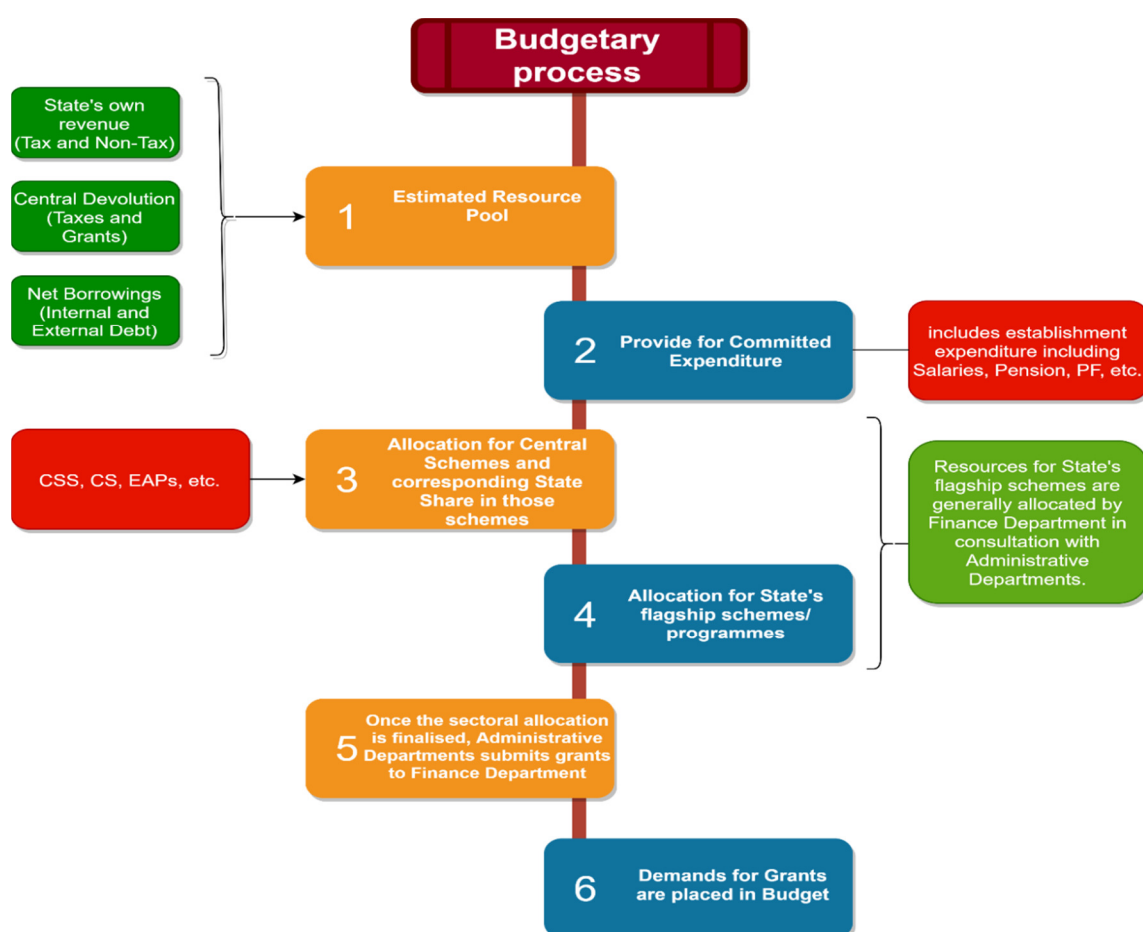

CHAPTER III

BUDGETARY MANAGEMENT

Chapter III: Budgetary Management

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Budget glossary is given in *Appendix 1.1 Part A*. The Budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the Departments in framing their estimates, for the next financial year. A typical budget preparation process in a State is shown as under:



CSS: Centrally Sponsored Schemes; CS: Central Schemes, EAP: Externally Aided Projects.

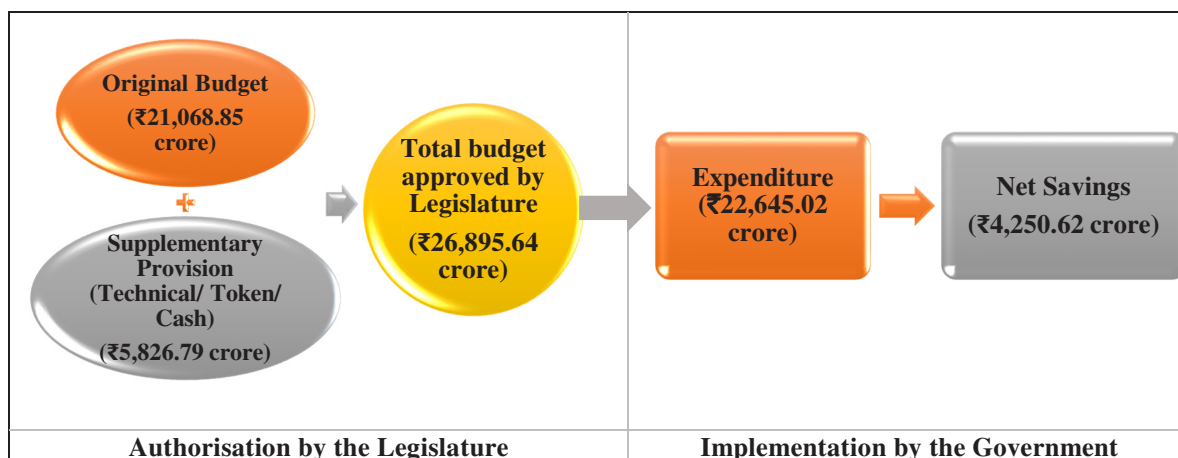
The Government of Nagaland has not yet prepared a Budget Manual, detailing the processes involved in budget formulation exercise, roles and responsibilities of the persons entrusted with the preparation and implementation of budget, timelines for preparation and submission of budgetary estimates, requirements of supplementary budget, mode of seeking re-appropriations within Grants, assessment of savings, surrenders *etc.* and monitoring and controls to be exercised by the Controlling Officers at all stages of budget preparation and implementation.

In the absence of a Budget Manual, the Government has been following the General Financial Rules, various provisions of the Constitution of India and guidelines issued by the Central and State Governments.

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

The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and 82 Demands for Grants. Normally, every Department has one Demand for Grant, to ensure that the Head of the Department takes responsibility for implementing the policy decisions and expending public funds for the intended purposes.

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



Source: Appropriation Accounts, 2020-21

The above chart indicates that the Supplementary Grant of ₹5,826.79 crore was not required as the gross expenditure was ₹1,577.03 crore more than the Original Provisions. It is pertinent to mention that Supplementary Grant was taken on 19 January 2021 and total expenditure as on December 2020 was only ₹17,247.10 crore as per monthly civil accounts submitted by the Treasuries, leaving ₹3,821.75 crore with the State Government for the remaining 90 days. With the Supplementary Grant, total funds available with the State Government were ₹9,648.54 crore, which was 56 per cent of the total expenditure in the first nine months of 2020-21. This was indicative of over estimation and poor financial management.

