CHAPTER III

Budgetary Management

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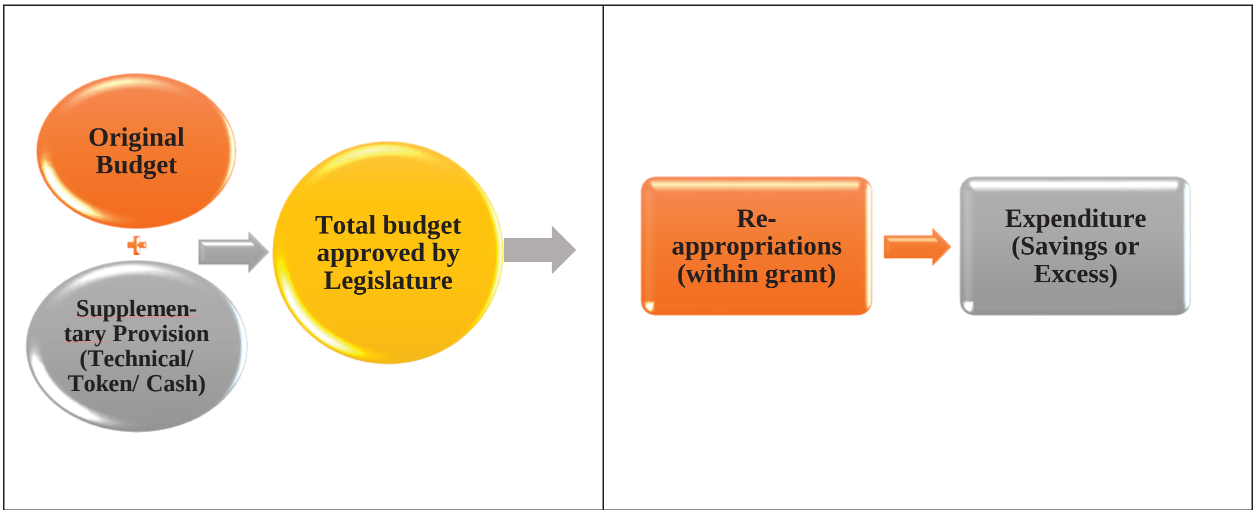
3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The Budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the Departments in framing their estimates, for the next financial year. The various components of the budget are depicted in the chart below:



Authorisation by the Legislature	**Implementation by the Government**

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

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

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

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

	Total Budget Provision		Disbursements		Saving		Excess	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
	(₹ in crore)							
Revenue	1,96,483	38,046	1,75,407	37,031	25,291	1,117	4,215	102
Capital	36,840	61,592	19,066	31,579	17,882	30,013	108	0
Total	**2,33,323**	**99,638**	**1,94,473**	**68,610**	**43,173**	**31,130**	**4,323**	**102**

Source: Appropriation Accounts

Analysis of the budget provision, disbursements and savings/ excess during 2021-22 revealed that:

- Revenue (Voted) section had savings of 12.87 *per cent* (₹ 25,291 crore) in respect of 51 grants. This was mainly due to savings of ₹ 4,324 crore and ₹ 4,194 crore in Grant No. 15-School Education and 40-Panchayats and Rural Development respectively which represented savings of 12.31 and 19.57 *per cent* under those sections.

  Major schemes impacted due to savings were (i) 'National Programme of Nutritional Support to Primary Education (Mid-Day Meal) (Central Share)' (₹ 531 crore; 37.82 *per cent* savings of BP) and (ii) 'Provision for incentive to the development of Elementary Education' (₹ 547 crore; 91.17 *per cent* savings of BP) under Grant No. 15 and (iii) Pradhan Mantri Awas Yojana – Rural (erstwhile Indira Awas Yojana -Central Share) (₹ 2,512 crore; 78.85 *per cent* savings of BP) and (iv) Indira Awas Yojana (Central Share) (₹ 650 crore; 100 *per cent* savings of BP) under Grant No. 40.

- Revenue (Charged) section had savings of 2.94 *per cent* (₹ 1,117 crore) in respect of 18 grants. This was mainly due to savings of ₹ 975 crore in Grant No. 18-Finance. Major scheme which contributed to savings under this grant was 'Provident Fund Deposits of Employees (₹ 453 crore)' which represented 25.17 *per cent* savings of the BP.

- Capital (Voted) section had savings of 48.54 *per cent* (₹ 17,882 crore) in respect of 48 grants. This was mainly due to savings of ₹ 2,669 crore in Grant No. 72-Urban Development and Municipal Affairs (UD&MA) which accounted for 54.35 *per cent* of the savings under this section. Major schemes contributed to savings were (i) 'Development/Construction schemes for all the Development Authorities' (68.07 *per cent* savings of BP: ₹ 600 crore) and (ii) 'Kolkata Metropolitan Development Authority' (52.27 *per cent* savings of BP: ₹ 748 crore).

- Capital (Charged) section had savings of 48.73 *per cent* (₹ 30,013 crore) in respect of 15 grants. This was mainly due to savings of ₹ 29,964 crore in Grant No. 18-Finance which accounted for 48.80 *per cent* of the savings under this section. The major contributing schemes were (i) 'WMA from the RBI – Normal' (100 *per cent* savings of BP: ₹ 8,000 crore) and (ii) 'WMA from the RBI – Special' (98.86 *per cent* savings of BP: ₹ 17,000 crore).

- Revenue (Voted) section had excess of 2.15 *per cent* (₹ 4,215 crore) in respect of six grants. This was mainly due to excess of ₹ 3,894 crore in Grant No. 18-Finance which accounted for 16.18 *per cent* of the excess under this section. The scheme which represented major excess (₹ 2,084 crore) in this grant was 'Other pensions' (27.30 *per cent* excess of BP: ₹ 7,635 crore).

