

Chapter 3

Budgetary Management

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Effective financial management ensures that 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.

3.1 Budget Process

Government of Assam follows a top-down approach to budgeting. The process followed by the State in budget preparation is broadly as follows:

- At the outset, Finance Department estimates the resources required for State priority development areas and projects allocation for these in consultation with the Transformation and Development (T&D) Department and Administrative Departments;
- Resources required for State share of centrally sponsored schemes, counter party funding for externally aided projects, NEC¹⁴, NLCPR¹⁵, *etc.* are estimated and provided for;
- Allocations for Hill Areas Autonomous District Councils (ADCs) are made based on the requirement projected by the Departments responsible for the activities of the ADCs;
- Anticipated receipts from central tax transfers and funding for CSS are assessed and the quantum of funds required for committed expenditure on salaries, pension, repayment of loan, *etc.* are also worked out by Finance Department.

Based on communication of the above assessment and projections of the Finance Department, the line Departments submit their budget proposals.

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

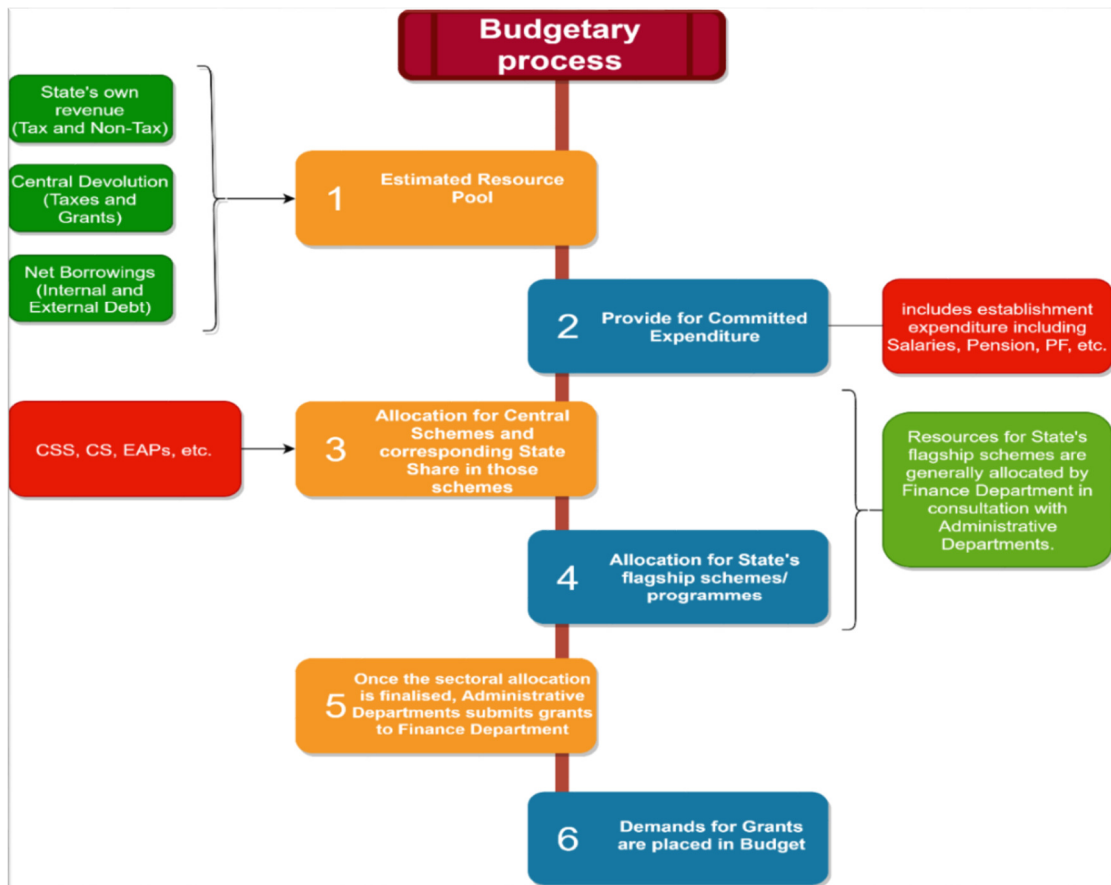
Supplementary or additional Grant/ Appropriation is provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount. Further, the State Government also re-appropriates/ re-allocates funds from various Units of Appropriation where savings are anticipated, to Units where additional expenditure is envisaged (within the Grant/ Appropriation) during the year.

Budgetary preparation process of the State is depicted in **Chart 3.1**.

¹⁴ North Eastern Council

¹⁵ Non-Lapsable Central Pool of Resources

Chart 3.1: Summary of Budgetary process of Assam



CSS: Centrally Sponsored Scheme; CS: Central Schemes

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

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

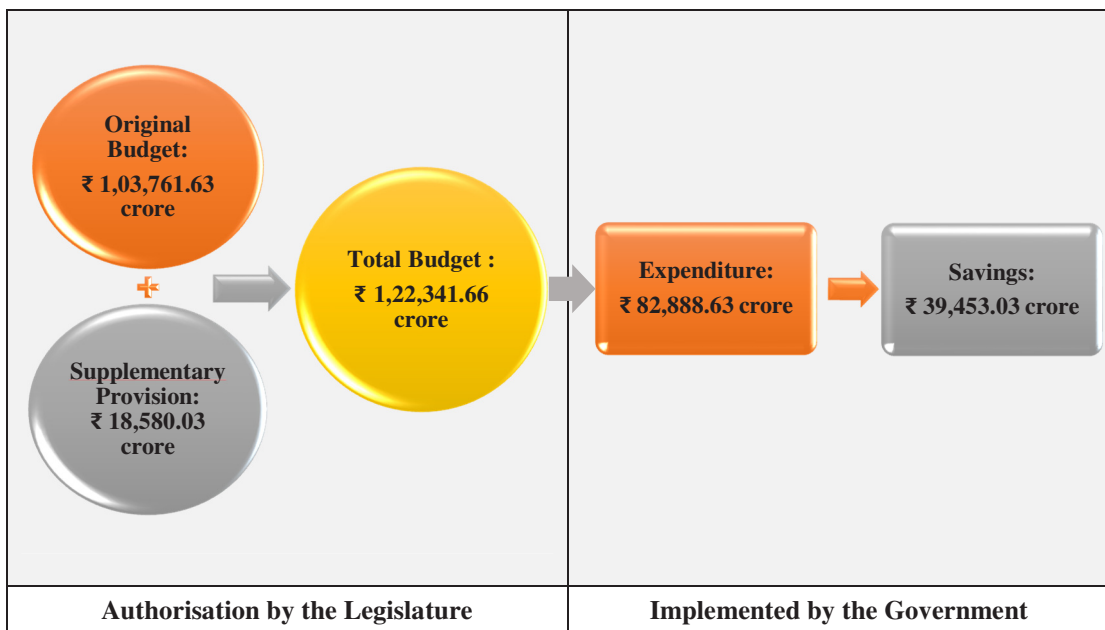
The Annual Financial Statement also called general budget is placed prior to the commencement of the financial year in the State Legislature, in accordance with Article 202 of the Constitution. The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the demand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

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

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

Apart from supplementary grant, Re-appropriation can also be used to re-allocate funds within a Grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the Grant or Charged Appropriation. The total amount approved by the State Legislature including the original and supplementary budgets, expenditure, and savings during the year 2020-21 is depicted in the **Chart 3.2**.

Chart 3.2: Summary of Budget and Expenditure of Assam for 2020-21



The net savings of ₹ 39,453.03 crore was the result of gross savings of ₹ 40,184.28 crore offset by an excess expenditure of ₹ 731.25 crore during the year.

The above chart shows that the Supplementary Grant of ₹ 18,580.03 crore¹⁶ was not required as the gross expenditure (₹ 82,888.63 crore) was less than even the Original provision (₹ 1,03,761.63 crore). This was indicative of over estimation and poor financial management. The issue of unnecessary Supplementary Provisions has been discussed in detail under **Paragraph 3.3.3**.

¹⁶ ₹ 8,142.32 crore on 08 September 2020 and ₹ 10,437.71 crore on 05 January 2021.

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 the bifurcation into voted/charged during the year 2020-21 is given in **Table 3.1**.

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

(₹ in crore)			
Voted/Charged	Total Budget provision	Disbursements	Savings(-)/Excess
Voted	1,13,908.41	75,350.30	-38,558.11
Charged	8,433.25	7,538.33	-894.92
Total	1,22,341.66	82,888.63	-39,453.03

Source: Appropriation Accounts

As can be seen from **Table 3.1** that during the year 2020-21, Government of Assam (GoA) incurred total expenditure of ₹ 82,888.63 crore against the total grants and appropriations of ₹ 1,22,341.66 crore resulting in overall savings of ₹ 39,453.03 crore. These savings stood at 32.25 per cent of total grants and appropriations made for the year.

These savings may be seen in context to over estimation of Receipts of ₹ 1,07,314.47 crore by the State Government and the estimation on the expenditure side being ₹ 1,22,341.66 crore during the year 2020-21. As against the estimated Receipts, the actual Receipts were ₹ 82,844.93 crore only thereby restricting the total expenditure during the year to ₹ 82,888.63 crore. This implied that the savings were notional, as the funds were not actually available for expenditure.

3.1.2 Charged and Voted disbursements

The break-up of total disbursement into charged and voted during the last five years (2016-21) is given in **Table 3.2**.

Table 3.2: Trend of Disbursement into Charged and Voted during 2016-21

(₹ in crore)						
Year	Disbursements			Savings(-)/ Excess		
	Voted	Charged	Total	Voted	Charged	Total
2016-17	52,927.33	5,250.99	58,178.32	(-)21,823.16	(-) 3,067.67	(-)24,890.83
2017-18	63,086.11	5,500.88	68,586.99	(-)27,548.45	(-) 3,317.64	(-)30,866.09
2018-19	64,586.31	7,745.03	72,331.34	(-)33,050.68	(-) 3,108.32	(-)36,159.00
2019-20	76,083.59	8,080.01	84,163.60	(-)34,184.99	(-) 1,367.09	(-)35,552.08
2020-21	75,350.30	7,538.33	82,888.63	(-)38,558.11	(-)894.92	(-)39,453.03

Source: Appropriation Accounts

It can be seen from **Table 3.2** that the savings ranged between ₹ 24,890.83 crore in 2016-17 and ₹ 39,453.03 crore in 2020-21.

3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Article 204 and 205 of the Constitution of India. Appropriation Accounts are on Gross basis. These Accounts depict the original budget provision, supplementary

grants, surrenders and re-appropriations distinctly and indicate actual capital and Revenue Expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

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

3.3 Comments on integrity of budgetary and accounting process

3.3.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this Article 204 of the Constitution. Expenditure on new scheme should not be incurred on a scheme/ service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

As per Article 115(1)(a) and 205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/ State assembly earlier, including a new activity or a new form of investment. 'New Instrument of Service' means relatively large expenditure arising out of important expansion of an existing activity.

Similarly, as per Para 8.3 Assam Budget Manual, 2012, no expenditure can be incurred under any Head (Major/ Minor or Sub-Head) without budget provision or in anticipation of a Supplementary Grant/ Appropriation or prior to provision of funds by Re-appropriation.

However, during 2020-21, an expenditure of ₹ 23.00 crore was incurred in 19 Sub-heads under 4 Grants (₹ 15 lakh and above in each case) without budget provision as detailed in **Appendix 3.1**. Grant-wise summary of the cases where expenditure was incurred without budget provision is given in **Table 3.3**.

Table 3.3: Summary of Expenditure without Budget Provision during 2020-21

(₹ in crore)

Sl. No.	Grant No. and Name	Number of Sub Heads	Expenditure
1	30 Water Supply and Sanitation	1	0.48
2	58 Industries	1	0.19
3	76 Karbi Anglong Autonomous Council	5	5.51
4	77 North Cachar Hills Autonomous Council	12	16.82
	Total	19	23.00

Out of the 19 Sub-Heads, the details of seven Sub-Heads with expenditure in excess of ₹ one crore without budget provision are given in the following table.

Table 3.4: Expenditure incurred without budget provision during 2020-21

(₹ in crore)

Sl. No.	Grant	Heads of Account	Sub-Head / Sub Sub-Head	Expenditure
1	76 Karbi Anglong Autonomous Council	2402-00-103-1143-133	{1143}-Land Improvement / [133]-Land Reclamation and Water Distribution	2.40
2		2402-00-102-0122-603	{0122}-Common & Other Schemes / [603]-Building and Approach Road	1.90
3	77 North Cachar Hills Autonomous Council	4406-01-070-0121--	{0121}-Buildings	3.71
4		2402-00-102-0122-601	{0122}-Common & Other Schemes / [601]-Cash Crop Development	3.43
5		4406-01-105-1256--	{1256}-Plantation of Quick-growing Species	3.15
6		4406-01-101-1240--	{1240}-Amenities to Forest Staff & Labourer	1.74
7		2402-00-102-1144--	{1144}-Terracing with Water Distribution/ Harvesting	1.05
Total				17.38

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

3.3.2 Misclassification of expenditure

Misclassification of expenditure and receipts has a great impact on the integrity of the financial statements. Article 202 of the Constitution prescribes that, in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that year, called the “Annual Financial Statement” (or the “budget”), is to be laid before both the Houses of the State Legislature. The estimates of expenditure are classified under ‘charged’ (such expenditure as is not to be submitted to the vote of the Legislative Assembly under the provisions of the Constitution) and ‘voted’ items of expenditure separately. Annual Financial Statement distinguishes expenditure on revenue account from other expenditure as explained in **Chapter 2**.