3.1.1 Summary of total provisions, actual disbursements and savings during 2020-21

A summarised position of total budget provision, disbursement and saving/ excess with its further bifurcation into voted/ charged may be included as under:

Table 3.1: Budget provision, disbursement and savings/excess during 2020-21

Total Budget Provision		Disbursements		Savings		Excess	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
15,628.70	11,266.94	11,843.76	10,801.26	3786.42	465.68	1.48	0.00

Source: Appropriation Accounts, 2020-21

There was an overall savings of ₹4,252.10 crore offset by excess of ₹1.48 crore during the year 2020-21 resulting in net savings of ₹4,250.62 crore which was 16 per cent of total Grants/ Appropriations and 19 per cent of the expenditure.

These savings may be seen in context of estimation of Receipts of ₹20,826.02 crore by the State Government and estimation on the expenditure side being ₹26,895.64 crore during the year 2020-21. This implied that the savings were notional, as the funds were not actually available for expenditure.

3.1.1.1 Charged and voted disbursements

The break-up of total disbursement into charged and voted during the last five-year (2016-21) is given below.

Table 3.2: Break-up of total disbursement into charged and voted during 2016-21

Year	Disbursements		Saving (-)/ Excess (+)	
	Voted	Charged	Voted	Charged
2016-17	8,864.71	5,946.14	(-) 2,094.01	(-) 157.77
2017-18	10,563.94	5,378.33	(-) 1,742.90	(-) 764.74
2018-19	11,538.47	3,619.72	(-) 2,992.08	(-) 2,319.70
2019-20	11,869.85	7,863.79	(-) 2,726.39	(-) 36.39
2020-21	11,843.76	10,801.26	(-) 3,784.94	(-) 465.69

Source: Appropriation Accounts of respective years

As can be seen from the above table, there were savings under voted and charged head in all the years during the five-year period of 2016-21.

3.2 Appropriation 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 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 this Article 204 of the constitution. Expenditure on new scheme should not be incurred on a scheme/ service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

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

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

Audit scrutiny revealed that in two Grants (two cases), expenditure of ₹10 lakh and above was incurred (total expenditure was ₹9.22 crore), without budget provision as detailed in **Appendix 3.1**. Grant-wise summary of the cases where expenditure was incurred without budget provision is given in **Table 3.3**.

Table 3.3: Summary of Expenditure without Budget Provision

Grant No.	Description	Expenditure (₹ in crore)	Number of Schemes/ Sub-Heads
28	Civil Police	9.09	1
66	Sericulture	0.13	1
Total		9.22	2

Source: Appropriation Accounts, 2020-21

Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of lack of financial discipline in Government Departments.

3.3.2 Misclassification of expenditure

3.3.2.1 Grants-in-Aid as capital expenditure

As per Indian Government Accounting Standards (IGAS) -2, Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee irrespective of the end use.

However, examination of the accounts and Voucher Level Computerisation (VLC) data revealed that during 2020-21, Grants-in-Aid expenditure of ₹7.08 lakh was classified as capital expenditure under Major Head 4217 – Capital Outlay on Urban Development.

3.3.2.2 Capital expenditure as revenue expenditure and vice versa

Misclassification of expenditure of revenue nature as capital expenditure or *vice-versa*, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus.

Examination of the accounts and Voucher Level Computerisation (VLC) data revealed that -

1. During the year, an expenditure of ₹3.43 crore related to major works was booked under revenue expenditure as minor works/ Maintenance and repairs. This ultimately leads to understatement of Capital Expenditure.
2. During the year, an expenditure of ₹41.52 crore related to minor works was booked under capital expenditure as major works. This leads to overstatement of Capital expenditure.

3.3.3 Unnecessary or excessive supplementary grants

The existence of likely or actual savings in the budget should never be seized upon as an opportunity to introduce fresh items of expenditure which ought to wait till next year. Known savings in the budget should not be left un-surrendered for fear of the next year's budget allotment being reduced.

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 economics 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, but 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.

Supplementary Provision of ₹92.07 crore obtained by eight Departments during the year proved unnecessary as the expenditure either did not come up to the level of Original Provision or the subsequent Supplementary Provision was not utilised by the Departments concerned as detailed in **Appendix 3.2**. Cases where supplementary provision (₹50 lakh or more in each case) proved unnecessary are given in **Table 3.4**.

Table 3.4: Details of cases where supplementary provision proved unnecessary

(₹ in crore)					
Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Savings out of Original Provisions
(A) Revenue (Voted)					
1.	26- Civil Secretariat	270.48	30.40	266.31	4.17
2.	28- Civil Police	1,457.71	1.19	1,454.24	3.47
3.	32- Higher Education	188.70	19.46	165.24	23.46
4.	43- Social Security and Welfare	260.27	35.38	250.55	9.72
Total A		2,177.16	86.43	2,136.34	40.82

Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Savings out of Original Provisions
(B) Capital (Voted)					
5.	9- Taxes on Vehicles	2.93	1.33	2.93	0.00
6.	34- Art and Culture and Gazetteers	1.10	2.99	1.08	0.02
7.	70- Horticulture	2.50	1.16	2.50	0.00
Total B		6.53	5.48	6.51	0.02
Grand Total (A + B)		2,183.69	91.91	2,142.85	40.84

Source: Appropriation Accounts, 2020-21

3.3.4 Unnecessary Re-appropriation

According to Financial Rules, reasons for additional expenditure and savings should be explained in the Re-appropriation statement and specific reasons should be given and expressions such as “based on actual requirements”, “based on trend of expenditure”, *etc.*, should be avoided. However, scrutiny of Re-appropriation orders issued by the Finance Department revealed that out of a total of 82 grants, Re-appropriation was done in 80 grants (98 *per cent*) on the last day without stating specific reasons for withdrawal of provision or additional provision by way of Re-appropriation of funds. This Re-appropriation on last day of the financial year resulted in savings in seven Grants, which was avoidable, as discussed in **Paragraph 3.3.3** above.

Injudicious (excess/ unnecessary/ insufficient re-appropriation) re-appropriation of Funds made during the year 2020-21 proved excessive (by 10 lakh or more and less than or equal to savings/ excess) resulting in savings of ₹40.41 crore in 18 Sub-heads as detailed in **Table 3.5**.

