

## Chapter III: Budgetary Management

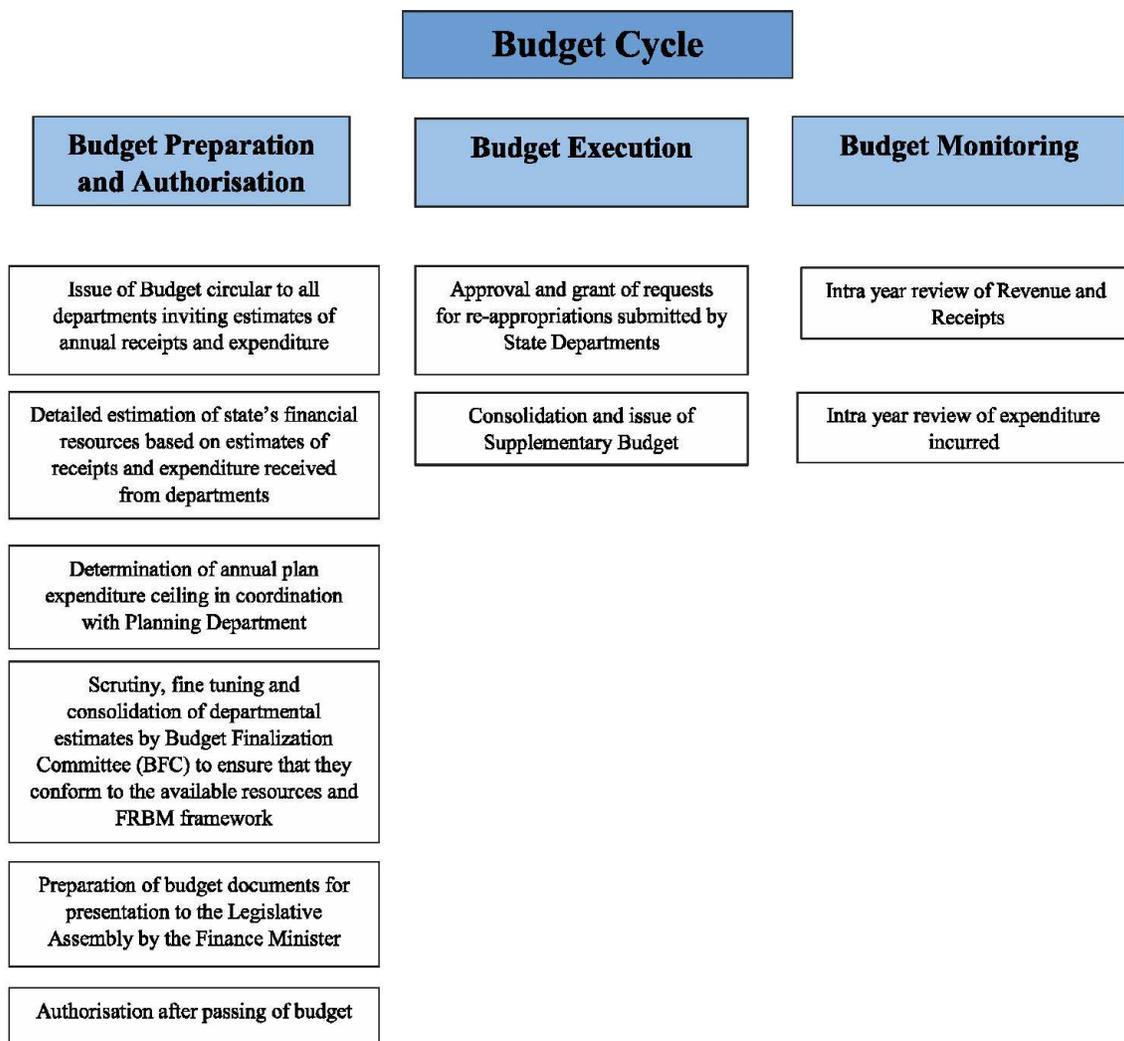
### Introduction

The chapter reviews the allocative priorities of State Government and comments on transparency of Budget formulation and effectiveness of its implementation. Effective financial management ensures that decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds.

### 3.1 Budget Process

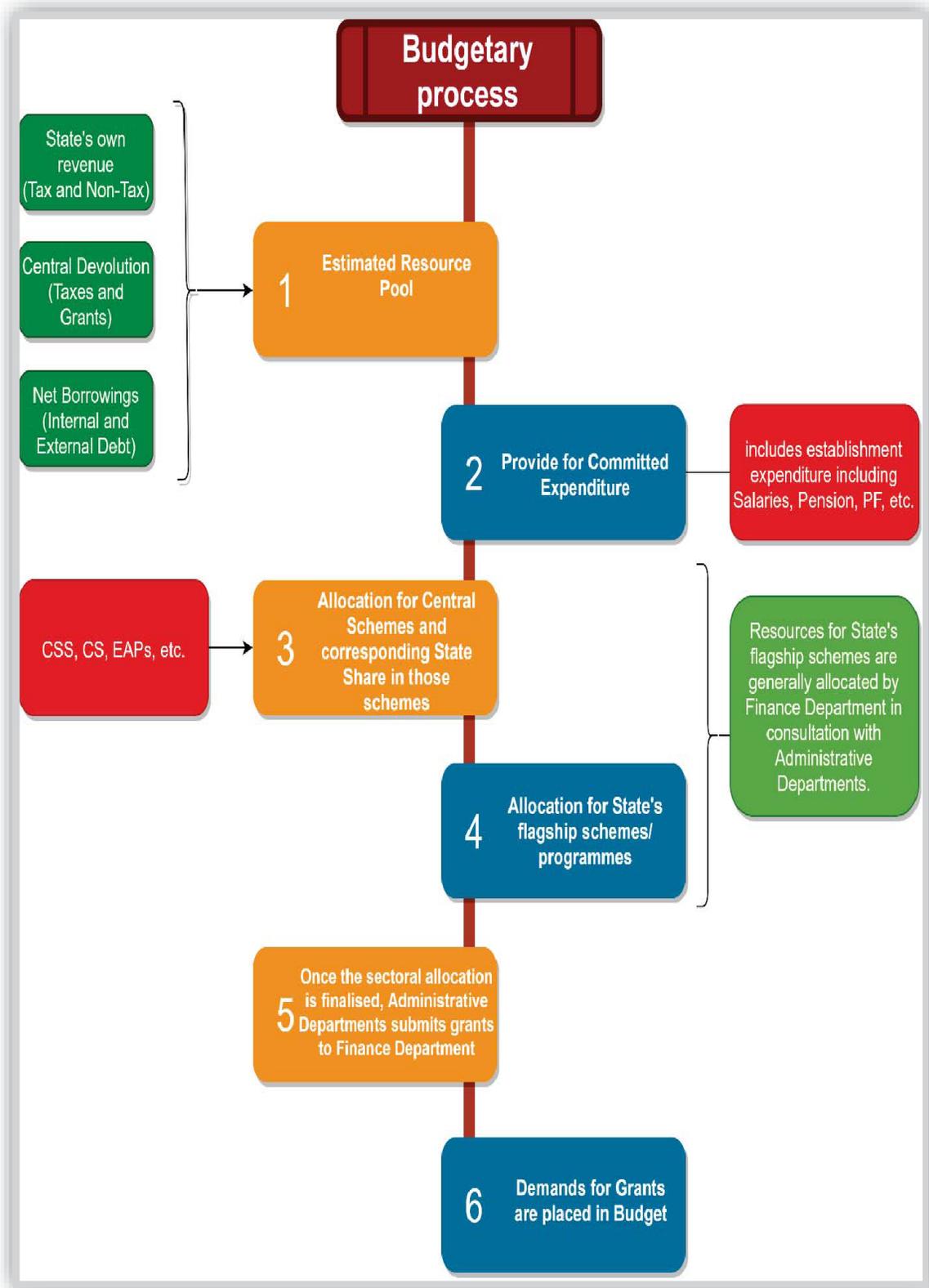
The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Budget glossary is given in *Appendix 3.1*. In each financial year, the Finance Department is required to prepare a statement of all receipts and expenditure expected to be realized or incurred during the year. This statement is referred to as the Annual Financial Statement (popularly known as the Budget) as specified in Article 202 of the Constitution. Activities to be undertaken by Finance Department in the Budget Process:

