

# **Chapter-III**

## **Budgetary Management**



## Chapter-III

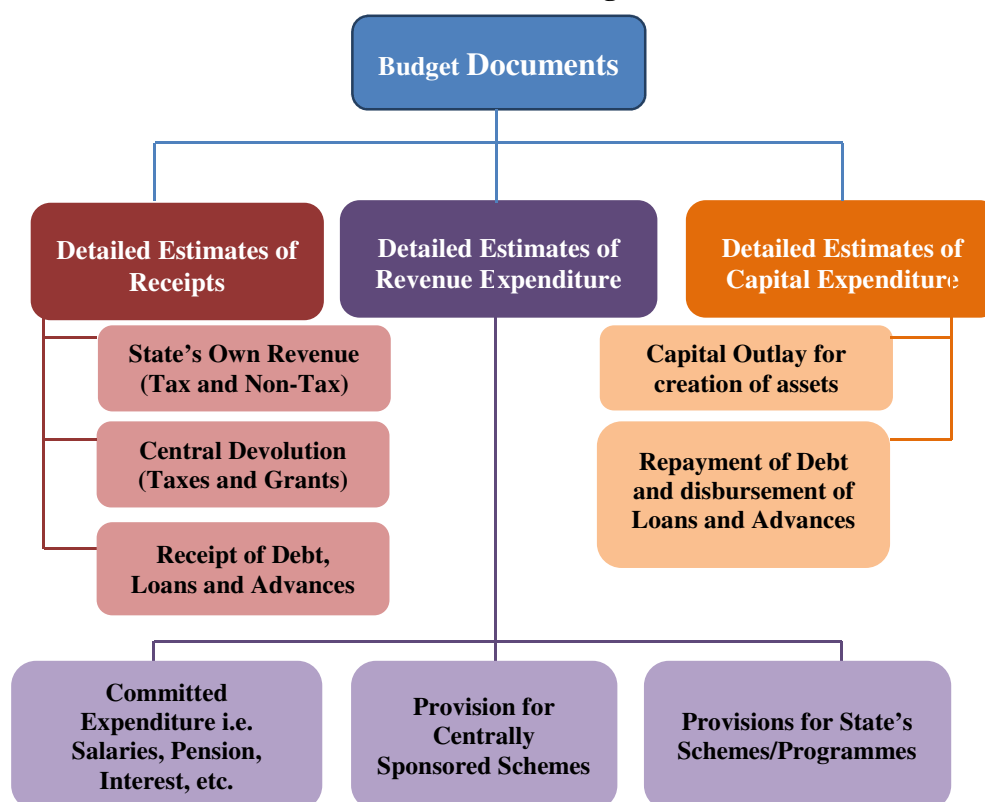
### Budgetary Management

#### 3.1 Budget Process

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

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

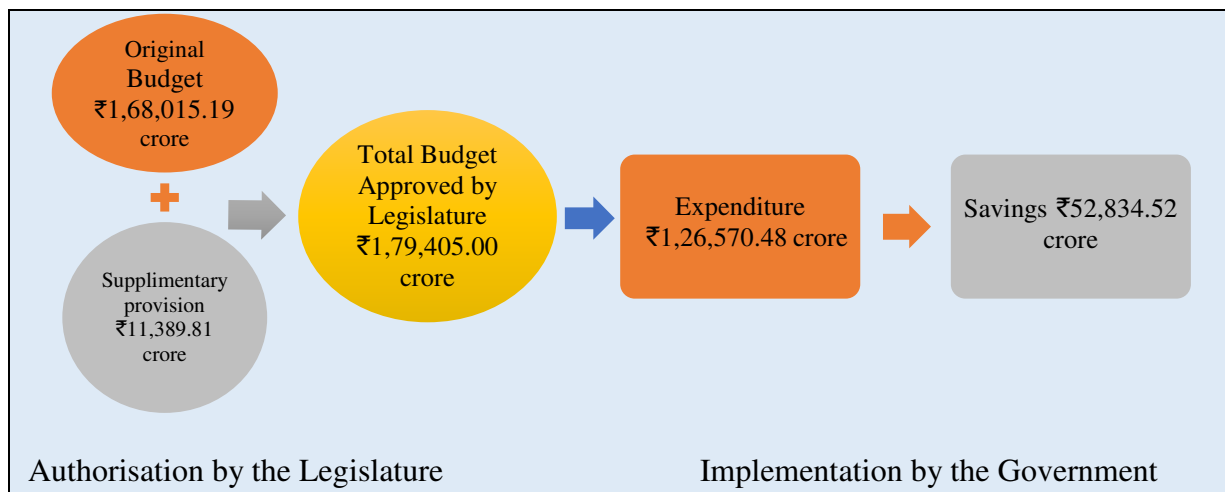
Chart 3.1: Details of State Budget Documents



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

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

**Chart 3.2: Flow chart of budget implementation**



Source: Appropriation Accounts

### 3.1.1 Summary of total provisions, actual disbursements and savings during financial year 2021-22

A summarised position of total budget provision, disbursement and saving/excess with its further bifurcation into voted/charged during 2021-22 for the total 42 grants/appropriations is given in **Table 3.1**.

**Table 3.1: Budget provision, disbursement and savings during the financial year 2021-22**

(₹ in crore)

	Total Budget provision		Disbursements		Saving	
	Voted	Charged	Voted	Charged	Voted	Charged
Revenue	91,276.19	21,482.23	76,384.95	21,118.72	14,891.24	363.51
Capital	16,127.91	0	8,212.45	0	7,915.46	0
Loans and Advances	2,005.76	0	1,575.81	0	429.95	0
Public Debt	0	48,512.91	0	19,278.55	0	29,234.36
<b>Total</b>	<b>1,09,409.86</b>	<b>69,995.14</b>	<b>86,173.21</b>	<b>40,397.27</b>	<b>23,236.65</b>	<b>29,597.87</b>

Source: Appropriation Accounts

### 3.1.2 Charged and voted disbursements

**Table 3.2: Break-up of total disbursement into charged and voted during the last five years (2017-22)**

(₹ in crore)

Year	Disbursements		Saving (-)/Excess (+)	
	Voted	Charged	Voted	Charged
2017-18	50,617.81	50,499.83	(-)18,842.61	(+)75.58
2018-19	63,196.26	54,259.02	(-)16,027.89	(-)872.72
2019-20	77,284.43	57,597.68	(-)22,051.09	(-)5,126.89
2020-21	73,489.75	53,919.66	(-)20,175.01	(-)13,744.55
2021-22	86,173.21	40,397.27	(-)23,236.65	(-)29,597.87

Source: Appropriation Accounts

## 3.2 Appropriation Accounts

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

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

## 3.3 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 Article 204 of the Constitution. Paragraph 14.1 of the Punjab Budget Manual provides that expenditure on new scheme should not be incurred without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was, however, observed that an expenditure of ₹ 3,492.28 crore (*Appendix 3.1*), was incurred in 18 cases (more than ₹ one crore in each case) under various components of seven grants during the year 2021-22 without having any provision in the original budget estimates/ supplementary demands and without issuing any re-appropriation orders to this effect.