- Revenue (Charged) section had excess of 0.27 *per cent* (₹ 101.86 crore) in respect of two grants. This was owing to expenditure of ₹ 101.56 crore without any budget provision for 'Interest on State Disaster Response Fund', under Grant No. 73 - Disaster Management and Civil Defence.

- Capital (Voted) section had excess of 0.29 *per cent* (₹ 108 crore) in respect of three grants. This was mainly due to excess of ₹ 76 crore in Grant No. 43-Power against "Implementation of the scheme Sech Bandhu" of ₹ 22 crore, where there was no budget provision.

3.1.2 Charged and Voted disbursements

Charged and Voted expenditure during 2017-22 including trend analysis of net savings and excess is discussed in **Table 3.2.**

Table 3.2: Details of disbursement, savings and excess (charged and voted) for the last five years

Year	Disbursements		Net Savings		Net Excess	
	Voted	Charged	Voted	Charged	Voted	Charged
	(₹ in crore)					
2017-18	1,38,908	53,456	22,394	24,816	Nil	Nil
2018-19	1,56,129	75,346	11,324	Nil	Nil	2,818
2019-20	1,52,826	72,307	35,249	12,358	Nil	Nil
2020-21	1,65,679	61,015	33,215	23,946	Nil	Nil
2021-22	1,94,473	68,610	38,850	31,028	Nil	Nil

Source: Appropriation Accounts;
Note: Net Savings (-)/Excess(+) arrived at after deducting the gross savings from the gross excess

During 2017-22, the net savings under the voted section ranged from ₹ 11,324 crore (6.76 *per cent*) to ₹ 38,850 crore (16.65 *per cent*) while the net savings under the charged section ranged between ₹ 12,358 crore (14.60 *per cent)* and ₹ 31,028 crore (31.14 *per cent*) except in 2018-19, where the net excess stood at ₹ 2,818 crore (3.89 *per cent*). Reasons for savings/excess have been explained below.

Savings of ₹ 2,544 crore in 'Sarva Shiksha Abhiyan under Grant No. 15', ₹ 438 crore in 'Nirmal Bharat Abhiyan' under Grant No. 40', ₹ 3,053 crore in 'Supply of rice to APL/BPL families in the TPDS at subsidised rate' under Grant No. 21 and ₹ 1,732 crore in 'MGNREGA (Central Share) under Grant No. 40' during 2017-18, 2018-19, 2019-20 and 2020-21 respectively were the attributable reasons for net savings under the voted section.

In the current year, savings in the following schemes contributed to the savings in the voted section.

- 'Provision for incentive to the development of Elementary Education' (savings: ₹ 547 crore; 91.17 *per cent*) under Grant No. 15- School Education;

- 'Pradhan Mantri Awas Yojna – Rural (erstwhile Indira Awas Yojna - Central Share)' (savings: ₹ 2,512 crore; 78.50 *per cent*) under Grant No. 40- Panchayats and Rural Development.

Major savings in the charged section occurred due to savings of ₹ 18,585 crore in 2017-18 in the scheme 'Ways and Means Advances from the RBI-Special' and savings of ₹ 2,215 crore in 2019-20 in the scheme 'Interest on Market Loans: 8.00% West Bengal Loan (New Loan)' under Grant No. 18-Finance. In 2020-21 also, major savings in this section was largely driven by Finance Department in the 'Ways and Means Advances from the RBI-Special' (₹ 10,610 crore) and in 'Interest on Market Loans: 8.00% West Bengal Loan (New Loan)' (₹ 2,400 crore). In the current year also, high percentage of savings in this section was largely driven by Finance Department (₹ 30,939 crore), reasons for which are discussed below.

- In the scheme 'Ways and Means Advances from the RBI-Special', against the budget provision of ₹ 17,000 crore, expenditure was ₹ 193 crore leading to savings of ₹ 16,807 crore.
- In the scheme 'Provident Fund Deposits of Employees', against the budget provision of ₹ 1,800 crore, expenditure was ₹ 1,347 crore leading to savings of ₹ 453 crore.

During 2018-19, excess in Charged section was owing to excess of ₹ 824 crore and ₹ 725 crore respectively in the schemes 'Ways and Means Advances from the RBI –Overdraft' and '9.50 *per cent* Government of West Bengal (NSSF) Special Securities 2016' under Grant No 18-Finance.

3.2 Appropriation Accounts

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

3.3 Comments on integrity of the 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 the Article 204 of the Constitution. Again, as per Para 14 of the West Bengal Budget Manual, 'Expenditure for which no provision has been made in Budget Estimate of the current year should rarely, if ever, be incurred'. Further, as per Memorandum dated 26 May 1981, issued by the Finance Department, which lays down the criteria for treating an expenditure as a New Service/ New Instrument of Service, also emphasized that such expenditure should not be incurred without obtaining specific approval of the Legislature in the form of Supplementary Demands for Grants.

Thus, expenditure on a new scheme should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. In 68 new schemes under 19 head of accounts covering 16 grants, ₹ 550.62 crore was incurred without budget provision (**Table 3.3**).

Table 3.3: Summary of Expenditure without Budget Provision

Grant/ Appropriation	Heads of Account	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
5	2401	3.67	3
	2402	2.19	2
	2515	2.92	6
6	2403	3.39	1
7	2225	107.69	3
15	4202	37.48	3
18	2049	22.80	7
21	3456	0.10	1
	4408	4.76	1
23	2406	11.09	8
24	2210	63.12	8
	4210	2.68	1
38	2225	19.54	1
40	2235	56.70	4
	2501	0.28	2
51	2230	1.90	3
52	3452	0.53	1
65	2225	9.13	1
68	2055	0.28	1
73	2049	101.56	1
	2245	57.08	1
74	2235	32.84	8
	4235	8.89	1
Total		**550.62**	**68**

Source: Appropriation Accounts

In the following major schemes, expenditure was incurred without budget provision:

- Interest on SDRF (₹ 101.56 crore) and Scheme under Disaster Mitigation Fund (20% of SDRMF) (₹ 57.08 crore) under Grant No. 73- Disaster Management & Civil Defence; and
- Pradhan Mantri Anusuchit Jaati Abhyuday Yojana (PM AJAY) (Central Share) (OCASPS) [SC] (₹ 100.00 crore) under Grant No. 7- Backward Classes Welfare.

