on Roads and Bridges General Investment in Public sector and other undertakings Share Capital to Uttarakhand Infrastructure Development Corporation	5054-80-190-03	300.00	100.00	400.00
Sub Total						1, 400.00
4.	2020-21	Capital Outlay on Roads and Bridges District & Other Roads Road Work Provision for the treatment of chronic Slip Zone	5054-04-337-06	500.00	0.00	500.00
5.		Capital Outlay on Roads and Bridges Roads Road Works Laying of Ducts in major urban cities	5054-05-337-03	500.00	0.00	500.00
6.		Capital Outlay on Roads and Bridges General Investment in Public sector and other undertakings Share Capital to Uttarakhand Infrastructure Development Corporation	5054-80-190-03	400.00	0.00	400.00
Sub Total						1, 400.00
7.	2021-22	Capital Outlay on Roads and Bridges Roads Road Works Laying of Ducts in major urban cities	5054-05-337-03	500.00	0.00	500.00
8.		Capital Outlay on Roads and Bridges General Investments in Public sector and other undertakings Share Capital to Uttarakhand Infrastructure Development Corporation	5054-80-190-03	200.00	0.00	200.00
Sub Total						700.00

Source: Detailed Appropriation Accounts.

As can be seen, cases of complete budget not being utilised persisted in certain schemes for the years 2019-20, 2020-21 and 2021-22 respectively.

D. Receipts

The overall position of revenue receipts under Major Head 0059, 0216 and 1054 of the selected grant during 2019-20 to 2021-22 is summarized in **Table-3.23**.

Table-3.23: Position of revenue receipts under Major Head 0059, 0216 and 1054 of the Grant
(₹ in crore)

Head of Account	Year	BE	RE	Actual Receipts	Excess(+)/Shortfall (-) from RE	Per cent variation to RE
0059-Public Works	2019-20	41.16	41.16	52.59	11.43	27.77
	2020-21	45.62	41.16	62.19	21.03	51.09
	2021-22	20.12	37.62	46.27	8.65	22.99
0216-Housing	2019-20	10.50	10.50	7.80	(-)2.7	(-)25.71
	2020-21	10.50	7.50	7.42	(-)0.08	(-)1.07
	2021-22	8.00	7.73	7.72	(-)0.01	(-)0.13
1054-Roads and Bridges	2019-20	0.02	0.02	0.00	(-)0.02	(-)100
	2020-21	0.02	0.02	0.00	(-)0.02	(-)100
	2021-22	0.02	0.02	0.00	(-)0.02	(-)100

Source: Budget and Finance Accounts

However, test check of certain heads revealed lower/higher estimation in the subsequent years as compared to actual receipts in previous years as given in **Table-3.24**.

Table-3.24: Summarised position of Receipts during 2019-20 to 2021-22
(₹ in crore)

SI No.	Head of Account	Year	BE	RE	Actual Receipts	Excess (+)/	Percentage variation to RE
						Shortfall (-)	
1	0059-01-011 (Rent)	2019-20	0.03	0.03	0.30	0.27	900.00
		2020-21	0.09	0.09	2.21	2.12	2355.56
		2021-22	0.09	1.09	1.25	0.16	14.68
2.	0059-01-103 (Recovery of percentage charge)	2019-20	3.50	3.50	31.73	-28.23	-806.57
		2020-21	3.50	3.04	24.13	21.09	693.75
		2021-22	3.50	20.00	16.40	-3.60	-18.00
3.	0059-01-800 (Other receipts)	2019-20	37.63	37.63	20.56	-17.07	-45.36
		2020-21	42.03	38.03	35.86	-2.17	-5.71
		2021-22	16.53	16.53	18.62	2.09	12.64
4.	0216-01-106 (General pool accommodation)	2019-20	10.50	10.50	7.80	-2.70	-25.71
		2020-21	10.50	7.50	7.42	-0.08	-1.07
		2021-22	8.00	7.73	7.72	-0.01	-0.13
5.	0216-02-800 (Other receipts)	2019-20	0.00	0.00	0.16	0.16	0.00
		2020-21	0.00	0.00	0.04	0.04	0.00
		2021-22	0.00	0.00	0.00	0.00	0.00
6	1054-102-01 (Road tax on permanent bridges)	2019-20	0.01	0.01	0.00	-0.01	-100.00
		2020-21	0.01	0.01	0.00	-0.01	-100.00
		2021-22	0.01	0.01	0.00	-0.01	-100.00

Source: Budget and Finance Accounts.

Analysis of receipts under Grant Number 22 showed that there are only three major head under which the receipts are booked and receipts are booked mainly under five minor heads³.

Grant Number 25: Food

A. Revenue Expenditure

The overall revenue expenditure increased during 2020-21 by 89.90 per cent and further increased by 11.86 per cent during 2021-22 over the previous year, as summarized below in **Table-3.25**.

³ 011-Rent, 103- Recovery of percentage charges, 106-General Pool Accommodation, 800 Other Receipts, 102 Tools on Roads.