### 3.3.2 Incorrect classification of Head of Account in Budget Estimates

During scrutiny of budget, it was noticed that an amount of ₹ 425.88 crore under four schemes (exceeding ₹ one crore in each scheme) was booked under wrong head of account as given in **Table 3.3**.

**Table 3.3: Budget provision under wrong Head of Account during 2021-22***(₹ in crore)*

Sr. No.	Head of Account printed in budget document	Amount	Head of Account approved by PAG (A&E) office
1.	2202-01-101-34-EPS-57- Attendance Scholarship to SC Primary Girls Students	9.00	2202-01-789-19-EPS-57- Attendance Scholarship to SC Primary Girls Students
2.	4217-60-051-20-Punjab Municipal Services Improvement Project (PMSIP) World Bank Project -99-53-Major Works	400.00	4217-60-051-18-Punjab Municipal Services Improvement Project (PMSIP) World Bank Project -99-53-Major Works
3.	4515-00-789-41-Modernization and Improvement of SC Village having more than 50 per cent SC population-99-53-Major Works	10.00	4515-00-789-08- Modernization and Improvement of SC Village having more than 50 per cent SC population-99-53-Major Works
4.	4515-00-789-44-RDO (S) 18-To make one joint cremation ground in village-99-53-Major Works	6.88	4515-00-789-21-RDO (S) 18-To make one joint cremation ground in village-99-53-Major Works
<b>Total</b>		<b>425.88</b>	

Source: Information supplied by the O/o the Pr. Accountant General (A&E), Punjab and Demand for Grants

### 3.3.3 Unnecessary/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. 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.

It was noticed that supplementary provisions of ₹ 2,519.67 crore during the year 2021-22 in 13 cases (more than ₹ one crore in each case) proved unnecessary (**Appendix 3.2**) as the expenditure did not come up even to the level of original provision. Similarly, supplementary provisions of ₹ 1,322.25 crore in 12 cases (more than ₹ one crore in each case) proved excessive (**Appendix 3.3**) as full amount of supplementary provisions could not be utilised.

The State Government stated (December 2022) that the matter would be taken up with the concerned line departments to demand apt budget and submit the bills on time to avoid such instances in future.

### 3.3.4 Unnecessary re-appropriation of 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. During 2021-22, re-appropriation orders under 40 grants amounting to ₹ 47,969.41 crore were issued. All re-appropriation orders were issued on 31 March 2022.

Further, in seven schemes (*Appendix 3.4-Sr. Nos. 2, 3, 14, 19, 27, 28 and 31*), reduction of provision exceeding ₹ one crore through re-appropriation orders effected by various departments proved injudicious as there was excess expenditure under these cases. In 24 schemes, augmentation of provision also proved unnecessary because expenditure was either equal to or did not come up to the level of original/supplementary budget provision.

### 3.3.5 Unspent amount and surrendered appropriation 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 unrealistic estimating, it is a matter of concern. All Estimating Officers should strive to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should consider this while exercising final check on the estimates.

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

The analysis of grants and appropriations showed that in 19 cases (under 15 grants) during the year 2021-22, the savings (excluding surrenders) exceeded ₹ 100 crore in each case (*Appendix 3.5*). It was further noticed that in two grants no expenditure vis-à-vis total grant amounting to ₹ 18.65 crore as given in **Table 3.4** was incurred during the year 2021-22.

**Table 3.4: Entire grant remaining unutilised during the financial year 2021-22**

(₹ in crore)		
Sr. No.	Number and Name of grant	Amount
1	18-Personnel (Capital – Voted)	16.14
2	39-Printing and Stationery (Capital – Voted)	2.51
<b>Total</b>		<b>18.65</b>

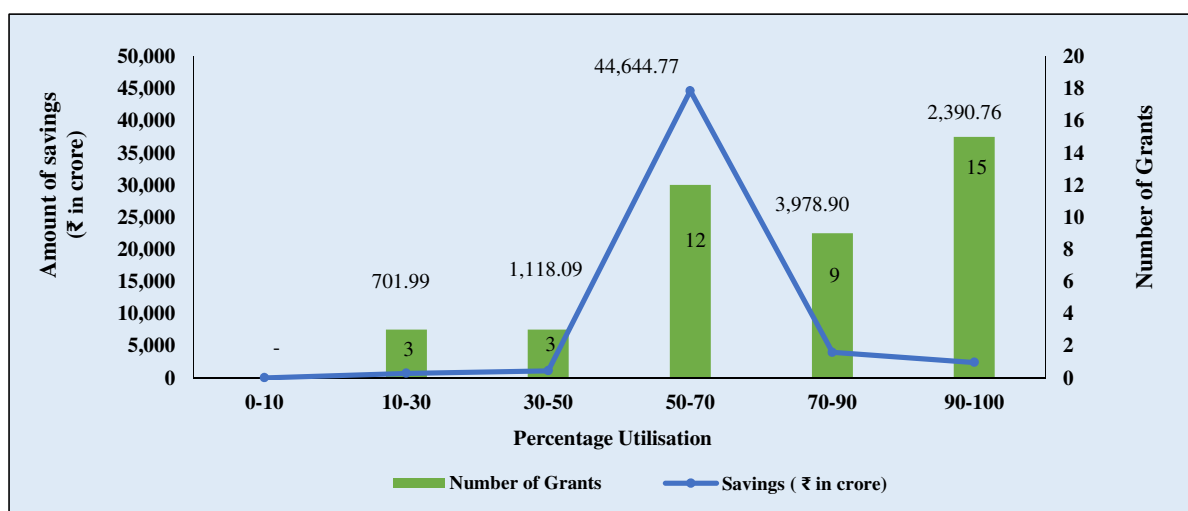
Source: Appropriation Accounts

The State Government stated (December 2022) that the matter would be taken up with the concerned line departments to demand apt budget and submit the bills on time to avoid such instances in future.

Further, it was also observed that in 20 cases under 17 grants, there was persistent saving exceeding ₹ 100 crore in each case (*Appendix 3.6*) during 2019-20 to 2021-22.

Detail of grants grouped by the percentage of utilisation along with total savings during 2021-22 has been shown in *Appendix 3.7* and **Chart 3.3**.