**Chart 3.1: Budget process**



The Budget process commences with the issue of the Budget Circular, normally in August each year, which guides the Departments in framing their estimates, for the next financial year. A typical budget preparation process in a State is given in the figure below:

**Chart 3.2: Budget preparation process**

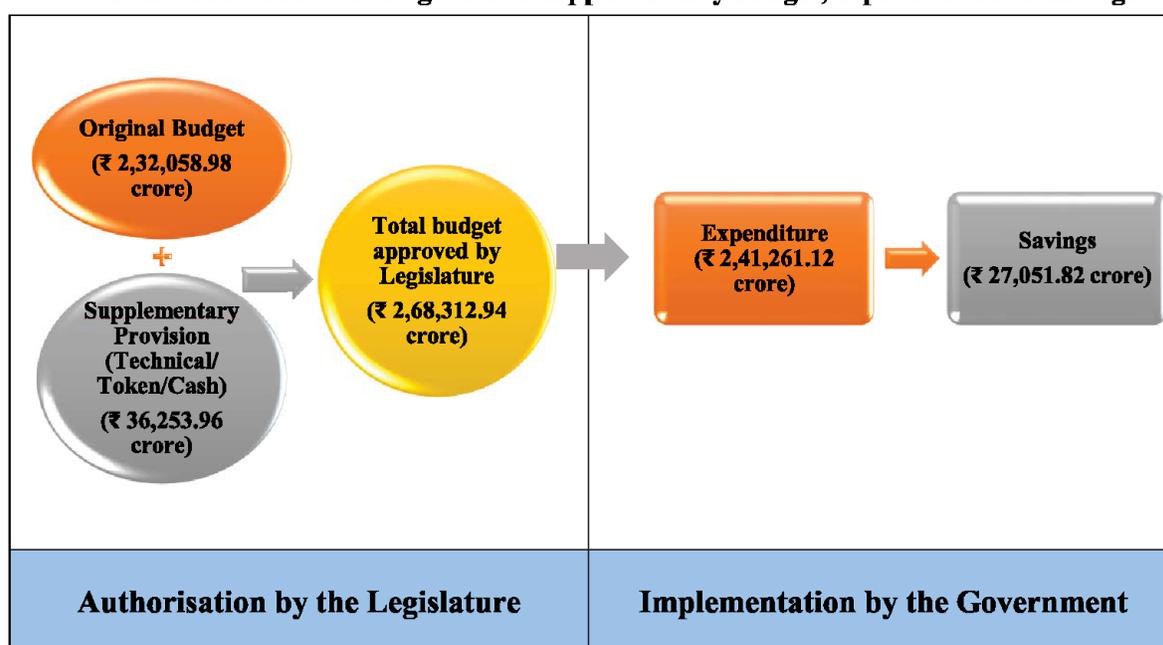


*CSS: Centrally Sponsored Schemes; CS: Central Schemes.*

As soon as the detailed estimates and grants are finally passed by the Legislative Assembly in accordance with the procedure laid down in Articles 202-204 of the Constitution, Finance Department communicates to all Heads of Departments and other Budget Controlling Officers in written form, the allotments placed at their disposal during the budget year. Copies of letters communicating the grants are forwarded to the concerned Administrative Departments and to the Accountant General. Finance Department also sends copies of the budget document to the Accountant General. All such information and budgetary data is uploaded on the Integrated Financial Management System by the Finance Department and access to the same is available with the concerned authorities.

Finance Department also reviews requests made for supplementary grants and re-appropriations by departments during the course of the year. 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 amounts approved by the State Legislature including the original and supplementary budget, expenditure and savings during the year 2020-21 are depicted below:

**Chart 3.3: Position of original and supplementary budget, expenditure and savings**



The State Budget Manual (SBM) stipulates that the estimates of expenditure should be as accurate as possible. An avoidable excess in an estimate is as much a financial irregularity as an excess in the actual expenditure. The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended in the year and it should neither be more nor less.

The budget process/documents are subjected to an external audit conducted by Comptroller and Auditor General. The audit process ensures that (i) every effort is made for revenue realisation and propriety of expenditure (ii) delivery of services by the

government has been carried out with honesty and integrity and (iii) the due process is followed during the entire budget cycle.

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

Summarised position of total budget provisions, disbursements and saving/excess during 2020-21 is given in Table 3.1.

**Table 3.1: Budget provisions, disbursements and savings/excess during 2020-21**

(₹ in crore)					
Total Budget provision		Disbursements		Saving	
Voted	Charged	Voted	Charged	Voted	Charged
2,01,513.47	66,799.47	1,74,822.52	66,438.60	26,690.95	360.87

Source: Appropriation Accounts

It can be seen from the table that the savings relate mainly to the voted part of Budget Provision.

### 3.1.2 Charged and Voted disbursements

As per Article 112(2) of the Constitution, a distinction is made between Charged and Voted expenditure. Charged expenditure is an expenditure charged on the revenues of the State not subject to the vote of Legislative Assembly under the Constitution. Voted expenditure is subject to the vote of Legislative Assembly. Article 202 (3) of the Constitution specifies categories of expenditure that can be charged on the Consolidated Fund of the state.

Trend analysis during the last five years (2016-21) of classification of total disbursements into Charged and Voted is given below:

**Table 3.2: Voted and Charged disbursements and savings/excess during 2016-21**

(₹ in crore)					
S. No.	Year	Disbursements		Saving	
		Voted	Charged	Voted	Charged
1.	2016-17	1,43,262.70	22,913.17	17,297.87	90.45
2.	2017-18	1,52,446.45	31,640.86	15,882.96	107.23
3.	2018-19	1,70,938.53	38,837.74	19,224.26	77.79
4.	2019-20	1,74,658.95	43,879.83	24,176.34	181.67
5.	2020-21	1,74,822.52	66,438.60	26,690.95	360.87

Source: Appropriation Accounts of the respective years

The charged disbursements increased by 190 per cent from ₹ 22,913.17 crore in 2016-17 to ₹ 66,438.60 crore in 2020-21. Voted disbursements increased by 22.03 per cent from ₹ 1,43,262.70 crore in 2016-17 to ₹ 1,74,822.52 crore in 2020-21 and savings exceeded ₹15,000 crore under voted section in every year during 2016-17 to 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.

The CAG of India conducts the audit of appropriations to ascertain whether the expenditure actually incurred under various grants underlying in the budget, is within the authorisations given under the Appropriation Act for the year and whether charged appropriations are as required to be charged under the provisions of the Constitution. It also seeks to ascertain whether the expenditure so incurred conforms with the law, relevant rules, regulations and instructions.

### 3.3 Comments on integrity of budgetary and accounting process

#### 3.3.1 Unnecessary or excessive supplementary grants

Para 24.2 of the SBM stipulates that during the course of a financial year, if the amount provided for the purpose is found to be inadequate or a need arises for an expenditure during the course of the year on some object or service for which no provision has been made, a supplementary grant can be sanctioned by the Legislature.

The State Legislature approved supplementary provision (February 2021) of ₹ 36,253.96 crore in 38 Grants/Appropriations for the year 2020-21. Cases of supplementary provisions of ₹ 2.5 crore or more in each case, aggregating to ₹ 2,672.85 crore, obtained in 10 cases are given in **Table 3.3** below.

