

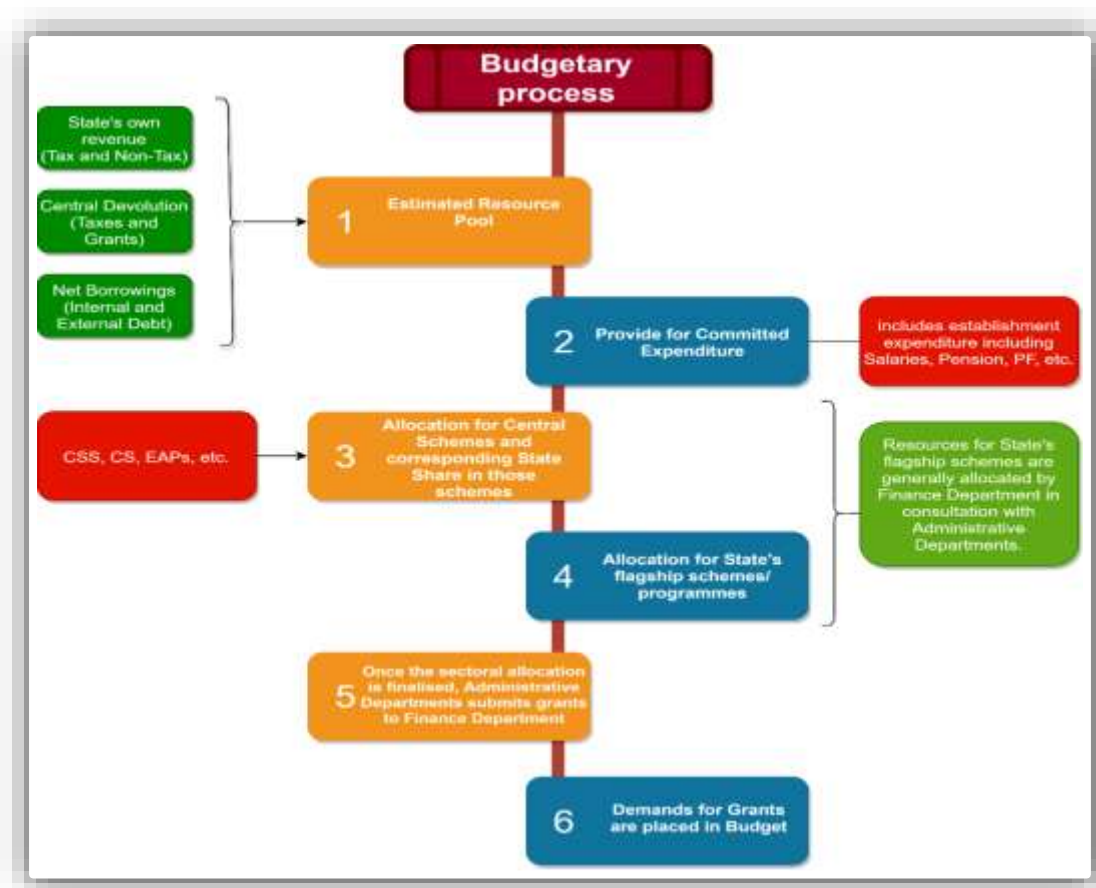
Chapter III Budgetary Management

Effective financial management ensures that the decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds. This Chapter reviews the allocative priorities of the State Government and comments on the transparency of budget formulation and effectiveness of its implementation during 2021-22.

3.1 Budget Process

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

Chart 3.1: Budget process



CSS: Centrally Sponsored Schemes; CS: Central Schemes; EAPs: Externally Aided Projects

As per Gujarat Budget Manual, 1983, it is the responsibility of the Finance Department (FD) to prepare the annual statement of estimated receipts and expenditure and the supplementary estimates of expenditure for presentation to

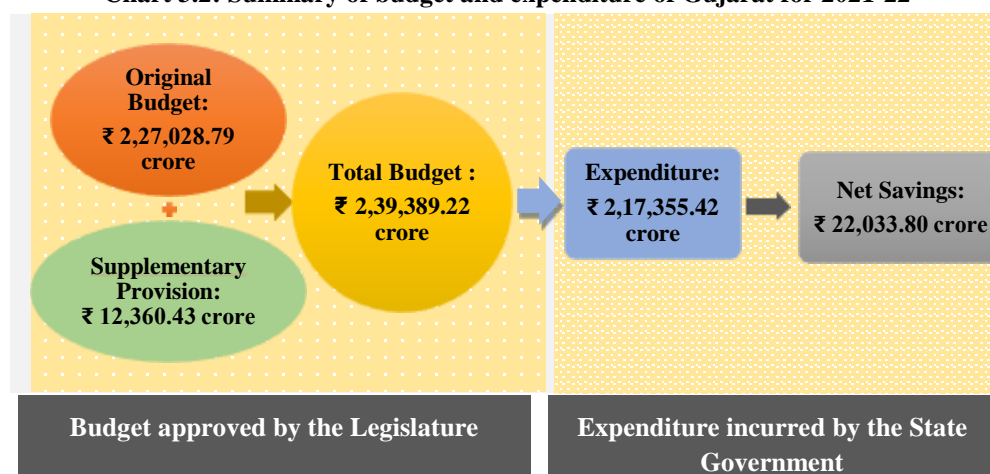
the Legislature. For such preparation, the FD shall obtain from the Administrative Departments concerned the material on which such estimates will be based. The Head of the Departments, based on material furnished by their subordinate officers, prepare the estimates for which they are responsible and forward it to the appropriate Administrative Department of the Secretariat by prescribed dates. The FD consolidates the estimates approved by the Government. The exercise requires utmost foresight both in estimating revenue and in anticipating expenditure. The estimate should be as close and accurate as possible. The provision to be included in respect of each item should be based upon what is expected to be actually paid or spent under proper sanction during the year, including arrears of the previous year and should not merely be confined to the liabilities pertaining to the year.

Legislative authorization is the sine qua non for incurring all expenditure by the State Government. Appropriation Bill is a Money Bill that allows the Government to withdraw funds from the Consolidated Fund of India to meet its expenses during a financial year. As per article 204 of the Constitution, the Government can withdraw money from the Consolidated Fund only after receiving approval from the Legislature. The Supplementary Statement of Expenditure, in accordance with Article 205 of the Constitution, includes Appropriation for (i) repayment to the Contingency Fund on account of advances authorised therefrom for incurring expenditure sanctioned by Government in anticipation of approval of the Legislature, (ii) Additional provision required for items already provided in the budget estimates for the current year, (iii) 'new expenditure' which requires specific approval of the Legislature, and (iv) adjustment in account for which provisions are necessary. After approval of Legislature, the supplementary Statement of Expenditure becomes the Supplementary Grant.

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, and Capital-Charged) of the Grant or Appropriation.

As per Appropriation Accounts for the year 2021-22, total amounts approved by the State Legislature (both original and supplementary provisions), expenditure incurred and savings during 2021-22 are as depicted in **Chart 3.2** below:

Chart 3.2: Summary of budget and expenditure of Gujarat for 2021-22



The net savings of ₹ 22,033.80 crore were the result of gross savings of ₹ 25,544.89 crore in 159 out of 191 Grants/Appropriations, offset by excess of ₹ 3,511.09 crore in 4 out of 191 Grants/Appropriations during 2021-22.

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

A summarised position of total budget provision, disbursements and savings/excesses with its further bifurcation into voted/charged during 2021-22, is as shown below:

Table 3.1: Budget provision, disbursements and savings/excess during 2021-22

Nature	(₹ in crore)					
	Total Budget provision		Disbursements		Saving	
	Voted	Charged	Voted	Charged	Voted	Charged
Total	1,88,489.53	50,899.69	1,67,376.82	49,978.60	21,112.71	921.09

Source: Appropriation Accounts of 2021-22

3.1.2 Charged and voted disbursements

Break-up of total disbursements into charged and voted items during 2021-22 and trend analysis of last five years (2017-22) is shown below:

Table 3.2: Budget disbursements and savings during 2017-22

Year	(₹ in crore)					
	Disbursements		Savings			
	Voted	Charged	Voted	Percentage	Charged	Percentage
2017-18	1,28,110.06	32,953.02	19,301.35	15.07	2,606.88	7.91
2018-19	1,44,463.86	36,015.81	19,732.04	13.66	364.25	1.01
2019-20	1,48,754.75	39,524.20	25,852.54	17.38	139.73	0.35
2020-21	1,57,721.70	42,494.12	28,275.04	17.93	285.53	0.67
2021-22	1,67,376.82	49,978.60	21,112.71	12.61	921.09	1.84

Source: Appropriation Accounts of respective years

As can be seen from the table above, budget disbursements under both voted and charged items are increasing. Savings under voted sections have shown an increasing trend during the year 2017-2021 but decreased in 2021-22.

An analysis of savings/excesses under different Grants has been given in **Paragraph 3.3**.

3.1.3 Gender budget

The United Nation's Agenda 2030 of Sustainable Development Goals (SDGs) is a universal call for action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Among the 17 SDGs, Goal 5 is aimed to achieve gender equality and empower all women through ending all types of discrimination against women and girls. Gender equality is not only a basic human right, but it is also crucial for sustainable future. The State Government has already prepared "Gujarat Sustainable Vision 2030" document spanning 17 SDGs including gender equality. To bring out desired outcome for women empowerment and gender equality, the State Government has been implementing many Schemes for development of women and girl child. Since financial year 2014-15, the State Government has been publishing "Gender Budget" comprising women-specific financial allocations.

Table 3.3 shows the details of allocations made by the State Government under gender budget during last five years (2017-22) whereas, **Chart 3.3** highlights the percentage of gender budget to total budget and GSDP during the same period.