**Chart 3.3: The distribution of the number of Grants/Appropriations grouped by the percentage of Savings along with total savings**



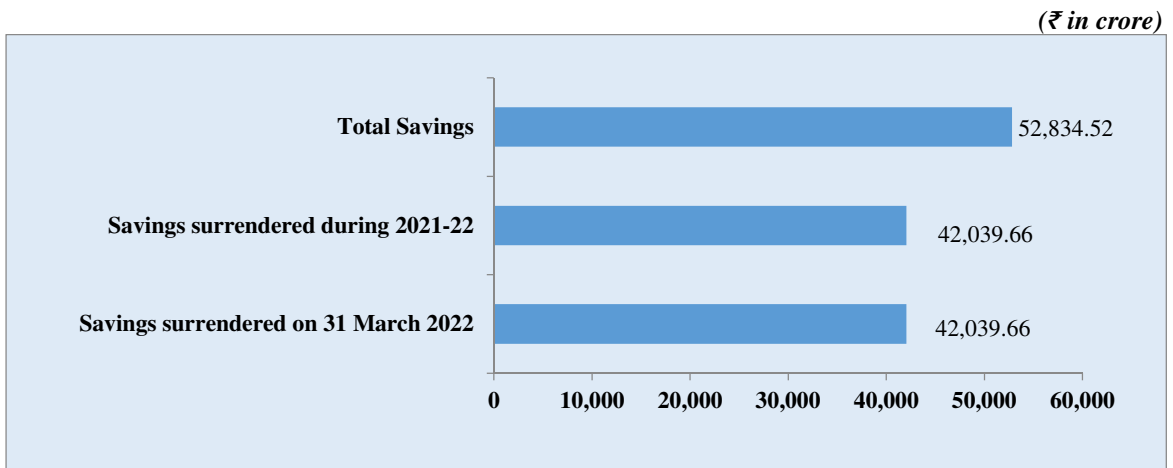
Source: Appropriation Accounts

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.

It was noticed that savings under 17 Grants and seven Appropriations amounting to ₹ 4,699.02 crore (*Appendix 3.8*) were not surrendered at all. Details of savings (exceeding ₹ 10 crore in each case) surrendered on the last day of March 2022 is given in *Appendix 3.9*.



**Chart 3.4: Savings and surrenders for the year 2021-22**

Source: Appropriation Accounts

Analysis of **Chart 3.4** revealed that only 79.57 per cent of the savings were surrendered. All surrenders were made on 31 March 2022.

### 3.3.6 Excess expenditure and its regularisation

As per Article 204 of the Constitution of India, 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. Further, as per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee.

#### 3.3.6.1 Excess expenditure

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.

**Table 3.5: Excess expenditure during 2021-22 requiring regularisation**

(₹ in crore)

Grant No./ Appropriation	Grant/Appropriation details	Amount of excess expenditure required to be regularised
09	Food and Supplies (Capital-Voted)	22.43
21	Public Works (Revenue - Voted)	358.68
37	Law and Justice (Revenue - Charged)	0.14
<b>Total</b>		<b>381.25</b>

Source: Appropriation Accounts

**Table 3.5** shows that there was an excess disbursement of ₹ 381.25 crore over the authorisation made by the State Legislature under two Grants and one Appropriation during 2021-22.

### 3.3.6.2 Persistent excesses in certain Grants

Despite Public Accounts Committee's recommendations to minimise the cases of excesses, persistent excesses were noticed in two 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. Strictly, not a rupee can be spent without prior legislative authorisation and, therefore, this is to be viewed seriously. Persistent excesses may be due to improper estimation at the time of preparation of budget.

Scrutiny revealed that in three cases under two grants, there was persistent excess expenditure of more than ₹ 10 crore in each case during the last five years as detailed in **Table 3.6**. In two cases (**Sr. No.2 and 3**), the expenditure was incurred without any budget provision during 2017-22 except 2020-21.

**Table 3.6: Persistent excess expenditure during 2017-18 to 2021-22**

(₹ in crore)						
Sr. No.	Description of Grant/Appropriation	2017-18	2018-19	2019-20	2020-21	2021-22
1.	Grant No.-08-Finance 2071-Pensions and other Retirement benefits 01-Civil 101-Superannuation and Retirement Allowances 01-Pension and other Retirement Benefits Grant	5,574.45	6,000.00	6,300.00	7,400.00	8,100.00
	Expenditure	6,191.40	6,290.39	6,487.05	8,031.84	8,796.77
	Excess	616.95	290.39	187.05	631.84	696.77
2.	Grant No.-21-Public Works 2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Works done by that Department					
	Grant	0.00	0.00	0.00	165.41	0.00
	Expenditure	146.84	97.58	118.91	178.33	174.37
	Excess	146.84	97.58	118.91	12.92	174.37
3.	Grant No.-21-Public Works 3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges					
	Grant	0.00	0.00	0.00	160.00	0.00
	Expenditure	141.29	169.87	213.90	192.51	57.34
	Excess	141.29	169.87	213.90	32.51	57.34

Source: Appropriation Accounts

All the existing cases of excess expenditure need to be got regularised at the earliest and, in future, such un-voted expenditure may be completely stopped.

As regards, excess under '2071- Pensions and other Retirement benefits', the Finance Department stated (December 2022) that the department was making efforts to collect the pensioner's data and that the position would improve in the coming years. Regarding excess expenditure under the scheme 'Establishment Charges paid to Public Health Department for Works done by that Department' and '-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges', it was stated that budget provisions under these schemes would be made in the coming years.

### 3.3.6.3 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining un-regularised for extended periods dilutes Legislative control over the executive. Excess disbursements of ₹ 37,737.49 crore pertaining to 2015-16 to 2019-20 (no excess expenditure during 2020-21) as shown in **Table 3.7** are yet to be regularised from the State Legislature.

**Table 3.7: Excess expenditure relating to previous years requiring 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 regularisation
2015-16	02	Animal Husbandry and Fisheries (Revenue-Charged)	0.04	Not regularised
	08	Finance (Revenue-Voted)	456.24	
		Finance (Capital -Charged)	952.79	
	21	Public Works (Revenue-Voted)	221.51	
	22	Revenue and Rehabilitation (Revenue-Voted)	430.88	
26	State Legislature (Revenue-Charged)	0.20		
2016-17	08	Finance (Revenue-Voted)	400.48	
		Finance (Capital -Charged)	921.19	
	09	Food and Supplies (Capital-Voted)	29,081.45	
	12	Home Affairs and Justice (Capital -Charged)	1.15	
	15	Irrigation and Power (Capital-Voted)	3,852.06	
	21	Public Works (Revenue-Voted)	182.71	
		Public Works (Revenue-Charged)	0.40	
Public Works (Capital -Charged)		19.36		
2017-18	08	Finance (Revenue-Charged)	159.25	
	10	General Administration (Capital-Charged)	0.33	
	21	Public Works (Revenue-Voted)	264.20	
2018-19	09	Food and Supplies (Revenue-Charged)	0.53	
	10	General Administration (Capital-Voted)	7.77	

Year	Grant No./ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularisation
	21	Public Works (Revenue-Voted)	315.75	
		Public Works (Revenue-Charged)	0.99	
2019-20	21	Public Works (Revenue-Voted)	437.84	
	37	Law and Justice (Revenue-Charged)	4.18	
	41	Water Supply and Sanitation (Revenue-Voted)	26.19	
<b>Total</b>			<b>37,737.49</b>	

Source: Appropriation Accounts

The 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 over grants approved by the State Legislature is in violation of the will of the Legislature and the basic principle of democracy that not a rupee can be spent without the approval of the State Legislative Assembly, therefore, need to be viewed seriously. All the existing cases of excess expenditure need to be got regularised at the earliest and, in future, such un-voted expenditure may be completely stopped.