Table 3.5: Excess/ unnecessary/ insufficient re-appropriation

(₹ in lakh)

Sl. No.	Grant	Head of Account	Original	Supplementary	Re-appropriation	Final	
						Savings	Excess
1.	9	2041-00-001-01 Direction	447.50	0.00	11.43	11.68	-
2.	9	4059-01-051-01 Works under Taxes on Vehicles	0.00	133.00	0.00	133.00	-
3.	27	4059-80-800-04 Local Area Development Programme	0.00	0.00	9,000.00	1,000.00	-
4.	28	2055-00-001-01 Police Headquarters	12,809.30	0.00	5,425.71	100.00	-
5.	28	2055-00-109-01 District Police Establishment	37,720.19	0.00	1,554.17	100.00	-
6.	31	2202-01-101-02 Middle School	10,984.92	0.00	17,044.65	15.06	-

Sl. No.	Grant	Head of Account	Original	Supplementary	Re-appropriation	Final	
						Savings	Excess
7.	31	2202-02-109-01 Government School	17,078.33	0.00	21,234.69	20.02	-
8.	35	4210-01-110-01 Upgradation of Hospital	650.00	0.00	1,058.50	552.50	-
9.	39	4552-39-800-01 Promotion of Tourism in NER	0.00	1,147.14	0.00	187.12	-
10.	53	2851-00-001-01 Direction	0.00	0.00	572.23	121.03	-
11.	56	5055-00-800-03 Construction	0.00	597.43	32.57	315.00	-
12.	58	5054-04-337-02 Major District Roads	6,500.00	0.00	12,965.02	400.00	-
13.	58	5054-80-800-01 Non Lapsable Central Pool of Resources	0.00	0.00	6,241.62	140.00	-
14.	68	4055-00-211-02 Government Residential Building	486.15	7,105.32	0.00	72.00	-
15.	68	4055-00-211-02 Government Residential Building	0.00	14,136.00	0.00	700.00	-
16.	73	4059-01-051-01 Functional Buildings	0.00	228.52	0.00	26.28	-
17.	78	4202-02-104-01-02 Upgradation of existing Polytechnics	0.00	288.51	11.49	75.00	-
18.	78	4202-02-104-01-03 Construction of Directorate Building	0.00	300.00	0.00	72.11	-
Total						4,040.80	

Source: Detailed Appropriation Accounts, 2020-21

Substantial savings of more than ₹0.10 crore in respect of Heads of Account where re-appropriation was resorted to or not made, reflects poorly on planning and monitoring of budget allocation and its utilisation by the State Government.

3.3.5 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-trying 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 utilised and thus avoidable demands for Supplementary Grants are preferred. 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/ 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 utilised.

The audit of Grants revealed that there was a total Savings of ₹4,252.10 crore, out of which Savings of ₹4,230.21 crore occurred in 56 Grants (**Appendix 3.3**) which exceeded rupees one crore in each case or by more than 20 *per cent*. Further, there were savings of ₹3,792.38 crore which occurred in 18 Grants of the total provisions (savings were ₹50 crore and above) and are shown in **Table 3.6**.

Table 3.6: List of Grants having large savings (savings above ₹50 crore) during the year

(₹ in crore)							
Sl. No.	Number and name of the Grant	Original	Supplementary	Total	Actual expenditure	Saving/ Excess	Surrender
Revenue (Voted)							
1.	18-Pensions and Other Retirement Benefits	2,188.00	0.00	2,188.00	1,752.47	435.53	435.53
2.	21- Relief of Distress caused by Natural calamities	212.25	0.00	212.25	47.97	164.28	163.42

Sl. No.	Number and name of the Grant	Original	Supplementary	Total	Actual expenditure	Saving/ Excess	Surrender
3.	27- Planning Machinery	382.35	0.00	382.35	35.10	347.25	347.24
4.	31-School Education	1,742.89	0.00	1,742.89	1,496.31	246.58	246.03
5.	35-Medical, Public Health and Family Welfare	741.92	0.00	741.92	683.82	58.10	58.16
6.	42-Rural Development	1,349.57	0.00	1,349.57	725.46	624.12	624.03
7.	48-Agriculture	311.08	0.00	311.08	219.05	92.03	92.03
8.	52- Forest, Environment and Wildlife	152.95	0.00	152.95	96.52	56.43	56.42
9.	70-Horticulture	122.03	0.00	122.03	59.42	62.61	62.57
10.	72- Land Resources Development	136.07	0.00	136.07	20.83	115.24	115.51
Capital (Voted)							
1.	26-Civil Secretariat	311.50	0.00	311.50	53.31	258.19	258.19
2.	27-Planning Machinery	398.69	0.00	398.69	177.14	221.56	211.56
3.	32- Higher Education	80.53	0.00	80.53	25.94	54.59	54.59
4.	35-Medical, Public Health and Family Welfare	122.85	0.00	122.85	39.40	83.45	77.93
5.	36- Urban Development	152.54	0.00	152.54	87.90	64.64	64.70
6.	37- Municipal Administration	137.00	0.00	137.00	52.69	84.31	84.31
7.	58-Road and Bridges	565.00	0.00	565.00	405.66	159.34	152.94
8.	59- Water Resources	184.50	0.00	184.50	57.16	127.34	127.33
9.	77- Development of Under-developed Areas	82.10	0.00	82.10	16.96	65.14	65.14
Revenue (Charged)							
1.	75-Servicing of Debt	1,195.50	0.00	1,195.50	856.77	338.73	338.73
Capital (Charged)							
1.	75-Servicing of Debt	5,045.93	4,980.93	10,026.86	9,903.92	122.94	122.93
Grand Total		15,615.25	4,980.93	20,596.18	16,813.80	3,792.38	3,759.29

Source: Appropriation Accounts, 2020-21

It was observed that out of the above 18 Grants, in two Grants, there was persistent low utilisation (less than 50 per cent) in the last five years from 2016-17 to 2020-21. Details of utilisation of budgetary allocation in these two Grants are shown in **Table 3.7**.

Table 3.7: Budget utilisation less than 50 per cent (in 2020-21)

Sl. No.	Grant	Budget utilisation during the years: (in per cent)					Number of years*	Budget 2020-21	Total Budget for five years
		2016-17	2017-18	2018-19	2019-20	2020-21		(₹ in crore)	
1.	27-Planning Machinery	25.02	28.72	27.89	37.37	27.17	05	781.04	4,233.06
2.	59-Water Resources	27.24	33.82	30.45	58.39	39.84	04	221.95	977.71

* Number of years with utilisation below 50 per cent

Source: Appropriation Accounts of respective years

It can be seen from the table above that in Grant 59, low utilisation (less than 50 per cent) was in four, out of five years. While in Grant 27, low utilisation (less than 50 per cent) was in all the five years. This is indicative of systemic issues that warrant a close review by the Government to enable initiation of corrective measures.

Substantial surrenders (more than 50 per cent of Total Provision) were made in respect of 122 Sub Heads. Out of the Total Provision amounting to ₹4,224.49 crore in those Sub-Heads, ₹3,927.13 crore (92.96 per cent) was surrendered, which included 100 per cent surrender under 65 Sub-Heads (₹1,188.39 crore). The details of such cases are given in **Appendix 3.4**. In 21 cases, the surrender was more than ₹50 crore at the end of March 2021 as given in **Table 3.8**.