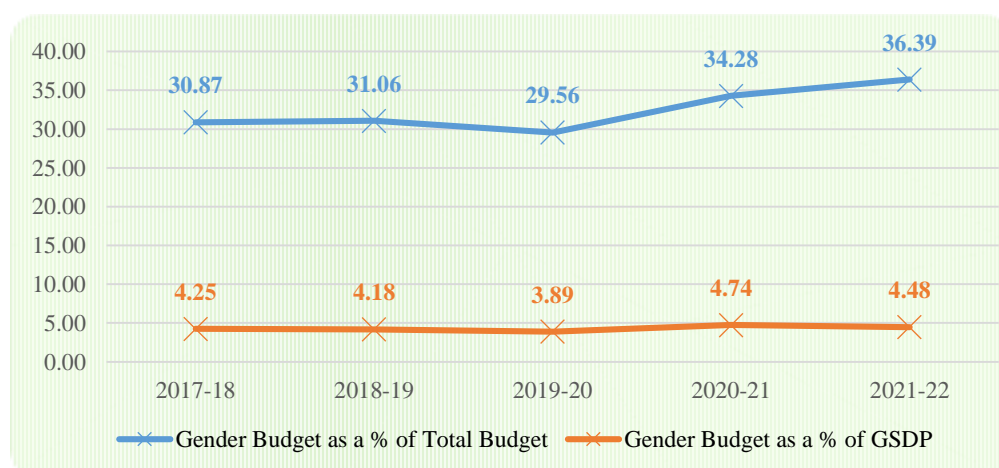
Table 3.3: Allocation under gender budget during 2017-22

(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
Gender Budget	56,491.89	62,302.93	63,341.07	78,418.48	87,111.11
Total Budget	1,82,971.32	2,00,575.97	2,14,271.22	2,28,776.39	2,39,389.22
GSDP	13,29,095	14,92,156	16,29,638	16,55,917	19,44,107

Source: Appropriation Accounts of respective years

Chart 3.3: Gender budget as percentage of total budget and GSDP



As can be seen, allocation under gender budget increased from ₹ 56,491.89 crore in 2017-18 to ₹ 87,111.11 crore in 2021-22. As a percentage of total budget, the share of gender budget increased from 34.28 *per cent* in 2020-21 to 36.39 *per cent* in 2021-22. However, its share in GSDP decreased from 4.74 *per cent* in 2020-21 to 4.48 *per cent* in 2021-22.

The Gender Resource Centre under the Women and Child Development Department (WCD), Government of Gujarat is responsible for collating schemes implemented by different Departments in the Gender Budget document. The Gender Budget document has categorized schemes as A, B and C Categories.

- i. Category A - 100 *per cent* women-oriented schemes
- ii. Category B – Schemes having women-oriented component of 30-99 *per cent* of the provision
- iii. Category C - Other schemes with less than 30 *per cent* women-oriented component

Details of expenditure against provision is neither available in budget document nor any separate publication. The details of mapping of various schemes in Gender Budget with Budget estimates of different Departments were called for from the WCD Department. Necessary details were not provided to audit, in the absence of which, actual expenditure could not be confirmed.

WCD Department is required to take steps to monitor expenditure against each provision shown in Gender Budget.

3.2 Appropriation Accounts

Appropriation Accounts provide details of expenditure of the Government for the financial year, compared with the amounts of Grants Voted and Appropriations Charged for various purposes specified in the Schedules appended to Appropriation Act passed under Article 204 and 205 of the Constitution of India. These Accounts depict the original budget provision, Supplementary Grants, savings, 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. Appropriation Accounts 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 within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

3.3 Comments on integrity of budgetary and accounting process

3.3.1 Expenditure incurred without authority of law

As per Gujarat Budget Manual, 1983, no expenditure can be incurred under any head without budget provision or in anticipation of a supplementary grant/appropriation or prior to provision of funds by re-appropriation.

Audit scrutiny revealed that in two cases, expenditure of ₹ 95.03 crore was incurred during 2021-22, without budget provision. The heads of account where expenditure was incurred without budget provision during 2021-22 are as detailed in **Table 3.4**:

Table 3.4: Summary of expenditure without budget provision during 2021-22

			(₹ in crore)
Sl. No.	Grant No. and Heads of Account where expenditure was incurred without budget provision		Expenditure without Provision
1	102-2217-80-191-10	Relaxation in Property tax to commercial Units.	86.95
2	102-2217-80-192-06	Relaxation in Property tax to commercial Units.	8.08
Total			95.03

Source: Appropriation Accounts of 2021-22

3.3.2 Unnecessary Supplementary provision

During 2021-22, Supplementary provisions (₹ 5 crore or more in each case) aggregating ₹ 366.40 crore were made in five Grants/Appropriation, which proved unnecessary. Expenditure incurred in these five cases did not even reach the level of the original provision as detailed in **Table 3.5**:

Table 3.5: Supplementary provision (₹ 5 crore or more in each case) proved unnecessary

						(₹ in crore)
Sl. No.	Number and name of the grant	Original provision	Actual expenditure	Savings out of original provision	Unnecessary supplementary provision	
Revenue – Voted						
1	22 – Civil Supplies	830.02	827.76	2.26	145.28	
2	49 – Industries	4,794.60	4,789.11	5.49	64.40	
3	70 – Community Development	3,091.36	2,169.32	922.04	35.48	
4	86 – Roads and Bridges	3,714.01	3,607.04	106.97	113.82	
Capital – Voted						
5	13 – Power Projects	3,266.01	3,138.98	127.03	7.42	
Total		15,696.00	14,532.21	1,163.79	366.40	

Source: Appropriation Accounts of 2021-22

3.3.3 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 need for additional funds is identified.

In seven Sub-Heads, there was savings of ₹ 68.30 crore (more than ₹ 10 lakh in each case) from original and supplementary provisions. Re-appropriation of ₹ 48.75 crore proved unnecessary under these Sub-Heads, as detailed in **Appendix 3.2**.

Substantial savings of ₹ 68.30 crore, where re-appropriation was resorted to, reflects poorly on planning and monitoring of budget allocation and its utilisation by the State Government.

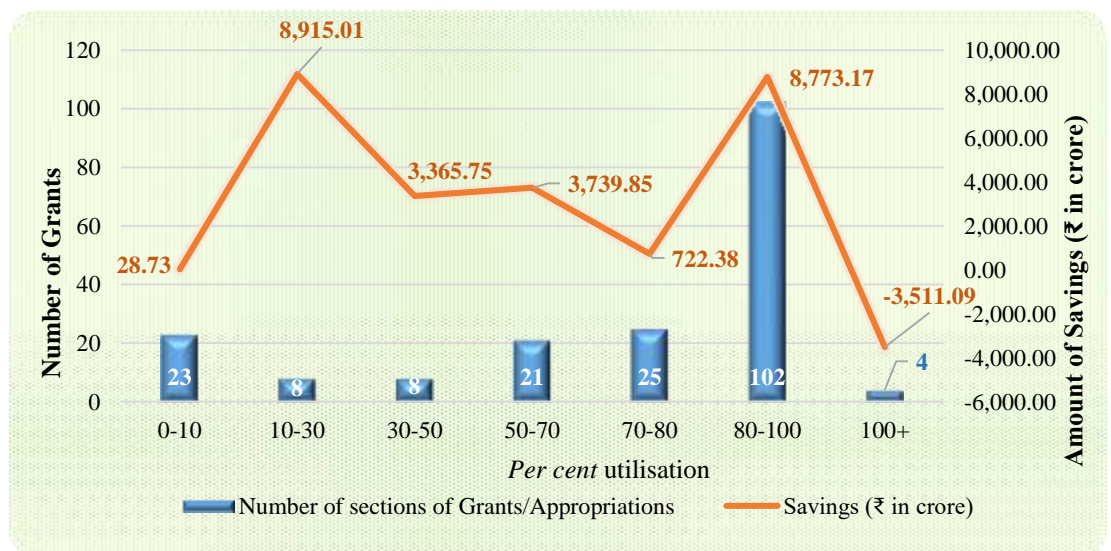
3.3.4 Unspent provisions and surrendered appropriations and/or large savings/surrenders

3.3.4.1 Substantial savings due to low utilisation of budgetary provisions

There are 108 demands for Grants being operated by 27 Departments of Government of Gujarat, which translated into 191 Grants/Appropriations¹ during 2021-22.

There were overall gross savings of ₹ 25,544.89 crore in 159 out of 191 Grants/Appropriations during 2021-22, of which, 39 Grants/Appropriations showed utilisation of less than 50 per cent of the budget allocation. The distribution of Grants/Appropriations grouped by the extent of savings is as follows.

Chart 3.4: Section-wise utilisation of Grants/Appropriation



¹ Grant (Revenue Voted and Capital Voted); Appropriation (Revenue Charged and Capital Charged)

In 16 out of 191 Grants/Appropriations where budget allocation was more than ₹ one crore and budget utilisation was less than 50 per cent during 2021-22, Five Grants/Appropriations had demonstrated low utilisation consecutively during the last five years (2017-22) while two Grants/Appropriations had shown low utilisation in four of the last five years (Table 3.6).

Table 3.6: Sections of Grants/Appropriations where budget utilisation was less than 50 per cent

Sl. No.	Section of Grant/Appropriation	2017-18	2018-19	2019-20	2020-21	2021-22	No. of Years ²	Budget 2021-22	Total Budget (5 years)
		(in per cent)						(₹ in crore)	
1	0005-Co-operation Capital Voted	53.39	24.71	51.32	52.72	30.72	2	72.78	447.80
2	0006- Fisheries Capital Voted	35.90	9.34	0.50	5.95	23.86	5	144.16	1,123.41
3	0019-Other Expenditure pertaining to Finance Dept. Revenue Voted	0.59	0.69	0.86	0.80	15.69	5	10,093.26	44,782.43
4	0021-Food, Civil Supplies and Consumer Affairs Dept. Revenue Voted	87.72	54.53	59.91	37.88	27.00	2	83.67	269.47
5	0023-Food Capital Voted	23.16	83.15	70.81	60.81	49.99	2	25.58	412.13
6	0056-Labour and employment Deptt Revenue Voted	62.64	30.30	23.18	29.91	49.41	4	16.25	106.74
7	0057-Labour and Employment Capital Voted	45.72	15.14	16.45	9.11	20.13	5	45.51	243.91
8	0061-Other Expenditure Pertaining to Legal Department Capital Voted	24.99	27.79	21.92	42.49	5.18	5	3.53	8.04
9	0066- Irrigation and Soil Conservation Capital Voted	98.17	98.94	98.90	66.18	49.07	1	4,737.90	22,390.49
10	0075-Other Expenditure pertaining to Ports and Transport Dept. Revenue voted	80.29	89.39	54.88	51.02	33.26	1	66.94	319.61
11	0075-Other Expenditure pertaining to Ports and Transport Dept. Capital voted	100.00	41.65	75.17	13.04	0.01	3	23.01	93.44
12	0079-Relief on Account of Natural Calamities Capital Voted	37.64	86.71	85.68	99.94	28.10	2	274.01	901.41
13	0082-Other Expenditure pertaining to Revenue Dept. Revenue Voted	31.59	85.05	45.73	23.84	23.86	4	1.21	13.63
14	0084-Non-Residential Building Capital Voted	50.83	53.29	42.61	33.68	37.97	3	1,102.47	6,475.24

² Number of years where utilisation of budget was below 50 per cent

Sl. No.	Section of Grant/Appropriation	2017-18	2018-19	2019-20	2020-21	2021-22	No. of Years ²	Budget 2021-22	Total Budget (5 years)
		(in per cent)						(` in crore)	
15	0085-Residential Building Capital Voted	78.19	54.99	39.78	42.34	31.67	3	166.62	1,211.86
16	0093-Welfare of Schedule Tribes Capital Voted	43.09	9.35	32.31	6.04	41.96	5	67.20	206.45

Source: Appropriation Accounts of respective years

Further, out of the overall savings of ₹ 25,544.89 crore in 159 out of 191 Grants/Appropriations during 2021-22, 96.11 per cent savings amounting to ₹ 24,552.29 crore occurred in 43 Grants/Appropriations (₹ 50 crore and above in each case), as indicated in **Appendix 3.3**.