**Table 3.3: Cases where supplementary provisions proved unnecessary during 2020-21**

(₹ in crore)					
S. No.	Name of the Grant	Original	Supplementary	Actual	Saving out of original Provisions
<b>Unnecessary Supplementary</b>					
<b>Revenue (Voted)</b>					
1.	7-Elections	279.72	37.96	275.65	4.07
2.	17-Jails	199.35	2.69	193.37	5.98
3.	29-Urban Plan and Regional Development	5,336.72	1,088.69	5,047.40	289.32
4.	30-Tribal Area Development	13,948.89	442.05	13,173.56	775.33
5.	38-Minor Irrigation and Soil Conservation	130.28	2.63	129.50	0.78
6.	41-Community Development	5,656.08	946.63	4,432.20	1,223.88
	<b>Total</b>	<b>25,551.04</b>	<b>2,520.65</b>	<b>23,251.68</b>	<b>2,299.36</b>
<b>Capital (Voted)</b>					
7	16-Police	138.76	21.41	120.38	18.38
8	23-Labour and Employment	15.81	10.19	6.28	9.53
9	24-Education, Art and Culture	1,001.94	112.27	916.28	85.66
10	37-Agriculture	197.06	8.33	181.55	15.51

S. No.	Name of the Grant	Original	Supplementary	Actual	Saving out of original Provisions
	<b>Total</b>	<b>1,353.57</b>	<b>1,52.20</b>	<b>1,224.49</b>	<b>129.08</b>
	<b>Grand Total</b>		<b>2,672.85</b>		

Source: Appropriation Accounts

In all the above cases, it was seen that provisions for supplementary grants proved unnecessary as the actual expenditure was even less than the original budget estimates. This indicates that supplementary grants were obtained without proper assessment of adequacy of original provision in contravention of provision of SBM.

From the above facts, it is clear that the budget controlling officers failed to exercise their responsibilities envisaged under chapter 24 of SBM. Demands for supplementary provisions without assessing the actual requirements indicated lack of budgetary control and inadequate assessment. The Departments need to strengthen the estimation of requirement of funds and review the basis of supplementary provisions to avoid such instances in future.

### 3.3.2 Unnecessary or excessive re-appropriation

Re-appropriation is the transfer of funds within a grant from one unit of appropriation where savings are anticipated, to another unit where additional funds are needed. As per para 23.3 of SBM, re-appropriations are permissible only when it is known or anticipated that appropriation for the unit from which funds are diverted will not be utilized in full or that savings can definitely be affected in it. During the year 2020-21, re-appropriation orders of ₹ 11,701.85 crore were issued till 31 March 2021.

In several cases, re-appropriation proved insufficient/excessive or unnecessary and resulted in huge savings. The final savings/excess after re-appropriation was more than ₹ one crore in 19 heads of accounts (*Appendix 3.2*). There was insufficient re-appropriation in 13 heads of accounts, unnecessary re-appropriation in one head of accounts and excessive re-appropriation in 5 heads of accounts.

Injudicious re-appropriation of funds resulted in excess expenditure of ₹ 382.23 crore in 130 sub-heads and final savings of ₹ 290.53 crore in 412 sub-heads. The State government did not furnish any reasons for these re-appropriations (March 2021).

The above instances are indicative of the fact that the budget controlling officers failed to adequately assess the requirements and did not have updated information regarding expenditure before re-appropriations.

Para 23.15.6 of SBM envisages that the reasons for anticipating excesses or savings should be clearly explained by the Department. Scrutiny of re-appropriation orders issued (31 March 2021) by the Finance Department, revealed that out of 1,734 re-appropriation orders, reasons were clearly explained only in 802 cases (46.3 per cent). Explanations in the remaining 932 cases, were of vague and non-specific nature like 'actual requirement', 'based on latest assessment' and 'restriction of expenditure'.

### 3.3.3 Unspent amount and surrendered appropriations and/or Large Savings/ Surrenders

Paragraph 13.7 of the SBM prescribes that actual expenditure incurred during the last three years and the revised estimates for the current financial year, should be taken into consideration for preparing estimates for the ensuing financial year. Past figures should be used to identify any noticeable tendency for expenditure to rise or decline, any abnormal feature during past years, any recognizable regularity in movement of expenditure and any special event likely to arise with the potential to impact expenditure significantly.

During the year 2020-21, cases of substantial savings from budget allocation were noticed, raising questions about the credibility of the budgeting process and budget monitoring. The outcome of Appropriation audit revealed that out of total savings of ₹ 27,051.82 crore (10.08 *per cent*) during the year 2020-21 there were 28 grants in which the savings exceeded ₹ 100 crore in each case and these grants had combined savings of ₹ 25,855.69 crore (95.58 *per cent* of total savings), as given in *Appendix 3.3*. There were eight grants in which saving exceeded ₹ 100 crore in both revenue and capital sections.

The main reasons for substantial savings as furnished by the departments was non/less release of share/funds by GoI/GoR and non/less execution of work. Other reasons were

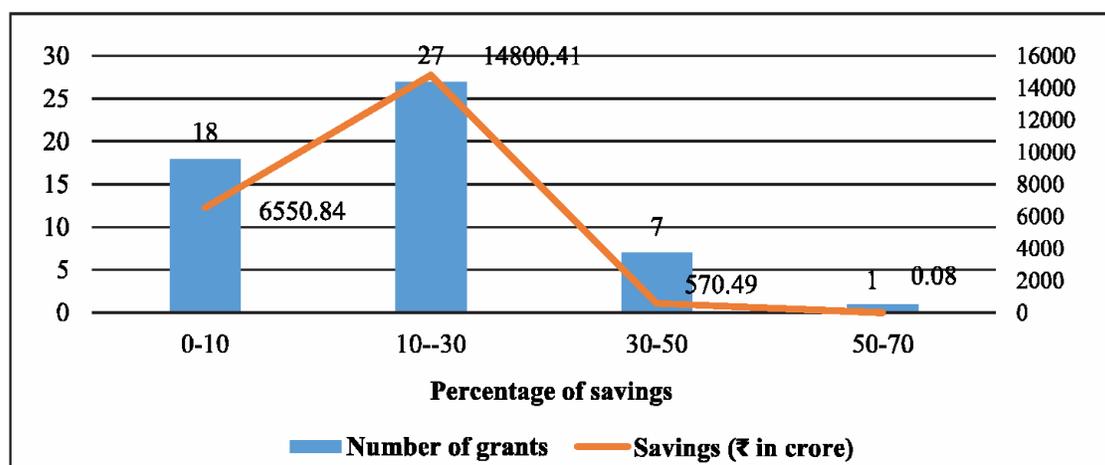
- slow progress of work,
- non-receipt of sanctions from GoI,
- posts remaining vacant,
- less expenditure on pay and allowances,
- non- receipt of approval of scheme from GoI,
- non-receipt of UCs from some ZPs,
- non-payment of dearness allowance at increased rate,
- postponement of some schemes,
- non-release of grants for creation of assets,
- non-implementation of schemes,
- less expenditure incurred on relief works,
- less release of subsidy,
- reduction of tariff subsidy by the State Government,
- reduction in budget ceiling, etc.

It is also pertinent to note that during the year, the actual receipts (₹ 2,24,659.49 crore) were more by ₹ 5,192.01 crore as compared to the budgeted estimates (₹ 2,19,467.48 crore) and less by ₹ 14,993.38 crore as compared to the revised estimates (₹ 2,39,652.87 crore).

This indicates that the provisions of Chapter 13 of the SBM related to estimates of expenditure were not followed during preparation of budget estimates of expenditure by the Departments and budget controlling officers of these grants, which resulted in huge savings of ₹ 27,051.82 crore.