Table 3.8: Details of surrender of funds in excess (more than ₹50 crore)

Sl. No.	Number and name of the Grant	Original	Supplementary	Total	Actual expenditure	Saving/ Excess	Surrender
Revenue (Voted)							
1.	18-Pensions and Other Retirement Benefits	2,188.00	0.00	2,188.00	1,752.47	435.53	435.53
2.	21- Relief of Distress caused by Natural calamities	212.25	0.00	212.25	47.97	164.28	163.42
3.	27- Planning Machinery	382.35	0.00	382.35	35.10	347.25	347.24
4.	31-School Education	1,742.89	0.00	1,742.89	1,496.31	246.58	246.03
5.	35-Medical, Public Health and Family Welfare	741.92	0.00	741.92	683.82	58.10	58.16
6.	42-Rural Development	1,349.57	0.00	1,349.57	725.46	624.12	624.03
7.	48-Agriculture	311.08	0.00	311.08	219.05	92.03	92.03
8.	52- Forest, Environment and Wildlife	152.95	0.00	152.95	96.52	56.43	56.42
9.	70-Horticulture	122.03	0.00	122.03	59.42	62.61	62.57
10.	72- Land Resources Development	136.07	0.00	136.07	20.83	115.24	115.51

Sl. No.	Number and name of the Grant	Original	Supplementary	Total	Actual expenditure	Saving/ Excess	Surrender
Capital (Voted)							
1.	26-Civil Secretariat	311.50	0.00	311.50	53.31	258.19	258.19
2.	27-Planning Machinery	398.69	0.00	398.69	177.14	211.56	211.56
3.	32- Higher Education	80.53	0.00	80.53	25.94	54.59	54.59
4.	35-Medical, Public Health and Family Welfare	122.85	0.00	122.85	39.40	83.45	77.93
5.	36- Urban Development	152.54	0.00	152.54	87.90	64.64	64.70
6.	37- Municipal Administration	137.00	0.00	137.00	52.69	84.31	84.31
7.	58-Road and Bridges	565.00	0.00	565.00	405.66	159.34	152.94
8.	59- Water Resources	184.50	0.00	184.50	57.16	127.34	127.33
9.	77- Development of Underdeveloped Areas	82.10	0.00	82.10	16.96	65.14	65.14
Revenue (Charged)							
1.	75-Servicing of Debt	1,195.50	0.00	1,195.50	856.77	338.73	338.73
Capital (Charged)							
1.	75-Servicing of Debt	5,045.93	4,980.93	10,026.86	9,903.92	122.94	122.93
Grand Total		15,615.25	4,980.93	20,596.18	16,813.80	3,782.38	3,759.29

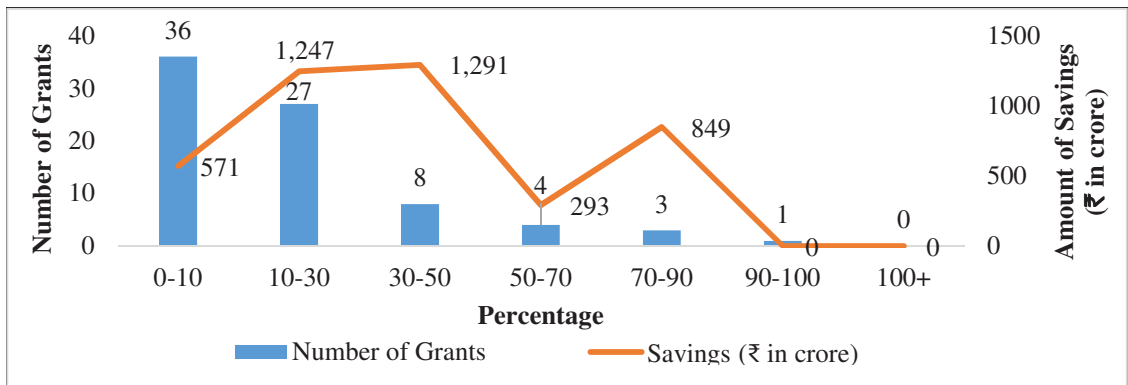
Source: Appropriation Accounts, 2020-21

The reasons for surrender of funds in respect of the above 18 Grants are detailed below:

- **Grant no. 52 and 72:** Savings under salaries due to austerity measures taken by Government for Covid-19 and non-receipt of funds under Centrally Sponsored Schemes (CSS).
- **Grant no. 27:** Re-allocation to various departments/ as State Share to CSS/ NEC *etc.*, savings under salaries due to austerity measures taken by Government for Covid-19, less receipt of funds from GoI *etc.*
- **Other Grants:** non-receipt of funds from Ministry/ Sponsoring Agency, non-release of funds from GoI *etc.*

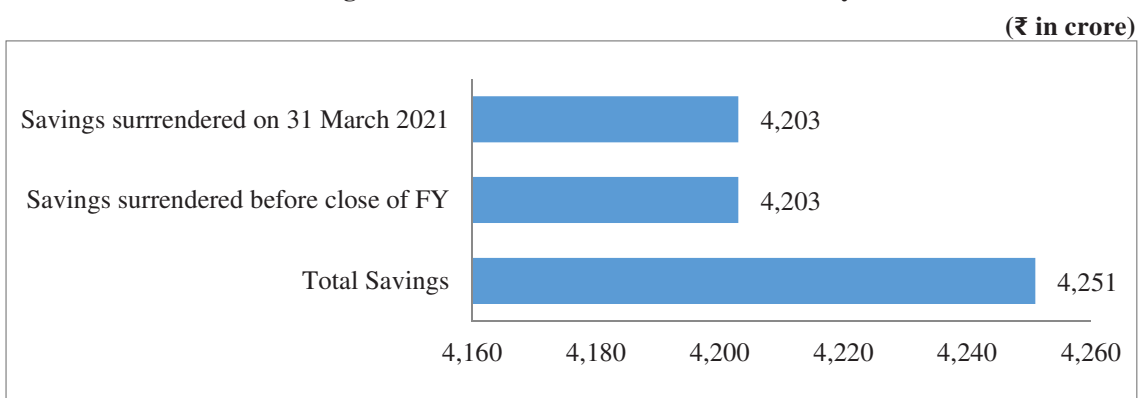
The distribution of number of Grants grouped by the percentage of savings for 2020-21 and the overall savings and surrenders before close of the financial year 2020-21, are depicted in **Chart 3.1** and **Chart 3.2**.

Chart 3.1: The distribution of the number of Grants grouped by the percentage of savings along with total savings in ₹one crore in each group



Source: Appropriation Accounts, 2020-21

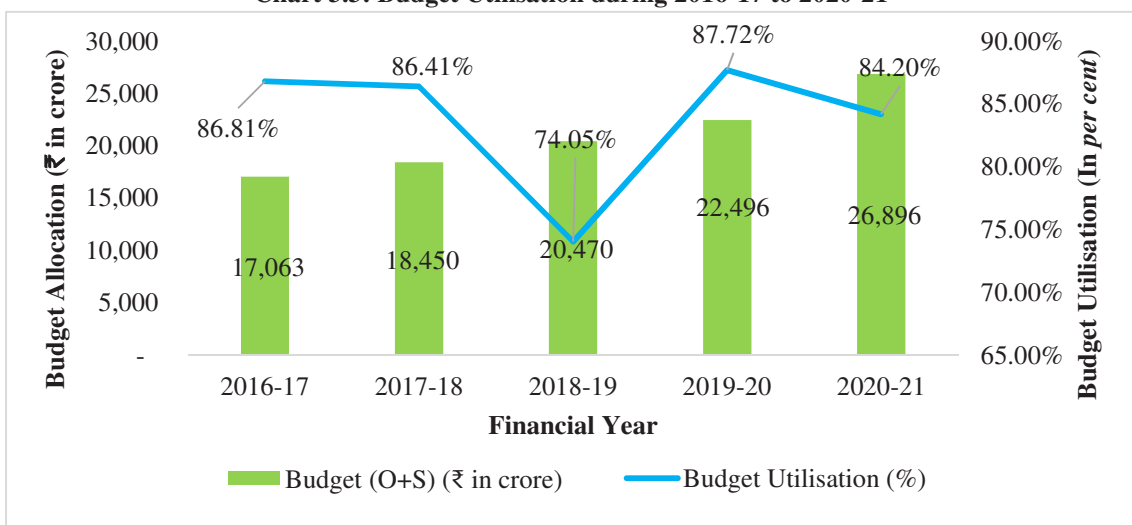
Chart 3.2: Savings and surrenders before close of financial year 2020-21



Source: Appropriation Accounts, 2020-21 and Surrender/ Re-appropriation orders for 2020-21

Utilisation of budgeted funds by the State has been sub optimal every year during the past few years. The extent of utilisation of budget during the five-year period from 2016-17 to 2020-21 is in **Chart 3.3**.