General Financial Rules categorise the primary units of appropriation. There are specific object heads meant for obtaining provision for acquisition of Capital Assets and other Capital Expenditure. These object heads pertaining to booking of expenditure of capital nature should correspond with capital major heads only. However, there are instances where object heads of revenue nature are incorrectly operated with capital major heads and vice-versa, for example grants-in-aid.

Classification of expenditure of revenue nature as capital expenditure or vice-versa, results in overstatement/ understatement of Revenue Expenditure and Revenue Deficit/ Surplus.

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 President on the advice of the Comptroller and Auditor General of India. It is observed that grants-in-aid of ₹ 5,640.47 crore was erroneously booked under Capital Section instead of Revenue, in violation of IGAS 2.

Further, government budgeted and spent an amount of ₹ 386.56 crore on “Major Works” under the Revenue Section, ₹ 80.75 crore on “Minor Works” under the Capital Section and ₹ 2.06 crore on “Maintenance” also under Capital Section.

Non-compliance led to overstatement of Revenue Surplus and overstatement of capital expenditure during the year.

3.3.3 Unnecessary or Excessive Supplementary Grants

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year as is necessary to meet-

- i. Expenditure on Schemes of New Expenditure to be taken up within the current financial year.
- ii. Inadequacy of provision.
- iii. Fresh expenditure but not technically “Schemes of New Expenditure.”
- iv. Omissions of provision.

When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the Grant to cover the excess by Re-Appropriation, the Secretary in the Department concerned proposes to the Finance Department for Supplementary or Additional Grant or Appropriation.

In deserving cases which are unforeseen, and which cannot wait for provision by Supplementary or Additional Grant or Appropriation, advances from the Contingency Fund may be sanctioned in accordance with the provisions made in the Constitution and the relevant rules. The advances so sanctioned will have to be regularised by a Supplementary Grant or Appropriation and recouped to the Contingency fund.

The Assam Budget Manual (ABM), 2012 permits obtaining a Supplementary Grant/ Appropriation if the budgetary provision falls short and a commitment for expenditure has already been made under the orders of the competent authority.

Besides approving original budget of ₹ 1,03,761.63 crore for the year 2020-21, the State Legislature also approved two supplementaries of ₹ 18,580.03 crore¹⁷ in 72 Grants/ Appropriations under 113 Segments¹⁸. Audit analysis of utilisation of these supplementary allocations showed that Supplementary provision of only ₹ 1,809.14 crore (9.7 per cent) was required in 12 Segments of as many Grants/

¹⁷ ₹ 8,142.32 crore (Dated 08 September 2020) and ₹ 10,437.71 crore (Dated 05 January 2021).

¹⁸ Allocation within a Grant/Appropriation under each combination of Voted/Charged and Revenue/Capital is a separate segment.

Appropriations where the final expenditure exceeded the original budget provision. Even in these cases, the actual allocation of ₹ 3,629.80 crore proved excessive in case of eight segments, as shown in *Appendix 3.2*. In 101 Segments of 70 Grants/Appropriations, the Supplementary Budgetary allocation of ₹ 14,950.22 crore made was unnecessary, as the actual expenditure was less than the Original Budgetary allocation, as shown in *Appendix 3.3*.

Table 3.5 shows 14 Segments where Supplementary Budget in excess of ₹ 250 crore each was provided despite the actual expenditure falling short of the Original Budgetary allocation.

Table 3.5: Instances of Unnecessary Supplementary Budget Allocation of more than ₹ 250 crore (₹ in crore)

Sl. No.	Grant	Segment	Budget (Original)	Expenditure	Savings(-) Against Original Budget	Budget (Supplementary)
1	57 Rural Development	Revenue-Voted	3,639.65	3,543.21	-96.44	2,754.72
2	64 Roads and Bridges	Capital-Voted	7,932.10	7,323.00	-609.10	1,892.17
3	62 Power (Electricity)	Capital-Voted	971.98	330.43	-641.55	1,498.78
4	71 Education (Elementary, Secondary, etc.)	Revenue-Voted	13,522.59	11,850.05	-1,672.54	1,215.37
5	39 Social Security, Welfare and Nutrition	Revenue-Voted	2,147.18	2,133.80	-13.38	960.45
6	29 Medical and Public Health	Capital-Voted	734.92	504.92	-230.00	491.65
7	34 Urban Development (Municipal Administration)	Revenue-Voted	1,045.49	358.32	-687.17	454.86
8	41 Natural Calamities	Revenue-Voted	2,210.67	1,250.59	-960.08	436.00
9	62 Power (Electricity)	Revenue-Voted	1,526.09	1,354.84	-171.25	433.96
10	14 Police	Revenue-Voted	4,564.17	4,102.25	-461.92	406.95
11	56 Rural Development (Panchayat)	Revenue-Voted	1,824.55	1,605.40	-219.15	388.05
12	26 Education (Higher)	Revenue-Voted	2,805.82	2,444.20	-361.62	300.73
13	38 Welfare of Scheduled Caste, Scheduled Tribes and Other Backward Classes, etc.	Revenue-Voted	1,623.20	398.18	-1,225.02	297.45
14	64 Roads and Bridges	Revenue-Voted	1,309.91	1,031.15	-278.76	290.66
	Total		45,858.32	38,230.34	-7,627.98	11,821.80

Thus, it can be concluded that the large Supplementary grants of ₹ 18,580.03 crore led to a further increase in the savings against Budget, for the actual requirement of ₹ 1,809.14 crore was less than 10 *per cent* of this amount.

Seeking supplementary grants without requirement is indicative of poor budgetary management by the State Government. Government may review its Budget management practice and avoid large Cash Supplementaries.

During the Exit Conference (December 2021), the Secretary, Finance Department agreed to incorporate a suitable provision in the Budget Manual with regard to use of Technical Supplementary/ Token Supplementary to avoid unnecessary inflation of Budget as suggested by Audit.

3.3.4 Unnecessary or Excessive Re-appropriation

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. As per Paragraph 9.2 of ABM, 2012, Finance Department has the power to sanction/ authorise any re-appropriation within a Grant, which does not involve the undertaking of a recurring liability.

Audit analysis revealed that re-appropriation proved excessive and resulted in huge savings in 16 Sub-Heads (₹ 10 lakh and above in each case), details of which are given in **Appendix 3.4**. Out of those 16 Sub-Heads, the final savings were more than ₹ 50 lakh in seven sub-heads, as detailed in **Table 3.6**.

Table 3.6: Excessive re-appropriation (with final savings of more than ₹ 50 lakh)

(₹ in crore)						
Sl. No.	Grant	Sub Head	Sub Sub-Head	Savings (-)/ Excess (OS)	Re-Appropriation	Savings (-)/ Excess (OSR)
1	25 Miscellaneous	{0417}-Director Institutional Finance Cell	[200]-Tea Garden Scheme	6.85	11.14	-4.29
2	General Services	{2490}-Payment of Medical Reimbursement	---	0.90	3.00	-2.10
3	27 Art and Culture	{0689}- Development of Culture Activities, Fair Festivities Competition, etc.	[872]-Silpi Sambardhana (One Time) @ 50,000/- for 1000 Artists	3.56	4.13	-0.57
4	41 Natural Calamities	{4703}- Gratuitous Relief (Flood)	---	132.71	170.00	-37.29
5	49 Irrigation	{0160}-Flow Irrigation	---	1.60	3.07	-1.47
6		{1522}-Lift Irrigation	[121]-Kuruwa LIS, Mangaldoi Division	0.06	0.78	-0.72
7		{0160}-Flow Irrigation	[547]- Improvement and Renovation of Deosila FIS, Dudhnoi Division	0.59	1.14	-0.55

Further, re-appropriation proved unnecessary in 61 Sub-Heads, as the re-appropriated amount ultimately resulted in even larger savings. The complete list of Heads of Account where funds were re-appropriated, and where the final savings was more than ₹ 10 lakh, is given in **Appendix 3.5**. Of these 61 Sub-Heads where re-appropriation was unnecessary, the final savings in case of 12 Sub-Heads exceeded ₹ 10 crore, and shown in **Table 3.7**:

Table 3.7: Unnecessary re-appropriation of funds (with final savings of more than ₹ 10 crore)
(₹ in crore)

Sl. No.	Grant	Sub Head	Sub Sub-Head	Savings(-)/ Excess (OS)	Re-Appropriation	Savings(-)/ Excess (OSR)
1	14 Police	{0145}-District Police Proper	---	-200.45	41.03	-241.48
2	14 Police	{0457}-Establishment of Watch Post Schemes	[491]-Reimbursable from GoI	-10.52	12.00	-22.52
3	14 Police	{0474}-Village Police/ Village Defence Organisation	---	-20.24	1.00	-21.24
4	14 Police	{1015}-Checking of Bangladeshi Infiltration	[901]-Checking of Bangladeshi Infiltration	-10.44	3.00	-13.44
5	20 Other Administrative Services	{0525}-Assam Special Reserve Force (ASRF)	---	-14.74	0.03	-14.77
6	29 Medical and Public Health	{0741}-Gauhati Medical College, Guwahati	---	-41.53	0.42	-41.95
7	41 Natural Calamities	{0821}-Others	---	-27.92	5.00	-32.92
8		{4386}-Rehabilitation Grant (Cyclone)	---	-7.12	20.00	-27.12
9	49 Irrigation	---	---	-58.08	0.66	-58.74
10	56 Rural Development (Panchayat)	{1356}-Assistance to Panchayat Institute of Mahakuma Parishad/ Gram Panchayat Staff	[702]-Assistance to Anchalic Panchayat	-18.08	0.04	-18.12
11	64 Roads and Bridges	{1382}-Execution (General)	---	-136.73	0.38	-137.11
12		{1857}-Construction Expenditure Met from Central Road Fund (Block Grant)	[927]-Central Share	-47.97	25.00	-72.97

Substantial savings of more than ₹ 10 crore in respect of Heads of Account where re-appropriation was resorted to, reflects poorly on planning and monitoring of budget allocation and its utilisation by the State Government.

3.3.5 Unspent amount and surrendered appropriations and/or Large Savings/ Surrenders

3.3.5.1 Non-surrender of Savings

As per the Assam Budget Manual (ABM) 2012 and the budget calendar of the State Government, the target dates for intimation of savings by the DDOs to their Controlling Officers is 15th January, and their subsequent surrender to the Finance Department is 15th February.

In fact, against the overall savings of ₹ 40,184.28 crore¹⁹ recorded in the Appropriation Accounts of the State during 2020-21, no amount was surrendered by any department of Government of Assam during the year. This was against the provision of Budget Manual.

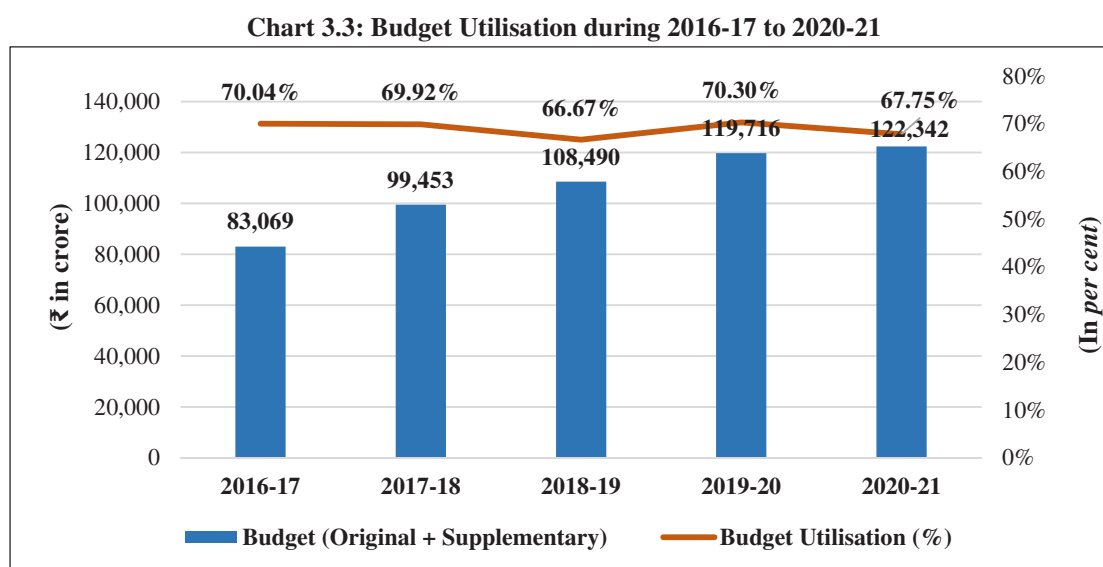
¹⁹ While the overall Savings in the Budget is ₹ 39,453.03 crore, this comprises of Savings of ₹ 40,184.28 crore and Excess of ₹ 731.25 crore at the segment level.

Thus, non-compliance with the prescribed time schedule for surrender of savings by the concerned Departments defeats the objective of achieving efficiency in budget management.