Incurring such expenditure without budget provision (original or supplementary) undermines the authority and will of the Legislature.

3.3.2 Misclassification of revenue expenditure as capital expenditure

Misclassification of expenditure and receipts has significant impact on the integrity of the financial statements.

Audit noticed that ₹ 2,007.89 crore of Revenue Expenditure was incorrectly booked as Capital Expenditure as shown in **Table 3.4** below**.**

Table 3.4: Revenue Expenditure misclassified as Capital Expenditure

Sl. No.	Object of Expenditure	Head of account as per voucher	Head of account under which booking was to be made	Amount (₹ in crore)
1.	Conversion of decommissioned aircraft TU-142M into Museum at Kolkata (phase-I)	4217	2217	1.51
2.	Implementation of the schemes under AMRUT & grants therefor given to different municipalities for several developmental schemes	4217	2217	497.52
3.	Construction of 500 No of houses (House of Joy) at Darjeeling for Paharia Minority Community	4235	2235	5.00
4.	Construction of seven no. of water supply project under JNNURM in Bhadreswar Municipal Area	4217	2217	10.11
5.	Widening, strengthening, repairing of bituminous roads in Digha Shankarpur Development Authority	4217	2217	17.56
6.	Release of fund for construction of High Voltage Distribution System in several districts	4801	2801	681.25
7.	Expenditure on KEIP, Development of Municipal Areas, Water Supply Scheme of Urban Local Bodies	4217	2217	349.53
8.	Expenditure for construction of Graveyard, Idgah, etc.	4225	2225	47.10
9.	Repairing Work under Highway Division No. I, in the District of Murshidabad	5054	3054	0.79
10.	Expenditure on Administration of Justice – Civil & Session Courts and High Court	4059	2059	0.68
11.	Expenditure on ADMIP-Project Management & Institutional Development	4702	2702	0.06
12.	Expenditure on construction/renovation/major repairs of State Youth Hostel	4202	2202	0.16
13.	Expenditure for creation of new attraction for tourism and development of new projects	5452	3452	3.03
14.	Expenditure for development of Aliah University	4225	2225	0.69
15.	Expenditure for development of Municipal Areas (Municipalities)	4217	2217	22.66
16.	Expenditure for development of State Roads & Bridges by West Bengal Compensatory Entry Tax Fund (WBCETF)	5054	3054	0.08
17.	Expenditure for District, Sub-Division and other Urban Hospitals	4210	2210	4.26

Sl. No.	Object of Expenditure	Head of account as per voucher	Head of account under which booking was to be made	Amount (₹ in crore)
18.	Expenditure for Green City Mission	4217	2217	0.11
19.	Expenditure for I.T Investment	5054	3054	2.36
20.	Expenditure for implementation of RIDF Projects	4515	2515	6.69
21.	Expenditure for Kolkata Metropolitan Development Authority	4217	2217	160.79
22.	Expenditure for development and Welfare of Minorities	4235	2235	4.51
23.	Expenditure for setting up of Transfer and Transit Depots in District & Sub-divisional Headquarters and Kolkata	5055	3055	0.08
24.	Expenditure for Special Repair to flood damaged infrastructures	4711	2711	0.01
25.	Expenditure for Transporation operation improvement Programme, Road Safety, setting up of check posts	5055	3055	1.84
26.	Expenditure for West Bengal Accelerated Development and Minor Irrigation Project [WBADMIP] [Project Management], being funded by State	4702	2702	0.02
27.	Expenditure for the Schemes under RIDF & Integrated Power Development Scheme (IPDS) (State Share)	4801	2801	189.48
	Total			**2,007.89**

Source: Finance Accounts

Due to the above misclassifications, revenue deficit was understated by ₹ 2,007.89 crore as discussed in **Table 1.8** and **Para 2.9**. Of this amount, ₹ 1,562 crore was misclassified on account of violation of IGAS 2.

3.3.3 Unnecessary or excessive supplementary grants

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year. Unnecessary supplementary grants (₹ 100 crore or more in each case) provided during 2021-22, are shown in **Table 3.5**.

Table 3.5: Details of cases where supplementary provision (₹ 100 crore or more in each case) proved unnecessary

(₹ in crore)

Sl. No.	Name of the Grant	Original provision	Supple-mentary Provision	Total Provision	Actual Expendi-ture	Savings out of Provision
Revenue (Voted)						
1.	40-Panchayats and Rural Development	21,297.16	132.87	21,430.03	17,236.29	4,193.74
2.	71-Planning and Statistics	361.11	125.44	486.55	299.08	187.47

Sl. No.	Name of the Grant	Original provision	Supple-mentary Provision	Total Provision	Actual Expendi-ture	Savings out of Provision
3.	73-Disaster Management and Civil Defence	3,736.49	405.69	4,142.18	3,483.48	658.70
4.	74-Women & Child Development and Social Welfare	15,723.25	2,412.84	18,136.09	15,269.55	2,866.54
	Total	**41,118.01**	**3,076.84**	**44,194.85**	**36,288.40**	**7,906.45**
Capital (Voted)						
5.	55-Water Resources Investigation & Development	945.76	140.60	1,086.36	471.87	614.49
	Total	**945.76**	**140.60**	**1,086.36**	**471.87**	**614.49**
Capital (Charged)						
6.	18-Finance	60,993.71	403.67	61,397.38	31,433.68	29,963.70
	Total	**60,993.71**	**403.67**	**61,397.38**	**31,433.68**	**29,963.70**
	Grand Total	**1,03,057.48**	**3,621.11**	**1,06,678.59**	**68,193.95**	**38,484.64**

Source: Appropriation Accounts

It can be seen from **Table 3.5** that in all six cases, actual expenditure was less than the original provisions and hence the supplementary provisions were unnecessary. As can be seen further supplementary provisions of ₹ 3,077 crore, ₹ 141 crore and ₹ 404 crore proved unnecessary in respect of Revenue (Voted), Capital (Voted) and Capital (Charged) sections respectively. As actual expenditure was only 66.17 *per cent* of the original provision, there was no need to augment the fund through supplementary provision. Thus, the supplementary provision of ₹ 3,621 crore (3.51 *per cent* of original provision) proved unnecessary.