Chart 3.3: Budget Utilisation during 2016-17 to 2020-21



Source: Appropriation Accounts of the respective years

As can be seen from the Chart above, utilisation of budget has been around 86 per cent during four of the last five years and has shown fluctuating trend, though it was

minimum at around 74 per cent in 2018-19. Large amount of savings in allocated funds indicate both poor budget management/ estimation/ inaccurate assessment of requirement as well as inadequate capacity to utilise the funds for intended purposes.

3.3.6 Excess expenditure and its regularisation

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.

3.3.6.1 Excess expenditure relating to 2020-21

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but is also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose.

It was observed that during 2020-21, there was an excess disbursement over grants of ₹1.48 crore under three Departments. The summary of excess disbursements over grants during the financial year 2020-21 is shown in **Table 3.9**.

Table 3.9: Summary of excess disbursements over grants during the financial year

	Name of Department		Number of Grants
	Public Work/ Irrigation/ Forest	Other	
Revenue (Voted)	0.00	1.45	02
(A) Total Excess (Revenue)	0.00	1.45	02
Capital (Voted)	0.00	0.02	01
(B) Total Excess (Capital)	0.00	0.03	01
Grand Total (A + B)	0.00	1.48	03

(₹ in crore)

Source: Appropriation Accounts, 2020-21

The details of the Major Head wise excess disbursement over the budget during the year 2020-21 requiring regularisation is shown in **Table 3.10**.

Table 3.10: Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State during 2020-21

Sl. No.	Grant No.	Major Head	Major Head Description	Total Provision	Re-appropriation	Total	Expenditure	Excess	Reason for excess stated by the Department
Revenue (Voted)									
1.	53	2851	Industries	69.44	19.15	88.59	89.79	1.20	Excess was due to shortfall in assessment for demand for grants
2.	66	2851	Sericulture	21.13	0.81	21.94	22.19	0.25	
Capital (Voted)									
3.	45	4425	Capital Outlay on Cooperation	7.49	2.30	9.79	9.81	0.03	The fund was re-appropriated/ surrendered during the end of the year which resulted in excess.
Total								1.48	

(₹ in crore)

Source: Appropriation Accounts, 2020-21

This excess disbursement is in violation of Article 204 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.

3.3.6.2 Persistent excesses in certain Grants

A number of grants witness excess expenditure year after year. Despite Public Accounts Committee's recommendations to minimise the cases of excesses, persistent excesses are noticed in the grants. The persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on realistic basis. Such repeated excess expenditure is in violation of the will of the State Legislature. Persistent excesses may be due to improper estimation at the time of preparation of budget.

Examination of records revealed that there was no grant having persistent excesses during four out of five years during the five-year period of 2016-21, though excess during three years (2016-17, 2017-18 and 2019-20) was noticed in Grant no. 28 (Civil Police).

3.3.6.3 Regularisation of excess expenditure of previous financial years

Article 205 of the Constitution of India mandates the State Government to get the excess expenditure over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation was prescribed under this Article, excess expenditure was to be regularised after discussion of the Appropriation Accounts by the PAC. Administrative departments concerned are required to submit Explanatory Notes for excess expenditure to PAC through Finance Department.

Excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive. The details of the grant-wise excess expenditure relating to previous years requiring regularisation are given in **Table 3.11**.

Table 3.11: Excess expenditure relating to previous years (2014-20) requiring regularisation

(₹ in crore)		
Year	Total Number of Grants	Amount of excess required to be regularised
2014-15	09	38.78
2015-16	16	373.60
2016-17	09	92.16
2017-18	09	14.51
2018-19	01	0.01
2019-20	10	197.95
Total		717.01

Source: Appropriation Accounts of respective years

During the period 2014-20, there was an excess expenditure of ₹717.01 crore under 34 Grants. Further, there was an excess expenditure of ₹1.48 crore during 2020-21. This is in violation of Article 204 (3) 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.

The Finance Department stated that excess expenditure of ₹504.54 crore for the years 2014-15, 2015-16 and 2016-17 have been regularised in the State Assembly (November 2021). However, excess expenditure amounting to ₹212.47 crore for 2017-18 to 2019-20 was yet to be regularised (February 2022).

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/ weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprives other departments of the funds which they could have utilised.

The summarised position of actual expenditure during 2020-21 against 82 Grants is given in Table 3.12.

Table 3.12: Summarised position of Actual Expenditure vis-à-vis Budget (Original/ Supplementary) provisions during the financial year

	Nature of expenditure	Original Grant	Supplementary Grant	Total	Actual expenditure	Net of Savings (-)	Surrender during March	
							Amount	per cent
							₹ in crore)	
Voted	I. Revenue	12,408.54	326.13	12,734.67	10,170.90	(-) 2,563.77	2,558.64	99.83
	II. Capital	2,376.90	511.30	2,888.20	1,667.25	(-) 1,220.95	1,178.42	96.52
	III. Loans and Advances	3.50	2.33	5.83	5.61	(-) 0.22	0.22	100
	Total	14,788.94	839.76	15,628.70	11,843.76	(-) 3,784.94	3,737.28	98.76
Charged	IV. Revenue	1,233.98	1.41	1,235.39	892.64	(-) 342.75	342.75	100
	V. Capital	0.00	4.69	4.69	4.69	0.00	0.00	0
	VI. Public Debt-Repayment	5,045.93	4,980.93	10,026.86	9,903.93	(-) 122.93	122.93	100
	Total	6,279.91	4,987.03	11,266.94	10,801.26	(-) 465.68	465.68	100
Appropriation to Contingency Fund (if any)	--	--	--	--	--	--	--	--
Grand Total	21,068.85	5,826.79	26,895.64	22,645.02	(-) 4,250.62	4,202.96	98.90	