3.3.4.2 Substantial surrenders

As per paragraph 103 of Gujarat Budget Manual, 1983, the Controlling Officers should report all the anticipated savings with full details and reasons to the Administrative Departments.

In 45 out of 191 Grants/Appropriations, a major portion of original provision or supplementary provision was not required/used during the year, leading to substantial surrenders of more than ₹ 50 crore in each grant at the end of March 2022, as detailed in **Table 3.7**:

Table 3.7: Details of surrender of funds more than ₹ 50 crore at the end of March 2022

(₹ in crore)							
Sr. No.	Grant No.	Original	Supp.	Total provision	Actual Expenditure	Savings (-) /Excess (+)	Amount Surrendered
1	0002-RV	4,023.97	0.00	4,023.97	2,710.19	(-)1,313.78	1,311.73
2	0005-CV	72.78	0.00	72.78	22.36	(-)50.42	51.77
3	0006-CV	144.16	0.00	144.16	34.40	(-)109.76	109.76
4	0009-RV	29,880.57	1,218.48	31,099.05	33,830.82	(+)2,731.76	514.81
5	0009-CV	431.89	0.00	431.89	301.23	(-)130.66	127.72
6	0013-CV	3,266.01	7.42	3,273.43	3,138.98	(-)134.45	134.88
7	0016-RV	345.47	0.00	345.47	277.77	(-)67.70	67.65
8	0018-RV	12,368.00	0.00	12,368.00	11,567.82	(-)800.18	785.78
9	0019-RV	10,093.26	0.00	10,093.26	1,583.95	(-)8,509.32	8,511.53
10	0020-RC	24,696.03	0.00	24,696.03	23,933.17	(-)762.86	531.05
11	0021-RV	83.67	0.00	83.67	22.59	(-)61.08	61.07
12	0026-RV	776.80	0.00	776.80	620.77	(-)156.04	156.10
13	0026-CV	558.61	0.00	558.61	506.13	(-)52.48	52.60
14	0040-RV	2,335.36	0.00	2,335.36	2,095.53	(-)239.83	177.35
15	0043-RV	6,023.07	0.00	6,023.07	5,144.68	(-)878.39	876.36
16	0046-CV	951.66	0.00	951.66	804.21	(-)147.45	147.45
17	0049-RV	4,794.60	64.40	4,859.00	4,789.11	(-)69.88	67.76
18	0049-CV	502.39	0.00	502.39	351.26	151.13	151.13
19	0057-RV	1,111.90	0.00	1,111.90	911.66	(-)200.25	188.01

Sr. No.	Grant No.	Original	Supp.	Total provision	Actual Expenditure	Savings (-) /Excess (+)	Amount Surrendered
20	0060-RV	1,053.42	0.00	1,053.42	921.75	(-)131.67	137.93
21	0065-CV	3,466.34	0.00	3,466.34	2,803.86	(-)662.48	664.06
22	0066-RV	1,193.68	0.00	1,193.68	1,102.88	(-)90.81	103.61
23	0066-CV	4,737.90	0.00	4,737.90	2,325.01	(-)2,412.89	2,413.85
24	0068-RC	210.00	0.00	210.00	158.62	(-)51.38	51.36
25	0070-RV	3,091.36	35.48	3,126.84	2,169.32	(-)957.52	956.23
26	0071-RV	2,468.53	0.00	2,468.53	1,615.20	(-)853.34	8,533.34
27	0072-RV	138.20	0.00	138.20	74.29	(-)63.92	63.92
28	0074-RV	727.59	70.80	798.39	765.14	(-)33.25	125.22
29	0074-CV	501.73	0.00	501.73	391.06	(-)110.67	110.67
30	0077-RV	279.13	0.00	279.13	206.19	(-)72.94	66.87
31	0079-RV	2,798.84	1,599.39	4,398.23	4,632.27	(+)234.04	768.71
32	0079-CV	274.01	0.00	274.01	77.00	(-)197.01	197.01
33	0084-CV	1,102.47	0.00	1,102.47	418.57	(-)683.90	682.35
34	0085-CV	166.62	0.00	166.62	52.77	(-)113.85	113.29
35	0086-RV	3,714.01	113.81	3,827.82	3,607.04	(-)220.79	133.64
36	0087-CV	294.33	0.00	294.33	179.52	(-)114.81	114.58
37	0092-RV	2,134.78	0.00	2,134.78	1,964.19	(-)170.59	161.76
38	0092-CV	602.46	0.00	602.46	551.28	(-)51.18	51.18
39	0095-RV	4,502.96	0.00	4,502.96	4,030.38	(-)472.58	451.10
40	0095-CV	793.34	66.56	859.90	801.15	(-)58.74	75.39
41	0096-RV	9,119.21	0.00	9,119.21	8,028.06	(-)1,091.15	1,026.66
42	0096-CV	4,673.91	0.00	4,673.91	4,285.56	(-)388.35	462.78
43	0102-RV	9,656.32	0.00	9,656.32	8,447.10	(-)1,209.22	1,209.20
44	0106-RV	2,663.81	1,005.44	3,669.25	3,473.51	(-)195.73	188.52
45	0108-RV	854.31	0.00	8,54.31	660.70	(-)193.61	193.61
Total		1,63,679.46	4,181.79	1,67,861.25	1,46,389.04	21,472.21	33,081.35

Source: Appropriation Accounts of 2021-22; RV: Revenue voted; RC: Revenue Charged; CV: Capital Voted

Further, supplementary provisions of ₹ 221.11 crore made under four out of 45 grants/appropriations proved unnecessary, as ₹ 1,292.51 crore was surrendered from these four grants/appropriations.

Budget provisions sought and obtained by some Departments was far more than actual requirement and their inability to utilise the same deprives allocation of resources to other priority sectors and leads to poor Legislative control over public finances.

3.3.5 Excess expenditure and its regularisation

As per Article 205 of the Constitution of India, no money shall be drawn from the Consolidated Fund except under appropriation made by Law by the State Legislature.

3.3.5.1 Excess expenditure during the year 2021-22

During 2021-22, there was an excess expenditure of ₹ 3,511.09 crore in four Grants/Appropriations requiring regularisation by the State Legislature (Table 3.8).

Table 3.8: Excess expenditure over provision during 2021-22 requiring regularisation

(₹ in crore)				
Grant No.	Name of Grant	Total Grant	Actual Expenditure	Excess Expenditure
Revenue Voted				
9	Education	31,099.05	33,830.81	2,731.76
73	Other Expenditure Pertaining to Panchayats, Rural Housing and Rural Development Department	882.17	1,427.43	545.26
79	Relief on Account of Natural Calamities	4,398.23	4,632.27	234.04
Revenue Charged				
26	Forest	0.61	0.64	0.03
Total		36,380.06	39,891.15	3,511.09

Source: Appropriation Accounts of 2021-22

Excess expenditure over provision vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.3.5.2 Persistent excess expenditure in certain Grants

Persistent excess expenditure indicates that the budgetary control by the Departments is ineffective and budget estimates are not being prepared realistically.

Audit observed persistent excess in Grant No. 73 (Revenue Voted) since 2012-13 onwards. The excess during the last five years (2017-22), due to improper estimations at the time of budget preparation is detailed in Table 3.9:

Table 3.9: Persistent excess

(₹ in crore)						
Sl. No.	Description of Grant/Appropriation	2017-18	2018-19	2019-20	2020-21	2021-22
1.	Grant No. 73 – Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department (Revenue Voted)					
	Grant	800.15	703.07	790.19	856.17	882.17
	Expenditure	1,127.87	1,463.84	1,347.89	1,352.62	1,427.43
	Excess	327.72	760.77	557.70	496.45	545.26

Source: Appropriation Accounts of respective years

The excess was observed under the Sub-Head ‘Superannuation and Retirement Allowances to Panchayat Employees’, ‘Gratuities to Panchayat Employees’ and ‘Family Pension to Panchayat Employees’.

The State Government needs to maintain a robust database of Panchayat employees due for superannuation, to estimate the retirement benefits accurately.

3.3.5.3 Regularisation of excess expenditure of previous financial years

The excess expenditure of ₹ 10,855.75 crore incurred during the period 2007-08 to 2011-12 and 2013-14 to 2020-21 was yet to be regularised by the State Legislature. The details of excess expenditure of previous financial years requiring regularisation are shown in **Appendix 3.4**.

3.4 Comments on Transparency of Budgetary and Accounting Process

3.4.1 Lump sum budgetary provisions

The Gujarat Budget Manual, 1983 prohibits lump sum provision in estimates except in cases where urgent measures are to be initiated for meeting emergent situations or for meeting preliminary expenses on a project/scheme which has been accepted in-principle for being taken up in the financial year. Detailed explanation justifying the provision is required to be given in the Budget Note accompanying the lump sum estimates. Lump sum provision without identifying the exact object of expenditure affects transparency of accounts.