The State Government stated (December 2022) that process for regularization of excess expenditure for the year 2015-16 to 2018-19 had been initiated and it would be got regularized in the coming budget session.

### 3.4 Effectiveness of budgetary and accounting process

#### 3.4.1 Budget projection and gap between expectation and actual

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

The total provision for expenditure in 2021-22 was ₹ 1,79,405.00 crore. The actual gross expenditure during the year was ₹ 1,26,570.48 crore. This resulted in savings of ₹ 52,834.52 crore in 2021-22 of which only ₹ 42,039.66 crore (79.57 per cent) was surrendered. All surrenders were made on 31 March 2022. The details are given in **Table 3.8**.

**Table 3.8: Actual expenditure vis-à-vis budget provision during the financial year 2021-22**

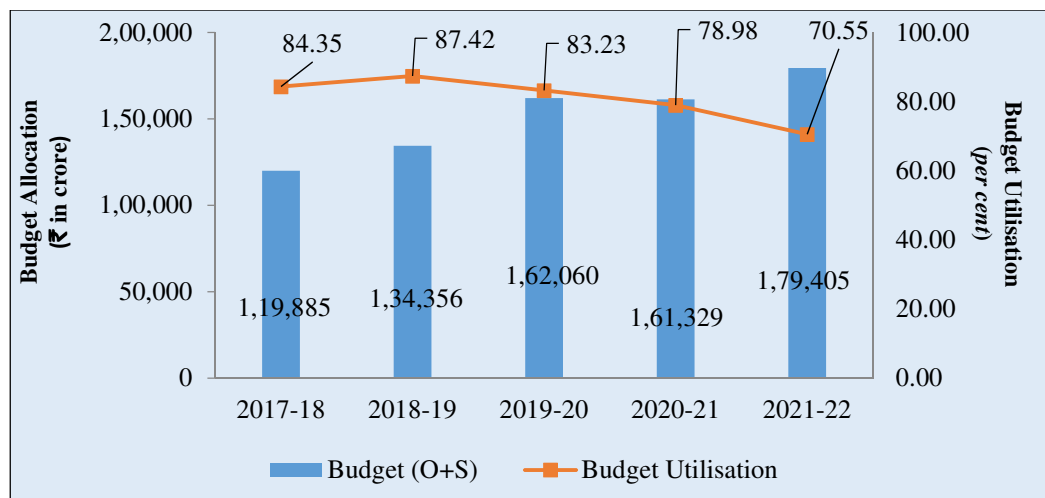
(₹ in crore)

	Nature of expenditure	Original Grant/ App.	Supplementary Grant/ App.	Total Budget	Actual expenditure	Savings	Surrender during 2021-22	
							Amount	Per cent
Voted	I. Revenue	82420.92	8855.27	91276.19	76384.95	14891.24	11204.14	75.24
	II. Capital	14134.27	1993.64	16127.91	8212.45	7915.46	4403.75	55.63
	III. Loans & Advances	1488.10	517.66	2005.76	1575.81	429.95	8.75	2.04
<b>Total</b>		<b>98043.29</b>	<b>11366.57</b>	<b>109409.86</b>	<b>86173.21</b>	<b>23236.65</b>	<b>15616.64</b>	<b>67.21</b>
Charged	V. Revenue	21458.99	23.24	21482.23	21118.72	363.51	269.07	74.02
	VII. Capital	0	0	0	0	0	0	0
	VIII. Public Debt- Repayment	48512.91	0	48512.91	19278.55	29234.36	26153.95	89.46
<b>Total</b>		<b>69971.90</b>	<b>23.24</b>	<b>69995.14</b>	<b>40397.27</b>	<b>29597.87</b>	<b>26423.02</b>	<b>89.27</b>
Appropriation to Contingency Fund (if any)		0	0	0	0	0	0	0
<b>Grand Total</b>		<b>168015.19</b>	<b>11389.81</b>	<b>179405.00</b>	<b>126570.48</b>	<b>52834.52</b>	<b>42039.66</b>	<b>79.57</b>

Source: Appropriation Accounts.

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹ 867.14 crore) and Capital Heads (₹ 202.48 crore).

The position of budget utilisation during the previous five years is given in **Chart 3.5**.

**Chart 3.5: Budget Utilisation during 2017-18 to 2021-22**

Source: Appropriation Accounts

Trends in the original budget, revised estimate, actual expenditure for the period 2017-18 to 2021-22 are given in **Table 3.9**.

**Table 3.9: Original Budget, Revised Estimate and Actual Expenditure during 2017-22**

(₹ in crore)

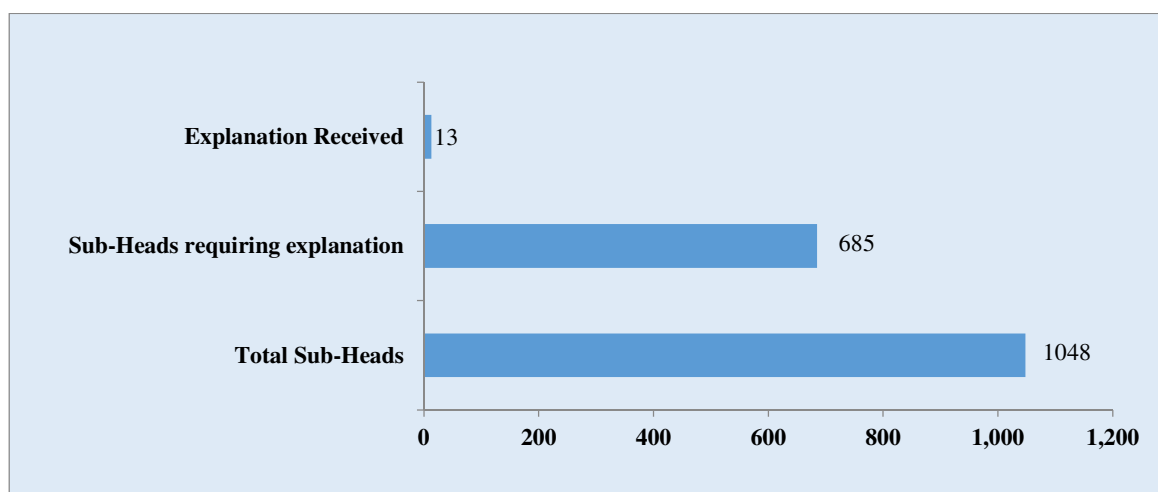
	2017-18	2018-19	2019-20	2020-21	2021-22
Original Budget	1,18,237.89	1,29,697.63	1,58,492.66	1,54,805.29	1,68,015.19
Supplementary budget	1,646.78	4,658.26	3,567.43	6,523.68	11,389.81
Total budget	1,19,884.67	1,34,355.89	1,62,060.09	1,61,328.97	1,79,405.00
Revised Estimate	1,12,797.42	1,27,415.49	1,51,696.94	1,39,999.68	1,36,476.04
Actual Expenditure	1,01,117.64	1,17,455.28	1,34,882.11	1,27,409.41	1,26,570.48
Savings	18,767.03	16,900.61	27,177.98	33,919.56	52,834.52
Percentage of supplementary to the original provision	1.39	3.59	2.25	4.21	6.78
Percentage of overall saving/excess to the overall provision	15.65	12.58	16.77	21.02	29.45