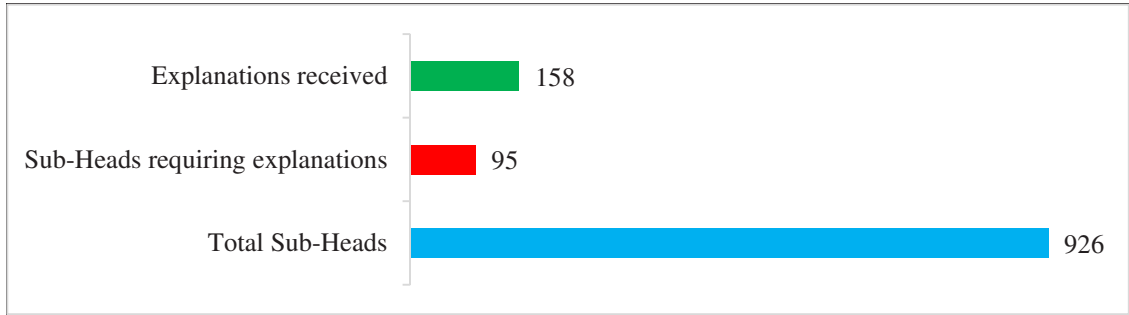
Source: Appropriation Accounts, 2020-21

Overall Savings of ₹4,250.62 crore (15.80 per cent of Total Allocation) was the result of Savings in 79 Grants under Revenue Section and 51 Grants under Capital Section offset by excess of ₹1.48 crore in two Grants under Revenue Section and one Grant under Capital Section. During the year, the amount surrendered was 98.90 per cent of overall Savings.

The Savings/ Excess (Detailed Appropriation Accounts for the year 2020-21) were intimated to all the 82 Controlling Officers requesting them to explain the significant variations. The Controlling Officers of 14 Departments of the State furnished their replies before finalisation of the Appropriation Accounts 2020-21. However, no valid

reasons for the Savings/ Excess were explained or explicitly stated by any of the Departments. The status is given in **Chart 3.4**.

Chart 3.4: Summary of Explanation for Variation in Appropriation Accounts



Source: VLC data of AG (A&E)

The trend in percentage of overall saving/excess against overall provision in the budget for the last five years from 2016-17 to 2020-21 is detailed in **Table 3.13**.

Table 3.13: Original Budget, Revised Estimates and Actual Expenditure during 2016-21

	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Original Budget	13,658.74	16,375.43	18,315.76	18,026.11	21,068.85
Supplementary Budget	3,403.89	2,074.48	2,154.21	4,470.31	5,826.79
Revised Estimates	17,062.63	18,849.91	20,469.97	22,496.42	26,895.64
Actual Expenditure	14,810.85	15,942.27	15,158.19	19,733.64	22,645.02
Saving /excess	(-)2,251.78	(-)2,507.64	(-)5,311.78	(-)2,762.78	(-) 4,250.62
Percentage of Savings	13.20	13.30	25.95	12.28	15.80

Source: Appropriation Accounts of respective years

It could be seen from the table above that there was overall savings in all the years during the five-year period of 2016-21. The percentage of savings with respect to the revised estimates ranged between 12.28 and 25.95 during the period. The percentage of savings during 2020-21 was highest, after 2018-19, during the last five years.

3.4.2 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the Departments report to legislature 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. As a result, the unutilised funds could not be made use of. At the same time, some of the schemes remained incomplete due to want of funds. Thus, the intended benefit of the unfinished schemes could not be extended to the public at large 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 is either for that Financial Year *i.e.* one-time activity or is of recurring nature. Broadly, all the schemes, budget allocation thereon, timeframe of their completion and intended benefit announced by Government can be gathered from the Budget Speech of the FM. Actual figures related to expenditure with funding pattern *i.e.* from the State's own

resources or from Central Government assistance or through debt may be gathered from the Finance Accounts of the State. Of these, several schemes/ programmes declared by the Government do not typically get operationalised due to lack of preparatory work and/or lack of adequate allocation of budget.

During the year, it was noticed that in 23 major grants (savings of more than one crore or more than 20 per cent of the total provisions), the total budget provisions of ₹2,529.30 crore (Capital/ voted) proved unnecessary/ excessive as the actual expenditure of ₹1,317.58 crore did not come up to the total budget provisions resulting in ₹1,211.72 crore un-utilised funds under these grants as detailed below:

Table 3.14: List of grants with un-utilised fund during 2020-21

(₹ in crore)						
Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Un-utilised funds
Capital (Voted)						
1.	9-Taxes on Vehicles	2.93	1.33	4.26	2.93	1.33
2.	26-Civil Secretariat	311.50	0.00	311.50	53.31	258.19
3.	27-Planning Machinery	398.69	0.00	398.69	177.13	221.56
4.	32-Higher Education	80.53	0.00	80.53	25.94	54.59
5.	33-Youth Resources and Sports	11.00	35.40	46.40	25.12	21.28
6.	34-Art and Culture and Gazetteers unit	1.10	2.99	4.09	1.08	3.01
7.	35-Medical, Public Health and Family Welfare	122.85	0.00	122.85	39.40	83.45
8.	36-Urban Development	152.54	0.00	152.54	87.90	64.64
9.	37-Municipal Administration	137.00	0.00	137.00	52.69	84.31
10.	39-Tourism	0.83	20.75	21.58	11.90	9.68
11.	43-Social security and Welfare	12.00	16.05	28.05	19.73	8.31
12.	53-Industries	2.50	0.00	2.50	0.85	1.65
13.	55-Power	19.25	98.58	117.83	89.57	28.26
14.	56-Road Transport	6.70	7.97	14.67	9.23	5.45
15.	57-Housing Loans	0.22	0.00	0.22	0.00	0.22
16.	58-Roads and Bridges	565.00	0.00	565.00	405.66	159.34
17.	59- Water Resources	184.50	0.00	184.50	57.17	127.33
18.	65-State Council of Educational Research & Training	10.34	0.00	10.34	9.20	1.14
19.	68-Police Engineering Project	12.50	212.41	224.91	217.19	7.72
20.	70-Horticulture	2.50	1.16	3.66	2.50	1.16
21.	77-Development of Underdeveloped Areas	82.10	0.00	82.10	16.96	65.14
22.	78-Technical Education	1.57	8.28	9.85	7.84	2.01
23.	82-New and Renewable Energy	4.26	1.97	6.23	4.28	1.95
Total		2,122.41	406.89	2,529.30	1,317.58	1,211.72

Source: Appropriation Accounts, 2020-21

Further, as per Finance Accounts, there were 16 incomplete scheme/ projects which require further allocation of funds for their completion. The details of such schemes/ projects having estimated cost more than ₹50 crore are shown in **Table 3.15**.