The distribution of the number of grants/appropriations grouped by the percentage of savings along with total savings in ₹ crore in each group is shown in the **Chart 3.4** below.

**Chart 3.4: Number of grants/appropriations with total Savings**



Of the eight grants in Capital-voted section and one grant in Revenue-voted section with budget utilization of less than 50 per cent during 2020-21, five grants had shown similar low utilization for the last four to five years with two grants having low utilization in all the five years, which is indicative of systemic issues that warrants a close review by the Government to enable initiation of corrective measures. Utilisation of budgetary allocation in 13 grants having utilization below 50 per cent during the five year period 2016-17 to 2020-21 is shown in the **Table 3.4**.

**Table 3.4: Grants/Appropriations with Budget utilisation less than 50 per cent**

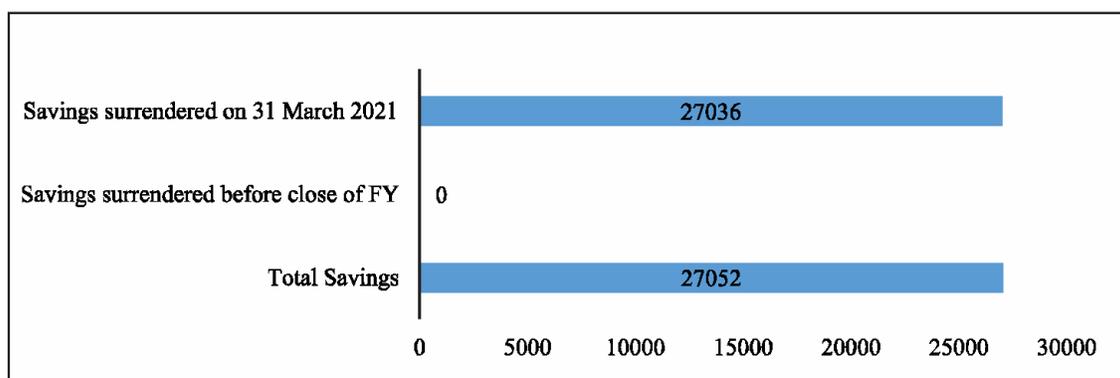
		(₹ in crore)							
S.No.	Grant	2016-17	2017-18	2018-19	2019-20	2020-21	No. of years*	Budget 2020-21	Total Budget (5 years)
<b>Capital voted</b>									
1.	11-Miscellaneous social services	25%	36%	41%	35%	25%	5	4.15	118.73
2.	12-Other taxes	33%	7%	90%	54%	16%	3	31.00	762.24
3.	19-Public works	44%	59%	55%	52%	45%	2	1,033.73	6099.78
4.	23-Labour and employment	50%	47%	60%	1%	24%	4	26.00	186.14
5.	26-Medical and public health and sanitation	49%	58%	71%	69%	70%	1	217.79	1483.22
6.	32-Civil Supplies	7%	23%	15%	1%	20%	5	4.25	20.42
7.	37-Agriculture	39%	82%	44%	48%	88%	3	205.39	1813.49
8.	38-Minor irrigation and soil conservation	18%	91%	35%	99%	23%	3	1.75	5.97
9.	41-Community Development	85%	63%	32%	16%	100%	2	2.40	87.46
10.	42-Industries	67%	17%	5%	20%	48%	4	54.87	625.19
11.	43-Minerals	6%	18%	58%	92%	35%	3	206.53	1105.78
12.	47-Tourism	43%	40%	61%	18%	79%	3	31.18	239.19
<b>Revenue voted</b>									
13.	49-Compensation and assignments to local bodies and Panchayati raj institutions	19%	56%	40%	32%	46%	4	0.15	1.5

\* Number of years with utilisation below 50 per cent.

Less utilization in these sectors and instances of repeated underutilization indicate less emphasis on these sectors as well as deficient budgeting process. The reasons of repeated low utilization in these grants may be examined and necessary corrective action taken by the government.

**Chart 3.5: Savings and surrenders before close of financial year 2020-21**

(₹ in crore)



As can be seen from the chart, against the total savings of ₹ 27,052 crore during the year, ₹ 27,036 crore (99.94 *per cent*) was surrendered on the last day i.e. 31 March 2021 and ₹ 16.25 crore remained un-surrendered.

#### ***Anticipated savings not surrendered***

According to para 23.16 of SBM, grants that cannot be properly utilised should be surrendered. Accordingly, it is the duty of the budget controlling officers to ensure that all anticipated savings are surrendered as soon as they are estimated, without waiting till the end of the year, unless they are definitely required to meet excesses under some other units of the same grant. No savings can be held in reserve by them for meeting possible future excesses.

During the scrutiny of Appropriation Account, it was noticed that the amount actually not surrendered was ₹ 371.29 crore under various grants/appropriations. As it was offset by the excess surrender of ₹355.04 crore, the amount not surrendered at the end of the year was only ₹ 16.25 crore.

The detail of major amount of savings not surrendered (₹ 364.99 crore) in 18 cases under 16 grants/appropriations (where savings were ₹ one crore and above) with aggregate savings of ₹ 11,524.26 crore, is given in **Appendix 3.4**. Early surrender could have ensured more productive use of resources in other areas having shortfall.

***This indicates that the Departments did not make realistic assessment of requirements and failed to exercise necessary budgetary controls over the flow of expenditure through the monthly expenditure statements.***

#### ***Details of surrender of funds in excess at the end of March***

Major cases of excess surrender pertaining to six grants, where ₹ 354.97 crore was excess surrendered against the savings of ₹6,653.43 crore is given in **Table 3.5**.

Table 3.5: Cases where fund is surrendered in excess

(₹ in crore)								
S. No.	Number and Name of Grant	Original Budget	Supple-mentary	Total	Expen-diture	Saving	Amount surrendered	Excess surrender
1.	12-Other Taxes (Revenue-Voted)	860.58	0.00	860.58	708.39	152.19	159.35	7.16
2.	19-Public Works (Revenue Voted)	563.99	₹1,000	563.99	437.09	126.90	127.05	0.15
3.	21 – Roads and Bridges (Revenue-Voted)	2,745.23	0.00	2,745.23	1,557.09	1,188.14	1,285.38	97.24
4.	21 – Roads and Bridges (Capital-Voted)	4,238.48	0.00	4,238.48	2,943.41	1,295.07	1,320.41	25.34
5.	27-Drinking Water Scheme (Capital-Voted)	3,312.49	₹4,000	3,312.49	2,674.07	638.42	825.32	186.90
6.	30-Tribal Area Development (Capital-Voted)	3,438.37	₹6,000	3,438.37	2,159.08	1,279.29	1,302.18	22.89
7.	51-Special Component Plan for Welfare of Scheduled Castes (Capital-Voted)	4,654.93	₹7,000	4,654.93	2,681.51	1,973.42	1,988.71	15.29
<b>Total</b>		<b>19,814.07</b>	<b>₹18,000.00</b>	<b>19,814.07</b>	<b>13,160.64</b>	<b>6,653.43</b>	<b>7,008.40</b>	<b>354.97</b>

Source: Appropriation Accounts

The Departments did not furnish any reasons regarding surrender in excess of actual savings (December 2021).

Surrender in excess of actual savings indicates inadequate budgetary control in these six grants.

#### **Persistent savings**

The Public Accounts Committee (PAC) in its 86<sup>th</sup> (March 2016) and 153<sup>rd</sup> (March 2017) Reports had recommended to take effective measure to avoid cases of persistent savings in future and ensure due diligence while preparing budget estimates. Despite these recommendations, the incidences of persistent savings continued during 2020-21.

In eight cases involving eight grants, there were persistent savings of more than ₹ 100 crore ranging from 10.12 *per cent* to 47.58 *per cent* of the total provision during the last three years as per the details given in Table 3.6.