Further, large savings in Budget, coupled with persistent Revenue and Fiscal Deficits, is also indicative of unrealistic and inflated budgeting which is not commensurate with the actual resource mobilisation by the State.

3.3.5.2 Underutilisation of Budgeted Funds

Budget provision has been significantly underutilised by the State every year during the past few years. The extent of utilisation of budget during the five-year period from 2016-17 to 2020-21 is given in **Chart 3.3**.



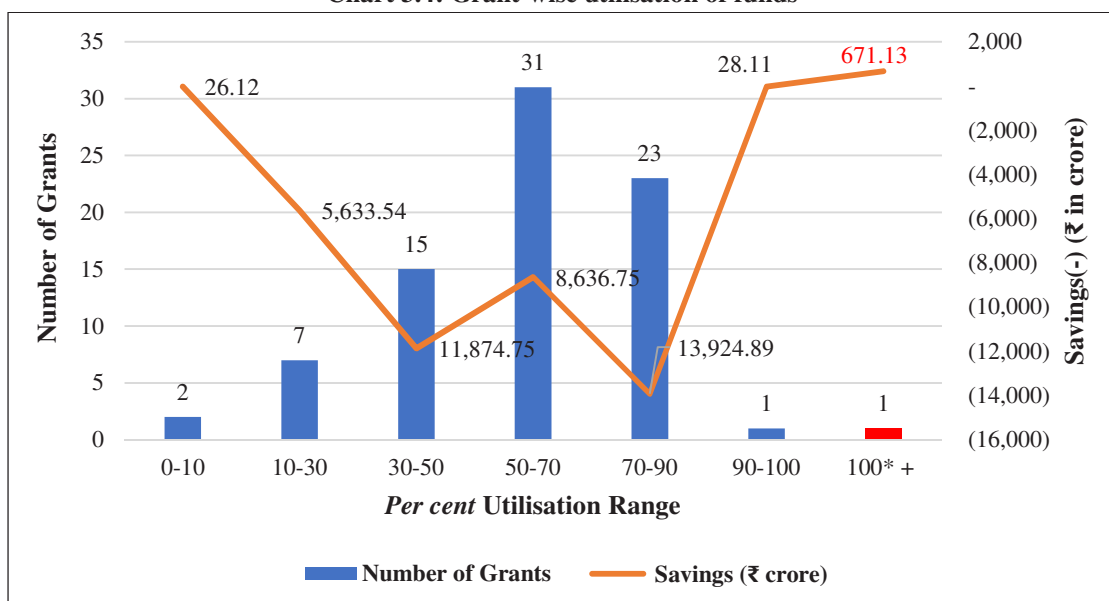
As can be seen from the Chart above, utilisation of budget has rarely exceeded 70 *per cent* in any of the five-year period. Large amount of savings in allocated funds indicate faulty budgeting with inaccurate assessment of resource mobilisation.

During the Exit Conference (December 2021), the Secretary, Finance Department, assured to take appropriate action on formulation of a realistic budget based on reliable assumptions of likely resource mobilisation in consultation with all stakeholders.

3.3.5.3 Large and Persistent Savings in Grants/ Appropriations

There were large savings during 2020-21, with 24 Grants/ Appropriations showing utilisation of less than 50 *per cent* of the budget allocation. The distribution of the number of Grants/ Appropriations grouped by the extent of savings is given in **Chart 3.4**.

Chart 3.4: Grant-wise utilisation of funds



* One Grant (Grant-78) had utilisation in excess of Budget provision at Grant level.

Of these 24 Grants/Appropriations which show utilisation of less than 50 per cent in 2020-21, 16 showed similar low utilisation in three or more years during the last five-year period *i.e.*, 2016-21. This is indicative of systemic issues that warrants a close review by the Government to enable initiation of expeditious corrective measures. Utilisation of budgetary allocation in these 24 Grants/ Appropriations for the five-year period from 2016-17 to 2020-21 is shown in **Table 3.8**.

Table: 3.8: Grants/Appropriations with budget under-utilisation (< 50 per cent)

(₹ in crore)									
Sl. No.	Grant	2016-17	2017-18	2018-19	2019-20	2020-21	No. of Years*	Budget 2020-21	Total Budget (5 Years)
1	02 Council of Ministers	51.25%	28.61%	71.63%	53.42%	36.46%	2	14.83	64.90
2	07 Stamps and Registration	72.29%	45.18%	59.35%	9.26%	27.16%	3	188.75	671.65
3	17 Administrative and Functional Buildings	59.79%	40.28%	53.96%	48.35%	46.97%	3	529.35	2726.33
4	19 Vigilance Commission and Others	45.56%	57.25%	78.36%	18.75%	44.14%	3	734.41	3988.48
5	21 Guest Houses, Government Hostels	52.09%	53.84%	38.57%	31.73%	27.01%	3	74.24	295.91
6	22 Administrative Training	58.20%	38.74%	57.69%	31.67%	38.44%	3	36.15	159.30
7	24 Aid Materials	0.0%	0.0%	0.0%	0.0%	0.0%	5	0.01	0.05
8	25 Miscellaneous General Services	39.62%	95.66%	44.96%	34.47%	33.85%	4	7285.44	18752.58
9	27 Art and Culture	65.82%	48.36%	52.44%	39.02%	46.48%	3	193.23	922.99
10	34 Urban Development (Municipal Administration)	29.14%	20.59%	36.89%	31.65%	23.82%	5	1504.56	5495.78
11	37 Food Storage and Warehousing	61.25%	55.80%	77.38%	63.88%	46.71%	1	1366.35	5175.99
12	38 Welfare of Scheduled Caste, Scheduled Tribes and Other Backward Classes, etc.	52.34%	33.16%	44.92%	64.53%	21.41%	3	2005.89	7787.83
13	41 Natural Calamities	83.95%	85.01%	74.01%	71.95%	47.25%	1	2646.68	8667.11
14	44 North Eastern Council Schemes	32.02%	24.36%	25.04%	15.26%	11.44%	5	1914.65	8223.15
15	46 Weights and Measures	72.86%	72.13%	62.96%	60.39%	44.08%	1	29.26	105.21
16	49 Irrigation	37.47%	49.32%	31.41%	45.77%	46.01%	5	1719.65	7581.21

Sl. No.	Grant	2016-17	2017-18	2018-19	2019-20	2020-21	No. of Years*	Budget 2020-21	Total Budget (5 Years)
17	58 Industries	61.42%	27.73%	49.70%	6.75%	43.74%	4	181.56	2286.67
18	61 Mines and Minerals	55.14%	60.24%	54.65%	56.12%	17.24%	1	74.20	160.57
19	62 Power (Electricity)	93.91%	65.33%	43.32%	42.52%	38.04%	3	4430.81	18984.24
20	65 Tourism	68.75%	61.85%	81.31%	36.57%	33.48%	2	162.07	734.39
21	67 Horticulture	39.97%	53.40%	48.83%	42.68%	36.46%	4	255.80	676.63
22	69 Scientific Services and Research	61.75%	54.70%	63.84%	80.60%	44.31%	1	76.12	256.55
23	70 Hill Areas	22.75%	35.67%	18.03%	11.62%	6.13%	5	27.82	144.32
24	73 Urban Development (Guwahati Development Department)	67.45%	28.84%	21.18%	35.56%	14.87%	4	1130.15	6698.41

* Number of years where utilisation of budgeted funds was below 50 per cent

The low utilisation of Budget in the three Grants directly related to urban infrastructure, viz., 31 Urban Development (Town and Country Planning), 34 Urban Development (Municipal Administration) and 73 Urban Development (Guwahati Development Department) had been mentioned as a point of concern in our previous year's report, and in the current year too, these grants have shown low utilisation²⁰, with two of three showing utilisation of less than 50 per cent. Improving urban infrastructure is a challenge faced by the State, and the low utilisation on allocation against related grants is a cause for concern. State Government needs to examine the reasons for poor utilisation of allocated funds in these Grants and take appropriate corrective action expeditiously.

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

3.3.6 Excess Expenditure and its Regularisation

Article 205(1)(b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess. This implies that, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature for the Financial Year.

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

3.3.6.1 Excess Expenditure relating to the year 2020-21

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but also indicative of bad planning, which

²⁰ Grant-31: 62.99%, Grant-34: 23.82%, Grant-73: 14.87%

could be avoided by keeping track of expenditure progression with budget made for the purpose. Cases of excess expenditure over the provision of the financial year are to be carefully examined.

During 2020-21, an amount of ₹ 731.25 crore was incurred in excess of the budget provision in four segments of four Grants/ Appropriations which is required to be regularised by the State Legislature as per Article 205 of the Constitution. The details of the Grants/ Appropriation in which the excess expenditure occurred are shown in **Table 3.9**.

Table 3.9: Excess expenditure during 2020-21 requiring regularisation

(₹ in crore)

Grant	Segment	Total Grant	Actual Expenditure	Excess Expenditure
23 Pension	Revenue-Voted	9,652.22	10,323.35	671.13
76 Karbi Anglong Autonomous Council	Capital-Voted	333.64	367.42	33.78
77 North Cachar Hills Autonomous Council	Capital-Voted	73.46	80.97	7.51
78 Bodoland Territorial Council	Capital-Voted	217.21	236.04	18.83
TOTAL		10,276.53	11,007.78	731.25

Two of these four grants, viz. 23 Pension, and 78 Bodoland Territorial Council, had shown excess expenditure during 2019-20 also. Moreover, an amount of ₹ 1,209.08 crore being pension payments of 2020-21 was not booked as expenditure in the State Accounts (2020-21). The reason behind this has been detailed under Paragraph 4.10.1 of the Report. If these were taken into account, excess payment on pension could have been ₹ 1,880.21 crore during the year.

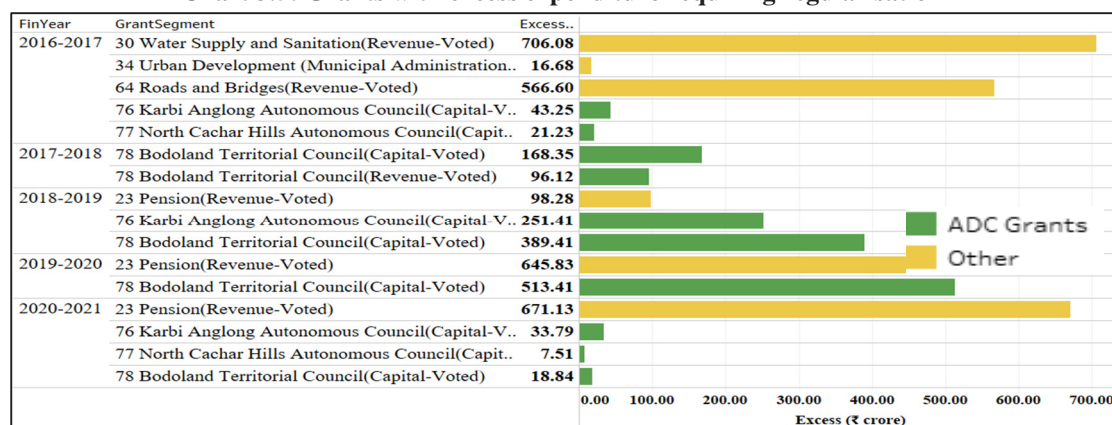
Such excess expenditure vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

During the Exit Conference (December 2021), the Commissioner and Secretary, Finance Department assured to take suitable action on excess expenditure.

3.3.6.2 Persistent excesses in certain Grants

Details of excess expenditure over the approved allocation during the five-year period from 2016-17 to 2020-21, which require regularisation by the State Legislature, are given in **Chart 3.5**.

Chart 3.5: Grants with excess expenditure requiring regularisation



The PAC, *vide* Para 6 of its 161st Report placed in the State Legislature on 24 March 2020, had recommended that the Finance Department should take initiative to constitute a high-level Committee to study the present accounting system of three Councils and suggest ways for avoiding excess expenditure in future. As a result, the Governor of Assam has constituted (February 2021) a High-Level Committee in order to streamline the matter of excess expenditure against grants across the State including Sixth Schedule Areas and BTR. The Committee held its first meeting on 02 November, 2021. The Report of the Committee is awaited.

3.3.6.3 Regularisation of excess expenditure of previous financial years

Article 204 of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature. Further, as per Article 205 of the Constitution of India, it is mandatory for State Government to get the excess over a grant/ appropriation regularised by the State Legislature. While no time limit has been provided in the Article for regularisation of expenditure, normally, as a convention, the excess expenditure over budgeted allocation is regularised after completion of discussion of the Appropriation Accounts by the State PAC. A summarised position of excess expenditure relating to previous years requiring regularisation is given in **Table 3.10**.

Table 3.10: Excess expenditure relating to previous years requiring regularisation

Year	Number of		Amount of excess over provision (₹ in crore)
	Grants	Appropriations	
2005-06	2	2	2.45
2006-07	4	2	80.61
2007-08	9	2	113.24
2008-09	6	2	108.41
2009-10	3	Nil	10.18
2010-11	1	1	4.27
2011-12	5	2	915.14
2012-13	4	Nil	1,195.60
2013-14	5	Nil	1,499.89
2014-15	5	1	3,801.63
2015-16	3	Nil	243.77
2016-17	5	Nil	1,348.44
2017-18	2	Nil	264.47
2018-19	3	Nil	739.11
2019-20	2	Nil	1,159.23
Total	59	12	11,486.44

The PAC had discussed (February 2020 and February 2021) the excess expenditure for the years 2005-06 to 2017-18 and issued recommendation *vide* its 161st and 169th Reports for regularisation of the total excess expenditure amounting to ₹ 9,540.38 crore under Article 205 of the Constitution. But the Act regularising the excess expenditure is yet to be issued by the Government. Year-wise details of excess expenditure are given alongside, and Grant-wise details thereof are given in **Appendix 3.6**.