3.3.4 Re-appropriations undertaken require prior Legislative authorisation

Re-appropriation means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation. The Government is thus allowed to re-appropriate provisions from one unit of appropriation to another within the same Grant, thus altering the destination of an original provision for one purpose to another, subject to the limits and restrictions laid down. The provisions relating to re-appropriation are laid down in individual State Budget Manuals. However, there are certain broad instructions that are universally applicable:

1. Limitation for Executive:

(i) No re-appropriation is permissible from Capital to Revenue & vice versa.

(ii) No re-appropriation is permissible from Voted to Charged & vice versa.

(iii) No re-appropriation is permissible from one Grant to another.

During 2021-22, there was re-appropriation amounting to ₹ 2,190 crore in respect of 553 sub-heads constituting 51 grants. However, despite re-appropriation, there were savings of ₹ 3,992 crore in respect of 436 sub-heads and excess of ₹ 3,140 crore in respect of 100 sub-heads. Audit scrutiny further revealed that there were 40 cases of savings (₹ 858.48 crore) and eight cases of excess expenditure (₹ 133.63 crore) even after re-appropriation on the last working day.

Lapses noticed in re-appropriation cases are discussed in subsequent paragraphs.

3.3.5 Unnecessary, excessive or insufficient re-appropriation

- In 34 grants, re-appropriation amounting to ₹ 76 crore proved unnecessary in respect of 116 sub-heads.
- In 21 grants, re-appropriation amounting to ₹ 20 crore proved excessive in respect of 41 sub-heads.
- In 28 grants, re-appropriation amounting to ₹ 1,025 crore proved insufficient in respect of 87 sub-heads.

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

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls etc., promote release of funds towards the end of the financial year resulting in funds remaining unspent. Excessive savings also deprives other departments of the funds which they could have utilised. During 2021-22, of the total savings of ₹ 74,302 crore, only ₹ 2,022 crore (2.72 *per cent* of savings) was surrendered leaving a balance of ₹ 72,280 crore. Again, of the surrendered amount, ₹ 1,013 crore (50.10 *per cent*) was surrendered on the last day of the financial year.

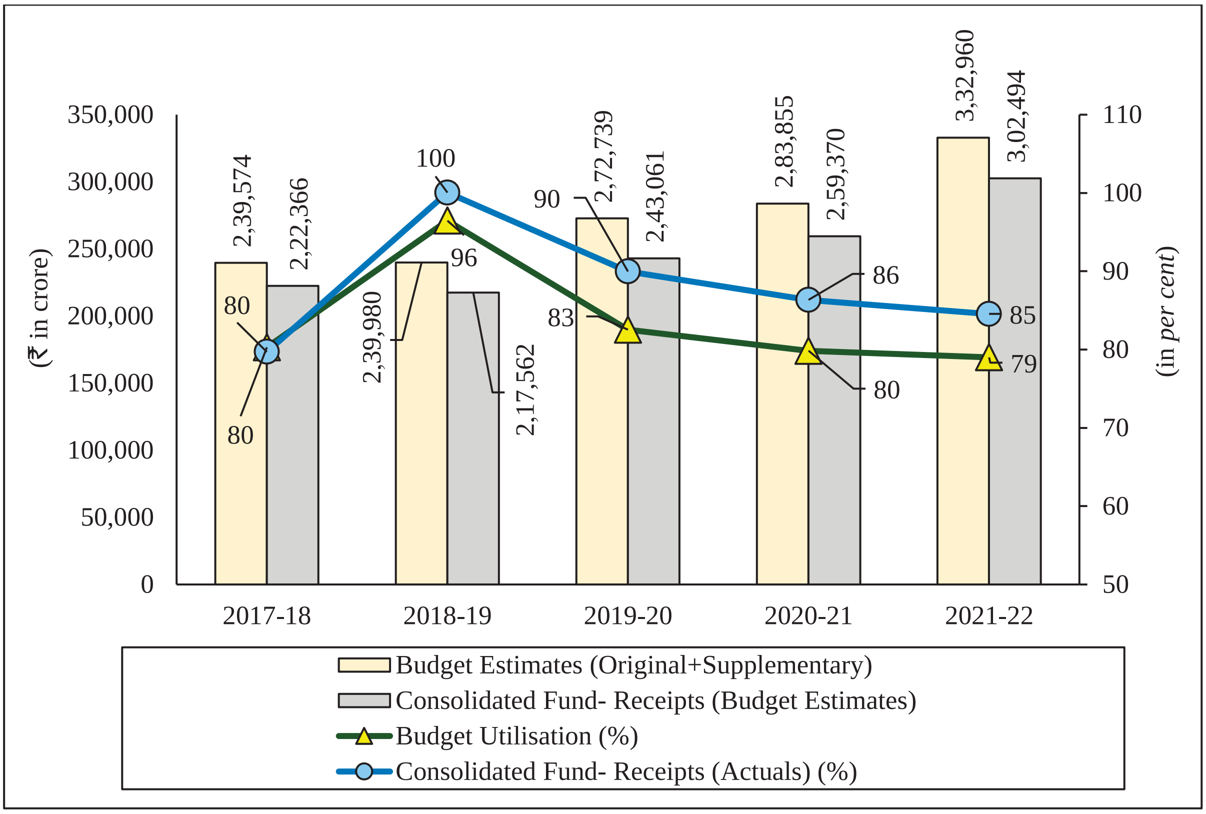
Out of savings of ₹ 60,011 crore in respect of 11 grants having total savings exceeding ₹ 1,000 crore, only ₹ 1,172 crore was surrendered (1.95 *per cent*) leaving a balance of ₹ 58,839 crore.