Table 3.6: Persistent saving under various grants

(₹ in crore)							
S. No.	No. and Name of Grant	Year	Total Provision	Actual expenditure	Savings	Percentage of savings	
<b>Revenue-Voted</b>							
1.	21-Roads and Bridges	2018-19	1,668.65	1,362.34	306.31	18.36	
		2019-20	2,592.21	2,217.59	374.62	14.45	
		2020-21	2,745.23	1,557.09	1,188.14	43.28	
2.	29-Urban Plan and Regional Development	2018-19	5,099.28	4,015.09	1,084.19	21.26	
		2019-20	4,916.82	4,016.24	900.58	18.32	
		2020-21	6,425.41	5,047.40	1,378.01	21.44	

S. No.	No. and Name of Grant	Year	Total Provision	Actual expenditure	Savings	Percentage of savings
3.	37-Agriculture	2018-19	2,507.20	2,013.91	493.29	19.67
		2019-20	2,502.34	2,168.48	333.86	13.34
		2020-21	3,514.53	3,158.83	355.70	10.12
<b>Capital Voted</b>						
4.	19- Public Works	2018-19	1,024.80	560.35	464.45	45.32
		2019-20	805.24	422.12	383.12	47.58
		2020-21	1,033.73	468.56	565.17	54.67
5.	27-Drinking Water Scheme	2018-19	3,744.05	2,700.23	1,043.82	27.88
		2019-20	3,244.50	2,221.98	1,022.52	31.52
		2020-21	3,312.49	2,674.07	638.42	19.27
6.	30-Tribal Area Development	2018-19	3,682.02	2,903.21	778.81	21.15
		2019-20	3,190.76	2,552.84	637.92	19.99
		2020-21	3,438.37	2,159.08	1,279.29	37.21
7.	46-Irrigation	2018-19	1,653.77	1,414.63	239.14	14.46
		2019-20	1,896.87	1,635.34	261.53	13.80
		2020-21	2,345.12	1,859.85	485.27	20.69
8.	51-Special Component Plan for Welfare of Scheduled Castes	2018-19	5,293.39	3,959.49	1,333.90	25.20
		2019-20	4,178.83	3,194.20	984.63	23.56
		2020-21	4,654.93	2,681.51	1,973.42	42.39

Source: Appropriation Accounts

As per the reasons furnished by the concerned Departments, persistent savings were mainly due to less/non-release of share/funds by GoI/GoR. Other reasons were less transfer of funds, less release of sanction/ subsidy, reduction in investment ceiling, slow progress of work, non/less execution of work, etc.

Persistent savings indicate unrealistic estimates of the anticipated expenditure during the period, poor control over expenditure and deficient financial monitoring.

### **3.4 Comments on transparency of budgetary and Accounting process**

#### **3.4.1 Lump Sum budgetary provisions**

Lump sum budgetary provision refers to a general, non-specific approach to budgeting which leaves a great deal of discretion to the owner of the grant. Para 13.16 of SBM stipulates that as a rule, lump sum provisions should not be made in the estimates. Barring the cases where expenditure from lump sum allotments is regulated by standing sanctions, instructions or rules, detailed explanations justifying proposed provision shall be given in the budget note accompanying the lump sum estimates.

According to Rule 287 of Public Works Financial and Accounts Rules (PWF&AR), financial sanction means the specific concurrence of the Government in the Finance

Department to the expenditure proposed for all Major Works referred to in Rule 284<sup>1</sup> and breakup against lump sum provision.

During 2020-21, in 58 cases under 11 grants (where surrendered provision was more than ₹ 5 crore), lump sum provisions of ₹ 4,874.70 crore were made in the estimates. Out of this, a sum of ₹ 2,779.56 crore (57.02 per cent) remained unutilized and was surrendered/re-appropriated towards the end of the year (*Appendix 3.5*). Reasons for making lump sum budget provisions in these cases were not furnished (December 2021) by the Government.

Less expenditure in capital projects indicates lack of proper monitoring of works and flow of expenditure at the level of the Department and proposals being made without proper planning by the Department. Further, escalation of cost cannot be ruled out on delayed works.

### 3.5 Comments on effectiveness of budgetary and accounting process

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

The summarised position of actual expenditure during 2020-21 against 55 grants/appropriations is given in Table 3.7.

**Table 3.7: Actual Expenditure vis-à-vis Original/Supplementary Provisions**

(₹ in crore)

	Nature of expenditure	Original Grant/App.	Supplementary Grant/App.	Total	Actual expenditure*	Net of Savings	Surrender during March	
							Amount	Per cent
Voted	I. Revenue	1,64,161.32	12,195.62	1,76,356.94	1,57,875.53	18,481.41	18,299.70	99.02
	II. Capital	23,809.57	557.75	24,367.32	16,455.98	7,911.34	8,091.00	102.27
	III. Loans & Advances	739.78	49.43	789.21	491.01	298.20	294.48	98.75
	<b>Total</b>	<b>1,88,710.67</b>	<b>12,802.80</b>	<b>2,01,513.47</b>	<b>1,74,822.52</b>	<b>26,690.95</b>	<b>26,685.18</b>	<b>99.98</b>
Charged	V. Revenue	25,725.57	10.65	25,736.22	25,415.49	320.73	310.25	96.73
	VII. Capital	₹ 9000	0.12	0.12	0.12	0.00	0.00	0.00
	VIII. Public Debt- Repayment	17,622.74	23,440.39	41,063.13	41,022.99	40.14	40.14	100.00
	<b>Total</b>	<b>43,348.31</b>	<b>23,451.16</b>	<b>66,799.47</b>	<b>66,438.60</b>	<b>360.87</b>	<b>350.39</b>	<b>97.10</b>
Appropriation to Contingency Fund (if any)	-	0.00	0.00	0.00	0.00		0.00	0.00
<b>Grand Total</b>	<b>2,32,058.98</b>	<b>36,253.96</b>	<b>2,68,312.94</b>	<b>2,41,261.12</b>	<b>27,051.82</b>	<b>27,035.57</b>	<b>99.94</b>	

Source: Appropriation Accounts

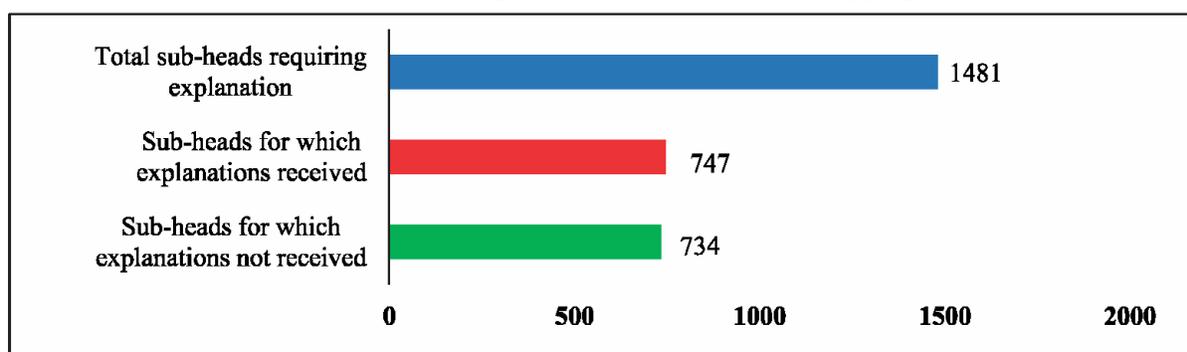
\*The figures of actual expenditure include recoveries adjusted as reduction of expenditure (Recoveries under revenue section: ₹ 4,981.61 crore and Recoveries under capital section: ₹ 1,185.61 crore, Total: ₹ 6,167.22 crore).