In case of Grant No. 19, it was observed that the FD has been allocating a lump sum budget provision every year from 2012-13 onwards under Major Head 2075 – ‘Liability on Account of Increase in Rate of Dearness Allowance’. However, the same was surrendered by the FD in the month of March every year, as detailed in **Table 3.10**:

Table 3.10: Lump sum provision surrendered completely

(₹ in crore)

Year	Grant no.	Details of Head	Amount	Surrender/ Re Appropriation
2012-13	19	2075.00.001.01	2,500.00	2,500.00
2013-14	19	2075.00.001.01	3,000.00	3,000.00
2014-15	19	2075.00.001.01	3,500.00	3,500.00
2015-16	19	2075.00.001.01	3,500.00	3,500.00
2016-17	19	2075.00.001.01	4,500.00	4,500.00
2017-18	19	2075.00.001.01	6,000.00	6,000.00
2018-19	19	2075.00.001.01	7,000.00	7,000.00
2019-20	19	2075.00.001.01	7,500.00	7,500.00
2020-21	19	2075.00.001.01	8,000.00	8,000.00
2021-22	19	2075.00.001.01	8,000.00	8,000.00

Source: Appropriation Accounts of respective years

The action of FD was not in consonance with paragraph 38 of Gujarat Budget Manual, 1983 which provides that such provisions were to be made by the respective Departments in their budget estimates.

3.5 Comments on Effectiveness of Budgetary and Accounting Process

3.5.1 Budget projection and gap between expectation and actual

The summarised position of budget including supplementary budget, actual expenditure, and excess/savings during 2021-22 against 191 Grants/Appropriations is given in **Table 3.11**.

Table 3.11: Summarised position of expenditure vis-à-vis budget provision

(₹ in crore)

Voted/Charged	Nature of expenditure	Budget (Original)	Budget (Supp)	Total Budget (O+S)	Actual Expenditure	Net Excess/Saving (-)	Excess/Saving %
Voted	Revenue	1,43,302.47	9,439.99	1,52,742.46	1,37,448.57	(-)15,293.89	(-)10.01
	Capital	31,698.95	2,619.01	34,317.96	28,857.21	(-)5,460.75	(-)15.91
	Loans and Advances	1,426.03	3.08	1,429.11	1,071.04	(-)358.07	(-)25.06
	Total	1,76,427.45	12,062.08	1,88,489.53	1,67,376.82	(-)21,112.71	(-)11.20
Charged	Revenue	26,182.24	137.20	26,319.44	25,445.32	(-)874.12	(-)3.32
	Capital	89.07	36.22	125.29	97.27	(-)28.02	(-)22.36
	Public Debt	24,330.03	124.93	24,454.96	24,436.01	(-)18.95	(-)0.08
	Total	50,601.34	298.35	50,899.69	49,978.60	(-)921.09	(-)1.81
Grand Total		2,27,028.79	12,360.43	2,39,389.22	2,17,355.42	(-)22,033.80	(-)9.20

Source: Appropriation Accounts of 2021-22

Table 3.12: Original budget, revised estimates, and actual expenditure during 2017-22

(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
Original Budget	1,72,179.24	1,83,666.38	2,04,815.00	2,17,287.24	2,27,028.79
Supplementary Budget	10,792.08	16,909.59	9,456.22	11,489.15	12,360.43
Total Budget (Original + Supplementary)	1,82,971.32	2,00,575.97	2,14,271.22	2,28,776.39	2,39,389.22
Actual Expenditure	1,61,063.09	1,80,479.68	1,88,278.95	2,00,215.82	2,17,355.42
Net Saving /excess	(-) 21,908.23	(-) 20,096.29	(-) 25,992.27	(-)28,560.57	(-)22,033.80
Percentage of Saving	(-)11.97	(-)10.02	(-) 12.13	(-)12.48	(-)9.20

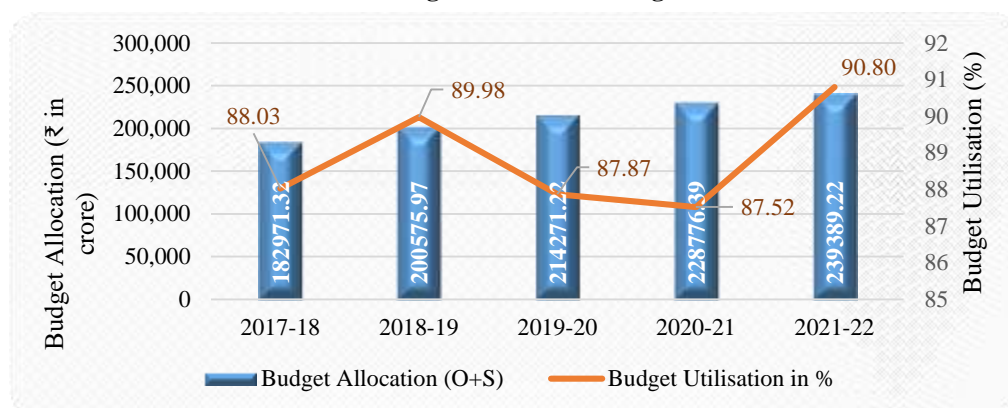
Source: Appropriation Accounts of the respective years

As can be seen from the **Table 3.12**, there was an overall saving of 9.20 per cent during 2021-22 as compared to 12.48 per cent during 2020-21.

3.5.1.1 Sub-optimal utilisation of budgeted funds

Utilisation of budget by the State Government has been sub-optimal every year during the last five years. The extent of utilisation of budget during the last five years (2017-22) is shown in **Chart 3.5**:

Chart 3.5: Budget utilisation during 2017-22



As may be seen from the **Chart 3.5**, the utilisation of budget provision by State Government remained between 87.52 and 90.80 *per cent* during the last five years. Large amounts of savings in allocated funds indicate both, inaccurate assessments of requirement as well as inadequate capacity to utilise the funds for intended purposes.

3.5.1.2 Missing/incomplete explanations for variations from budgeted provisions

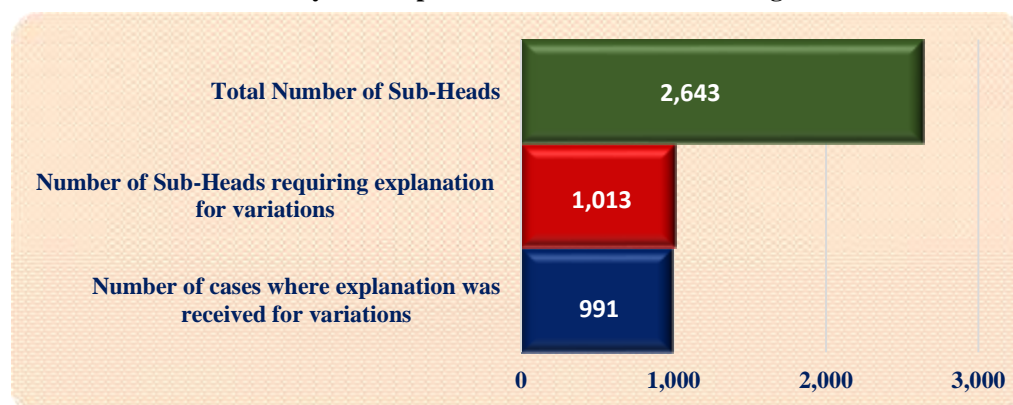
Apart from showing the expenditure against the approved budget, Appropriation Accounts also contain explanations provided by the concerned Departments for cases where the expenditure varies significantly from the budgeted provision (Original plus Supplementary). The limits beyond which such variations at the Sub-Head levels (unit of appropriation) are to be explained by the concerned Departments, are set by the State Public Accounts Committee (PAC).

The Principal Accountant General (A&E) provides the draft Appropriation Accounts to the Controlling Officers of the Departments and seeks the reasons/explanations for the variations in expenditure with reference to approved budgetary allocations as per the limits set by the PAC. The limits set by the PAC in October 1994 are shown in **Appendix 3.5**.

Of the 191 Grants/ Appropriations³, reasons for variation were required in respect of 158 Grants/Appropriations. Audit of Appropriation Accounts of 2021-22 and an analysis of the underlying accounting data revealed that the Controlling Officers did not provide explanations for the variations in expenditure *vis-à-vis* budgeted allocations in respect of 14 out of 158 Grants/Appropriations. In terms of Sub-heads, explanations for variations were not provided in 22 out of 1,013 sub-heads.

The total number of Sub-Heads, number of Sub-Heads requiring explanation for variations and the number of Sub-Heads where explanations were received are shown in **Chart 3.6**. The relevant details in this regard are indicated in **Appendix 3.6**.

³ Grant (Revenue Voted, Capital Voted), Appropriations (Revenue Charged, Capital Charged)

Chart 3.6: Summary of unexplained variations vis-à-vis budget allocation

Absence of explanation for variation between the budgeted allocation and its utilisation inhibits Legislative control over budget as a means of ensuring financial accountability of the Government.

3.5.1.3 Budgetary deviations at primary unit of appropriation

Sub-Head is the primary unit of appropriation, and the Appropriation Accounts accordingly bring out instances of deviations of expenditure from budgetary provisions at Sub-Head level, as per the criteria specified by the PAC.

As detailed in **Chart 3.6** above, there are 2,643 such units of appropriation in the Appropriation Accounts of the State. The distribution of Sub-Heads by size and total budgetary allocation is given in **Table 3.13**.

Table 3.13: Distribution of Sub-Heads by size and total budgetary allocation

Budget Allocation (in ₹)	Number of Sub-Heads	Share of Sub-Heads (per cent)	Total Budget (₹ in crore)	Share of Sub-heads in Budget (per cent)
Less than 15 lakh	443	16.76	12.64	0.01
15 lakh - 50 lakh	224	8.48	65.56	0.03
50 lakh - 1 crore	154	5.82	105.22	0.04
1 crore - 10 crore	764	28.91	2,909.75	1.22
10 crore - 100 crore	754	28.53	26,606.56	11.11
100 crore and above	304	11.50	2,09,689.49	87.59
TOTAL	2,643	100	2,39,389.22	100

Source: Appropriation Accounts of 2021-22

As can be seen from **Table 3.13**, around 12 *per cent* of the Sub-Heads account for 87.59 *per cent* of the total budgetary allocation while 16.76 *per cent* Sub-Heads account for merely 0.01 *per cent* of the total allocation. There is, thus, a need for rationalisation of unit of appropriation, both in terms of number of Heads and size of Heads, to increase Legislative control as well as make budget administration easier.