- In Grant No. 38 – Minority Affairs and Madrasah Education, under Revenue (Voted) section, the surrendered amount (₹ 387 crore) exceeded the savings (₹ 363 crore) by ₹ 24 crore (6.61 *per cent*).
- In Grant No. 68 – Home and Hill Affairs, under Revenue (Voted) section, the surrendered amount (₹ 269 crore) exceeded the savings (₹ 244 crore) by ₹ 25 crore (10.25 *per cent*).
- In Grant No. 7 – Backward Classes Welfare, under Revenue (Voted) section, ₹ 71 crore was surrendered despite excess expenditure of ₹ 92 crore.
- Again, in Grant No. 18 – Finance, under Revenue (Voted) section, ₹ 2 crore was surrendered despite excess expenditure of ₹ 3,894 crore.

Total un-surrendered savings (97.28 *per cent*) as well as excess surrender over savings and surrender in spite of excess expenditure were indicative of ineffective budgetary control.

Budget Utilisation and actuals with respect to Budgeted Receipts in Consolidated Fund during 2017-18 to 2021-22 has been shown in **Chart 3.1**.

Chart 3.1: Budget Utilisation w.r.t. Estimates and Actuals and Budgeted Receipts during 2017-18 to 2021-22



Source: Appropriation Accounts, Finance Accounts and Budget Publications

The budget utilisation was about 80 *per cent* than the estimations made in the budgets in last three years. The main reason was the inflated estimation of receipts. As the budget estimates for expenditure and receipts remained unachieved, it could be inferred that there was an obvious element of notional savings/surrenders.

3.3.7 Excess expenditure and its regularisation

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

Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). Failure to do so is in contravention of constitutional provisions and defeats the objective of ensuring accountability by the Legislature of the executive over utilisation of public money.

During 2021-22 in 10 grants, excess expenditure of ₹ 4,425 crore over provisions is yet to be regularised (**Table 3.6).**

Table 3.6: Summary of excess disbursements over grants/appropriations during 2021-22

(₹ in crore)

Sl. No.	Grant number- Name of Department	Revenue		Capital		Total
		Voted	Charged	Voted	Charged	
1.	07-Backward Classes Welfare	91.63	-	-	-	91.63
2.	08-Cooperation	-	-	30.99	-	30.99
3.	18-Finance	3,894.21	-	-	-	3,894.21
4.	40-Panchayats and Rural Development	-	0.30	-	-	0.30
5.	43-Power	128.84	-	75.91	-	204.75
6.	45-Public Health Engineering	38.01	-	-	-	38.01
7.	61-Chief Minister's Office	0.21	-	-	-	0.21
8.	70-Higher Education	62.13	-	-	-	62.13
9.	73-Disaster Management and Civil Defence	-	101.56	-	-	101.56
10.	78-Non-Conventional and Renewable Energy Sources	-	-	0.97	-	0.97
Total		**4,215.03**	**101.86**	**107.87**	**-**	**4,424.76**

Source: Appropriation Accounts

3.3.7.1 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive. In 51 grants, excess expenditure of ₹ 44,528 crore pertaining to the years 2009-21 is yet to be regularised. For this purpose, the departments concerned are required to submit explanatory notes for excess expenditure to PAC through the Finance Department.

PAC, based on such explanatory notes and after due discussion with departmental heads in presence of Principal Accountant General (A&E) and Principal Accountant General (Audit-I), recommended[52] regularisation of excess expenditure under both voted grants and charged appropriations for the financial years 2009-14. However, the Government is yet to regularise the excess expenditure pertaining to the years 2009-21 as of September 2022.

The above instances indicate inadequate financial management on the part of the controlling officers.

3.3.8 Grant-in-aid for creation of capital assets

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual.

[52] Recommendation for the years 2009-12 and 2012-14 given in November 2019 and February 2021, respectively

Grants-in-aid are given for specified purpose of supporting an institution including creation of assets.

As per IGAS 2, Grant-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorised by the President on the advice of the Comptroller and Auditor General of India. Misclassification of GIA as Capital Expenditure and its impact on Revenue deficit is given in **Table 3.7**.

Table 3.7: Extent of classification of GIA as Capital Expenditure

(₹ in crore)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
GIA booked as Capital Expenditure	1,072	4,734	322	1,114	1,562
Total Capital Expenditure	19,368	23,717	15,971	13,034	17,484
Share of GIA in Capital Expenditure (in *per cent*)	5.53	19.96	2.02	8.55	8.93
Impact on Revenue Deficit (RD) (-)/ Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	RD (₹ 9,807 cr.) understated by ₹ 1,072 cr.	RD (₹ 10,399 cr.) understated by ₹ 4,734 cr.	RD (₹ 19,661 cr.) understated by ₹ 322 cr.	RD (₹ 29,527 cr.) understated by ₹ 1,114 cr.	RD (₹ 32,000 cr.) understated by ₹ 1,562 cr.

Source: Finance Accounts of respective years

Table 3.7 shows that due to booking of Grants-in-aid as Capital Expenditure ranging between ₹ 322 crore and ₹ 4,734 crore during 2017-22, Revenue Deficit was understated to that extent.