1. Works are divided into three classes- (i) Petty works i.e. those costing not more than ₹ 4.00 lakh; (ii) Minor works i.e. those costing more than ₹ 4 lakh but not more than ₹ 5.00 crore and (iii) Major Works i.e. those costing more than ₹ 5.00 crore.

The overall saving of ₹ 27,051.82 crore was the result of savings in 48 grants and 43 appropriations under Revenue Section and 32 grants and 4 appropriations under Capital Section. Supplementary provision of ₹ 36,253.96 crore was obtained during the year which constituted 15.62 *per cent* of the original provision. There were large savings of ₹ 27,051.82 crore (10.08 *per cent*) against total budget provision of ₹ 2,68,312.94 crore with the overall savings under all the grants and appropriations being 75 *per cent* of the supplementary budget obtained during the year. This indicates that supplementary provisions were made without proper scrutiny of requirements as covered in **para 3.3.1**.

The Departments did not furnish replies regarding obtaining supplementary provisions despite availability of funds under original provision. The Principal Accountant General (A&E), Rajasthan sought explanation from the budget controlling officers on the variations in expenditure i.e. savings/excesses in 1481 sub-heads. However, explanations in respect of 734 sub-heads (saving: 582 and excess: 152) were not received (December 2021).

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



Absence of explanations for variations between the budgeted allocations and their utilization limits legislative controls over budget as a means of ensuring financial accountability of the Government.

The overall position of Original budget, Actual expenditure and Saving/Excess during 2016-2021 is detailed in **Table 3.8**:

**Table 3.8: Original Budget, Actual Expenditure and Saving/ Excess during 2016-21**

		(₹ in crore)				
S.No.		2016-17	2017-18	2018-19	2019-20	2020-21
1.	Original Budget	1,74,840.75	1,86,654.01	2,17,433.13	2,39,959.67	2,32,058.98
2.	Supplementary Budget	8,723.44	13,423.49	11,645.19	2,937.12	36,253.96
3.	Percentage of supplementary to Original budget	4.99	7.19	5.36	1.22	15.62
4.	Total	1,83,564.19	2,00,077.50	2,29,078.32	2,42,896.79	2,68,312.94
5.	Actual Expenditure	1,66,175.87	1,84,087.31	2,09,776.27	2,18,538.79	2,41,261.12
6.	<b>Saving/excess</b>	<b>17,388.32</b>	<b>15,990.19</b>	<b>19,302.05</b>	<b>24,358.00</b>	<b>27,051.82</b>
7.	<b>Percentage of Saving</b>	<b>9.47</b>	<b>7.99</b>	<b>8.43</b>	<b>10.03</b>	<b>10.08</b>
8.	Budget utilisation	90.53	92.01	91.57	89.97	89.92

The supplementary provisions ranged from 1.22 *per cent* to 15.62 *per cent* against the original provisions during the period 2016-2021. The supplementary provision against original provision showed a decreasing trend from 2017-18 to 2019-20, but it increased sharply from 1.22 *per cent* in 2019-20 to 15.62 *per cent* in 2020-21.

It is evident from the above table that during the period 2016-17 to 2019-20, the supplementary provision continuously proved unnecessary as the savings were in excess of supplementary provisions in all these years, while in 2020-21 the supplementary provision was excessive. In this period, against the total provision, the unutilized provision/savings under budget ranged from 7.99 *per cent* to 10.08 *per cent*. Finance Department intimated (December 2021) that directions have been issued to all controlling officers for compliance of SBM provisions.

### 3.5.2 Supplementary budget and opportunity cost

Scrutiny of Appropriation Accounts of the relevant years indicates that during the period 2016-17 to 2019-20 the supplementary provisions continuously proved unnecessary. Further, against the total provision, the unutilised provision/savings under budget ranged from 7.99 *per cent* (₹ 15,990.19 crore) to 10.03 *per cent* (₹ 24,358 crore) during the period 2016-17 to 2019-20. During 2020-21 the supplementary provision was excessive as compared to actual expenditure and it was 15.62 *per cent* of original budget.

During 2020-21, balances of un-utilised funds against supplementary/original provision obtained in 27 cases under capital voted section are given in **Table 3.9** below.

**Table 3.9: Unutilised funds against supplementary/original provision**

(₹ in crore)

S. No.	Name of Grant	Original allocation	Supplementary	Total	Actual Expenditure	Unutilised funds
<b>Capital (Voted)</b>						
1	009-Forest	72.41	30.07	102.48	82.92	19.56
2	011-Miscellaneous Social Services	4.16	0	4.16	1.06	3.10
3	012-Other taxes	31	0	31.00	4.87	26.13
4	016-Police	138.76	21.41	160.17	120.38	39.79
5	019-Public works	1,033.73	0	1,033.73	468.56	565.17
6	020-Housing	79.5	0	79.5	32.43	47.07
7	021-Roads and Bridges	4,238.48	0	4,238.48	2,943.41	1,295.07
8	022-Area Development	204.56	0	204.56	124.51	80.05
9	023-Labour and Employment	15.81	10.19	26	6.28	19.72
10	024-Education, Art and Culture	1,001.94	112.27	1,114.21	916.28	197.93
11	026-Medical and public health and sanitation	217.79	0	217.79	153.51	64.28
12	027-Drinking Water scheme	3,312.49	0	3,312.49	2,674.07	638.42
13	028-Special programmes for rural development	306	0	306.00	149.94	156.06
14	029-Urban plan and regional development	1,182.83	296.43	1,479.26	1,418.71	60.55
15	030-Tribal area development	3,438.37	0	3,438.37	2,159.08	1,279.29
16	032-Civil supplies	4.25	0	4.25	0.84	3.4
17	033-Social security and welfare	233.2	49.43	282.63	259.19	23.44
18	036-Co-operation	5.03	0	5.03	2.86	2.17
19	037-Agriculture	197.06	8.33	205.39	181.55	23.84
20	038-Minor irrigation and soil conservation	1.75	0	1.75	0.41	1.34
21	039-Animal husbandry and medical	21.94	46.8	68.74	67.58	1.16

S. No.	Name of Grant	Original allocation	Supplementary	Total	Actual Expenditure	Unutilised funds
22	042-Industries	54.87	0	54.87	26.3	28.57
23	043-Minerals	206.53	0	206.53	72.6	133.93
24	046-Irrigation	2,345.12	0	2,345.12	1,859.85	485.27
25	047-Tourism	31.18	0	31.18	24.6	6.58
26	048-Power	1,333.44	0	1,333.44	300.05	1,033.39
27	051-Special component plan for welfare of scheduled castes	4,654.93	0	4,654.93	2,681.51	1,973.42
	<b>Total</b>	<b>24,367.13</b>	<b>574.93</b>	<b>24,942.06</b>	<b>16,733.35</b>	<b>8,208.71</b>

This indicates deficiencies in estimation of requirement of funds for the remaining period of the financial year and failure to monitor the flow of expenditure by these departments. Thus, unnecessary supplementary/original provisions were made without assessing the actual requirements of funds under these sub-heads.

Department did not utilize the budgeted funds consistently in respect of various development works/ programme/schemes. It also indicates unrealistic estimates of the anticipated expenditure during the period, poor control over expenditure and financial monitoring.

### **3.5.3 Major Policy pronouncements in budget and their actual funding for ensuring implementation**

During the scrutiny of Appropriation Accounts, it was observed that budget provisions were made under various schemes which remained entirely unutilized. During 2020-21, the entire provisions (of ₹ one crore or more in each case) made under 178 schemes/heads aggregating to ₹ 3,278.60 crore were not utilized. The details are given in *Appendix 3.6*.

During scrutiny of the budget provisions (₹ one crore or more in each case) not utilized during 2020-21, it was noticed that State Government withdrew budget provisions in 56 schemes in revised estimates and token budget provisions were made in 25 schemes in the revised estimates. This indicates that provisions for these schemes/heads were made without a proper assessment of the financial requirements and necessity of the Departments.