Table 3.15: List of incomplete scheme/projects at the end of 2019-20

(₹ in crore)

Sl. No.	Name of Scheme/ Project (having estimated cost of ₹50 crore or more)	Estimated cost of scheme/ project	Year wise funds allocated up to 2021	Scheduled date of completion	Expenditure as of 31 March 2021	Physical progress of the work	Funds required for completion of remaining work (as per revised estimates)
1.	Construction of Road	83.99	53.62	NA	53.62	NA	30.37
2.	Construction and up gradation of Longleng – Ladaigarh Road	79.49	73.62	NA	73.62	96	5.87
3.	Constriction of Link Roads to Mineral Deposit area	53.95	26.02	2010-11	26.02	80	27.93
4.	Construction of Staff Quarter at Dwarka P-I	62.29	38.10	2020-21	38.10	90	24.19
5.	Construction of Staff Quarter at Dwarka P-II	54.09	41.12	2020-21	41.12	90	12.97
6.	Integrated Roads & Multilevel Parking Project in Kohima	50.42	10.20	2011-12	10.20	NA	40.22
7.	Housing for Urban poor in Dimapur Under IHSDP	87.74	36.63	2011-12	36.63	NA	51.11
8.	DDUGJY-XII Plan	92.31	52.38	2017-18	52.38	65	39.93
9.	Construction of Permanent Headquarters for 9 th NAP (IR) Bn at Saijang under HUDCO	72.99	68.43	NA	68.43	NA	4.56
10.	Construction of Permanent Headquarters for 10 th NAP (IR) Bn at Zhadima under HUDCO	68.63	38.76	2009-10	38.76	98	29.87
11.	Construction of Permanent Headquarters for 11 th NAP (IR) Bn at Aboi under HUDCO	93.88	8.00	2014-15	8.00	26	85.88
12.	Construction of Permanent Headquarters for 12 th NAP (IR) Bn at Chingtok under HUDCO	97.88	8.00	2014-15	8.00	85	89.88
13.	Construction of Permanent Headquarters for 13 th NAP (IR) Bn at Yachang under HUDCO	98.43	14.00	2014-15	14.00	70	84.43

Sl. No.	Name of Scheme/ Project (having estimated cost of ₹50 crore or more)	Estimated cost of scheme/ project	Year wise funds allocated up to 2021	Scheduled date of completion	Expenditure as of 31 March 2021	Physical progress of the work	Funds required for completion of remaining work (as per revised estimates)
14.	Construction of Permanent Headquarters for 14 th NAP (IR) Bn at Okhezong under HUDCO	121.19	8.00	2014-15	8.00	85	113.19
15.	Construction of Permanent Headquarters for 15 th NAP (IR) Bn at Mpetsa	109.31	21.52	NA	21.52	22	87.79
16.	Construction of Multi-Disciplinary Sports Complex, Dimapur (Site Grading)	134.91	53.00	2011-12	53.00	60	81.91
Total		1,361.50	551.40	--	551.40	--	810.10

Source: Appendix IX, Finance Accounts – Vol. II, 2020-21

As can be seen from the above table, out of the total estimated/ revised cost of ₹1,361.50 crore in respect of 16 projects/ schemes, an amount of ₹551.40 crore (60 per cent) was required for completion of these projects/ schemes. The State Government may devise a mechanism to avoid savings in certain grants which could be utilised for completion of these incomplete projects/ schemes on time.

3.4.3 Re-appropriation of Grants

The various provisions related to the re-appropriation are given in **Paragraph 3.3.5**. Scrutiny of re-appropriation orders and Detailed Appropriation Accounts revealed that:

- i. Out of 82 grants, re-appropriation was done in 60 grants during 2020-21. The re-appropriation orders were issued (March 2021) by the Finance Department, GoN, without specifying the reasons for re-appropriations.
- ii. In 38 Grants, there was no budget provision (both original grant and supplementary) in 121 Sub Heads and the final provision/ grant was due to re-appropriations within the respective grants only. However, expenditure was incurred in all Sub Heads.
- iii. All the re-appropriation orders were issued on the last working day of the year (31 March 2021).
- iv. In 10 Grants, re-appropriations were made from Supplementary Grants in 17 Sub-Heads as there was no original provision in these Sub-Heads. In eight cases, the entire fund under supplementary grants was re-appropriated. This ultimately resulted in defeating the objective of supplementary grant which was voted for a definite purpose.

3.4.4 Review of selected Grant

Review of a selected Grant (Grant No. 59 – Water Resources) was done to ascertain compliance with budgeting processes, monitoring of funds, control mechanisms and implementation of the schemes within the grant, persistent diversion of funds for other purposes *etc.*

The summarised position of Budget Provision and Actual Expenditure during 2020-21 in respect of the Grant is given in **Table 3.16**.

Table 3.16: Summarised position of Budget Provision and Actual Expenditure

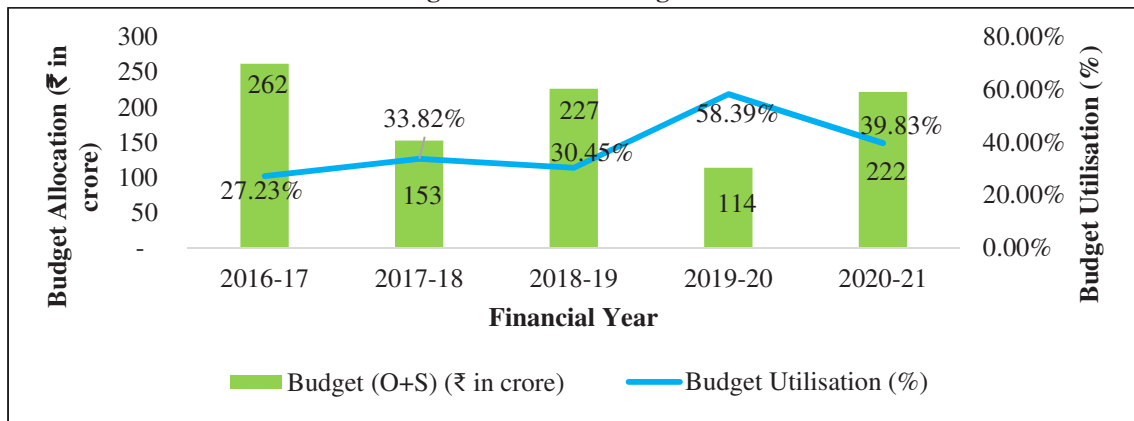
Nature of Expenditure	Budget Provision			Actual Expenditure	Saving(-) / Excess(+)
	Original	Supplementary	Total		
Revenue	37.45	0.00	37.45	31.25	(-) 6.20
Capital	184.49	0.00	184.50	57.16	(-) 127.33
Total	221.95	0.00	221.95	88.41	(-) 133.53

Source: Appropriation Accounts of respective years

The above table shows that during the year 2020-21, there was overall savings of ₹133.53 crore representing 60.16 per cent of the total Budget Provision as a result of savings under both Revenue (₹6.20 crore) and Capital (₹127.33 crore) heads.

Utilisation of budgeted funds by the Department has been minimal every year during the past few years. The extent of utilisation of budget during the five-year period from 2016-17 to 2020-21 is shown in **Chart 3.5**.

Chart 3.5: Budget Utilisation during 2016-17 to 2020-21



Source: Appropriation Accounts of the respective years

As can be seen from the Chart above, utilisation of budget has been around 30 per cent during three of the last five years and has shown fluctuating trend, though it was maximum at around 58 per cent in 2019-20. Large amount of savings in allocated funds indicate both inaccurate assessment of requirement as well as inadequate capacity to utilise the funds for intended purposes.

Budget provision sought and obtained by the Department far in excess of actual requirement and inability to utilise, deprives allocation of resources to priority sectors and also leads to poor legislative control over public finances.

3.4.4.1 Transfers not mandated by the Appropriation Act/ Detailed Demands for Grants (into Public Account/ Bank Accounts)

The Appropriation Act authorises incurrence of expenditure under specified Grants, during the financial year. Hence transfer of amounts from the Consolidated Fund of the State into Public Account heads or into bank accounts is not authorised through the Appropriation Act.