3.4 Comments on effectiveness of the 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 deprives other departments of the funds which they could have utilised. A summarised position of Actual Expenditure *vis-à-vis* Budget (Original/Supplementary) provisions during the financial year is given in **Table 3.8**.

Table 3.8: Summarised position of Actual Expenditure *vis-à-vis* Budget (Original/ Supplementary) provisions during the financial year

Nature of expenditure		Original Grant/App.	Supplementary Grant/App.	Total	Actual expenditure	Net of Savings (-)	Surrender during March	
							Amount	Per cent
		(₹ in crore)						
		(A)	(B)	(C)=(A+B)	(D)	(E)=(C-D)	(F)	*(G)=(F/E)*100*
Voted	I. Revenue	1,82,887	13,596	1,96,483	1,75,407	21,076	914	4.34
	II. Capital	33,560	1,621	35,181	17,964	17,217	625	3.63
	III. Loans & Advances	1,474	185	1,659	1,102	557	482	86.54
Total		**2,17,921**	**15,402**	**2,33,323**	**1,94,473**	**38,850**	**2,021**	
Charged	I. Revenue	33,229	4,817	38,046	37,031	1,015	2	0.20
	II. Capital	16	61	77	39	38	0	0
	III. Public Debt-Repayment	61,043	472	61,515	31,540	29,975	0	0
Total		**94,288**	**5,350**	**99,638**	**68,610**	**31,028**	**2**	
Appropriation to Contingency Fund (if any)		**NIL**						
Grand Total		**3,12,209**	**20,752**	**3,32,961**	**2,63,083**	**69,878**	**2,023**	**2.90**

Source: Appropriation Accounts; Difference of ₹1 crore is due to rounding.

Table 3.8 shows that net savings (₹ 69,878 crore) were 20.99 *per cent* of the total provision. Out of the 7,146 schemes, variations in savings or excess occurred in 6,916 schemes (96.78 *per cent*). However, no explanations were received for those variations. Non-receipt of explanations violates the basic norms approved by the PAC of West Bengal Legislature, adopted for comments on the Appropriation Accounts.

During 2021-22, in 35 new schemes (₹100 crore or more) ₹ 11,343 crore was initially allotted which was further revised to ₹ 11,143 crore. However, no expenditure was incurred against these schemes.

3.4.2 Rush of expenditure

Rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Maintaining a steady pace of expenditure is a crucial component of sound public financial management.

During 2021-22, in 44 grants constituting 261 sub-heads, entire expenditure was incurred in the month of March 2022. Out of this, in four grants constituting six sub-heads (₹ 200 crore and above), 100 *per cent* expenditure was incurred in the month of March 2022 (**Table 3.9**).

Table 3.9: Sub-Head (Schemes) where entire expenditure was incurred in March 2022 (₹ 200 crore and above)

Sl. No.	Grant No.	Head of Account (up to Sub-head)	100 *per cent* expenditure in March 2022 (₹ in crore)
1.	40	2505-01-702-002 Pradhan Mantri Awas Yojna - Rural (Erstwhile Indira Awas Yojna (Central Share) (OCASPS)[PN]	687.84
2.		2515-00-196-001 Assistance to Zilla Parishad for implementation of PMGSY Scheme	300.00
3.	72	2215-02-789-002 Swachh Bharat Mission (Urban) (Central Share) (OCASPS)-35-Grants for creation of Capital Assets	215.82
4.		2215-02-789-003 Swachh Bharat Mission (Urban) (State Share) (OCASPS)-35-Grants for creation of Capital Assets.	200.00
5.	21	2235-60-200-098 Duare Ration Prakalpa	209.47
6.	24	2210-03-103-004 Assistance for Diagnostic Infrastructure to Health Sub Centres / Primary Health Centres under recommendation of 15th Finance Commission	203.37

Source: VLC Data

Table 3.10 shows that in one grant more than 50 *per cent* of the total expenditure was incurred in the month of March 2022.

Table 3.10: Grant with more than 50 *per cent* of expenditure in March 2022 alone

Sl. No.	Grant No.	Description	Total Expenditure	Expenditure in March	Expenditure in March as percentage of total expenditure
			(₹ in crore)		
1.	78	Non-Conventional and Renewable Energy Sources	34.52	29.71	86.08

Source: VLC Data

3.5 Outcome of review of selected grants

To ascertain compliance with budgeting processes, utilisation of funds and expenditure control mechanism during 2019-22, two grants, viz., Power Department (Grant No. 43) and Disaster Management & Civil Defence (DMCD) Department (Grant No. 73) were selected for detailed audit scrutiny. Audit findings in this regard are discussed below.

3.5.1 Grant No. 43: Power Department

- ***Budget and Expenditure***

Against the budget allocation of ₹ 3,211 crore, actual expenditure during 2021-22 was ₹ 3,404 crore leading to an excess expenditure of ₹ 193 crore (six *per cent*). Details of budgetary provisions, actual expenditure, and savings/excess in this grant during 2019-22 are shown in **Table 3.11.**

Table 3.11: Budget provision *vis-à-vis* Expenditure during 2019-22

Section	2019-20			2020-21			2021-22		
	B	E	S/E	B	E	S/E	B	E	S/E
	(₹ in crore)								
Revenue	1,186.99	1,073.45	(-) 113.54 (9.56%)	1,263.92	1,393.09	(+)129.17 (10.22%)	1,442.68	1,567.18	(+)124.50 (8.63%)
Capital	2,378.50	2,079.35	(-) 299.15 (12.58%)	2,004.00	626.65	(-)1,377.35 (68.73%)	1,767.69	1,837.08	(+)69.39 (3.92%)

Source: Appropriation Accounts of Government of West Bengal (2019-20 to 2021-22)

***B**: Budget; **E**: Expenditure**; S/E**: Savings (-)/Excess (+)*

During 2021-22, Revenue and Capital section of the grant registered an excess of nine and four *per cent* mainly due to 'Subsidy (including meter rent) to WBSEDCL for subsidization in power tariff to its consumers under Hasir Alo scheme' and 'Special Infrastructure Projects' respectively.