Source: Annual Financial Statement and Appropriation Accounts

**Table 3.9** shows that supplementary provision of ₹ 11,389.81 crore during 2021-22 constituted 6.78 per cent of the original provision as against 4.21 per cent in the previous year. However, the supplementary provisions during the years 2017-18 to 2021-22 proved unnecessary as the expenditure did not come up even to the level of original budget provisions.

This reflects that budgetary allocations were based on unrealistic proposals.

The summary of explanations received in case of variations in Appropriation Accounts is depicted in **Chart 3.6**.

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

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

### 3.4.2 Major policy pronouncements in budget and their actual funding for ensuring implementation

Several policy initiatives taken up by the Government are wholly or partially not executed due to non-approval of scheme guidelines/modalities, non-commencement of works for want of administrative sanction, non-release of budget, etc. This deprives the beneficiaries of intended benefits. Savings in such schemes deprives other Departments of the funds which they could have utilised.

It was observed that under nine schemes, there was revised outlay of ₹ 7,201.46 crore (₹ 100 crore or more in each scheme) but no expenditure was incurred resulting in non-implementation of schemes as shown in *Appendix 3.10*.

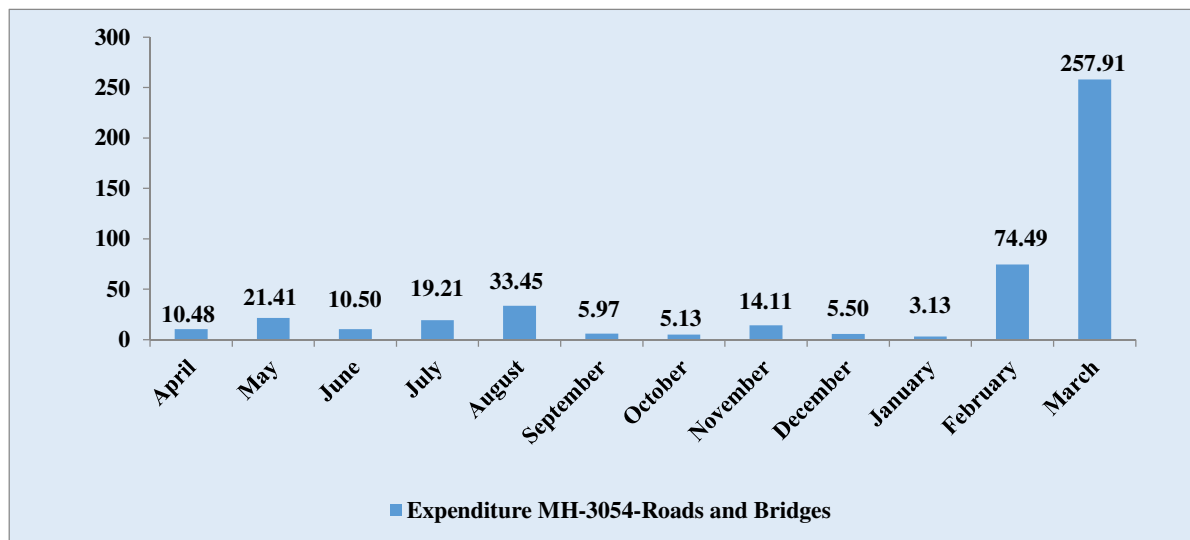
Further, under 31 schemes, there was approved outlay of ₹ 10,210.58 crore which was fully withdrawn in revised outlay as shown in *Appendix 3.11*. This reflects that budgetary allocations were based on unrealistic proposals.

### 3.4.3 Rush of expenditure

Rule 62(3) of the General Financial Rules provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided.

Audit scrutiny revealed that under seven major heads as given in *Appendix 3.12*, the expenditure incurred during 4<sup>th</sup> quarter of the year ranged between 66.67 *per cent* and 100 *per cent* against the target of 20 *per cent* and the expenditure incurred during the month of March 2022 alone ranged between 50.18 and 100 *per cent*. It was also observed that under Major Head-3054, 55.91 *per cent* expenditure (₹ 257.91 crore) of the total expenditure of ₹ 461.29 crore (excluding recovery of ₹ 2.41 crore) was incurred in March 2022.

Month wise expenditure under Major Head 3054-Roads and Bridges during 2021-22 is depicted in **Chart 3.7**.

**Chart 3.7: Month wise expenditure under Major Head 3054-Roads and Bridges during 2021-22**(*₹ in crore*)

Source: Office of the Pr. Accountant General (A&amp;E), Punjab

Further entire expenditure of ₹ 4,994.58 crore in 22 sub-heads was incurred in the month of March 2022 alone (*Appendix 3.13*).

### 3.4.4 Review of selected grants

A review of budgetary procedure and control over expenditure in respect of two selected grants i.e., 05-Education and 11-Health and Family Welfare was conducted wherein magnitude of variations in original grants, supplementary demands and actual expenditure were analysed.

#### 3.4.4.1 Grant No. 05-Education

##### (i) Introduction

Grant 05 -Education includes Major Heads 2071-Pension and Other Retirement Benefits, 2075-Miscellaneous General Services, 2202-General Education, 2204-Sports and Youth Services, 2205-Art and Culture, 2235-Social Security and Welfare and 4202-Capital Outlay on Education, Sports, Art and Culture.

##### (ii) Budget and Expenditure

The overall position of budget provisions, actual disbursement and savings under the grant for the last three years (2019-20 to 2021-22) is given in **Table 3.10**.