3.5.2 Budget and opportunity cost

At times, while obtaining original/supplementary provision, Departments report to Legislature large additional requirements for different purposes under various Schemes/activities; but finally end up spending less than the original budget provision and the supplementary provision or parts thereof. As a result, the unutilised funds cannot be made use of. At the same time, several Schemes remain incomplete for want of funds. Thus, the intended benefits of unfinished Schemes do not get extended to the public at large. This also leads to escalation in project costs.

However, in 21 schemes under capital section (**Appendix 3.7**), it was observed that concerned Departments could not utilise more than 50 *per cent* of the original provision (₹ 50 crore or more), leading to savings of ₹ 3,528.83 crore at the end of the year in these 21 schemes.

It was further observed from Appendix IX of Finance Accounts, Volume-II for the year 2021-22 that the Roads and Buildings Department and the Narmada, Water Resources, Water Supply and Kalpsar Department had 176 incomplete capital projects (estimated cost: ₹ 10,747.99 crore) with a progressive expenditure of ₹ 7,477.97 crore up to 31 March 2022. These projects were targeted to be completed between November 2015 and March 2022. Had there been proper planning, unutilised funds of ₹ 3,528.83 crore from 21 Schemes (**Appendix 3.7**) could have been allocated to other schemes/projects facing shortage of funds.

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

Several policy initiatives taken up by the State Government are either partially executed or not executed due to non-approval of Scheme guidelines/modalities, for want of administrative sanction, non-release of budget *etc.* This not only deprives the beneficiaries of the intended benefits; savings in such Schemes also divest other Departments of the funds which they could have utilised.

Appendix XI, Volume-II of Finance Accounts, for the year 2021-22 gives the details of major policy decisions taken during the year or new Schemes proposed in the budget. During 2021-22, 25 new Schemes/major policy pronouncements were made by the State Government. Audit observed that out of this, 20 Schemes were implemented during the year.

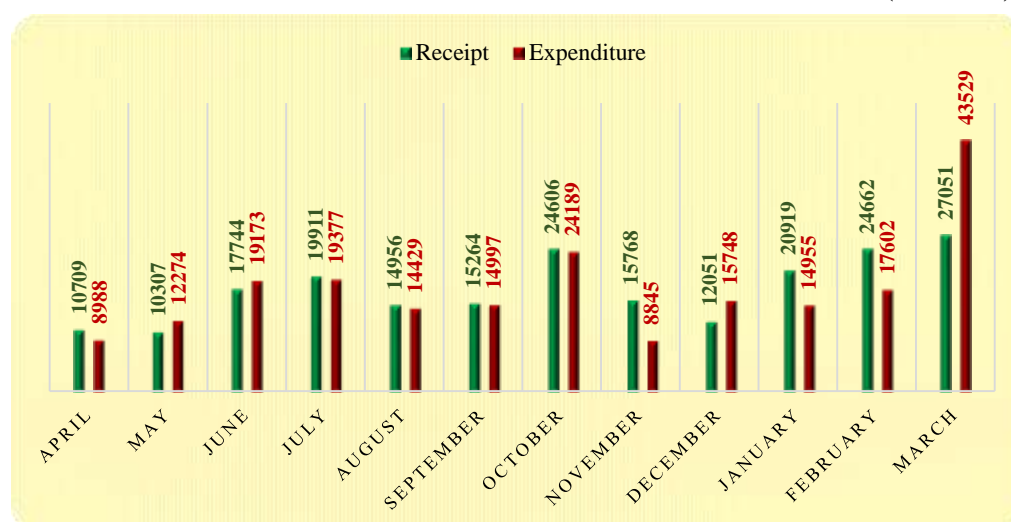
3.5.4 Rush of expenditure

As per Gujarat Budget Manual, 1983, rush of expenditure, particularly in the closing months of the financial year, is a breach of financial propriety.

Monthly flow of receipts into the State exchequer and disbursements during 2021-22 are shown in **Chart 3.7**.

Chart 3.7: Monthly receipts and expenditure during 2021-22

₹ in crore)



(Expenditure figures are net of recoveries)

As may be seen from the **Chart 3.7**, receipts and expenditure in March were significantly higher than that of other months during the financial year 2021-22.

Major Heads where more than 50 per cent of the total expenditure (more than ₹ one crore in each case) was incurred in March 2022 alone are detailed in **Table 3.14**:

Table 3.14: Quantum of expenditure in March 2022

₹ in crore)

Major Head	Description	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total expr.	Expr. in March	Expr. in March as % of total expr.
2048	Appropriation for reduction or avoidance of debt	0.00	0.00	0.00	1,500.00	1,500.00	1,500.00	100
2075	Miscellaneous General Services	0.03	1.67	14.15	27.16	43.01	26.16	60.81
2402	Soil and Water Conservation	0.37	0.49	0.45	8.91	10.22	8.62	84.37
2425	Co-operation	24.35	96.65	73.84	1,112.43	1,307.27	790.94	60.50
4058	Capital Outlay on Stationery and printing	0.00	0.44	0.00	0.76	1.19	0.76	63.28
4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	4.31	15.56	37.70	175.37	232.95	143.29	61.51
4401	Capital Outlay on Crop Husbandry	0.00	15.36	2.30	48.33	65.98	37.26	56.47
4435	Capital Outlay on Other Agricultural Programmes	0.00	3.85	0.59	16.56	21.00	15.65	74.51
4810	Capital Outlay on New and Renewable Energy	12.50	0.00	0.00	493.81	506.31	328.19	64.82
5053	Capital Outlay on Civil Aviation	8.53	0.80	13.77	139.80	162.90	133.26	81.81
5055	Capital Outlay on Road Transport	103.82	0.00	0.00	309.56	413.37	221.79	53.65

Major Head	Description	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total expr.	Expr. in March	Expr. in March as % of total expr.
6216	Loans for Housing	0.00	0.00	0.00	1.15	1.15	1.15	100.00
7615	Miscellaneous loans	0.00	0.00	0.00	29.41	29.41	29.41	100.00
	Total	153.91	134.82	142.80	3,863.24	4,294.77	3,236.46	

Source: Information provided by O/o the PAG (A&E)

Thus, contrary to the spirit of financial regulation, substantial expenditure was incurred by the State Government at the end of the financial year, indicating inadequate control over expenditure and poor budgetary management.

Further, out of the expenditure of ₹ 46,616.21 crore incurred under 1,880 Sub-Heads in March 2022, under 124 Sub-Heads 100 *per cent* expenditure (₹ 4,747.17 crore) was incurred in March 2022. The details of 30 Sub-Heads (out of 124) where expenditure of ₹ 10 crore or more was incurred in March 2022, are depicted in **Appendix 3.8**.

Moreover, in case of expenditure done by Departments with respect to Grants placed at their disposal, it was observed that in nine out of 108 Grants, more than 50 *per cent* of the total expenditure was incurred in March as shown in **Table 3.15**.

Table 3.15: Grants with more than 50 *per cent* expenditure in March (Descending order of percentage)

(₹ in crore)

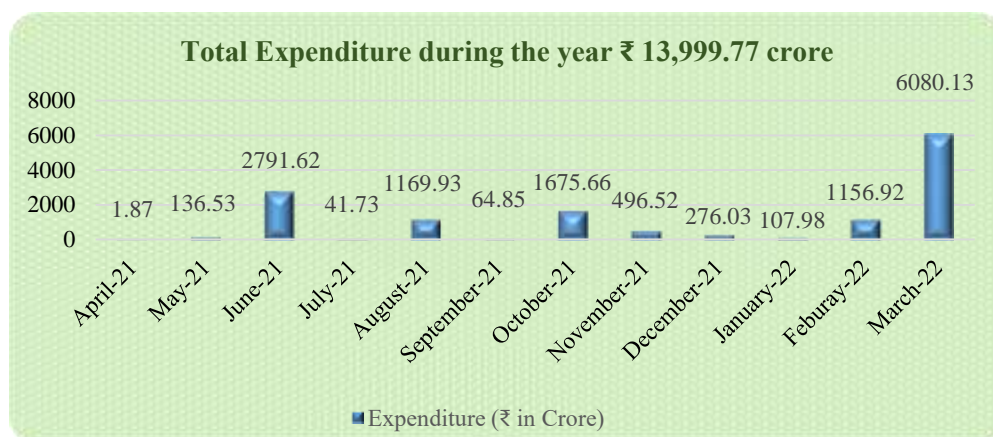
Sr. No	Grant No.	Description	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total	Expenditure in March	Expenditure in March as percentage of total expenditure
1	0007	Other Expenditure Pertaining to Agriculture and Co-operation Department	0.00	0.00	0.00	18.67	18.67	18.67	100.00
2	0041	Other expenditure pertaining to Health and Family Welfare Department	0.00	0.00	0.00	0.28	0.28	0.28	100.00
3	0019	Other Expenditure pertaining to Finance Department	15.57	28.09	16.09	1,524.48	1,584.23	1,511.86	95.43
4	0010	Other Expenditure pertaining to Education Department	0.12	0.64	0.52	30.91	32.19	30.45	94.61
5	0072	Compensation and Assignment	0.00	10.78	9.75	53.75	74.29	46.77	62.96
6	0052	Other Expenditure Pertaining to Industries and Mines Department	35.79	28.67	32.98	175.17	272.61	169.49	62.17
7	0005	Co-operation	20.57	93.01	67.15	1,081.83	1,262.57	758.09	60.04
8	0003	Minor Irrigation, Soil Conservation and Area Development	0.94	1.05	4.07	8.71	14.77	8.16	55.27
9	0056	Labour and Employment Department	0.74	1.08	0.80	5.40	8.03	4.33	53.96

Source: Information provided by O/o the PAG (A&E)

3.5.4.1 Departments registering more than 25 per cent expenditure in March

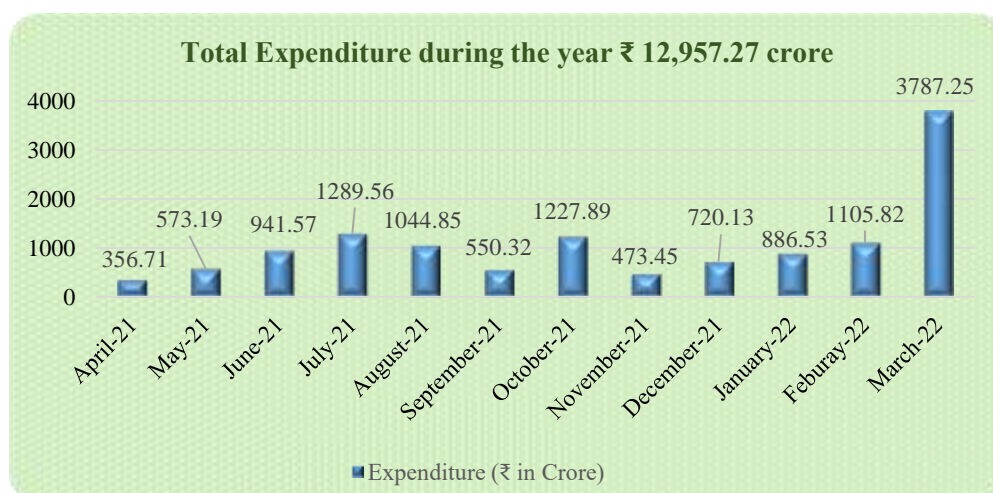
In 12 Departments more than 25 per cent of the total expenditure was incurred in March 2022. Details of two Departments with Major expenditure are shown in **Charts 3.8 and 3.9**. The details of month wise expenditure in respect of all 12 Departments are shown in **Appendix 3.9**.