- ***Expenditure incurred without Budget Provision***

In terms of Rule 382 of WBFR and Rule 14 of WBBM, expenditure should not be incurred on a scheme/service where there is no budget provision.

Scrutiny of records showed that during 2019-22, expenditure amounting to ₹ 1,596 crore was incurred under eight sub-heads (**Table 3.12**) though there was no budget provision.

Table 3.12: Expenditure without Budget Provision during 2019-22

Sl. No.	Year	Head of Account	Purpose	Expenditure (₹ in crore)
1.	2019-20	4801-01-190-V-001	Equity participation of State Government for Implementation of Turga Pump Storage Projects (1000 MW) (State Share) (EAP) [PO]	7.41
2.		4801-01-789-V-001		3.48
3.		4801-01-796-V-001		0.69
4.		4801-02-190-V-001	West Bengal Power Development Corporation	530.47
5.		4801-05-190-V-002	Implementation of Integrated Power Development Scheme (IPDS) (State Share) OCAS [PO]	134.92
6.		4801-06-789-V-005	Implementation of the Scheme "Sech Bandhu" (State Share)	136.50
7.		4801-06-796-V-005	Implementation of the Scheme "Sech Bandhu" (State Share) OCAS [PO]	58.50
8.	2020-21	4801-05-190-V-002	Implementation of Integrated Power Development Scheme (IPDS) (State Share) (OCASPS)[PO]	20.00
9.		4801-06-789-V-005	Implementation of the Scheme "Sech Bandhu" (State Share) (OCASPS)[PO]	9.63
10.	2021-22	4801-05-190-V-002	Implementation of Integrated Power Development Scheme (IPDS)(State Share)	171.75
11.		4801-06-789-V-005	Implementation of the Scheme "Sech Bandhu" (State Share)	15.50
12.		4801-06-796-V-005		6.65
13.		6801-00-205-V-011	Working Capital Assistance to WBSEDCL	500.00
Total				**1,595.50**

Source: VLC Data

In the sub-head 'Implementation of the Scheme "Sech Bandhu" (State Share)', bearing Head of Account '4801-06-789-V-005', there was expenditure in the consecutive three years starting from 2019-20 though there was no budget provision.

Department replied (September 2022) that all projects were approved from Finance Department through AAFS[53] portal as per the WBFR. The reply is not tenable since the budget could not be augmented through supplementary provisions.

- ***Excess expenditure over the Provision***

In course of scrutiny of the Budget documents, sub-head accounts and Appropriation Accounts for the year 2021-22, it was observed that in respect of three sub-heads (**Table 3.13)** expenditure exceeded the budget provision by ₹ 1 crore or 10 *per cent* of the provision.

Table 3.13: Excess expenditure (more than ₹ 1 crore or 10 *per cent* of the provision) during 2021-22

Sl. No.	Year	Head of Account	Purpose	Net grant	Actual expenditure	Excess (+)/ (in *per cent*)
				(₹ in crore)		
1.	2021-22	2801-80-101-V-004	Subsidy (including meter rent) to WBSEDCL for subsidization in power tariff to its consumers under Hasir Alo scheme	138.75	323.71	184.96 (133.30%)
2.		2801-80-800-V-008	Subsidy (including meter rent) to CESC for subsidization in power tariff to its consumers under Hasir Alo scheme	10.25	19.23	8.98 (87.61%)
3.		4801-05-001-V-002	Special Infrastructure Projects	170.00	892.25	722.25 (424.85%)
Total				**319.00**	**1,235.19**	**916.19**

Source: VLC Data

Department in its reply stated that above excess expenditure was regularized through augmentation/re-appropriation pursuant to U.O issued by the Finance Department. However, neither supplementary estimates nor re-appropriation orders were found to be noticed enabling augmentation of the budget provision.

- ***Persistent Savings***

Savings ranging between 25 and 100 *per cent* of the provisions persistently occurred during 2019-22 in respect of the scheme 'Equity Participation of the State Government for implementation of Sagardighi TPP'.

Department in its reply stated that COVID-19 and imposition of lockdown / movement restriction was the attributable reason.

[53] Administrative Approval and Financial Sanction

3.5.2: Grant No. 73: Disaster Management & Civil Defence (DMCD) Department

- ***Budget and Expenditure***

Total budget allocation for the department for the year 2021-22 was ₹ 4,361 crore. Details of budgetary provisions, actual expenditure and savings/excess in this grant during 2019-20 to 2021-22 are as follows (**Table 3.14**):

Table 3.14: Budget provision *vis-à-vis* Expenditure incurred during 2019-22

Section	2019-20			2020-21			2021-22		
	B	E	S/E	B	E	S/E	B	E	S/E
	(₹ in crore)								
Revenue	2,277.77	2,977.88	700.11 (31%)	4,191.16	6,818.42	2,627.25 (63%)	4,142.18	3,585.03	(-)557.15 (13%)
Capital	179.60	101.68	(-)77.92 (43%)	194.20	57.81	(-)136.39 (70%)	219.16	8.17	(-)210.99 (96%)

Source: Appropriation Accounts of Government of West Bengal (2019-20 to 2021-22)
B*: Budget; E: Expenditure; S/E: Savings (-)/Excess (+)*

Under Revenue section of the grant, there was an excess of 31 and 63 *per cent* during 2019-20 and 2020-21 respectively. In 2021-22, there was, however saving of 13 *per cent*. This was mainly due to unutilized provision/saving of ₹ 608 crore under 'assistance for repair/reconstruction of damaged dwelling houses'. Savings in Capital section of the grant progressively increased during 2019-22. During 2021-22, major portion of saving was observed in relief and welfare activities.