During the Exit Conference (December 2021), the Secretary, Finance Department, stated that the copy of the Act would be provided to Audit once it is approved by the State Legislature.

3.3.7 Grants-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. Grants-in-

aid are given for specified purpose of supporting an institution including construction 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 President on the advice of the Comptroller and Auditor General of India.

There was an increase recorded in the capital expenditure during 2020-21, primarily due to depiction of ₹ 5,640.47 crore of expenditure out of Grants-in-Aid as Capital Expenditure, instead of as Revenue Expenditure.

Table 3.11 and **Chart 3.6** highlight the extent of classification of GIA as Capital Expenditure instead of as Revenue Expenditure by the State during 2016-21.

Table 3.11: Extent of classification of GIA as Capital Expenditure

	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Capital Expenditure	5,502	7,693	11,034	13,468	12,399
Share of GIA in Capital Expenditure	1,559	3,945	5,490	6,225	5,640

Chart 3.6: Share of Grants-in-Aid in Capital Expenditure

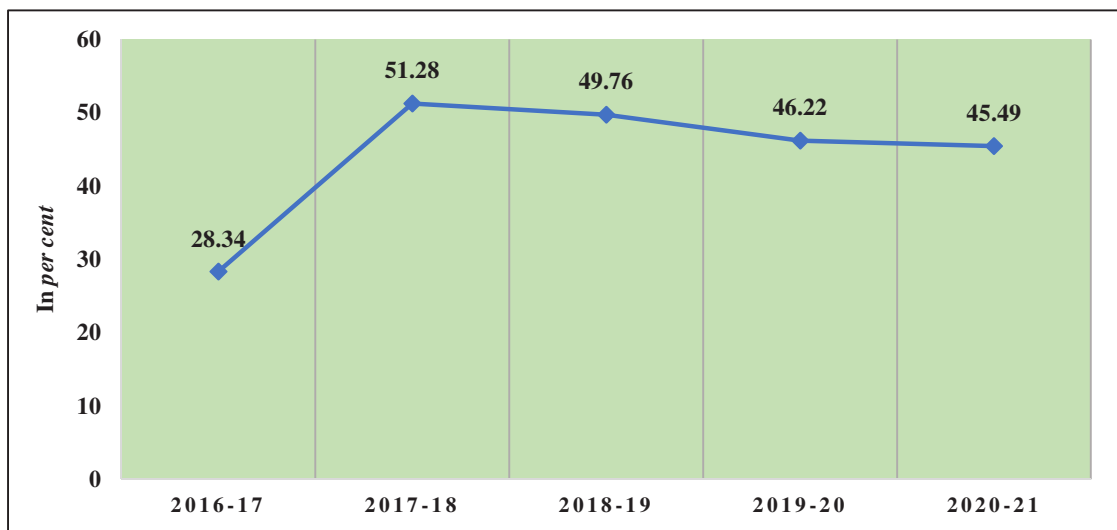
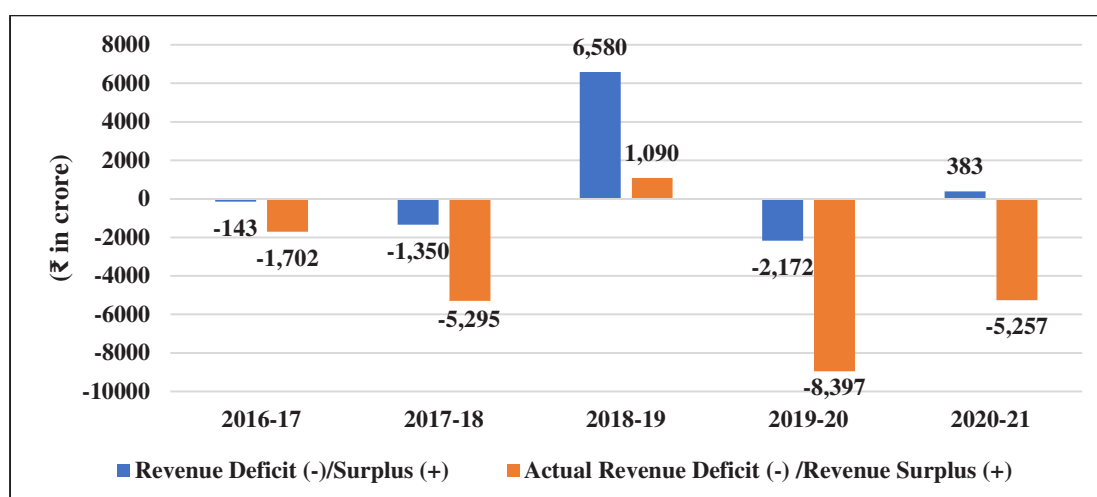


Table 3.12 and **Chart 3.7** indicate the impact of non-compliance with the provisions of IGAS-2 by the State in absolute terms during 2016-21 as Revenue Surplus was overstated and Revenue Deficit was understated during the period. Moreover, Capital Expenditure during the period was also overstated to that extent.

Table 3.12: Impact of non-compliance with IGAS-2

	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Grants-in-Aid booked as Capital Expenditure	1,559	3,945	5,490	6,225	5,640
Revenue Deficit (-)/Surplus (+) of the State	-143	-1,350	6,580	-2,172	383
Actual Revenue Deficit (-)/ Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	-1,702	-5,295	1,090	-8,397	-5,257

Chart 3.7: Actual Revenue Deficit (-)/Surplus (+)



During the Exit Conference (December 2021), the Commissioner and Secretary stated that the GIA is given mainly for Centrally Sponsored Schemes, and the ownership of the assets thus created, lies with the State Government. Hence, these are classified as Capital Expenditure.

3.4 Comments on effectiveness of budgetary and accounting process

3.4.1 Budget projection and gap between expectation and actual

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

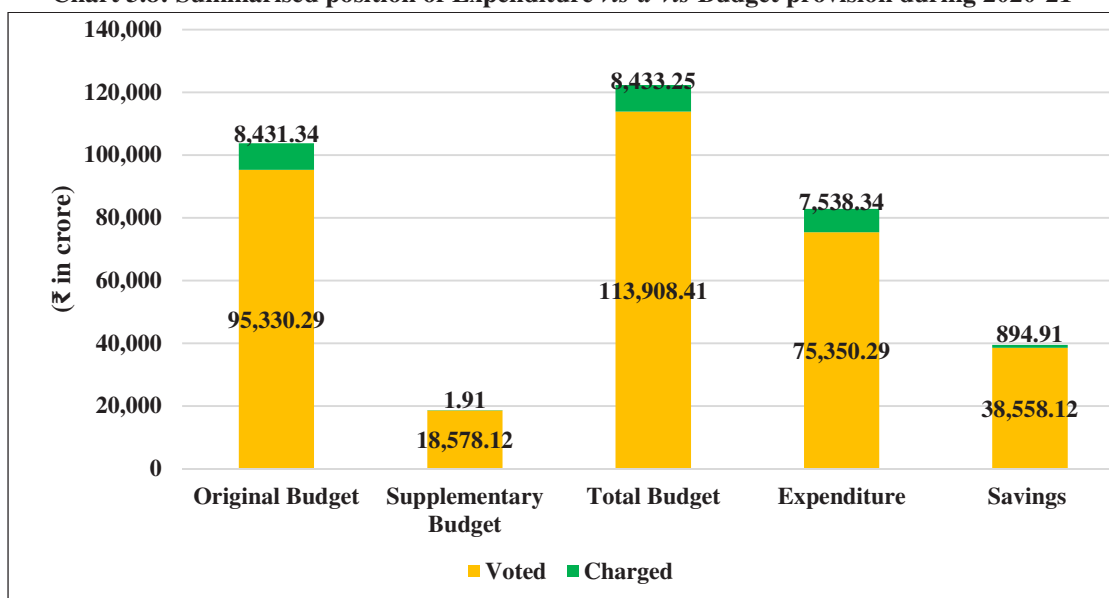
The summarised position of budget including supplementary budget, actual expenditure, and excess/ savings during 2020-21 against 81 Grants/ Appropriations (78 Grants and three Appropriations) is given in **Table 3.13** as well as in **Chart 3.8**.

Table 3.13: Summarised position of Expenditure *vis-à-vis* Budget provision

Voted / Charged	Nature of Expenditure	Budget (Original)	Budget (Supplementary)	Total	Expenditure	Details of Savings	
						Amount	Per cent
Voted	Revenue	76,493.47	13,232.90	89,726.37	62,772.79	26,953.58	30.04
	Capital	18,520.54	5,317.85	23,838.39	12,489.70	11,348.69	47.61
	Loans and Advances	316.28	27.37	343.65	87.80	255.85	74.45
	Total Voted	95,330.29	18,578.12	1,13,908.41	75,350.29	38,558.12	33.85
Charged	Revenue	6,283.51	1.71	6,285.22	5,390.36	894.86	14.24
	Capital	0.00	0.04	0.04	0.00	0.04	100.00
	Public Debt Repayment	2,147.83	0.16	2,147.99	2,147.98	0.01	0.00
	Total Charged	8,431.34	1.91	8,433.25	7,538.34	894.91	10.61
Total (Voted and Charged)	1,03,761.63	18,580.03	1,22,341.66	82,888.63	39,453.03	32.25	

Source: Appropriation Accounts

Chart 3.8: Summarised position of Expenditure vis-à-vis Budget provision during 2020-21



As can be seen from **Table 3.13** that during the year 2020-21, Government of Assam (GoA) incurred expenditure of ₹ 82,888.63 crore against the total grants and appropriations of ₹ 1,22,341.66 crore resulting in overall savings of ₹ 39,453.03 crore. These savings stood at 32.25 *per cent* of total grants and appropriations made for the year. Huge savings were also 2.12 times the size of supplementary budget obtained during the year.

Of the overall savings of ₹ 39,453.03 crore, savings of ₹ 38,036.60 crore (96.41 *per cent*) occurred in 50 cases (₹ 100 crore and above in each case) at Segment level within 38 Grants/ Appropriations as indicated in **Appendix 3.7**.

Utilisation of budgeted funds by the State has been to some extent sub-optimal every year during the past five years. The extent of savings during the last five years is given in **Table 3.14**.

Table 3.14: Original Budget, Revised Estimate and Expenditure during 2016-21

Particulars	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Original Budget	78,253.36	85,922.69	90,269.92	99,418.91	1,03,761.63
Supplementary Budget	4,815.79	13,530.39	18,220.43	20,296.77	18,580.03
Revised Estimate	83,069.15	99,453.08	1,08,490.35	1,19,715.68	1,22,341.66
Actual Expenditure	58,178.31	68,586.99	72,331.34	84,163.60	82,888.63
Savings (-) /excess (+)	(-) 24,890.84	(-) 30,866.09	(-) 36,159.01	(-) 35,552.08	(-) 39,453.03
Per cent Savings	29.96	31.04	33.33	29.70	32.25

As can be seen from **Table 3.14**, savings of budget during the last five years ranged between 29.70 *per cent* and 33.33 *per cent*.

3.4.1.1 Missing/ Incomplete Explanation for Variation from Budget

Apart from showing the expenditure against the approved budget, Appropriation Accounts also provide explanation for cases where the expenditure varies significantly from the budgeted provision (Original *plus* Supplementary). The limit beyond which,

such variation at the Sub-Head/Sub-Sub-Head level (Unit of Appropriation) are to be explained in the Appropriation Accounts is set by the Public Accounts Committee (PAC).

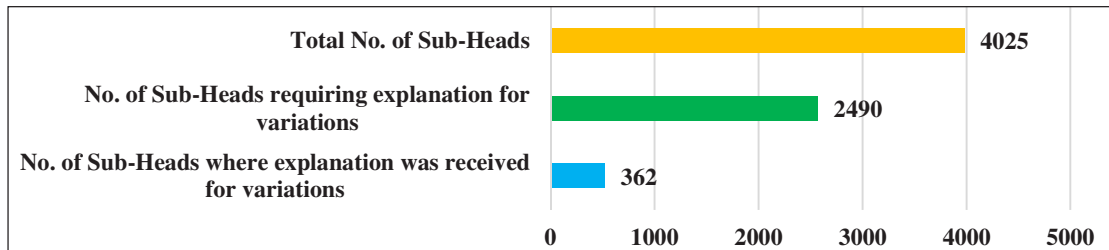
Accountant General (A&E) provides the draft Appropriation Accounts to the Controlling Officers of the Departments and seeks the reasons/ explanations for the variations in expenditure with reference to approved budgetary allocation in keeping with the limits set by the PAC.