**Table 3.10: Budget and Expenditure during the year 2019-20 to 2021-22**

(₹ in crore)

Year	Section	Budget provision	Total	Expenditure	Un-utilised provision and its percentage
2019-20	Revenue-Original (V)	12,078.32	12,176.70	10,674.04	1,502.66 (12.34)
	Supplementary	98.38			
	Revenue-Original (C)	0.93	6.21	5.39	0.82 (13.20)
	Supplementary	5.28			
	Capital-Original (V)	156.63	156.63	47.03	109.60 (69.97)
Supplementary	0				
2020-21	Revenue-Original (V)	12,310.03	12,718.45	11,837.58	880.87 (6.93)
	Supplementary	408.42			
	Revenue-Original (C)	0.44	0.44	0.13	0.31 (70.45)
	Supplementary	0			
	Capital-Original (V)	177.39	177.39	100.64	76.75 (43.27)
Supplementary	0				
2021-22	Revenue-Original (V)	12,865.52	13,616.06	12,565.91	1,050.15 (7.71)
	Supplementary	750.54			
	Revenue-Original (C)	0.31	0.31	0.16	0.15 (48.39)
	Supplementary	0			
	Capital-Original (V)	214.31	214.31	115.72	98.59 (46.00)
Supplementary	0				

Source: Appropriation Accounts

**Table 3.10** shows that un-utilised budget provision under Capital (Voted) ranged between 43 per cent and 70 per cent, which reflected complete non-performance on the part of the State Government.

### (iii) Incorrect classification of Head of Account in Budget Estimates

During scrutiny of budget, it was noticed that a budget provision of ₹ 0.42 crore was made under head 2204-102-01-52 but the SOE 52-Machinery and Equipment relates to capital expenditure. It cannot be booked under Revenue Major Head.

### (iv) Non-surrender of savings

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. The position of savings and surrenders under Grant-05-Education during 2019-22 has been depicted in **Table 3.11**.

**Table 3.11: Non-surrender of savings under Grant-05**

(₹ in crore)

Year	Savings			Amount surrendered (percentage)		
	Revenue(V)	Revenue(C)	Capital(V)	Revenue(V)	Revenue(C)	Capital(V)
2019-20	1502.66	0.82	109.60	962.05 (64.02)	0.04 (4.88)	63.65 (58.07)
2020-21	880.87	0.31	76.75	390.71 (44.36)	0.25 (80.65)	26.55 (34.59)
2021-22	1050.15	0.15	98.59	618.79 (58.92)	0.15 (100.00)	24.70 (25.05)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage to total savings

**(v) Persistent savings**

It was observed that a substantial portion of the budget allocation remained unutilised under eight schemes under Grant 05-Education during 2019-20 to 2021-22, indicating non-achievement of the projected financial outlays in the respective years as shown in the **Table 3.12**.

**Table 3.12: Persistent savings under Grant No. 05**

(₹ in crore)				
Sr. No.	Head of Account	2019-20	2020-21	2021-22
1.	2202-01-101-27-Samagra Shiksha Abhiyan Punjab-01-Assistance to Samagra Shiksha Abhiyan Society	49.08 (14.71)	81.27 (22.96)	6.96 (2.48)
2.	2202-01-789-18-Samagra Shiksha Abhiyan Punjab-01-Assistance to Samagra Shiksha Abhiyan Society	158.71 (27.34)	134.80 (24.69)	298.20 (62.75)
3.	2202-01-109-32-Teacher Education Establishment of District Institute of Education and Training (DIETS)	2.07 (16.05)	5.92 (39.52)	3.50 (26.36)
4.	2202-01-110-02-Grants-in-Aid to Punjab Education Development Board for Opening and Running of Adarsh and Meritorious Schools through Education Cess in Punjab	7.25 (10.90)	12.24 (18.59)	22.37 (34.01)
5.	2202-01-789-32-Grants-in-Aid Punjab Education Development Board for Opening and Running of Adarsh and Meritorious School through Education Cess in Punjab	3.36 (10.73)	6.78 (21.19)	2.05 (9.15)
6.	2202-03-103-01-Government Arts Colleges	8.39 (5.42)	6.10 (4.56)	21.59 (15.67)
7.	2202-03-800-01-Reimbursement to Transport Department/PRTC in Lieu of Free/Concessional Facilities to Students of Colleges and Universities in Government/PRTC Buses	7.68 (11.82)	19.77 (13.92)	5.21 (18.61)
8.	2202-80-001-01-Direction and Administration	5.94 (15.62)	2.11 (6.10)	4.67 (12.89)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage of savings to total provisions

**(vi) Entire provision remained unutilised**

It was observed that entire budget allocation remained unutilised under six schemes during 2021-22, indicating non-implementation of schemes as shown in the **Table 3.13**.

**Table 3.13: Entire provision (₹ one crore or more) remained unutilised under Grant No. 05**

(₹ in crore)				
Sr. No.	Head of Account	Original Budget	Re-appropriation/ Supplementary	Savings
1.	2202-01-101-25-Award for Best Government School in each District	1.00	0	1.00
2.	2202-01-101-30-Government Aid to Primary Schools-01-Uniform for Pre-Primary, Primary and Middle Students of Government Schools	0	15.98	15.98
3.	2202-02-106-02-Providing Shaheed-e-Azam Bhagat Singh Jail Notebook in Government Schools	0	1.87	1.87
4.	2202-02-789-39-Pre-matric Scholarship to Children whose Parents are Engaged in Unclean Occupation	1.00	0.05	1.05
5.	2202-03-789-08-Rashtriya Uchchar Shiksha Abhiyan	23.39	(-) 19.64	3.75
6.	4202-01-202-21-Rashtriya Uchchar Shiksha Abhiyan	11.75	(-) 4.25	7.50

Source: Appropriation Accounts

**(vii) Unnecessary 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. 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.

Audit analysis showed that supplementary provisions of ₹ 77.90 crore (Revenue-Voted) during the year 2021-22 proved unnecessary as the expenditure of ₹ 660.94 crore did not come up even to the level of original provision of ₹ 1,271.60 crore as shown in the **Table 3.14**.

**Table 3.14: Unnecessary supplementary grants under Grant No. 05***(₹ in crore)*

Sr. No.	Head of Account	Original Budget	Supplementary	Actual expenditure	Savings out of Original Provision
1.	2202-01-101-27- Samagra Shiksha Abhiyan Punjab-01- Assistance to Samagra Shiksha Abhiyan Society	361.00	3.45	273.97	87.03
2.	2202-01-112-01- Mid Day Meal	133.00	32.75	71.36	61.64
3.	2202-01-789-18- Samagra Shiksha Abhiyan Punjab-01- Assistance to Samagra Shiksha Abhiyan Society	589.00	5.63	177.05	411.95
4.	2202-01-789-36- Samagra Shiksha Abhiyan -01-Assistance to Samagra Shiksha Abhiyan	155.00	33.02	107.00	48.00
5.	2202-80-001-01-Direction and Administration	33.60	3.05	31.56	2.04
<b>Total</b>		<b>1,271.60</b>	<b>77.90</b>	<b>660.94</b>	<b>610.66</b>

Source: Appropriation Accounts

**(viii) Unnecessary re-appropriation of 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. During 2021-22, it was observed that reduction of provision (exceeding ₹ one crore in each case) by re-appropriation orders (**Sr. No. 1, 3, 4 and 5 of Table 3.15**) proved injudicious as there was excess expenditure under these cases. In the remaining two cases, augmentation of provision also proved unnecessary because expenditure did not come up to the level of original / supplementary budget provision.