Various reasons given by the Departments in this regard included non-approval of scheme, non-release of sanction by the State Government, non-execution of work, non-receipt of fund from GoI, non-release of grant for creation of assets, non-starting of scheme, non-incurring expenditure on information, technology and computerization etc.

Further, it was also noticed that there were instances of unnecessary provisions being made continuously for the last three years without being deleted from the Demands for Grants of the concerned Department as mandated by SBM and the entire provisions being surrendered at the end of financial year. Such instances have been listed in *Appendix 3.7*.

While presenting the budget in February 2020 for the year 2020-21, the State Government had announced several schemes/policies. The concerned Departments had intimated (September 2021) the current progress on some of these major policy initiatives. Audit observed that in respect of following project/policy initiatives, limited or no progress has been made:

**Table 3.10: Major Project/policy during 2020-21**

S. No.	Name of Department	Para No. Of Budget Speech	Brief of announcements made in Budget Speech	Status of follow up action taken by the Department
1.	Medical and Health	13	A lab will be set up in each district to check adulterated substances, in which the sample report will be given online. Also separate Fast Track Courts will be set up for taking speedy legal action against the adulterers.	Department intimated (September 2021) that matter is under consideration in the Law Department for the establishment of Fast Track Courts. The status of setting up of lab in each district was not furnished by the department though asked for (October 2021).
2.	Medical Education	28	Construction and Operation of four new wards of 30-30 beds and one new neuro intervention lab in MDM Hospital, Jodhpur.	Department intimated (June 2021) that construction work has not been started as the approval is awaited from the Directorate, Medical Education.
3.	Ayurved	29	Establishment of Government Homeopathic College in Ajmer and Jodhpur	Department intimated (July 2021) that construction work has not been started due to delay in consent (22.3.2021) for implementation of the budget announcement and late transfer of funds by the State Government (31.3.2021).
4.	Ayurved	31	Construction/expansion of new PG women's hostel and existing graduate hostel in Rajasthan Ayurvedic University.	Department intimated (July 2021) that construction work has not been started due to delay in consent (22.3.2021) for implementation of the budget announcement and late transfer of funds by the State Government (31.3.2021).
5.	Minority affairs and Waqf	60	Construction of Minority Boys-Girls residential schools at Masuda (Ajmer) and Kaman (Bharatpur) and 3 Minority Girls hostel building at Nagaur, Sawai Madhopur and Ladnu (Nagaur).	Department intimated (July 2021) that construction of Minority Boys-Girls residential school at Masuda and Minority Girls hostel building Nagaur and Sawai Madhopur is under progress. Construction work of Minority Boys-Girls residential school at Kaman and Minority Girls hostel building Ladnu (Nagaur) has not been started due to land dispute. Further, the work related to Kaman, Bharatpur has not been started due to stay by Revenue Board, Ajmer.
6.	Minority affairs and Waqf	61	Construction of 100 bedded Minority Boys hostel building at District Headquarters Jaipur.	Department intimated (July 2021) that work has not started and no expenditure was incurred in 2020-21.
7.	School Education	98	Additional classroom, hostel, badminton court, swimming pool and auditorium facilities in College of Physical Education College, Jodhpur.	Department intimated (August 2021) that Construction work has not been started due to pending NOC from the Air Force.
8.	Public Works	126	The most damaged roads have been identified in the state, out of which in the first phase the work of renovation and restoration of 19 various damaged roads will be done in the 2020-21, on which about ₹ 400.00 crore will be spent.	Department intimated (July 2021) that approval of these works are awaited from the Mineral Department in DMFT scheme and no expenditure was incurred in 2020-21. Work order have been issued in 2021-22 after the permission of Finance Department.

S. No.	Name of Department	Para No. Of Budget Speech	Brief of announcements made in Budget Speech	Status of follow up action taken by the Department
9.	Revenue and Military Welfare	196	In order to develop facilities for visiting ex-service men and their families in 24 Zila Sainik Offices of the state, it is proposed to modernise Zila Sainik Offices @ ₹ 5.00 Lakh per district.	Department intimated (July and September 2021) that budget was not allotted in 2020-21 for these works. Budget for 10 offices was sanctioned in the year 2021-22 and Administrative and Financial sanction have been issued, but work has not started.

- ***Lack of implementation of announcements in budget speech of previous financial years.***

In reviewing the progress received from the concerned departments regarding the budget announcements made by the State Government in the previous financial years, it was found that the following budget announcements had not been implemented even after the lapse of substantial periods of time:

**Table 3.11: Major Project/policy for previous years**

S. No.	Name of Department	Year of Budget Speech	Para No. of Budget Speech	Brief of announcements made in Budget Speech	Reasons of non-implementation of budget speech intimated by the Department
1.	Medical Education	2018-19	87	In view of the increasing patient load in Medical College, Bikaner, the establishment of a new cath lab at an expenditure of ₹ 6 crore.	Sardar Patel Medical College and associated group of hospitals, Bikaner intimated (August 2021) that the process of purchasing the machine has been completed by spending an amount of ₹ 3.53 crore, but setting up of cath lab is pending due to non-receipt of administrative approval for the required turnkey work.
2.	Medical Education	2018-19	92	To provide Dual Imaging System, Blood Component Separation Unit, C-arm Machine in Medical College, Kota, on which ₹ 3.72 crore will be spent.	Medical College and attached hospitals, Kota intimated (July 2021) that Dual Imaging System was not purchased as the HOD of the indenting Department (Department of Gastroenterology) informed that the machine is not required. It was also informed that the Blood component separation unit was purchased. In addition, C-arm machine was tendered two or three times but the tender was cancelled due to receiving exorbitant rates.
3.	Local Self Government	2018-19	163	To reduce the increasing pollution in Jaipur City introduction of 40 new electric buses by JCTSL at a cost of ₹ 72 crore.	Jaipur City Transport Services Limited (JCTSL), Jaipur intimated (July 2021) that under the FAME India Scheme-I, 40 e-buses were allotted to JCTSL by the approval of Ministry of Heavy Industries (DHI) dated 27.12.2017. The work order of 40 e-buses was issued on 28.2.2018 by JCTSL. The sanction issued to JCTSL has been withdrawn by the Ministry of Heavy Industries (DHI) on 4.4.2019 due to expiry of the said scheme on 31.3.2019. As a result the bid from JCTSL was cancelled on 16.10.2019.

Lack of follow up action on major announcement of Budget Speech is indicative of lack of monitoring and pursuance of initiatives announced during the budget speech.