The current limits, set by the State PAC in May 1989 are as follows:

Savings	<ul style="list-style-type: none"> Comments are to be made if variations (savings including non-utilisation) under Sub-Heads of Grants/ Appropriations are over ₹ 15 lakh or 20 per cent of the total provision (original plus supplementary), whichever is more
Excess	<ul style="list-style-type: none"> General comments are to be made for regularisation of excess over the provision in all cases where there is an overall excess (irrespective of the amount) Comments are to be made if variations (excesses) under Sub-Heads of Grants/ Appropriations are ₹ 15 lakh or 20 per cent of the total provision (original plus supplementary), whichever is more

Audit of Appropriation Accounts of 2020-21 and an analysis of the underlying accounting data revealed that the Controlling Officers have provided explanation for the variations in the expenditure *vis-à-vis* budgeted allocation in about 15 per cent of cases. Of the 81 Grants/ Appropriations, reasons for variation were called for in respect of 2,490 cases under 80 Grants/ Appropriations. However, reasons for variations in respect of only 362 cases under 26 Grants/Appropriations were furnished by the Controlling Officers of Government Departments. Summary of unexplained variations over budget provision is given in **Chart 3.9** and grant-wise further details are given in **Appendix 3.8**.

Chart 3.9: Summary of unexplained variations *vis-à-vis* budget



Further analysis revealed that these 2,490 heads together accounted for a savings of ₹ 38,621.44 crore in 79 Grant/ Appropriation and an excess of ₹ 2,301.12 crore in 22 Grant/ Appropriation. Out of these, variations have been explained only in 362 Sub-heads covering a savings of ₹ 2,490.57 crore and an excess of ₹ 8.73 crore and variations in respect of 2,128 Sub-heads covering savings of ₹ 36,130.87 crore (93.6 per cent) and an excess of ₹ 2,292.39 crore (99.6 per cent) remain unexplained due to non-receipt of replies from the concerned departments of State Government.

Absence of explanation for variation between the budgeted allocation and its utilisation limits the informational utility of Appropriation accounts for enabling financial accountability of the Government and legislative control over budget.

Finance Department may therefore issue clear instruction to all the departments for timely submission of explanations of variations with respect to approved provision to the Accountant General (A&E), Assam for their incorporation in the Appropriation Accounts.

3.4.1.2 Large Variation from Budget at Sub-head level remaining Unexplained

As explained earlier, the limit for variation of Expenditure from Budgeted provision beyond which explanation is to be provided in the Appropriation Accounts was set by the Public Accounts Committee in May 1989.

A similar approach is followed in case of Appropriation Accounts for the Union Government, where the limits were set by the Central PAC. The PAC (17th Lok Sabha, 2019-20) in its first report of December 2019 titled 'Revision of ceiling for exception reporting in Appropriation Accounts', had reviewed the ceiling for sub-head level comments in the appropriation account, and raised the limits upwards. The proposal for revision was initiated by Ministry of Finance on the grounds that the current limits were effective since 1993-94, and since then, the size of Union Budget had gone up by 28 times, necessitating an upward revision of the materiality level or ceiling for comment/ explanation in Appropriation Accounts.

The revised and earlier limits for explaining variation at Sub-Head level along with the corresponding figure in case of Government of Assam is tabulated below:

Table 3.15: Norms for Explaining Variation at Sub-Head Level – comparison with Union Government

Norms set by Central PAC		Norms by State PAC
Pre-Revised Norm (from 1993-94)	Revised Norm (from 2018-19)	Extant Norm (from 1987-88)
Variation (Excess or Savings) exceeding ₹ 100 lakh are explained	Variation (Excess or Savings) exceeding ₹ 500 lakh are explained	<i>No analogous Norm</i>
All cases where the Variation (Excess or Savings) exceeds 10 per cent of the sanctioned provision or ₹ 50 lakh whichever is higher are explained	All cases where the Variation (Excess or Savings) exceeds 10 per cent of the sanctioned provision or ₹ 250 lakh whichever is higher are explained	All cases where the Variation (Excess or Savings) exceeds 20% of the sanctioned provision or ₹ 15 lakh whichever is higher are explained
If there is a supplementary, all cases where savings exceeds 10 per cent of the supplementary or ₹ 5 lakh whichever is higher are explained	If there is a supplementary, all cases where savings exceeds 10 per cent of the supplementary or ₹ 100 lakh whichever is higher are explained	<i>No analogous Norm</i>
When Grant as a whole exceeded, Sub-Heads involving excess of ₹1 Lakh are picked up	When Grant as a whole exceeded, Sub-Heads involving excess of ₹ 25 lakh are picked up	<i>No analogous Norm</i>

As can be seen, the norms set by Central PAC cover a wider range of cases requiring explanation for variation. Where the norm is similar, the limits are understandably different owing to the difference in the size of the Central and State Government, and the different time period when the norms were set by the respective PAC.

Of immediate relevance in case of Assam is the absence of any norm for explanation based on absolute/size of deviation, and explanation for large savings at the Grant level. Thus, while central PAC had set a limit of ₹ 100 lakh, which has now been raised to ₹ 500 lakh, for explaining variation (Excess or Savings) irrespective of the percentage of deviation from the Budget provision, there is no analogous norm in Assam. Thus, in cases where the budget provision at Sub-Head level is high, say over ₹ 25 crore, then even a variation of ₹ 5 Crore would not require explanation as it would be within the 20 per cent limit.

During the Exit Conference (December 2021), the Commissioner and Secretary, Finance Department, assured to look into this matter of a suitable upward revision of variations in Sub-Heads requiring explanation as suggested by Audit.

3.4.1.3 Large Variation from Budget at Grant level

The Public Accounts Committee (10th Lok Sabha, 1990-91) in its 60th Report *vide* Para 1.22 and 1.24 had observed that savings of ₹ 100 crore or above are indicative of defective budgeting as well as shortfall in performance in a Grant or Appropriation. It was therefore decided by the Public Accounts Committee, that each year a detailed explanatory note in respect of savings of ₹ 100 crore or above shall be furnished by the respective Ministry/Department, to the Committee.

As regards explanation for large Savings at Grant level, there is no such requirement presently set by State PAC. Even if the limit of ₹ 100 crore as applicable for Centre is considered for the State of Assam, explanation would be necessitated in 38 of the 81 Grants/ Appropriations. As observed in para 3.3.5.2, Assam has seen significant under-utilisation of Budget in each of the last 5 years. Thus, the bigger problem in Budgetary compliance is that of Savings rather than excess.

Thus, it is recommended that Norms for Explaining Variation at Sub-Head Level may be considered for revision by the State PAC, as also setting an appropriate limit of Savings at Grant/Appropriation level beyond which explanation would be required, and Finance Department may initiate necessary action in this regard.

During the Exit Conference (December 2021), the Commissioner and Secretary, Finance Department, agreed that a suitable norm at grant level, in line with Central PAC, would increase budgetary compliance and thus, the Department would analyse the issue and take suitable action.

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

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

Every year, the State Finance Minister delivers Budget Speech in the Assam Legislative Assembly. The Budget Speech provides an overview of the economy of the previous and current years, and also gives Budget Estimates for the next financial year, covering the prevailing economic situation of the State. The Budget Speech also provides the broad framework of expenditure for the current financial year in different sectors and explains the priorities of the Government by way of pronouncement of new policy initiatives/ schemes for the social and economic welfare of the people of the State. The Budget Speech also specifies the focus areas of the State Government.

In the Budget Speech 2020-21, the Finance Minister had announced 18 flagship schemes, “Athadasha Mukutar Unnoyonee Mala”, for the social and economic welfare of the people of the State.

Appropriation Accounts (2020-21) along with underlying data reveal that there was no expenditure in 1 out of 18 flagship schemes announced by the State Government in the Budget of 2020-21. Scheme-wise details are given in **Table 3.16**.

Table 3.16: Details of the Flagship schemes for which provision was made but no expenditure was incurred

(₹ in crore)				
Grant No.	Head details	Name of the Scheme	Budget Provision	Expenditure
65-Tourism	5452-01-102-2502-289	Asom Darshan	47.5	Nil

3.4.3 Trend of Expenditure

Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Instructions regarding this are available in Budget Manual, Finance Department OMs, etc. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalance and temporary cash crunches due to mismatch of Revenue Expenditure during a particular month arising out of unanticipated heavy expenditure in that particular month.

As per Para 11.17 of Assam Budget Manual, a rush of expenditure particularly in the closing months of the financial year, is regarded as breach of financial regularity. Further, as per the standing orders of Finance Department, the Administrative Departments should target their annual expenditure during four quarters in the pattern of 20, 30, 30 and 20 *per cent* of the total expenditure for effective budget execution.

Seven major cases of Grants where more than 50 *per cent* of the Total Expenditure (TE) was incurred in March 2021 alone, are detailed in **Table 3.17**.

Table 3.17: Expenditure in March in excess of 50 per cent of total Expenditure

(₹ in crore)					
Sl. No.	Grant	Budget (Total)	Expenditure (Year)	Expenditure (March)	Per cent share of March Expenditure
1	05 Sales Tax and Other Taxes	469.23	335.15	198.99	59.37
2	25 Miscellaneous General Services	7,285.44	2,466.10	1,885.52	76.46
3	58 Industries	181.56	79.41	53.47	67.33

Sl. No.	Grant	Budget (Total)	Expenditure (Year)	Expenditure (March)	Per cent share of March Expenditure
4	66 Compensation and Assignment to Local Bodies and Panchayati Raj Institutions	594.41	376.95	209.83	55.67
5	67 Horticulture	255.80	93.28	87.43	93.73
6	69 Scientific Services and Research	76.12	33.73	19.97	59.21
7	73 Urban Development (Guwahati Development Department)	1,130.14	168.04	123.82	73.68
	Total	9,992.70	3,552.66	2,579.03	72.59

Of the 2,579.03 crore spent in March 2021 in the above seven Grants, 71.33 per cent was in the form of Grants-in-Aid, as shown in the Table below. With such delayed release of Grants-in-Aid, there is no assurance that the final expenditure was actually incurred within the Financial Year 2020-21, which goes against the fundamental budgetary precept of allocation for expenditure to be met within the financial year.

Table 3.18: Nature of Expenditure in March in excess of 50 per cent of total Expenditure

(₹ in crore)

Detailed Head Group	Budget (Total)	Expenditure (Year)	Expenditure (March)	Per cent of Total Expenditure in March
Grants-in-Aid	8,365.65	2,490.40	1,839.66	71.33%
Others	1,627.05	1,062.26	739.37	28.67%
Total	9,992.70	3,552.66	2,579.03	

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

3.5 Review of Selected Grants

During the year 2020-21, two Grants - Grant No. 39 – Social Security, Welfare and Nutrition, and Grant No. 48 – Agriculture were selected for detailed scrutiny in audit to review compliance with prescribed budgetary procedures, monitoring of funds, control mechanisms and implementation of schemes within these grants. Outcome of the audit is discussed in the succeeding paragraphs.

3.5.1 Grant 39 – Social Security, Welfare and Nutrition

The Social Welfare Department, Government of Assam aims at welfare activities for Women and Child development, as well as social awareness of the problems faced by Children, Women, Physically Challenged persons, Welfare of Transgender community and Elderly Person's recognition of their genuine needs, including improvement of nutritional status of children, adolescent girls, pregnant and lactating mothers. The Department is the nodal agency for implementation and safeguarding of universal social protection measures, to ensure that the benefits of development reach every member of the society, particularly women, children, Divyang, senior citizen and the marginalised.

3.5.1.1 Budget and Expenditure

The overall position of budget provision, actual expenditure and savings/ excesses under this Grant during the five-year period 2016-21 is given below. All Budget

provision under this Grant was for Voted Revenue Expenditure, with a small provision for Capital Expenditure, which has remained unutilised year after year.

Table 3.19: Budget and Expenditure

Grant No. 39		(₹ in crore)				
		2016-17	2017-18	2018-19	2019-20	2020-21
Total (Revenue + Capital)	Budget Provision (O+S)	1,237.72	1,864.70	2,561.68	2,759.69	3,111.76
	Expenditure	957.33	955.05	1,465.67	2,207.84	2,133.80
	Savings (-)/ Excess (+)	-280.39	-909.65	-1,096.01	-551.85	-977.96
	Savings/Excess (per cent)	22.65	48.78	42.78	20.00	31.43
i) Revenue	Budget Provision	1,237.72	1,862.70	2,559.68	2,759.47	3,107.63
	Expenditure	957.33	955.05	1,465.67	2,207.84	2,133.80
	Savings (-)/ Excess (+)	-280.39	-907.65	-1,094.01	-551.63	-973.83
	Savings/Excess (per cent)	22.65	48.73	42.74	19.99	31.34
ii) Capital	Budget Provision	0.00	2.00	2.00	0.22	4.13
	Expenditure	0.00	0.00	0.00	0.00	0.00
	Savings (-)/ Excess (+)	0.00	-2.00	-2.00	-0.22	-4.13
	Savings/Excess (per cent)	-	100	100	100	100

Source: Appropriation Accounts

As can be seen from the table above, savings as a percentage of total budget provision ranged between 20.00 per cent and 48.78 per cent during the period 2016-21. During the current year, it stood at 31.43 per cent of the total budget provision. Persistently large savings is indicative of incorrect assessment of actual needs and calls for a critical review of budget preparation exercise of the Department.

3.5.1.2 Surrender of Savings

According to Paragraph 11.17 of ABM, 2012, a Controlling Officer should anticipate savings under a Grant and communicate them to the Finance Department not later than 15th of February each year.

Table 3.20 and Table 3.21 details the Segment-wise and Major Head wise total Budget, Expenditure and Savings under Grant No. 39, during the last five years, i.e., 2016-21.