**Table 3.15: Statement showing unnecessary re-appropriation of funds***(₹ in crore)*

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Saving(-)/ Excess(+)
<b>05-Education</b>							
1.	2202-01-109-65-Samagra Shiksha Abhiyan, Punjab (Secondary)- 01-Assistance to Samagra Shiksha Abhiyan	95.00	20.23	-30.35	84.88	101.81	16.93
2.	2202-01-789-36-Samagra Shiksha Abhiyan-01-Assistance to Samagra Shiksha Abhiyan	155.00	33.02	49.42	237.44	107.00	-130.44
3.	2202-03-102-20-Setting up of Centre on Studies Sri Guru Granth Sahib	5.00	0	-5.00	0.00	3.54	3.54
4.	2071-01-109-01-Pension to Employees of State aided Education Institutions (Schools)	192.00	0	-17.00	175.00	193.13	18.13
5.	2202-02-109-01-Government Secondary Schools, Sports and Youth Services	5738.16	73.00	-1.16	5810.00	6231.92	421.92
6.	4202-01-203-29-Establishment of Guru Teg Bahadur Punjab State University of Law, Tarn Taran	7.00	0	18.00	25.00	0.27	-24.73
<b>Total</b>		<b>6,192.16</b>	<b>126.25</b>	<b>13.91</b>	<b>6,332.32</b>	<b>6,637.67</b>	<b>305.35</b>

Source: Appropriation Accounts

**(ix) Expenditure without budget provisions**

Article 205(1)(b) of the Constitution of India 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.

Audit observed that an expenditure of ₹ 5.00 crore was incurred under two schemes without any budget provision during the year 2021-22 as detailed in the **Table 3.16**.

**Table 3.16: Expenditure without budget provisions (exceeding ₹ one crore)***(₹ in crore)*

Sr. No.	Head of Account	Expenditure
<b>Capital (V)</b>		
1.	2202-03-102-20-Setting up of Centre on Studies Guru Granth Sahib	3.54
2.	2202-03-102-02-06- Setting up of Centre on Studies in Sri Guru Granth Sahib	1.46
<b>Total</b>		<b>5.00</b>

Source: Appropriation Accounts

### 3.4.4.2 Grant No. 11-Health and Family Welfare

#### (i) Introduction

Grant 11-Health and Family Welfare includes Major Heads 2210-Medical and Public Health, 2211-Family Welfare, 2235-Social Security and Welfare and 4210-Capital Outlay on Medical and Public Health.

#### (ii) Budget and Expenditure

The overall position of budget provisions, actual disbursement and savings under the grant for the last three years is given in **Table 3.17**.

**Table 3.17: Budget and Expenditure during the year 2019-20 to 2021-22**

(₹ in crore)

Year	Section	Budget provision	Total	Expenditure	Un-utilised provision and its percentage
2019-20	Revenue-Original (V)	3,447.46	3,576.96	3,095.87	481.09
	Supplementary	129.50			(13.45)
	Revenue-Original (C)	0.87	1.62	1.33	0.29
	Supplementary	0.75			(17.90)
	Capital-Original (V)	16.73	16.73	5.59	11.14
	Supplementary	0			(66.59)
2020-21	Revenue-Original (V)	3,731.66	3,902.89	3,520.80	382.09
	Supplementary	171.23			(9.79)
	Revenue-Original (C)	1.49	1.49	0.19	1.30
	Supplementary	0			(87.25)
	Capital-Original (V)	44.69	44.69	10.61	34.08
	Supplementary	0			(76.26)
2021-22	Revenue-Original (V)	3,705.49	4,364.33	3,509.47	854.86
	Supplementary	658.84			(19.59)
	Revenue-Original (C)	0.78	0.78	0.22	0.56
	Supplementary	0			(71.79)
	Capital-Original (V)	115.58	115.58	11.51	104.07
	Supplementary	0			(90.04)

Source: Appropriation Accounts

**Table 3.17** shows that un-utilised budget provision under Capital (Voted) ranged between 67 per cent and 90 per cent, which reflected complete non-performance on the part of the State Government.

#### (iii) Incorrect classification of Head of Account in Budget Estimates

During scrutiny of budget, it was noticed that a budget provision of ₹ 133.28 crore was made under wrong head of account as given in **Table 3.18**.

**Table 3.18: Budget provision under wrong Head of Account during 2021-22***(₹ in crore)*

Sr. No.	Head of Account printed in budget document	Amount	Remarks
1.	2210-01-001-Direction and Administration 49-31-Grants-in-Aid General (Salary)	29.92	The operation of SOE 31 under establishment sub-head as mentioned in this case does not depict clear picture to whom grants-in-aid is provided. For operating this SOE separate new sub-head should have been opened under relevant minor head.
2.	2210-01-001-Direction and Administration 54-36-Grants-in-Aid General (Salary)	1.36	The operation of SOE 36 under establishment sub-head as mentioned in this case does not depict clear picture to whom grants-in-aid is provided. For operating this SOE separate new sub-head should have been opened under relevant minor head.
3.	2210-01-001-Direction and Administration 58-36-Grants-in-Aid General (Salary)	102.00	
<b>Total</b>		<b>133.28</b>	

Source: Demand for Grants

**(iv) Non-surrender of savings**

Rule 17.20 of the Punjab Financial Rules provides that, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. The position of surrender of unutilised provision is depicted in **Table 3.19**.

**Table 3.19: Non-surrender of savings***(₹ in crore)*

Year	Savings			Amount surrendered (percentage)		
	Revenue (V)	Revenue (C)	Capital (V)	Revenue (V)	Revenue (C)	Capital (V)
2019-20	481.09	0.29	11.14	180.37 (37.49)	0.01 (3.45)	1.66 (14.90)
2020-21	382.09	1.30	34.08	196.72 (51.49)	1.12 (86.15)	0
2021-22	854.86	0.56	104.07	0	0	0

Source: Appropriation Accounts

Figures in parenthesis indicate percentage to total savings

**Table 3.19** shows that no savings were surrendered during the year 2021-22 despite having large savings.

**(v) Persistent savings**

It was observed that a substantial portion of the budget allocation remained unutilised under five schemes during 2019-20 to 2021-22, indicating non-achievement of the projected financial outlays in the respective years as detailed in the **Table 3.20**.