Table-3.25: Summary of actual expenditure vis-à-vis original provision during 2019-20 to 2021-22
(₹ in crore)

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In percent	
							Saving	Variation in expenditure over last year
2408-Food Storage and Warehouse 3456-Civil Supplies 3475 Other General Economic Services	2019-20	224.32	1.27	225.59	48.52	177.07	78.49	-
	2020-21	222.49	0.65	223.14	92.14	131	58.71	89.90
	2021-22	163.47	0.11	163.58	103.07	60.51	36.99	11.86
Total		610.28	2.03	612.31	243.73	368.58	60.19	

Source: Appropriation Accounts

It is evident from the above that there were persistent savings during 2019-20 to 2021-22. During this period, supplementary provision of ₹ 2.03 crore proved unnecessary as the original provision (₹ 610.28 crore) was more than the actual expenditure of ₹ 243.73 crore. Test-check of expenditure incurred under certain major heads below this grant for the last three years showed that the pattern of expenditure varied during these years.

There was no inappropriate expenditure pattern at sub head level within the Minor Heads of the Grant for schemes outlays of more than ₹ 20 crore

B. Capital Expenditure

The overall Capital Expenditure showed a decrease of 90.79 per cent during 2020-21 and increase of 450.25 per cent in 2021-22 over the previous year, as summarised in **Table-3.26**.

Table-3.26: Summarized position of actual expenditure vis-à-vis original provision during 2019-20 to 2021-22
(₹ in crore)

Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving (-)/ Excess(+)	In percent	
							Saving	Variation in expenditure over last year
4408-Capital Outlay on Food Storage and Warehouse	2019-20	28.50	0	28.50	1011.08	(+)982.58	(+)3447.65	-
	2020-21	12.00	0	12.00	93.17	(+)81.17	(+)676.42	-90.79
	2021-22	518.02	0	518.02	512.67	(-)5.35	(-)1.03	450.25
Total		558.52	0	558.52	1616.92	(+)1058.40	(+)189.50	--

Source: Appropriation Accounts.

It is evident from the above that there were excesses during the year 2019-20 and 2020-21. However, in 2021-22 saving is noticed.

The details of variations in which ₹ 20 crore and above have been depicted under each subhead over the previous years in Grant Number 25 are shown in **Table-3.27**.

Table-3.27: Trends of major variations in expenditure over previous years in Grant No 25
(₹ in lakh)

Sl. No.	Name of the Scheme	Head of Account	Expenditure (₹ in lakh)			Variation (₹ in lakh)		Variation in per cent	
			2019-20	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
1.	Capital Outlay on Food Storage and Warehousing Food Procurement and Supply CSS	4408-01-101-01	100940.25	9167.41	51156.92	(-) 91772.84	41989.51	(-) 90.92	458.03

Source: Detailed Appropriation Accounts

The Department draws funds from the treasury under major head 4408 to procure food grains for supply under Public Distribution System. The recoveries on sale of said food grain is then accounted under appropriate head of account. **Table-3.28** gives the position of disbursement of funds for procurement of food grain, recoveries and progressive balance under MH 4408 -01-101.

Table-3.28: procurement and supply of food under Capital Head 4408
(₹ in crore)

Year	Procurement during the year	Recoveries during the year	Progressive expenditure
2019-20	568.67	1.15	2, 789.03
2020-21	69.79	0.00	2, 858.82
2021-22	492.87	0.00	3, 351.69

Source: Finance Accounts

The progressive balance of ₹ 3351.69 as of March 2022 was not reconciled with proforma accounts of the Department as the same had not been prepared since 2015-16. Further, comparing the details of Balance Sheet of Food and Civil Supplies Department with the Finance Accounts of Government of Uttarakhand for the year 2014-15, it was noticed that the closing balance of the stock in Balance Sheet was shown as ₹ 217.95 crore whereas the Finance Account shows the closing balance as ₹ 361.57 crore. Thus, there was a difference of ₹ 143.62 crore which was treated as Capital Expenditure by the State Government.

During the exit conference, Secretary Finance assured that matter will be followed up on priority basis. Necessary directions to the Food Departments are being issued for early preparation and submission of their annual accounts from 2015-16 onwards.

C. Non-utilisation of the entire provision

Test check of certain sub-heads revealed that the Department did not utilize the entire provision during 2019-20 to 2021-22 at the end of the year (₹ one crore and above) as given in **Table-3.29**.