- ***Saving of Entire Provision***

During 2019-22, budget provision aggregating to ₹ 1,228 crore covering 35 sub-heads under seven major heads[54] authorized by the Legislature through Appropriation Acts could not be spent by the department and the entire provision remained unutilized. In respect of six sub-heads, savings of entire provisions occurred in two successive years. Savings of the entire provision is indicative of the fact that the budget provisions were not prepared after adequate scrutiny of the projects/schemes.

DMCD department in its reply stated (September 2022) that they had to make provision to mitigate unwanted natural disaster situations e.g., emergent repair of roads, culverts, bridges, and restoration of drinking water.

- ***Injudicious Re-Appropriation***

During 2020-21, augmentation of ₹ 3 crore through re-appropriation under the sub-head 'Directorate of Relief and District Establishment (Relief) (DM)' proved to be unnecessary since there was saving of ₹ 0.52 crore (0.96 *per cent*), out of the original provision of ₹ 54.36 crore. Department, in reply, stated that, being a disaster-prone state, GoWB made themselves prepared for any natural calamity and hence minimal deviation in budget occurred.

Again, augmentation of ₹ 1.02 crore through re-appropriation during 2020-21 under 'Construction of Boundary Wall, Administrative Building of WCD,

[54] '2013', '2070', '2235', '2245', '4059', '4216' and '4235'

WBCEF & Civil Defence Organisation (DM)' proved to be unnecessary since there was saving of ₹ 4.09 crore (75.18 *per cent*), out of the original budget provision (₹ 5.44 crore). Department in reply stated that construction related work depends on various factors like tender process, land issues, official formalities of other agencies. Department usually made budget provision with the intention to accomplish the task within the financial year, failing which, savings occurred.

Further, during 2021-22, augmentation of funds by way of re-appropriation of ₹ 1.78 crore in respect of schemes for 'Rehabilitation of destitute Ex-TB patients', proved to be insufficient since there was excess expenditure of ₹ 0.75 crore against the net grant of ₹ 2.28 crore. Department stated that post-covid, Government channelized funds to common people to begin small trade for their livelihood by way of ex-gratia relief grant which attributed the excess.

Augmentation of funds by way of re-appropriation of ₹ 1.36 crore during 2021-22 in respect of schemes for 'Ex-gratia payment to the families of indigent victims due to death caused by sunstroke/snakebite', proved to be insufficient since there was excess expenditure of ₹ 5.24 crore against the net grant of ₹ 10.68 crore. Department stated that excess expenditure occurred owing to accidental death on sunstroke/snakebite.

Augmentation of funds by way of re-appropriation of ₹ 0.72 crore during 2021-22 in respect of schemes for 'Expenditure for providing general insurance for the pilgrims, NGOs, transport operators, Government officials including police personnel in Gangasagar mela', proved to be insufficient since there was excess expenditure of ₹ 3.25 crore against the net grant of ₹ 2.40 crore. Department stated that maintenance of Covid protocol, installation of CCTV, drone service for crowd management during Gangasagar mela attributed the excess.

Unnecessary and insufficient re-appropriation indicates inadequate financial management on the part of the controlling officers.

3.6 New Schemes introduced in the Budget

Government introduced several new schemes in the budget for the fiscal year 2021-22. Some of the significant new schemes, with scheme details and their financial implications, are discussed in the **Table 3.15**.

Table 3.15: New Schemes introduced in the Budget

Sl. No.	Name of the scheme	Scheme details	Financial implications
1.	New 'Krishak Bandhu'	Providing financial assistance @ ₹ 10,000 p.a. to each farmer having land exceeding one acre and @ ₹ 4,000 p.a. to each bargadars or farmer having land less than one acre. In the event of untimely death within the age group of 18 to 60 years, providing one time grant of ₹ 2 lakh to the family members of a deceased farmer.	Against the total budget provision of ₹ 5,382 crore, only ₹ 4,256 crore (79 *per cent*) was expended.

Sl. No.	Name of the scheme	Scheme details	Financial implications
2.	Student Credit Card	This scheme was introduced to enable students to pursue higher academic and professional qualifications. The scheme entails that a student can obtain a maximum loan of ₹ 10 lakh at the rate of four *per cent* per annum simple interest from the State Cooperative Bank and its affiliated banks. Repayment period for loans will be 15 years, including the moratorium/ repayment holiday.	Against the total budget provision of ₹ 50 crore, no expenditure was incurred under this scheme.
3.	Duare Ration	GoWB introduced this scheme to supply ration items at the doorsteps of the beneficiaries under the Targeted Public Distribution System.	Against the total budget provision of ₹ 2,620 crore, only ₹ 209 crore (eight *per cent*) was expended.
4.	Lakshmir Bhandar	GoWB launched a new welfare scheme "West Bengal Lakshmir Bhandar Scheme 2022" for providing financial support system to female head of the family. In this scheme, income support was to be provided @ ₹ 500 p.m. to the General Caste Category and @ ₹ 1,000 p.m. to SC/ST Category, who do not have any of the sources of income to carry on their livelihood.	Against the total budget provision of ₹ 10,020 crore, only ₹ 5,765 crore (58 *per cent*) was expended.

Source: Budget Speech and Appropriation Accounts

The above table indicates that budget provision and implementation of new schemes were not in accordance with the financial allocations announced in the budget speech.

3.7 Recommendations

1. *Government may take steps to ensure that its budgetary assumptions are arrived at in a more realistic manner based on reliable assumptions of the needs of the departments and their capacity to utilise the allocated resources.*
2. *Excess expenditure over grants approved by the Legislature constitutes a serious violation and needs to be regularised at the earliest.*
3. *An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the Grants/Appropriations are controlled, and anticipated savings are identified and surrendered within the specified timeframe.*