Table 3.20: Segment-wise Budget and Expenditure

Segment		(₹ in crore)				
Item		2016-17	2017-18	2018-19	2019-20	2020-21
Revenue-Voted	Total Budget (O + S)	1,237.72	1,862.70	2,559.68	2,759.47	3,107.63
	Budget (O)	1,192.92	1,750.49	2,096.72	2,363.10	2,147.18
	Budget (S)	44.80	112.21	462.96	396.37	960.45
	Budget Augmentation (in per cent)	3.76	6.41	22.08	16.77	44.73
	Surrender	0.00	0.00	0.00	0.00	0.00
	Expenditure	957.33	955.05	1,465.67	2,207.84	2,133.80
	Savings	280.39	907.65	1,094.01	551.63	973.83
	Savings (per cent)	22.65	48.73	42.74	19.99	31.34
Capital-Voted	Total Budget (O + S)	0.00	2.00	2.00	0.22	4.13
	Budget (O)	0.00	2.00	2.00	0.22	4.13
	Budget (S)	0.00	0.00	0.00	0.00	0.00
	Budget Augmentation (in per cent)	0	0	0	0	0
	Surrender	0.00	0.00	0.00	0.00	0.00
	Expenditure	0.00	0.00	0.00	0.00	0.00
	Savings	-	2.00	2.00	0.22	4.13
	Savings (in per cent)	-	100	100	100	100

Table 3.21: Major Head wise Budget and Expenditure

(₹ in crore)

Major Head	Item	2016-17	2017-18	2018-19	2019-20	2020-21
2235-Social Security and Welfare	Total Budget (O + S)	837.01	1,415.56	1,957.74	1,922.93	1,823.35
	Budget (O)	792.23	1,303.40	1,758.60	1,726.71	1,313.72
	Budget (S)	44.78	112.16	199.14	196.22	509.63
	Budget Augmentation (<i>per cent</i>)	5.65	8.61	11.32	11.36	38.79
	Surrender	0.00	0.00	0.00	0.00	0.00
	Expenditure	634.49	709.41	1,019.22	1,423.18	1,411.31
	Savings	202.52	706.15	938.52	499.75	412.04
	Savings (<i>per cent</i>)	24.20	49.88	47.94	25.99	22.60
2236-Nutrition	Total Budget (O + S)	400.71	447.15	601.95	836.54	1,284.28
	Budget (O)	400.69	447.09	338.12	636.40	833.46
	Budget (S)	0.02	0.06	263.83	200.14	450.82
	Budget Augmentation (<i>per cent</i>)	0	0.01	78.03	31.45	54.09
	Surrender	0.00	0.00	0.00	0.00	0.00
	Expenditure	322.83	245.64	446.45	784.66	722.49
	Savings	77.88	201.51	155.50	51.88	561.79
	Savings (<i>per cent</i>)	19.44	45.07	25.83	6.20	43.74
4235-Capital Outlay on Social Security and Welfare	Total Budget (O + S)	0.00	2.00	2.00	0.22	4.13
	Budget (O)	0.00	2.00	2.00	0.22	4.13
	Budget (S)	0.00	0.00	0.00	0.00	0.00
	Budget Augmentation (<i>per cent</i>)	0.00	0.00	0.00	0.00	0.00
	Surrender	0.00	0.00	0.00	0.00	0.00
	Expenditure	0.00	0.00	0.00	0.00	0.00
	Savings	-	2.00	2.00	0.22	4.13
	Savings (<i>per cent</i>)	-	100	100	100	100

As can be seen from above table, there were large savings at the Segment level in all the three Major Heads within the grant. Despite large overall savings at Segment level ranging between ₹280.39 crore and ₹1,094.01 crore during the last five years, with total savings of ₹977.96 crore during the current year, no amount was surrendered during any of the years.

Non-compliance with the prescribed time schedule of surrender of savings defeats the objective of efficient budget management.

3.5.1.3 Unnecessary Supplementary Grant

Quantum of Supplementary Grant provided to the Social Welfare Department under Grant-39 during the last five years *i.e.*, 2016-17 to 2020-21 is given in **Table 3.22** and also in **Chart 3.10**. While the small Capital Budget provision remained unutilised without any further augmentation through Supplementary Grant, huge additional allocations were made for the Revenue Segment, which proved to be unnecessary as there were savings even against the Original Budget provision, in each of the last five years.

Table 3.22: Unnecessary Supplementary Provision

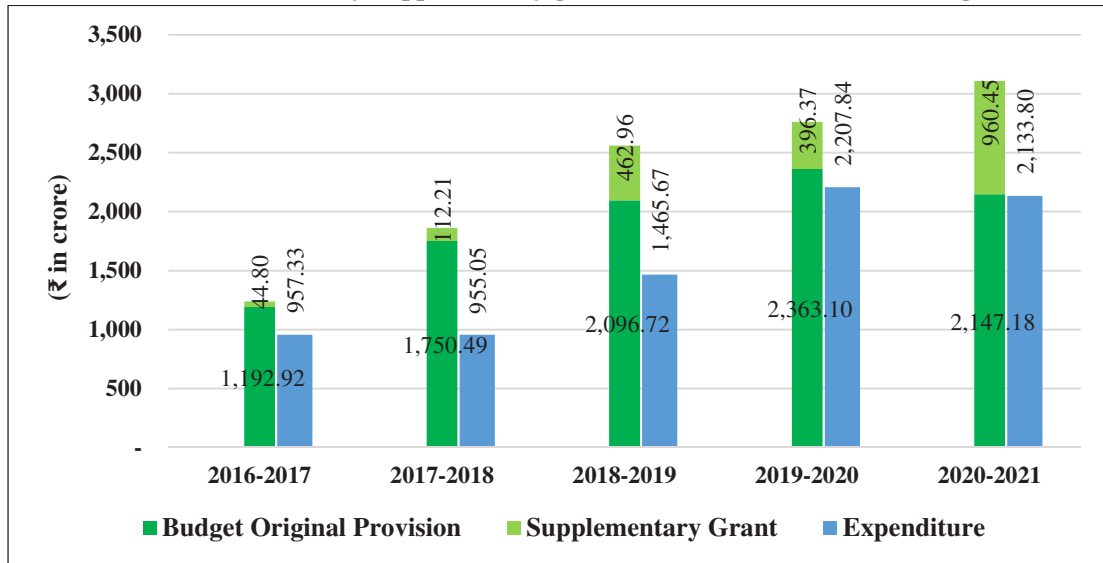
(₹ in crore)

Segment	Year	Budget Original Provision	Expenditure	Savings out of Original Provision	Supplementary Grant
Revenue-Voted	2016-2017	1,192.92	957.33	235.59	44.80
	2017-2018	1,750.49	955.05	795.44	112.21
	2018-2019	2,096.72	1,465.67	631.05	462.96
	2019-2020	2,363.10	2,207.84	155.26	396.37
	2020-2021	2,147.18	2,133.80	13.38	960.45

Source: Appropriation Accounts

As can be seen in the table above, during the period 2016-21, Supplementary Grants proved unnecessary in every year in the Revenue-Voted Segment as the Expenditure was less than the Original Budget Provision.

Chart 3.10: Unnecessary Supplementary grants under Grant-39 (Revenue Segment)



The Director, Social Welfare, Assam, attributed the low utilisation to non-accordance of administrative approval, non-receipt of Sanction and non-release of FOC from the Government. However, during 2020-21 non-release of Central share by GOI, non-release of State Share as well as imposition of ban on drawal of arrears of salary/ wages/ DA were attributed as the additional reasons for low utilisation of funds.

3.5.1.4 Persistent Savings under Sub-Head

Two of the most important schemes funded by Grant-39, viz., Implementation of Integrated Child Development Services (ICDS) Scheme and Special Nutrition Programme (Pradhan Mantri Gramodaya Yojna - PMGY), showed persistent large savings over the last five years, with average savings of 28.64 *per cent* and 23.65 *per cent* respectively. Another scheme relating to Repair of Anganwadi centre showed very low level of utilisation in the last few years, with some improvement in the current financial year.

These schemes have direct impact on the welfare of vulnerable population of women and children, and low utilisation is a cause for concern.

Table 3.23: Persistent Savings under Sub-Head

Head of Account	Year	Total Grant (O + S)	Expenditure	Savings	
				Amount	Per cent
2235-02-102-{0177}- Implementation of Integrated Child Development Services (ICDS) Scheme	2016-17	658.44	492.93	165.51	25.14
	2017-18	811.93	475.80	336.13	41.40
	2018-19	917.11	568.61	348.50	38.00
	2019-20	1,162.93	882.28	280.65	24.13
	2020-21	1,152.30	936.26	216.04	18.75
	Total		4,702.71	3,355.88	1,346.83

Head of Account	Year	Total Grant (O + S)	Expenditure	Savings	
				Amount	Per cent
2236-02-101-{0976}-Special Nutrition Programme (Pradhan Mantri Gramodaya Yojna - PMGY)	2016-17	360.30	290.50	69.80	19.37
	2017-18	402.21	230.01	172.20	42.81
	2018-19	452.88	345.78	107.10	23.65
	2019-20	652.49	618.20	34.29	5.26
	2020-21	747.28	512.10	235.18	31.47
	Total	2,615.16	1,996.59	618.57	23.65
2235-02-800-{0821}-Others/ [825]-Repair of Anganwadi Centre (AWC)	2016-17	0.00	0.00	-	-
	2017-18	24.00	0.00	24.00	100.00
	2018-19	24.00	0.00	24.00	100.00
	2019-20	25.00	10.16	14.84	59.36
	2020-21	19.00	18.21	0.79	4.16
	Total	92.00	28.37	63.63	69.16

Source: Appropriation Accounts

The reason for savings under the Schemes was stated as follows:

- Savings occurred under “Integrated Child Development Services (ICDS) Schemes”, due to non-receipt of financial Sanction/ non-release of FOC for some items of work, non-completion of tender procedure and non-completion of supply work. However, during 2020-21, imposition of ban for drawal of arrear of salary/wages/DA as well as non-completion of work due to COVID pandemic were additional reasons for savings.
- Savings occurred under Special Nutrition Programme-PMGY due to preparation and approval of budget estimate prior to receipt of Annual Programme Implementation Plan (APIP), non-receipt of sanction and non-release of FOC.
- Savings occurred under “Repair of Anganwadi Centre (AWC)” due to non-accordance of administrative approval by administrative department in some cases and non-completion of work in due time.

3.5.1.5 Unnecessary Re-appropriation

Re-appropriation means the transfer of savings from one unit of appropriation to meet additional expenditure under another unit within the same Grant or Charged Appropriation.

As per Paragraph 9.2 of ABM, 2012, Finance Department has the power to sanction/ authorise any re-appropriation within a Grant, which does not involve the undertaking of a recurring liability. Copies of such orders sanctioning any Re-appropriation must be communicated to the Accountant General as soon as they are passed.

Within Grant 39, the re-appropriation proved unnecessary in two Sub-Heads as savings were recorded under these Sub-heads against the available budget provision, as detailed in **Table 3.24**.

Table 3.24: Unnecessary Re-appropriation

(₹ in lakh)

Head of Account	Savings against Budget (O+S)	Re-appropriation	Final Savings	Reply of the Department
2235-02-001-{0935}-Strengthening of Administration Machinery	-7.20	4.50	-11.70	The amount was re-appropriated for DA arrears. Due to imposition of ban on drawal of arrear salary, DA, wages, etc. vide WT message dated 26.3.21 the amount could not be drawn and utilised.
2235-02-101-{5306}-Grants-in-aid to Various Welfare Schemes/[120]-Society for Welfare of Blind, Guwahati	-49.50	11.00	-60.50	Though re-appropriation was done but due to non-receipt of Sanction from GoA, the re-appropriated funds could not be utilised.

Thus, the Re-appropriation of ₹ 15.50 lakh made under the above two Sub-heads proved unnecessary as the final Savings exceeded the Re-appropriated amount.

3.5.1.6 Savings of Entire Budget Provision

Budget provision of ₹ 332.67 crore made under the following seventeen schemes/projects, with individual allocation in excess of ₹ one crore, for the year 2020-21 under Grant No. 39 remained unutilised at the end of the year. Scheme-wise details along with response of Department is given in the following table.

Table 3.25: Non-utilisation of budget provision

(₹ in crore)

Sl. No.	Head of Account	Budget (O+S)	Expenditure	Reply of the Department
1	2236-02-101-{2619}-15th Finance Commission Grant	293.40	0.00	No intimation was received from Economic Affairs Finance Department. So, no Sanction proposal was submitted to Government for sanction.
2	2235-02-102-{0177}-Implementation of ICDS / [871]-Anganwadi Employees Welfare Fund	4.75	0.00	Due to non-receipt of specific Guideline from Government regarding disbursement of Grant-in-Aid to Anganwadi workers and helpers.
3	2235-02-102-{5847}-National Creche Scheme	3.98	0.00	Due to non-release of Central Share (due to late submission of UC/Progress Report) and State Share.
4	2235-02-101-{0205}-Other Welfare Schemes / [909]-Home for Mentally ill Person	3.90	0.00	Due to non-receipt of Sanction from Government.
5	2235-02-102-{2426}-Child Care Institution	3.33	0.00	Due to non-release of FOC from Government.
6	2235-02-101-{0205}-Other Welfare Schemes / [911]-Grants-in-aid to Voluntary Organisations Working with Mentally Challenged Persons	3.26	0.00	Due to non-receipt of Sanction from Government.
7	2235-02-200-{2618}-National Policy on Prevention of Alcoholism and Drug Abuse	2.14	0.00	Due to non-sanction of Re-appropriation proposal by Government.