Table-3.29: Summarized position of non-utilisation of entire provision during 2019-20 to 2021-22
(₹ in lakh)

Sl. No.	Year	Name of the Scheme	Head of Account	Original	Supplementary	Saving
1	2019-20	Food, Storage and Warehousing Food Subsidies Central Plan / Centrally Sponsored Scheme	2408-01-102-01	10000.00	0.00	10000.00
2		Food, Storage and Warehousing Food Subsidies Payment of transportation and tax under distribution of sugar scheme	2408-01-102-05	1000.00	0.00	1000.00
3		Food, Storage and Warehousing Food Subsidies State food Scheme	2408-01-102-06	5500.00	0.00	5500.00
4		Capital Outlay on Food Storage and Warehousing Food Other Expenditure Construction of Godowns	4408-01-800-05	300.00	0.00	300.00
5	2020-21	Food, Storage and Warehousing Food Subsidies State food Scheme	2408-01-102-06	5000.00	0.00	5000.00
6		Other General Economic Services Regulation of Weights and Measures Central Plan / Centrally Sponsored Scheme	3475-106-01	200.00	0.00	200.00
7		Capital Outlay on Food Storage and Warehousing Food Other Expenditure Construction of Building for Food Commissioner	4408-01-800-04	100.00	0.00	100.00
8	2021-22	Food, Storage and Warehousing Food Subsidies State food Scheme	2408-01-102-06	3357.50	0.00	3357.50
9		Capital Outlay on Food Storage and Warehousing Food Procurement and Supply State Share in CSS	4408-01-101-95	100.50	0.00	100.50

Source: Detailed Appropriation Accounts

D. Receipts

The overall position of revenue receipts under Major Head 0408, 1456 and 1475 of the grant during 2019-20 to 2021-22 is summarised in **Table-3.30**.

Table-3.30: Position of revenue receipts under 0408, 1456, 1475 Major Head of the grant
(₹ in crore)

Head of Account		BE	RE	Actual Receipts	Excess (+)/Shortfall (-)	Percentage variation to RE
0408-Food Storage and Warehousing	2019-20	0.00	0.00	0.00	0.00	0.00
	2020-21	0.00	0.00	0.07	0.07	0.00
	2021-22	0.00	0.00	0.06	0.06	0.00
1456- Civil Supplies	2019-20	0.40	0.40	0.38	(-)0.02	(-)5.00
	2020-21	0.40	0.61	0.90	0.29	47.54
	2021-22	0.65	0.70	0.75	0.05	7.14
1475 – Other General Economic Services	2019-20	7.99	8.99	8.70	(-)0.29	3.23
	2020-21	9.49	6.09	6.70	0.61	10.02
	2021-22	7.99	7.99	7.74	(-)0.25	(-)3.13

Source: Budget and Finance Accounts.

However, test check of certain heads revealed lower/higher estimation in the subsequent years as compared to actual receipts in previous years as given in **Table-3.31**.

Table-3.31: Position of Receipts under Major Head-0408, 1456, 1475
(₹ in crore)

SI No.	Head of Account	Year	BE	RE	Actual Receipts	Excess (+)/	Percentage variation to RE
						Shortfall (-)	
1.	0408-101-01	2019-20	0.00	0.00	0.00	0.00	0.00
		2020-21	0.00	0.00	0.04	0.04	0.00
		2021-22	0.00	0.00	0.06	0.06	0.00
2.	0408-800-01	2019-20	0.00	0.00	0.00	0.00	0.00
		2020-21	0.00	0.00	0.03	0.03	0.00
		2021-22	0.00	0.00	0.00	0.00	0.00
3.	1456-800-01	2019-20	0.40	0.40	0.38	-0.02	-5.00
		2020-21	0.40	0.61	0.90	0.29	47.54
		2021-22	0.65	0.70	0.75	0.05	7.14
4.	1475-106-01	2019-20	7.00	8.00	7.27	-0.73	-9.13
		2020-21	8.50	5.50	5.32	-0.18	-3.27
		2021-22	7.50	7.50	5.89	-1.61	-21.47
5.	1475-200-03	2019-20	1.00	1.00	1.34	0.34	34.00
		2020-21	1.00	0.60	1.28	0.68	113.33
		2021-22	0.50	0.50	1.67	1.17	234.00

Source: Budget and Finance Accounts

Analysis of receipts under Grant Number 25 showed that there are three Major Heads⁴ under which the receipts are booked.

⁴ 0408-Food Storage and Warehousing, 1456-Civil Supplies & 1475-Other General Economic Services.

3.13 Conclusions

- During 2021-22, there was an overall saving of ₹ 14, 318.05 crore against the total grants and appropriations of ₹ 65, 012.40 crore.
- Supplementary provision of ₹ 7, 072.07 crore obtained in 40 cases proved unnecessary. Re-appropriation of funds in 40 cases was made injudiciously resulting in savings of more than one crore over provisions.
- Excess expenditure amounting to ₹ 47, 758.16 crore pertaining to the years 2005-06 to 2020-21 was done without Legislative approval, yet to be regularised by the State Legislature.
- Expenditure of ₹ 19.64 crore had been booked under revenue section. This expenditure should have been booked under the capital section as this expenditure pertained to the major works, which ordinarily ought to have been booked under the capital section. Similarly, expenditure of ₹ 25.57 crore had been booked under capital section, which should have been booked under revenue section, as this pertained to grants-in-aid, minor works and maintenance.

3.14 Recommendations

- *The State Government should be more realistic in its budgetary estimates and ensure efficient control mechanisms to curtail savings.*
- *The State Government may assess the savings and surrender the amount well before the close of the financial year so that they can be effectively utilised in other areas/schemes.*
- *The State Government should take appropriate steps to contain the use of capital expenditure for issues relating to revenue expenditure and vice-versa.*