During 2020-21, an amount of ₹17.99 crore was drawn by the Department for implementation of scheme and kept in Civil Deposits. The Department did not incur any expenditure from the amount drawn during the year. The balance funds of ₹20.63 crore (including the amount of ₹2.64 crore pertaining to previous year) was still lying in Civil Deposits as on 31 March 2021.

Further, as per information furnished (October 2021) by the Department, an amount of ₹42.52 crore was lying in the 16 bank accounts of 14 Drawing and Disbursing Officers (DDOs) under the Department as on 31 March 2021 to avoid lapse of grant, which was not authorised as per the Appropriation Act.

The funds drawn and kept in Civil Deposits and in bank accounts were shown as utilised by the respective DDOs and thus, the expenditure was artificially inflated to that extent, without actual expenditure having been incurred under the programme/ scheme, in contravention of the financial rules.

3.4.4.2 Persistent Savings

Persistent savings over a period of five years or more indicated that the basic assumptions behind the overall budget formulation process were not realistic and there was lack of proper assessment as well as prudent utilisation of the allocated budgetary provision.

There was persistent Savings of more than ₹50 lakh in both Revenue and Capital head and also 50 per cent or more in Capital head of the total Grant during the last five years (Table 3.17):

Table 3.17: Details of Savings during 2016-21

(₹ in crore)

No. and Name of the Grant	Amount of Savings					
	2016-17	2017-18	2018-19	2019-20	2020-21	
59-Water Resources						
Revenue-Voted	Amount	3.87	8.32	10.13	8.66	6.20
	Percentage	12.68	22.95	24.53	21.74	16.56
Capital-Voted	Amount	186.89	92.84	147.46	38.84	127.33
	Percentage	80.70	79.63	79.49	52.25	69.02

Source: Appropriation Accounts of respective years

During the five-year period of 2016-21, there were persistent Savings in the reviewed Grant, which indicates poor budgeting, shortfall in performance or both, as funds could not be utilised as estimated on activities planned by the Department concerned.

Reason for persistent Savings had not been intimated (March 2021) by the Department.

3.4.4.3 Excessive/ Insufficient Funds

Re-appropriation is transfer of funds within a Grant from one unit of Appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation of Funds made in one Sub Head during the year 2020-21 proved insufficient (by ₹10 lakh or more) resulting in Excess of ₹0.20 crore in one Sub-Head as detailed in **Table 3.18**.

Table 3.18: List of Sub Heads with excess/ savings during 2020-21

Sl. No.	Head of Account	Re-appropriation	Final	
			Excess	Savings
1.	2702-80-001-01 (Direction)	(-) 11.96	0.20	--
Total			0.20	--

Source: Detailed Appropriation Accounts, 2020-21

3.4.4.4 Unexplained Re-Appropriations

According to Financial Rules, reasons for additional expenditure and savings should be explained in the re-appropriation statement and specific reasons should be given and expressions such as “based on actual requirements”, “based on trend of expenditure”, etc., should be avoided.

However, scrutiny of re-appropriation orders issued by the Finance Department revealed that re-appropriation of ₹5.87 crore under Revenue head and ₹9.03 crore under Capital head was done on the last day of the financial year without stating specific reasons for withdrawal of provision or additional provision by way of re-appropriation of funds. This re-appropriation on last day of the financial year resulted in excess in one Sub-Head which was avoidable, as discussed in **Paragraph 3.4.4.3**.

3.4.4.5 Substantial Surrenders

Substantial surrenders (more than 50 per cent of total provision was surrendered) were made in respect of three Sub-Heads. Out of the total provision amounting to ₹18.93 crore in those Sub-Heads, ₹12.06 crore (63.74 per cent) was surrendered, which included 100 per cent surrender under one Sub-Head (₹0.04 crore) as detailed in **Table 3.19**.

Table 3.19: Details of Sub-Heads with substantial surrenders during 2020-21

Sl. No.	Head of Account	Total Grant/ Appropriation	Amount Surrendered	Percentage of surrender
1.	2702-80-001-01 (Direction)	18.78	11.97	63.74
2.	2702-80-800-02 (Other Minor Irrigation Works)	0.04	0.04	100.00
3.	2702-02-005-01 (Ground Water Development)	0.10	0.05	50.00
Total		18.92	12.06	63.74

Source: Detailed Appropriation Accounts, 2020-21

The circumstances prompting the Department to surrender the funds were neither stated nor on record.

3.5 Conclusion

During 2020-21, against the total budget approved by the State Legislature of ₹26,895.64 crore (Original: ₹21,068.85 crore *plus* Supplementary: ₹5,826.79 crore), Departments incurred an expenditure of ₹22,645.02 crore, leaving a savings of ₹4,250.62 crore (15.80 *per cent* of the total budget).

It is indicative that the Supplementary Grant of ₹5,826.79 crore was not required as the gross expenditure was ₹1,577.03 crore more than the Original Provisions. It is pertinent to mention that Supplementary Grant was taken on 19 January 2021 and total expenditure as on December 2020 was only ₹17,247.10 crore as per monthly civil accounts submitted by the Treasuries, leaving ₹3,821.75 crore with the State Government for the remaining 90 days. With the Supplementary Grant, total funds available with the State Government were ₹9,648.54 crore. This was indicative of over estimation and poor financial management.

Thus, the Supplementary Grants/ Appropriations were obtained without adequate justification, and funds were expended without budgetary provision. Despite flagging this issue every year over the last several years, the State Government had failed to take corrective measures in this regard.

There was an overall savings of ₹4,252.10 crore offset by excess of ₹1.48 crore during the year 2020-21 resulting in net savings of ₹4,250.62 crore which was 16 *per cent* of total Grants/ Appropriations and 19 *per cent* of the expenditure. These savings may be seen in context of estimation of Receipts of ₹20,826.02 crore by the State Government and estimation on the expenditure side being ₹26,895.64 crore during the year 2020-21. This implied that the savings were notional, as the funds were not actually available for expenditure.

At the beginning of the year 2020-21, there was an outstanding excess expenditure of ₹7,17.01 crore under 34 Grants (pertaining to the year 2014-15 to 2019-20) which requires regularisation as per the Article 205 of the Constitution of India. Out of this, excess expenditure of ₹504.54 crore for the years 2014-15, 2015-16 and 2016-17 have been regularised in the State Assembly (November 2021) and excess expenditure amounting to ₹212.47 crore for 2017-18 to 2019-20 was yet to be regularised (February 2022). Further, there was an excess expenditure of ₹1.48 crore during 2020-21 which also requires regularisation. During the year, an expenditure of ₹9.22 crore was incurred without budget provision.

Review of Water Resources Department (Grant No. 59) revealed persistent savings, unexplained Re-appropriation and substantial surrenders.

3.6 Recommendations

- Departments, which had incurred excess expenditure persistently should be identified to closely monitor their progressive expenditure and advised to seek supplementary grants/ re-appropriations in time.
- The Finance Department may provide supplementary grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments, to avoid under or over spending by them.
- Excess expenditure pending regularisation, may be regularised by obtaining legislative approval.