Sl. No.	Head of Account	Budget (O+S)	Expenditure	Reply of the Department
				(The funds were actually for CSS but erroneously funds were placed under SOPD. So, Re-appropriation proposal was submitted).
8	2235-02-103-{2969}-Financial Assistance & Support Services to Victims of Rape	2.14	0.00	Due to non-submission of proposal to Government.
9	2235-02-200-{4727}-Welfare of Transgender Community (Hijra)	2.03	0.00	Due to non-receipt of sanction from Government.
10	2235-02-103-{6000}-Implementation of Ujjawala Scheme	1.99	0.00	Due to non-release of Central and corresponding State Share.
11	4235-02-104-{5960}-Setting up of Old Age Home for Women & Special School for Education & Welfare to Orphan	1.90	0.00	Out of two proposals submitted to Government, Sanction against one proposal was received but no FOC was released and against another proposal, no Sanction was accorded by Government. As such funds could not be utilised.
12	4235-02-104-{0959}-Central Destitute Home, Meharpur, Silchar	1.90	0.00	Due to non-finalisation of allotment of work.
13	2235-02-103-{2431}-Establishment of Observation Home at Kokrajhar, Dibrugarh and Lakhimpur	1.86	0.00	Due to non-receipt of Sanction from Government.
14	2235-02-101-{0205}-Other Welfare Schemes / [236]-Assam Association of Deaf (One time GIA)	1.74	0.00	Due to non-receipt of Claims/Bills from District Offices.
15	2235-02-103-{5975}-Swadher Greh Scheme	1.49	0.00	Due to non-release of Central Share (due to late submission of UC/ Progress Report) and corresponding State Share.
16	2235-02-107-{0967}-Voluntary Welfare Organisation	1.43	0.00	Due to non-receipt of Sanction from Government.
17	2235-02-101-{0205}-Other Welfare Schemes / [917]-Renovation of School for Person with Disability	1.43	0.00	Administrative approval was received but work was not completed till the end of financial year 2020-21. As such, no claims/bills were received from PWD.
	Total	332.67		

Source: Appropriation Accounts (2020-21)

3.5.2 Grant 48 – Agriculture

The Agriculture Department is responsible for achieving self-reliance and rural prosperity through adoption of scientific agricultural & allied practices for production of food grains and other crops, thereby raising the quality of life of millions of rural people and contributing to the growth of vibrant, self-sustaining and surplus economy.

3.5.2.1 Budget and Expenditure

The overall position of budget provision, actual expenditure and savings/ excesses under this Grant during the five-year period 2016-21 is given below.

Table 3.26: Budget and Expenditure

Grant No. 48		(₹ in crore)				
		2016-17	2017-18	2018-19	2019-20	2020-21
Total (Revenue + Capital)	Budget Provision	1,460.11	1,893.14	1,926.18	2,648.04	2,407.37
	Expenditure	741.60	1,107.19	857.75	1,539.30	1,437.03
	Savings	718.51	785.95	1,068.43	1,108.74	970.34
	Savings (in per cent)	49.21	41.52	55.47	41.87	40.31
i) Revenue- Voted	Budget Provision	1,402.19	1,534.99	1,463.67	2,453.55	2,043.85
	Expenditure	736.80	1,036.20	833.73	1,490.39	1,256.35
	Savings	665.39	498.79	629.94	963.16	787.50
	Savings (in per cent)	47.45	32.49	43.04	39.26	38.53
ii) Capital- Voted	Budget Provision	57.92	358.15	462.51	194.49	363.52
	Expenditure	4.80	70.99	24.02	48.91	180.68
	Savings	53.12	287.16	438.49	145.58	182.84
	Savings (in per cent)	91.71	80.18	94.81	74.85	50.30

Source: Appropriation Accounts

The Grant showed large overall savings, both on Revenue and Capital Segments, with savings as a percentage of total budget provision ranging between 40.31 per cent in the current year, and 55.47 per cent in 2018-19, during the period 2016-21. Persistently large savings is indicative of incorrect assessment of actual needs and calls for a critical review of budget preparation exercise of the Department.

3.5.2.2 Surrender of Savings

According to Paragraph 11.17 of ABM, 2012, a Controlling Officer should anticipate savings under a Grant and communicate them to the Finance Department not later than 15th of February each year.

Table 3.27 and Table 3.28 details the Segment-wise and Major Head wise total Budget, Expenditure and Savings under Grant No. 48, during the last five years, i.e., 2016-21.

Table 3.27: Segment-wise Budget and Expenditure

		(₹ in crore)				
Segment	Item	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue- Voted	Total Budget (O + S)	1,402.19	1,534.99	1,463.67	2,453.55	2,043.85
	Budget (O)	1,375.60	1,020.94	1,280.95	1,774.69	1,187.74
	Budget (S)	26.59	514.05	182.72	678.86	856.11
	Budget Augmentation (in per cent)	1.93	50.35	14.26	38.25	72.08
	Surrender	0.00	0.00	66.78	0.00	0.00
	Expenditure	736.80	1,036.20	833.73	1,490.39	1,256.35
	Savings	665.39	498.79	629.94	963.16	787.50
	Savings (in per cent)	47.45	32.49	43.04	39.26	38.53
	Capital- Voted	Total Budget (O + S)	57.92	358.15	462.51	194.49
Budget (O)		57.92	354.36	462.51	191.39	218.52
Budget (S)		0.00	3.79	0.00	3.10	145.00
Budget Augmentation (in per cent)		0.00	1.07	0.00	1.62	66.36
Surrender		0.00	0.00	0.72	0.00	0.00
Expenditure		4.80	70.99	24.02	48.91	180.68
Savings		53.12	287.16	438.49	145.58	182.84
Savings (in per cent)		91.71	80.18	94.81	74.85	50.30

Table 3.28: Major Head wise Budget and Expenditure

(₹ in crore)

Major Head (Segment)	Item	2016-17	2017-18	2018-19	2019-20	2020-21
2401-Crop Husbandry (Revenue-Voted)	Total Budget (O + S)	1,182.19	1,223.77	1,079.10	1,845.85	1,572.53
	Budget (O)	1,155.60	772.18	952.38	1,305.06	786.35
	Budget (S)	26.59	451.59	126.72	540.79	786.18
	Budget Augmentation (in per cent)	2.30	58.48	13.31	41.44	99.98
	Surrender	0.00	0.00	64.58	0.00	0.00
	Expenditure	518.43	725.98	472.68	982.51	878.61
	Savings	663.76	497.79	606.42	863.34	693.92
	Savings (in per cent)	56.15	40.68	56.20	46.77	44.13
2415-Agricultural Research and Education (Revenue-Voted)	Total Budget (O + S)	213.16	304.46	376.76	525.27	399.21
	Budget (O)	213.16	242.46	320.76	387.20	394.21
	Budget (S)	0.00	62.00	56.00	138.07	5.00
	Budget Augmentation (in per cent)	0.00	25.57	17.46	35.66	1.27
	Surrender	0.00	0.00	0.00	0.00	0.00
	Expenditure	213.16	304.46	355.43	502.27	343.09
	Savings	0.00	0.00	21.32	23.00	56.12
	Savings (in per cent)	0.00	0.00	5.66	4.38	14.06
2435-Other Agricultural Programmes (Revenue-Voted)	Total Budget (O + S)	6.84	6.76	7.81	82.43	72.11
	Budget (O)	6.84	6.30	7.81	82.43	7.18
	Budget (S)	0.00	0.46	0.00	0.00	64.93
	Budget Augmentation (in per cent)	0.00	7.30	0.00	0.00	904.32
	Surrender	0.00	0.00	2.20	0.00	0.00
	Expenditure	5.22	5.76	5.61	5.61	34.65
	Savings	1.62	1.00	2.20	76.82	37.46
	Savings (in per cent)	23.68	14.79	28.17	93.19	51.95
4401-Capital Outlay on Crop Husbandry (Capital-Voted)	Total Budget (O + S)	57.92	296.14	462.51	194.48	363.52
	Budget (O)	57.92	293.36	462.51	191.39	218.52
	Budget (S)	0.00	2.78	0.00	3.09	145.00
	Budget Augmentation (in per cent)	0.00	0.95	0.00	1.61	66.36
	Surrender	0.00	0.00	0.72	0.00	0.00
	Expenditure	4.80	70.99	24.02	48.91	180.68
	Savings	53.12	225.15	438.49	145.57	182.84
	Savings (in per cent)	91.71	76.03	94.81	74.85	50.30
4415-Capital Outlay on Agricultural Research and Education (Capital-Voted)	Total Budget (O + S)	0.00	62.00	0.00	0.00	0.00
	Budget (O)	0.00	61.00	0.00	0.00	0.00
	Budget (S)	0.00	1.00	0.00	0.00	0.00
	Budget Augmentation (in per cent)	-	1.64	-	-	-
	Surrender	0.00	0.00	0.00	0.00	0.00
	Expenditure	0.00	0.00	0.00	0.00	0.00
	Savings	0.00	62.00	0.00	0.00	0.00
	Savings (in per cent)	-	100.00	-	-	-

As can be seen from above table, large savings were seen at the Segment level, and in all the four Major Heads where allocation was made in the grant for the current year. Despite large overall savings at Segment level of ₹ 787.50 crore in Revenue-Voted Segment, and ₹ 182.84 crore in Capital-Voted segment, no amount was surrendered. Such large savings at Segment level were also seen in each of the last five years, but Surrender of funds was done only once in the financial year 2018-19.

Non-compliance with the prescribed time schedule of surrender of savings defeats the objective of efficient budget management.

3.5.2.3 Unnecessary/Excessive Supplementary Grant

Quantum of Supplementary Grant provided to the Agriculture Department under Grant-48 during the last five years *i.e.*, 2016-17 to 2020-21 is given in **Table 3.29** and also in **Chart 3.11** and **Chart 3.12**.

With large savings being exhibited in the Grant, the Supplementary Grant provision proved Unnecessary in three of the last five years in case of Revenue-Voted Segment, and in all the years in the Capital-Voted Segment. In the Financial Year 2020-21, the Supplementary Grant of ₹ 856.11 crore in the Revenue-Voted Segment proved excessive as the Expenditure exceeded the Original Budget provision only by ₹ 68.61 crore.

Table 3.29: Unnecessary Supplementary Provision

(₹ in crore)					
Segment	Year	Budget Original Provision	Expenditure	Savings out of Original Provision	Supplementary Grant
Revenue-Voted	2016-17	1,375.60	736.80	638.80	26.59
	2017-18	1,020.94	1,036.20	-	514.05
	2018-19	1,280.95	833.73	447.22	182.72
	2019-20	1,774.69	1,490.39	284.30	678.86
	2020-21	1,187.74	1,256.35	-	856.11
Capital-Voted	2016-17	57.92	4.80	53.12	-
	2017-18	354.36	70.99	283.37	3.79
	2018-19	462.51	24.02	438.49	-
	2019-20	191.39	48.91	142.48	3.10
	2020-21	218.52	180.68	37.84	145.00

Source: Appropriation Accounts

Chart 3.11: Unnecessary/Excessive Supplementary grants under Grant-48 (Revenue-Voted Segment)