Chart 3.8: Month wise expenditure of Energy and Petrochemical Department



Source: Information provided by O/o the PAG (A&E)

Chart 3.9: Month wise expenditure of Tribal Development Department



Source: Information provided by O/o the PAG (A&E)

3.6 Review of selected Grants

The Gujarat Budget Manual, 1983 provides that the authority administering a Grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned Grant or Appropriation. The duties and responsibilities of the authorities include preparing the estimates in time and accurately and to ensure that the Grants placed at the disposal is spent only on the objects for which it has been provided and to surrender the savings if no longer required.

With a view to ascertaining how far the authorities were adhering to these instructions, Audit test-checked the records of the Administrative Departments/Controlling Officers operating Grant No. 26 (Forest) under Forest and Environment Department; and Grant No. 38, 39, 40 and 41 (Health) under Health and Family welfare Department for a period of three years from 2019-20 to 2021-22. The audit findings are discussed in the succeeding paragraphs.

3.6.1 Review of Grant No 26- Forests

According to Article 246 of the Constitution of India read with VIIth Schedule referred to therein, "Forests" is included in List III- Concurrent List. The Forest Department is headed by Principal Chief Conservator of Forests and head of Forest force. The major functions of the Forest Department are the protection, conservation and development of forests. Grant 26 of the Department relates to these functions. The data for the Grant 26 under Revenue/Capital and Voted/Charged heads during the year 2019-22 is shown in **Table 3.16** below.

Table 3.16: Budgetary provision and Expenditure under Grant No. 26

Year	Budget Provision			Expenditure	Excess (+) /savings(-)	Percentage of Saving/excess to Budget (%age)
	Original	Supplementary	Total			
(₹ in crore)						
Revenue Voted						
2019-20	598.45	0	598.45	515.43	(-)83.02	13.87
2020-21	827.55	0	827.55	616.08	(-) 211.47	25.55
2021-22	776.80	0	776.80	620.77	(-) 156.03	20.09
Revenue Charged						
2019-20	0.95	0.34	1.29	1.19	(-) 0.10	7.75
2020-21	0.60	0	0.60	0.41	(-) 0.19	31.67
2021-22	0.61	0	0.61	0.64	0.03	4.92
Capital Voted						
2019-20	452.13	0	452.13	434.14	(-) 17.99	3.98
2020-21	555.04	0	555.04	418.71	(-) 136.33	24.56
2021-22	558.61	0	558.61	506.13	(-)52.48	9.39

Source: Appropriation Accounts of 2019-22

The savings under Revenue Voted increased from 13.87 *per cent* in 2019-20 to 25.55 *per cent* in 2020-21 but fell to 20.09 *per cent* in 2021-22. The department attributed the same to vacant posts.

In case of Capital (voted) the savings in expenditure of 3.98 *per cent* during 2019-20 increased to 24.56 *per cent* in 2020-21 but fell to 9.39 *per cent* during 2021-22. The department attributed the increase in savings in 2020-21 to less Capital expenditure because of Covid-19 pandemic and to non-finalization of tender process during 2021-22.

3.6.1.1 Surrender of entire Budget provision

As per paragraph 103 of Gujarat Budget Manual, 1983, the Controlling officers should report all the anticipated savings with full details and reasons to the Administrative Departments.

Audit observed that during 2019-20 to 2021-22 in seven Schemes, entire budget provision of ₹ 52.06 crores was surrendered.

Table 3.17: Surrender of entire budget provision

(₹ in crore)

Sr. No.	Scheme (Head of Account under Grant No. 26)	Entire provision surrendered			Reasons for Non-utilization
		2019-20	2020-21	2021-22	
1.	Action Plan for creation of Kachchh Biosphere Reserve (CSS) (26-2406-02-110-24)	2.50	2.00	2.00	Due to non-approval of Annual Plan of Operation (APO) by Government of India (GoI).
2.	Payment of consultancy charges under Gujarat Forestry Development Project (GFDP) headed by Japan International Co-operation Agency (JICA) (4406-01-101-26)	0.02	0.23	1.25	During 2019-20, it was a token provision. During 2020-21, amount was surrendered due to non-taking up consultancy of work because of covid pandemic. During 2021-22, the approval for the staff of Project Management Unit could not be obtained from the Government and bid process for selection of consultants could not be completed.
3.	National Afforestation Programme (4406-01-101-30)	0.50	0.50	0.01	Due to non-approval of Annual Plan of Operation (APO) by Government of India (GoI).
4.	Action Plan for Conservation of Wet Lands(CSS) (2406-02-110-18)	0.00	2.80	2.80	Due to non-approval of Annual Plan of Operation (APO) by Government of India (GoI).
5.	Grass Godowns and Communication (4406-01-101-33)	0.00	24.21	0.00	Amount was surrendered due to non-taking up of work because of covid Pandemic.
6.	Forest Research (4406-01-800-01)	0.00	2.24	0.00	Amount was surrendered due to non-taking up of work because of covid Pandemic.
7.	Project Lion (2406-02-110-29)	0.00	0.00	11.00	Due to non-approval of Annual Plan of Operation (APO) by Government of India (GoI).
	Total	3.02	31.98	17.06	

Source: Information provided by Forest Department

Reasons for non-approval of Annual Plan of Operation by GoI need to be reviewed by the department concerned to take corrective action as non-implementation of particular scheme over a long period would adversely affect the progress of work in the identified area of operation.

3.6.1.2 Surrender of substantial Budget provision

Audit observed that during the period 2019-20 to 2021-22, the department received a grant of ₹ 170.53 crore under various schemes. The department could incur expenditure of ₹ 37.84 crore and remaining grant of ₹ 132.69 crore (78%) was surrendered.

Table 3.18: Substantial amount of grant surrendered

(₹ in crore)					
Sr. No.	Scheme (Head of Account)	Budget Period	Sanctioned Grant	Surrendered Grant	Reasons for Non utilization
1.	FST-16 Integrated development of Wild Life Habitat(CSS) 26-2406-02-110-22	2019-20	39.69	28.96	Amount was surrendered for re-appropriating to other schemes which were given priority over this scheme.
		2020-21	35.00	17.46	
		2021-22	35.00	33.46	Due to non-approval of Annual Plan of Operation (APO) by Government of India (GoI).
2.	Gujarat Forestry Development project (GFDP) (financed by Japan Bank of Industrial Corporation Japan) 26-4406-01-101-15	2019-20	1.34	0.81	Amount was surrendered due to various post remaining vacant in GFDP.
		2020-21	8.09	7.48	
		2021-22	22.98	22.47	
3.	Grant-in-aid to Gujarat Biotechnology Mission for Research of wildlife Genomics and DNA Banking 26-4406-02-110-05	2020-21	4.48	4.00	Amount was surrendered due to not taking up of research work because of covid-19 pandemic.
4.	Agro Forestry Scheme(CSS) 26-2406-01-101-11	2021-22	11.06	8.03	As GOI released less amount, hence proportional state share surrendered.
5.	National Bamboo Mission(CSS) 26-4406-01-101-32	2021-22	7.65	5.85	As GOI released less amount, hence proportional state share surrendered.

Sr. No.	Scheme (Head of Account)	Budget Period	Sanctioned Grant	Surrendered Grant	Reasons for Non utilization
6.	Forest Protection 26-4406-01-101-34	2021-22	3.00	2.00	Amount was surrendered for re-appropriating to other schemes which were given priority over this scheme.
7.	Forest research 26-4406-01-800-01	2021-22	2.24	2.17	Amount was surrendered due to non-completion of tender process.
		Total	170.53	132.69	

Source: Information provided by Forest Department

Reasons for non-approval of Annual Plan of Operation by GoI, non-release of central share and non-filling up of vacant posts need to be reviewed by the department concerned to take corrective action as non-implementation of particular scheme over a long period would adversely affect the progress of work in the identified area of operation.

3.6.1.3 Misclassification of Capital Expenditure as Revenue Expenditure under Forest Department

Government accounts are presented under six tier classification, viz., Major Heads (functions of Government), Sub-Major Heads (Sub-functions), Minor Heads (programmes/activities), Sub-Heads (schemes), Detailed Heads (sub-schemes) and Object Heads (purpose/object of expenditure). Budget preparation circular issued (September 2020) by Finance Department (FD) clearly states that object heads 5100-Motor Vehicles, 5200-Machinery and Equipment and 5300-Major Works have been provided for Acquisition of capital assets and other capital expenditure (Object Class-6). Budget provision of this expenditure in Revenue Heads of expenditure is not proper.

Audit observed that there was a budget provision of ₹ 4.85 crore and expenditure of ₹ 7.94 crore under these object heads, which were booked under Revenue expenditure in Grant 26. Budget provision/Classification of these items under Revenue expenditure is not proper as these are to be classified under capital expenditure as per the FD's circular. As a result, the details given in Statement 4, 5, 7, 8, 15, 16, 18, 19, Appendix II and III of Finance Accounts 2021-22 are affected as capital expenditure is understated and revenue expenditure is overstated.

The department stated that it has noted the observation for future compliance.