**Table 3.20: Persistent savings (exceeding ₹ one crore)**

(₹ in crore)

Sr. No.	Head of Account	2019-20	2020-21	2021-22
<b>Revenue (V)</b>				
1.	2210-01-102-01-Employee State Insurance Scheme	10.42 (9.95)	3.50 (3.62)	13.90 (12.06)
2.	2210-01-110-65-National Urban Health Mission	21.18 (39.38)	11.45 (18.52)	8.99 (31.36)
3.	2210-01-789-24-Assistance to Punjab Health System Corporation-04-Sarbat Sehat Bima Yojana	40.00 (35.71)	38.48 (54.41)	103.59 (65.15)
4.	2210-02-101-43-Grants-in-Aid to State Health Society AYUSH	4.18 (41.80)	2.17 (23.59)	5.35 (38.52)
<b>Capital (V)</b>				
5.	4210-01-110-55-Punjab Urban Infrastructure	4.69 (60.99)	21.31 (78.35)	58.00 (85.29)

Source: Appropriation Accounts

Figures in parenthesis indicate percentage of savings to total provisions

**(vi) Entire Provision remained unutilised**

It was observed that entire budget allocation remained unutilised under four schemes during 2021-22, indicating non-implementation of schemes as shown in the **Table 3.21**.

**Table 3.21: Entire Provision remained unutilised**

(₹ in crore)

Sr. No.	Head of Account	Original Budget	Supplementary	Re-appropriation	Savings
1.	2210-01-190-01-Assistance to Punjab Health System Corporation-05-Setting up of Trauma Care Centre on National Highway in Punjab State	3.79	0.60	-1.61	2.78
2.	4210-01-102-02-Welfare of Insured Persons	4.00	0	0	4.00
3.	4210-01-110-02-Strengthening of Fire safety Services in the Hospitals	10.00	0	0	10.00
4.	4210-01-789-13-Urban Health Infrastructure	32.00	0	0	32.00

Source: Appropriation Accounts

**(vii) Entire Provision withdrawn**

It was observed that entire budget allocation was withdrawn under four schemes during 2021-22, indicating non-implementation of schemes as shown in the **Table 3.22**.

**Table 3.22: Entire Provision withdrawn***(₹ in crore)*

Sr. No.	Head of Account	Total Provision
1.	2210-01-001-54-Matching Grant to State Blood Transfusion Council under the control of AIDs Society	1.36
2.	2210-01-001-58-Seed Corpus of Cancer Relief Fund	102.00
3.	2210-01-789-12- Seed Corpus of Cancer Relief Fund	48.00
4.	2210-06-104-09-Setting up of Food and Drug Authority	31.16

Source: Appropriation Accounts

**(viii) Unnecessary 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. 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.

It was observed that supplementary provisions of ₹ 228.88 crore (Revenue-Voted) during the year 2021-22 proved unnecessary as the expenditure of ₹ 520.02 crore did not come up even to the level of original provision of ₹ 723.21 crore as shown in the **Table 3.23**.

**Table 3.23: Unnecessary/excessive supplementary grants***(₹ in crore)*

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-appropriation	Total	Expenditure	Savings
1.	2210-01-102-01- Employees State Insurance Scheme	101.70	15.50	-1.99	115.21	101.32	13.89
2.	2210-01-190-01- Assistance to Punjab Health System Corporation-06- Assistance to Punjab Health System Corporation	254.63	125.99	0	380.62	142.62	238.00
3.	2210-01-789-06-National Rural Health Mission	263.17	32.10	0	295.27	220.67	74.60
4.	2210-01-789-24- Assistance to Punjab Health System Corporation-04-Sarbat Sehat Bima Yojana	103.71	55.29	0	159.00	55.41	103.59
<b>Total</b>		<b>723.21</b>	<b>228.88</b>	<b>-1.99</b>	<b>950.10</b>	<b>520.02</b>	<b>430.08</b>

Source: Appropriation Accounts



**(ix) Unnecessary re-appropriation of 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. During 2021-22, it was observed that augmentation of provision through re-appropriation (₹ 20.34 crore) under Major Head 2210-01-110-56-National Rural Health Mission proved unnecessary because expenditure (₹ 725.96 crore) did not come up to the level of the total budget provision of ₹ 938.59 crore.

**(x) Unspent amount and surrendered appropriation 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 unrealistic estimating, it is a matter of concern. All Estimating Officers should strive to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should consider this while exercising final check on the estimates.

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

During the year 2021-22, total provision of ₹ 4364.33 crore (Revenue-voted) and ₹ 115.58 crore (Capital-voted) was made under Grant-11-Health and Family Welfare against which only ₹ 3509.47 crore and ₹ 11.51 crore was incurred resulted in huge saving of ₹ 854.86 crore and ₹ 104.07 crore respectively. No amount was surrendered out of the savings.

**(xi) Expenditure without budget provisions**

Article 205(1)(b) of the Constitution of India 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.

Audit observed that an expenditure of ₹ 65.75 crore was incurred without having any budget provision under eight schemes during the year 2021-22 as detailed in the **Table 3.24**.

**Table 3.24: Expenditure without budget provisions  
(Exceeding ₹ one Crore)**

(₹ in crore)

Sr. No.	Head of Account	Expenditure
	<b>Capital (V)</b>	
1.	2210-06-101-06-National Rural Health Mission-01-National TB Control Programme	16.29
2.	2210-06-101-26-National Rural Health Mission-03-National Vector Borne Disease Control Programme	1.23
3.	2210-06-789-18-National Rural Health Mission-01-National TB Control Programme	4.60
4.	2210-06-101-18-National Rural Health Mission-02-National Viral Hepatitis Control Programme (NVHCP)	8.59
5.	2211-00-109-01-National Component-01-Routine Immunization Programme under NRHM	12.77
6.	2211-00-109-01-National Component-02-Pulse Polio Programme under NRHM	2.46
7.	2211-00-789-09-National Rural Health Mission -01-Routine Immunization Programme under NRHM	18.64
8.	2211-00-789-09-National Rural Health Mission -02-Pulse Polio Programme under NRHM	1.17
	<b>Total</b>	<b>65.75</b>

Source: Appropriation Accounts

### 3.5 Conclusions

An expenditure of ₹ 3,492.28 crore was incurred during the year 2021-22 without having any provision in the original budget estimates/ supplementary demands and without issuing any re-appropriation orders to this effect.

Supplementary provisions were also not on realistic basis as in 13 cases, the supplementary provisions were unnecessary. Budgetary allocations were based on unrealistic proposals as out of total 42 grants, in 15 grants, savings excluding surrenders were more than ₹ 100 crore.

The excess expenditure of ₹ 37,737.49 crore for the period 2015-16 to 2019-20 (no excess expenditure during 2020-21) and ₹ 381.25 crore for the year 2021-22 is required to be regularised from the State Legislature.

The budgetary system of the State Government was not up to the mark, as overall utilisation of budget was 70.55 per cent of total grants and appropriations during 2021-22.

Under nine schemes, there was approved out lay of ₹ 7,201.46 crore (₹ 100 crore or more in each scheme) but no expenditure was incurred. Further, under 31 schemes, there was approved out lay of ₹ 10,210.58 crore which was withdrawn in revised outlay which deprived the beneficiaries of intended benefits.

There was rush of expenditure at fag end of the year. In seven major heads, more than 50 per cent of the expenditure under each major head was incurred in the month of March 2022.

### **3.6 Recommendations**

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