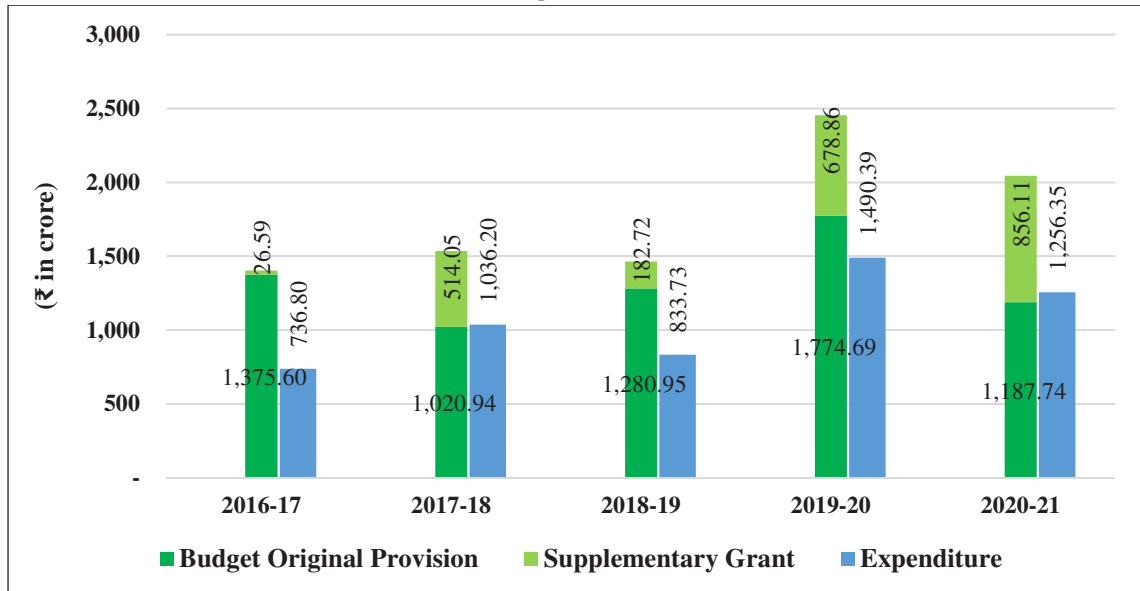
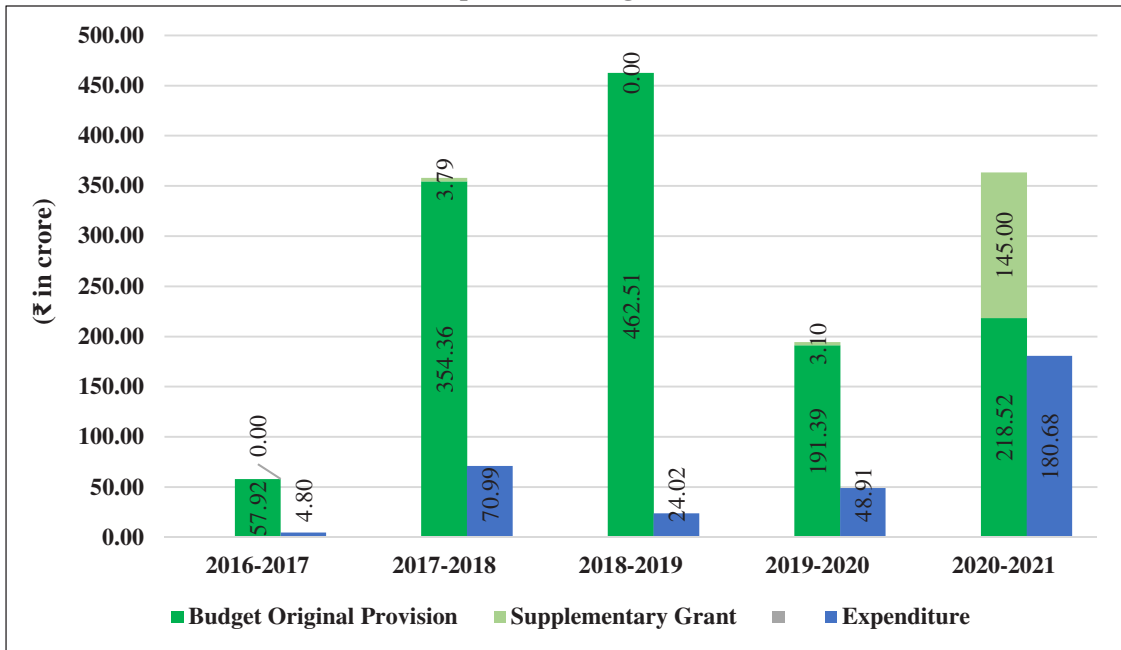


Chart 3.12: Unnecessary Supplementary grants under Grant-48
(Capital-Voted Segment)



The Director of Agriculture, Assam, attributed the low utilisation to non-receipt of administrative approval, non-receipt of financial Sanction, partial release of FOC against financial Sanction, non-release of FOC, etc.

3.5.2.4 Persistent Savings under Sub-Head

The seven schemes listed in **Table 3.30** below which had significant budgetary allocation and showed large and persistent savings in the last five years, with average savings in each scheme exceeding 50 per cent during the period 2016-21.

Table 3.30: Persistent Savings under Sub-Head

Head of Account	Year	Total Grant (O + S)	Expenditure	Details of Savings	
				Total	Per cent
2401-00-104-{4891}- National Mission on Sustainable Agriculture	2016-17	33.09	12.79	20.30	61.35
	2017-18	33.29	24.27	9.02	27.10
	2018-19	20.52	6.74	13.78	67.15
	2019-20	18.33	9.39	8.94	48.77
	2020-21	35.03	15.39	19.64	56.07
	Total		140.26	68.58	71.68
2401-00-108-{4732}- National Food Security Mission	2016-17	115.19	60.97	54.22	47.07
	2017-18	166.78	128.67	38.11	22.85
	2018-19	126.91	41.18	85.73	67.55
	2019-20	263.32	84.64	178.68	67.86
	2020-21	391.42	199.00	192.42	49.16
	Total		1,063.62	514.46	549.16
2401-00-109-{4893}- National Mission on Agriculture Extension & Technology	2016-17	36.68	12.26	24.42	66.58
	2017-18	17.39	6.54	10.85	62.39
	2018-19	38.45	9.23	29.22	75.99
	2019-20	38.90	12.32	26.58	68.33
	2020-21	93.89	16.35	77.54	82.59
	Total		225.31	56.70	168.61

Head of Account	Year	Total Grant (O + S)	Expenditure	Details of Savings	
				Total	Per cent
2401-00-110-{5728}- Pradhan Mantri Fasal Bima Yojana (PMFBY)	2016-17	0.00	7.54	--	0.00
	2017-18	38.25	3.05	35.20	92.03
	2018-19	28.83	1.84	26.99	93.62
	2019-20	29.00	16.48	12.52	43.17
	2020-21	74.80	12.52	62.28	83.26
	Total	170.88	41.43	136.99	80.17
2401-00-113-{5675}- Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)	2016-17	51.65	4.74	46.91	90.82
	2017-18	45.59	0.00	45.59	100.00
	2018-19	16.50	12.22	4.28	25.94
	2019-20	16.50	0.00	16.50	100.00
	2020-21	14.78	0.00	14.78	100.00
	Total	145.02	16.96	128.06	88.31
2401-00-800-{3807}- Rastriya Krishi Vikash Yojana (RKVY)	2016-17	603.45	179.99	423.46	70.17
	2017-18	388.40	210.17	178.23	45.89
	2018-19	316.88	88.25	228.63	72.15
	2019-20	513.38	390.42	122.96	23.95
	2020-21	324.74	136.67	188.07	57.91
	Total	2,146.85	1,005.50	1,141.35	53.16
4401-00-800-{4254}- Rural Infrastructure Development Fund (R.I.D.F.)	2016-17	57.92	4.80	53.12	91.71
	2017-18	250.00	70.99	179.01	71.60
	2018-19	337.80	0.00	337.80	100.00
	2019-20	150.00	38.88	111.12	74.08
	2020-21	334.00	174.88	159.12	47.64
	Total	1,129.72	289.55	840.17	74.37

Source: Appropriation Accounts

The reason for savings under the Schemes was stated as follows:

- In respect of National Food Security Mission (NFSM), the savings occurred due to release of central share by GoI in the last month of the year, late release of central share by GoA, preparation of budget estimate prior to approval of Annual Action Plan by State Level Screening Committee (SLSC) and finalisation of Annual Action Plan by GoI, non-receipt of sanction and non-release of FOC from GoA on time.
- In respect of National Mission on Sustainable Agriculture (NMSA) the savings occurred due to release of central share by GoI in the last part of the financial year, late release of fund by GoA, preparation of budget estimate prior to approval of Action Plan by State Level Screening Committee (SLSC) and finalisation of Action plan by GoI, non-receipt of sanction and non-release of FOC from GoA on time.
- In respect of National Mission on Agriculture Extension & Technology (NMAE&T) the savings occurred mainly due to non-receipt/short receipt of sanction and non-release of FOC in due time against Central Share as well as State Share from GoA.
- In respect of Ratriya Krishi Vikash Yojana (RKVY) the savings occurred due to release of Central Share by GoI at the last part of the financial year, preparation of budget estimate on the basis of the last year allocation from GoI (including revalidation amount of unspent balance), non-receipt of sanction,

non-release of FOC from GoA on time and due to not holding SLSC meeting in time for approval of Annual Action Plan.

- In respect of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), savings mainly occurred due to non-release of central share by GOI, non-receipt of sanction and non-release of FOC by GoA.
- In respect of Rural Infrastructural Development Fund (RIDF), savings occurred due to non-release of FOC as per Sanction as well as non-release of State Share.
- In respect of Pradhan Mantri Fasal Bima Yojana (PMFBY) savings occurred due to non-issue of financial sanction and non-release of FOC covering entire financial sanction accorded.

3.5.2.5 Savings of Entire Budget Provision

Budget provision of ₹ 94.22 crore made under the following ten schemes/ projects, with individual allocation in excess of ₹ 1 crore, for the year 2020-21 under Grant No. 48 remained unutilised at the end of the year. Scheme-wise details along with response of Department is given in the following table.

Table 3.31: Non-utilisation of budget provision

(₹ in crore)

SI No	Head of Account	Budget (O+S)	Expenditure	Reply of Department
1	2401-00-001-{0172}-Headquarters Establishment/[225]-Integrated/Indigenous Organic Rice Cluster	3.48	0.00	Due to non-receipt of sanction
2	2401-00-102-{1033}-Disaster Management Programme/[142]-Flood Damage Restoration	38.43	0.00	Though Administrative Approval and Financial Sanction was accorded, no FOC was released from GoA.
3	2401-00-103-{3667}-Assistance to Seed Village Development and Infrastructure Facilities for Production and Distribution of Quality Seed/	14.83	0.00	Due to non-receipt of Administrative Approval and Sanction from Government of Assam
4	2401-00-109-{1079}-National Agricultural Extension Project-III (Mission Double Cropping)/[109]-Majuli as Organic Hub	3.80	0.00	An amount of ₹ 3.80 crore was granted against Majuli as Organic Hub but FOC was not released by the Finance department even after appropriate administrative approval, Financial Sanction, etc. due to which the fund could not be drawn from treasury and utilised.
5	2401-00-113-{5675}-Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)	14.78	0.00	Due to non-release of Central Share by GoI during the financial year, the budgeted funds could not be drawn and utilised.
6	2415-01-277-{5867}-Development of Assam Agricultural University	9.00	0.00	Due to non-receipt of Administrative Approval from competent authority

Sl No	Head of Account	Budget (O+S)	Expenditure	Reply of Department
7	2415-01-277-{5867}- Development of Assam Agricultural University/[665]- North Lakhimpur Campus	4.50	0.00	Due to non-receipt of Administrative Approval from competent authority
8	2415-01-277-{5867}- Development of Assam Agricultural University/[666]- Dhubri Campus	2.25	0.00	Due to non-receipt of Administrative Approval from competent authority
9	2415-01-277-{2533}- Dharampur Horticulture Campus	1.80	0.00	Due to non-receipt of Administrative Approval from competent authority
10	2415-01-277-{5867}- Development of Assam Agricultural University/[667]- Raha Fishery College Campus	1.35	0.00	Due to non-receipt of Administrative Approval from competent authority
	Total	94.22	0.00	

Source: Appropriation Accounts (2020-21)

3.6 Conclusion

- Budgetary assumptions of the Government of Assam (GoA) continued to be unrealistic and overestimated during 2020-21, as the State Government incurred an expenditure of ₹ 82,888.63 crore, against 81 grants and appropriations of ₹ 1,22,341.66 crore, resulting in overall savings of ₹ 39,453.03 crore during the year as against the savings of ₹ 35,552.08 crore during the previous year. These savings stood at 32 *per cent* of total grants and appropriations made for the year. The savings were 2.1 times the size of supplementary budget during the year.
- These savings may be seen in context to over estimation of Receipts of ₹ 1,07,314.47 crore by the State Government and the estimation on the expenditure side being ₹ 1,22,341.66 crore during the year 2020-21. As against the estimated Receipts, the actual Receipts were ₹ 82,844.93 crore only thereby restricting the total expenditure during the year to ₹ 82,888.63 crore. This implied that the savings were notional, as the funds were not actually available for expenditure.
- Savings during the year accounted for about a third of the budget; however, the Controlling Officers neither surrendered the funds during the year, nor provided any explanations to the Principal Accountant General (A&E) for variations in expenditure *vis-à-vis* allocations.
- Approval of Supplementary Grants of ₹ 18,580.03 crore by the State Legislature was indicative of over estimation and poor financial management as the gross expenditure (₹ 82,888.63 crore) was less than even the Original provision (₹ 1,03,761.63 crore).
- The Departments (Grant No. 23-Pension, Grant No. 76-Karbi Anglong Autonomous Council, Grant No, 77-North Cachar Hills Autonomous Council and Grant No. 78-Bodoland Territorial Council) incurred excess expenditure

amounting to ₹ 731.25 crore over and above the authorisation during 2020-21. Moreover, excess expenditure of ₹ 23.00 crore was incurred in 19 Sub-Heads under four Grants (₹ 15 lakh and above in each case) without budget provision.

- Review of selected grants revealed that the Social Welfare Department had persistent savings ranging between 20.00 *per cent* and 48.78 *per cent* during the period 2016-21 under Grant 39. During the current year, it stood at 31.43 *per cent* of the total budget provision.

3.7 Recommendations

- i. *State Government may formulate a realistic budget based on reliable assumptions of likely resource mobilisation, the needs of the Departments and their capacity to utilise the allocated resources so as to avoid inflated budget without actual resources;*
- ii. *State Government may institute an appropriate control mechanism to enforce proper implementation and monitoring of budget to ensure that large savings within the Grant/ Appropriation are controlled, and anticipated savings are identified and surrendered within the specified timeframe;*
- iii. *Finance Department may critically review the Departments having persistent savings for prudential budget allocation and monitoring of expenditure;*
- iv. *Controlling Officers should explain the variation in expenditure from the allocation in time to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.*