3.6.1.4 Non-reporting of cases of losses by fire/ misappropriations/ theft/ defalcation etc.

Rule 33 of the General Financial Rules, 2017 (GFR) prescribes that any loss or shortage of public moneys, departmental revenues or receipts, stamps, opium, stores or other property held by, or on behalf of, Government irrespective of the cause of loss and manner of detection shall be immediately reported by the

subordinate authority concerned to the next higher authority as well as to the Statutory Audit officer and to the concerned Principal Accounts officer, even when such loss has been made good by the party responsible for it.

Audit observed that the following cases of loss/theft/misappropriation were either under reported or not reported to the Head Office of Forest Department (PCCF & HOFF). These cases were not reported to audit too. None of these cases was reported to Audit Office. The details of these cases are shown in **Table 3.19** below.

Table 3.19: Cases of losses by fire/ misappropriation/ theft/ defalcation not reported to audit during 2021-22

(₹ in lakh)

Sl. No.	Division	Type of loss	Year	Affected Area (in hectare)	Money value of loss	Amount reported to the office of the PCCF & HOFF	Recovery
1	Baria	Loss due to cutting Forest Trees	2021-22	51.22 cu. metre	7.20	-	-
2	Junagadh	Loss due to fire	2021-22	4.25	1.33	-	-
3	Bhavnagar	Loss due to fire	2021-22	Not given	0.35	-	0.35
4	Jamnagar	Loss due to fire	2021-22	Not given	33.14	-	30.74
5	Kutchh East	Loss due to fire	2021-22	Not given	1.48	0.25	-
6	Kutchh West	Theft	2021-22		1.40	-	-
7	Patan	Misappropriation	2021-22		3.96	-	-
8	Kutchh Extension	Miscellaneous ⁴	2021-22		1.08		0.98
9	Gandhinagar	Miscellaneous ⁴	2021-22		1.61	-	-
10	Sabarkantha	Loss due to Fire	2021-22	Not given	0.40	-	-
11	Aravli	Loss due to Fire	2021-22	Not given	0.91	-	-
12	Surat	Miscellaneous ⁴	2021-22	Not given	1.88	-	-
13	Vyara	Miscellaneous ⁴	2021-22		77.97	-	-
14	Bharuch	Miscellaneous ⁴	2021-22		2.00	-	0.15
15	Valsad South	Loss due to Fire	2021-22	Not given	1.77	1.77	-
		Loss due to cutting trees		Not given	2.80	-	1.61
16	Valsad North	Loss due to Fire	2021-22	Not given	0.73	-	-
		Loss due to cutting trees		Not given	10.96	-	10.07
17	Daang North	Loss due to Fire	2021-22	Not given	1.08	-	-
		Loss due to cutting trees		Not given	28.61	-	-
18	Daang south	Loss due to Fire	2021-22	Not given	6.11	-	-
		Loss due to cutting trees		Not given	51.15	-	-
Total					237.92	2.02	43.90

Source: Information provided by Forest Department

The department stated that it has noted the observation for future compliance.

⁴ Miscellaneous here includes combined loss due to multiple factors like loss due to fire, plantation loss, grazing loss, etc.

3.6.1.5 Implementation of new Items included in budget

As per paragraph 78 of Gujarat Budget Manual, 1983 states that in every progressive administration, there is a need for expanding the scope of Government activities and so every year Government proposes new expenditure to be incurred in addition to standing charges, which is characterized as new expenditure or expenditure on new service. Thus before declaring a service as New item, the main criteria will be the magnitude and importance of the expenditure. Audit observed that various new items announced during the budget were not implemented and remained unfulfilled as detailed in **Table 3.20** below:

Table 3.20: New items not implemented during 2020-21 and 2021-22

Description of Item (Budget Head)	Recurrent	Non- Recurrent	Total	(₹ in lakh)
				Reasons for Non- implementation
2020-21				
Establishment of Wetland Authority 2406 110 02	8.00	25.00	33.00	Scheme not implemented due to Covid-19.
Identification of Leopard by Radio Collar 2406 02 110 02	0.00	300.00	300.00	Scheme not implemented due to Covid-19.
Purchase of Root Trainer and Stands 4406 01 101 01	0.00	250.00	250.00	Scheme not implemented due to Covid-19.
Purchase of Rapid Action Kit 4406 01 101 10	0.00	252.00	252.00	Scheme not implemented due to Covid-19.
Construction of Grass Godowns 4406 08 101 33	0.00	2,420.00	2,420.00	Scheme not implemented due to Covid-19.
2021-22				
Strengthening of training Centre and Technical cell 2406 005 01	0.00	94.20	94.20	Scheme not implemented due to Covid-19.
Total			3,349.20	

Source: Information provided by Forest Department

From the above table, it can be seen that despite budgetary provisions, new items were not implemented during 2020-22, though substantial amount was planned and kept aside for specified work. These provisions could have been allocated to other projects, as can be seen from Appendix IX of Finance Accounts – List of Incomplete capital works.

3.6.2. Review of Grant No. 38, 39, 40 and 41 of Health and Family Welfare Department

The Health & Family Welfare Department (H&FWD), Government of Gujarat is responsible for undertaking activities relating to healthcare like planning and survey, development of infrastructure and policies, promotion of research, testing etc. relating to various subjects of health and family welfare. H&FWD is also responsible for carrying out activities related to medical education,

regulation of drugs and implementation of Central and State schemes relating to health and family welfare etc.

The H&FWD is providing health care services through Civil Hospitals (CHs), District hospitals (DHs), Community Health Centers (CHCs), Public Health Centers (PHCs) and Sub Centers (SCs). For implementation of National Health Mission (NHM) in the state, GoG has established State Health Society (SHS) under control of Mission Director, NHM.

Additional Chief Secretary (ACS) is head of the department at Government level. He is assisted by Commissioner of Health (CoH). CoH in turn, is assisted by Additional Director/Dy. Director/Regional Dy. Director of various branches at HO. At district level various functions of the H&FWD are executed by Chief District Medical Officer (CDHO)/Medical Superintendent (MS) at district Hospitals/Civil Hospitals and by Medical Officers at block and village level. There are 10 Grant Controlling⁵ Officers in H&FWD:

Audit test checked records relating to grant and appropriation provisioned and utilized by the four branches of the Department, namely Public Health (PH), Family Welfare (FW), Medical Services (MS) and Medical Education and Research (MER) branches for Grants Nos. 38 to 41 for the period 2019-22.

3.6.2.1 Deviations from Budgetary provision

The budgetary allocations and expenditure during 2019-22 are given in **Table 3.21** below:

Table 3.21: Budgetary Provision and Expenditure

Year	Budget Provision			Expenditure	Excess (+) /savings(-)	Percentage of deviation(%)
	Original	Supplementary	Total			
Grant 38						
Revenue Voted						
2019-20	14.12	0.00	14.12	8.58	(-)5.54	39.24
2020-21	14.55	0.00	14.55	8.37	(-) 6.18	42.47
2021-22	11.28	0.00	11.28	8.66	(-) 2.62	23.23
Grant 39						
Revenue Voted						
2019-20	5,788.79	139.97	5,928.76	5,670.57	(-) 258.19	4.35
2020-21	6,273.95	571.63	6,845.58	6,760.05	(-) 85.53	1.25
2021-22	6,394.06	2,866.27	9,260.33	9,215.64	(-) 44.69	0.48

⁵ Additional Director, Public Health (PH), Additional Director, Family Welfare (FW), Additional Director, Medical Education & Research (MER), Additional Director Medical Services (MS), Director of AYUSH, Commissioner Food, Drugs & Control Services (FDCS), Director, Employment State Insurance Scheme (ESIS), MD, National Health Mission (NHM), Chief Engineer, Project Implementation Unit (PIU), and MD, Gujarat Medical Services Corporation Ltd. (GMSCL)

Year	Budget Provision			Expenditure	Excess (+) /savings(-)	Percentage of deviation(%)
	Original	Supplementary	Total			
Capital Voted						
2019-20	1,146.83	0.00	1,146.83	962.52	(-) 184.31	16.07
2020-21	850.48	0.00	850.48	684.00	(-) 166.48	19.57
2021-22	762.60	298.81	1,061.41	1,053.95	(-) 7.46	0.70
Grant 40						
Revenue Voted						
2019-20	2,052.45	67.86	2,120.31	2,032.69	(-) 87.62	4.13
2020-21	2,339.66	0.0	2,339.66	1,945.56	(-) 394.10	16.84
2021-22	2,335.36	0.00	2,335.36	2,095.53	(-) 239.83	10.27
Capital Voted						
2019-20	5.07	4.99	10.06	10.06	0.00	0.00
2020-21	10.16	0.00	10.16	5.49	(-) 4.67	45.96
2021-22	16.42	283.01	299.43	298.17	(-) 1.26	0.42
Grant 41						
Revenue Charged						
2019-20	0.27	0.00	0.27	0.27	0.00	0.00
2020-21	0.27	0.00	0.27	0.27	0.00	0.00
2021-22	0.24	0.04	0.28	0.28	0.00	0.00
Capital Voted						
2019-20	0.15	0.10	0.25	0.17	(-) 0.08	32.00
2020-21	0.20	0.00	0.20	0.13	(-) 0.07	35.00
2021-22	0.15	0.00	0.15	0.00	(-) 0.15	100.00

Source: Appropriation Accounts of 2019-22

As seen from the **Table 3.21** above, saving under Revenue voted component in Grant 38 ranged between 23.23 *per cent* and 42.47 *per cent* and Grant No. 40 ranged between 4.13 *per cent* and 16.84 *per cent*. This suggests requirement for preparation of budget on realistic basis and strict control and monitoring over expenditure in these two grants.

3.6.2.2 Implementation of New Items in Budget

Paragraph 78 of Gujarat Budget Manual, 1983 states that in every progressive administration, there is a need for expanding the scope of Government activities and so every year Government proposes new expenditure to be incurred in addition to standing charges, which is characterized as new expenditure or expenditure on new service. Thus before declaring a service as New item, the main criteria will be the magnitude and importance of the expenditure. Audit observed that 26 new items amounting to ₹ 169.67 crore proposed by the Administrative Department, approved by Finance Department and included in the budget were not implemented as detailed in **Appendix 3.10**.

From **Appendix 3.10**, it may be seen that despite budgetary provisions, new items were not implemented during 2019-22, though substantial amount was planned and kept aside for specified work. By adequate planning, these provisions could have been allowed in other projects, as can be seen from Appendix IX of Finance Accounts – List of Incomplete capital works.

3.6.2.3 Grant given to Ayushman Bharat PMJAY

Ayushman Bharat Prime Minister Jan Arogya Yojna (AB PMJAY) is a Centrally Sponsored Scheme with sharing pattern of 60:40 between Centre and State. Under the scheme, the economically disadvantaged families as per data in Socio Economic Caste Census 2011 living in urban and rural areas are provided health assurance up to ₹ five lakh per family per year for secondary and tertiary hospitalizations through insurance coverage or assurance basis (direct payment). In Gujarat, AB-PMJAY was implemented with effect from 01 October 2018. Audit reviewed the records of grant and expenditure incurred under AB PMJAY during 2019-22. The receipt of grant and expenditure incurred under AB PMJAY during 2019-22 is shown in **Table 3.22** below:

Table 3.22: Grant and expenditure incurred under AB PMJAY during 2019-22

(₹ in crore)

Year	Opening Balance of Fund	Funds received during the year from Central Government	Funds utilised during the year	Balance fund accumulated
2019-20	Information not furnished by the Department	212.33	99.61	112.72
2020-21	112.72	90.53	155.94	47.31
2021-22	47.31	330.55	283.85	94.01
Year	Opening Balance of Fund	Funds given by State Government	Funds utilised during the year	Balance fund accumulated
2019-20	Information not furnished by the Department	146.03	66.73	79.30
2020-21	79.30	180.00	103.97	155.33
2021-22	155.33	146.55	189.23	112.65

Source: Information provided by the Department

Table 3.22 above shows savings in State share during the 2019-22 suggesting need of proper budgeting.

The observations noticed are discussed herein after:

Unauthorized holding of Central Share

The "Mukhyamantri Amrutam (MA)" scheme in 2012 was started by the State Government to protect poor citizens from the high costs of medical treatment and illness. Later, this scheme was extended to several other groups as well. The scheme was rebranded (August 2014) as Mukhyamantri Amrutam Vatsalya (MAV) Yojana. With the launch of the AB-PMJAY, the state government integrated MA / MAV Yojana with the AB-PMJAY scheme in 2019 with the name PMJAY-MA Yojana. Audit noticed that there were 14,453 beneficiaries for whom claims were settled by the State Government under MA Yojana during 2019-21. As these beneficiaries were also covered in AB PMJAY, SHA demanded refund of claims settled under MA Yojana, from insurance company under AB PMJAY. Accordingly, the insurance company refunded ₹ 10.89 crore during 2019-22.

Audit further observed that as per clause 10.2 of MoU between the SHA and Insurance Company under PMJAY, SHA was entitled to get refund of the annual insurance premium paid, which was left surplus after settling the claims pertaining to that year. In pursuance of this clause of MoU, the Insurer refunded additional surplus premium amounting to ₹ 63.63 crore to SHA during 2019-22.

Thus, total refund received by the SHA from the insurance company during 2019-22 was ₹ 74.00 crore as shown in **Table 3.23 below:**

Table 3.23: Refund of insurance premium to SHA from the insurance company during 2019-22

(₹ in crore)

Financial year	Refund by the insurance company for claims paid by SHA from MA yojana for common beneficiaries	Refunded by the insurance company under clause 10.2 of MoU	Total refund paid by the insurance company to SHA
2019-20	8.93	9.17	18.10
2020-21	1.43	54.46	55.90
2021-22	0.53	Reconciliation is pending	0
Total	10.89	63.63	74.00

Source: Information provided by the Department

Audit observed that as the expenditure on premium was shared by GoI and GoG in the ratio of 60:40, the State Government should have refunded the proportionate central share of ₹ 44.40 crore (i.e., 60 per cent of above refund of ₹ 74.00 crore) to GoI, which was not done. This resulted in unauthorized holding of central fund of Rs 44.40 crore.

General Manager (AB PMJAY), in the Office of the Commissioner of Health, Government of Gujarat stated that final refund would be calculated after clear report is given by the insurance company.

Unauthorized retention of fund

As State Government has limited financial resources, planning should be made for optimum utilization of funds and returning of funds to Government not required. Large idle funds in a department deprive the other needy department the opportunity of getting allotment of fund. As per the instructions issued (October 2016) by Finance Department, Government of Gujarat, surplus fund with Government Company/Corporations, Institutes, Societies can be parked in GSFS and interest earned on these funds should be credited into receipt Head 0049 periodically to avoid loss of interest to Government.

Audit noticed that SHA has parked ₹ 10 crore received in 2014-15 as Construction Labour Welfare grant with GSFS since the year 2015. The grant was not utilized during 2015-22, and total interest of ₹ 6.93 crore was lying parked with GSFS. Non refund of ₹ 10 crore with accumulated interest of ₹ 6.93 crore resulted in unauthorized holding of fund.

The General Manager (AB PMJAY), Commissioner of Health, stated that necessary action would be taken in due course after deciding the requirement of funds. Timely surrender of unutilised funds would have enabled its utilisation under other budget heads.

3.6.2.4 Grant given to Project Implementation Unit

Project Implementation Unit (PIU), Gandhinagar is an organisation of H&FWD responsible for carrying out civil, electrical works of various buildings and campuses on behalf of various branches under Health and Family Welfare Department, and for maintenance and repair works of the buildings and connected works.

FD, Government of Gujarat issued (December 2018) instructions to all Boards, Corporations, Companies, organizations under Government for timely preparation of annual accounts. FD assigned the responsibility for monitoring the timely preparation of annual accounts of organizations to the administrative department concerned. The administrative departments were also instructed that at the time of allotment of grants these departments shall ensure that accounts of the organizations under their control have prepared annual accounts timely.

Audit noticed that PIU received funds from various branches of H&FWD for carrying out capital works and these were held up due to various reasons like lack of planning, non-allotment of land, etc. The overall position of funds received and utilised during 2019-22 was as shown in **Table 3.24** below:

Table 3.24: Receipts and expenditure of PIU during 2019-22**(₹ in crore)**

Year	Funds received during the year	Funds utilised during the year	Balance fund accumulated
2019-20	966.98	660.45	306.53
2020-21	609.77	647.87	268.43
2021-22	1,387.08	724.88	930.63
Total	2,963.83	2,033.20	1,505.59

Source: Information provided by the Department

The PIU did not provide any reason for accumulated balances.

Audit further observed that PIU has not prepared its annual accounts from 2018-19 onwards.

Non preparation of annual accounts by PIU from 2018-19 onwards needs to be taken up immediately as it will bring accountability in respect of huge funds placed at its disposal. Non preparation of audited accounts entail the risk of misuse of public funds, fraud or misappropriation, etc.

3.6.2.5 Irregularities in operation of HLT 29 Epidemics Diseases Programme

H&FWD is running HLT 29 Epidemics Diseases Programme under which various activities for prevention and control of epidemics are carried out. Grant for the programme is demanded under Demand No 39-2210-06-101-03 (plan), 95-2210-06-106-02(plan) and 96-2210-06-796-06 (plan). During scrutiny of grant allotment files for 2019-22, audit noticed that:

- List of Major and Minor Heads prescribes the steps to be taken by Departments for classification of various expenses. Explanation to classifications under 2210 (Medical and Public Health) -06 (Public Health) -101 (Prevention and control of diseases) clearly states that prevention and control of each major disease like Cholera, Leprosy, Malaria and Filaria etc. should be recorded under distinct sub heads with suitable detailed heads thereunder.

Though Non-Communicable diseases (NCD) do not come under epidemics, a provision of ₹ 50 lakh was made under HLT 29 for NCD every year for 2019-20 and 2020-21 and 2021-22. Similarly, budget provision of ₹ 20 lakh was made under HLT 29 for Thalassaemia every year during 2019-20, 2020-21 and 2021-22 though it is not an epidemics/communicable disease .

Provision for NCD and Thalassaemia could have been made under the general planning instead of under HLT 29 epidemics.

3.6.2.6 Misclassification of Capital Expenditure as Revenue Expenditure in Health and Family Welfare Department

Government accounts are presented under six tier classification, viz., Major Heads (functions of Government), Sub-Major Heads (Sub-functions), Minor Heads (programmed/activities), Sub-Heads (schemes), Detailed Heads (sub-schemes) and Object Heads (purpose/object of expenditure). Budget preparation circular issued (September 2020) by Finance Department (FD) clearly states that object heads 5100-Motor Vehicles, 5200-Machinery and Equipment and 5300-Major Works have been provided for Acquisition of capital assets and other capital expenditure (Object Class-6). Budget provision of this expenditure in Revenue Heads of expenditure is not proper.

Audit observed that there was a provision of ₹ 25.00 crore and expenditure of ₹ 22.14 crore under these object heads during 2021-22 which were booked under Revenue expenditure in Grant 38, 39, and 40. Budget

provision/Classification of these items under Revenue expenditure is not proper as these are to be classified under capital expenditure as per the FD's circular. As a result, the details given in Statement 4, 5, 7, 8, 15, 16, 18, 19, Appendix II and III of Finance Accounts 2021-22 are affected as capital expenditure is understated and revenue expenditure is overstated.

3.6.2.7 Improper classification of Object head 6000 "Other Capital Expenditure" under Capital section Health and Family Welfare Department

Budget Preparation Circular states (September 2020) that provision under object head '6000' Other Capital Expenditure was to be used for Object Class: "accounting adjustment" purposes which include depreciation, reserves, inter account transfer, writing off losses *etc.*

Audit observed that without provision under object head "6000 other capital expenditure" in 2021-22, there was expenditure of ₹ 4.70 crore under Grant 40. These expenditure needs to be classified under any one object head namely, 53 00 (Major works), 54 00 (Investments), 55 00 (Loans and Advances) 31 00 (Grant-in-Aid General) and 35 00 (Grant for creation of Capital Assets).

As a result, the details given in Statement 4B, 8, 10, 19, Appendix II and III of Finance Accounts 2021-22 are affected as capital expenditure is overstated and revenue expenditure is understated. Also, grants-in-aid given to Panchayats are understated.

3.7 Recommendations

- State Government needs to formulate a realistic budget based on the needs of the Departments and their capacity to utilise the allocated resources.
- An appropriate control mechanism may be instituted by the Government to enforce proper implementation and monitoring of budget so that large savings within the Grant/Appropriation are controlled, and anticipated savings are identified and surrendered within the specified timeframe.