### 3.5.4 Flow of expenditure

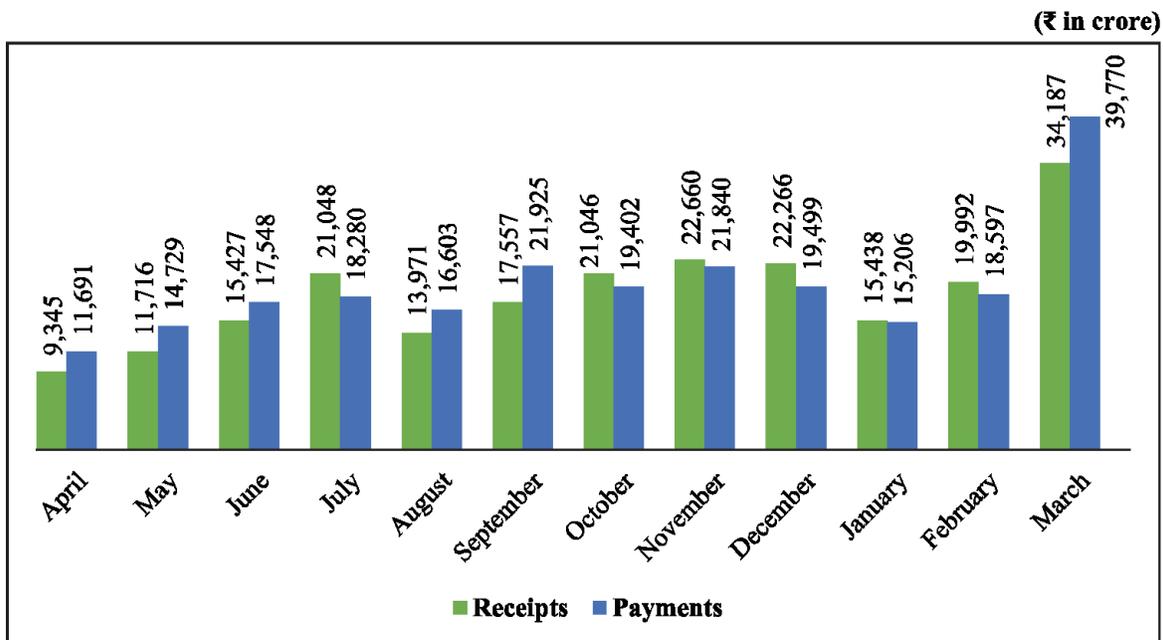
Maintaining a uniform pace of expenditure is a crucial component of sound public financial management. As per SBM, to assist Finance Department in the preparation of forecasts for the likely cash balance position of the State, all budget controlling officers are required to furnish a statement every month, as per dates specified by Finance Department, showing the anticipated flow of revenue and expenditure. Any rush of expenditure in the closing month of the financial year should be avoided.

During 2020-21, 31.30 per cent (₹ 73,573.99 crore) of the total expenditure (₹ 2,35,093.90 crore) was incurred during last quarter of the financial year indicating that a uniform pace of expenditure could not be maintained during the year. It was also observed that 30.99 per cent (₹ 69,618.83 crore) of the total receipts (₹ 2,24,659.49 crore) were received during last quarter only. Further, the expenditure incurred in the last quarter of the financial year 2020-21 has decreased by 4.30 per cent (₹ 3,038 crore) when compared to previous year 2019-20.

During 2020-21, in respect of 65 sub-heads under 19 grants, total expenditure of ₹ 5,848.84 crore was incurred in the last quarter of the financial year which was 71.23 per cent of total expenditure (₹ 8,210.72 crore) and ₹ 5,547.33 crore (67.56 per cent) was spent in March 2021 alone as detailed in **Appendix 3.8**.

The monthly flow of receipts into the state exchequer and disbursement during 2020-21 are given in the following **Chart 3.7**.

**Chart 3.7: Monthly flow of receipts and disbursement during 2020-21**



The chart shows that receipt and expenditure were distributed almost evenly across all the months up to February 2021. However, receipt and expenditure increased substantially in the month of March 2021 in comparison to the remaining months of the year. Further, scrutiny of the pattern of expenditure during 2020-21 revealed that the

State Government incurred an expenditure of ₹ 39,770 crore constituting about 16.92 per cent of the total expenditure of ₹ 2,35,093.90 crore in the month of March alone.

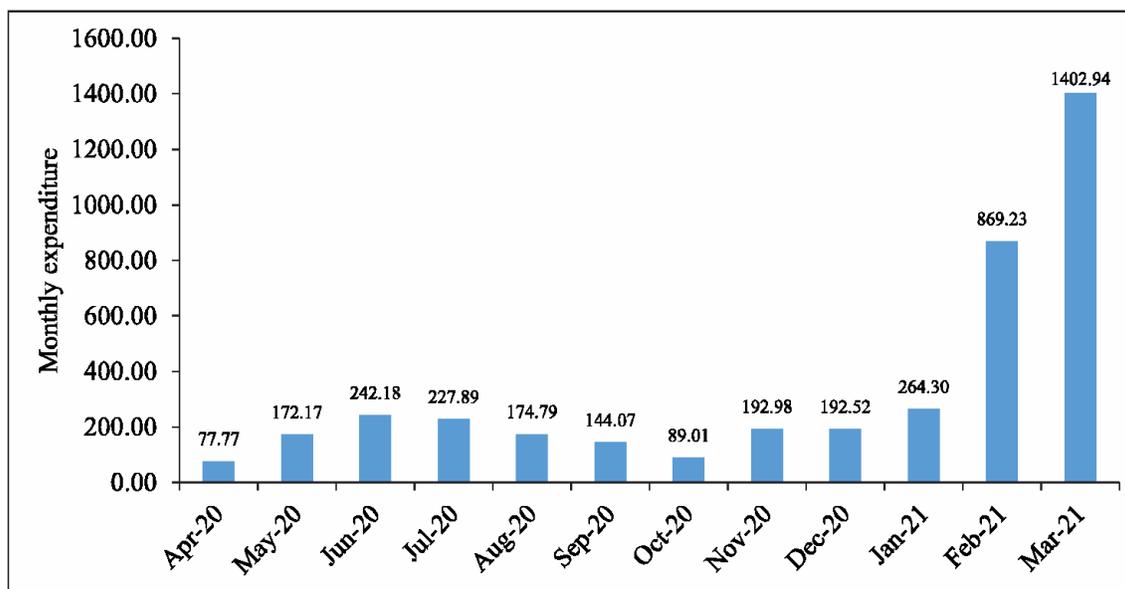
Incidentally, out of ₹ 37,714.42 crore transferred/deposited in Personal Deposit Accounts during the year, ₹ 5,913.31 crore (22.15 per cent) was transferred in March 2021 alone.

Details of 14 Major Heads, where expenditure incurred during the month of March was more than 50 per cent of total expenditure, are provided in the **Table 3.12** below:

**Table 3.12: Grants with more than 50 per cent expenditure in March during 2020-21**

(₹ in crore)										
S. No.	Head of Account	Description	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total	Expenditure in March	% of 4 <sup>th</sup> quarter w.r.t. total expenditure	% of March w.r.t. total expenditure
1.	2075	Miscellaneous General Services	8.47	6.02	11.04	4,379.68	4,405.20	4,377.32	99.42	99.37
2.	2404	Dairy Development	0.00	500.00	2.96	1,000.00	1,502.96	1,000.00	66.54	66.54
3.	4047	Capital Outlay on Other Fiscal Services	0.00	0.09	0.00	0.84	0.92	0.84	90.68	90.68
4.	4236	Capital Outlay on Nutrition	0.00	0.00	1.86	46.81	48.67	46.52	96.18	95.58
5.	4403	Capital Outlay on Animal Husbandry	0.00	7.50	125.00	1,023.91	1,156.41	1,023.91	88.54	88.54
6.	4405	Capital Outlay on Fisheries	0.00	0.00	0.00	9.40	9.40	9.40	100.00	100.00
7.	4406	Capital Outlay on Forestry and Wild Life	9.57	188.32	147.24	918.70	1,263.83	740.59	72.69	58.60
8.	4425	Capital Outlay on Co-operation	0.00	0.00	0.00	0.27	0.27	0.27	100.00	100.00
9.	4801	Capital Outlay on Power Projects	0.00	0.00	0.00	4,034.90	4,034.90	2,357.00	100.00	58.42
10.	4851	Capital Outlay on Village and Small Industries	0.00	0.00	0.00	3.00	3.00	3.00	100.00	100.00
11.	5425	Capital Outlay on Other Scientific and Environmental Research	0.00	0.00	0.00	2.81	2.81	2.56	100.00	91.15
12.	6202	Loans for Education, Sports, Art and Culture	0.00	0.00	0.00	36.00	36.00	36.00	100.00	100.00
13.	7055	Loans for Road Transport	2.50	0.00	0.00	500.00	502.50	500.00	99.50	99.50
14.	7075	Loans for Other Transport Services	0.00	0.00	0.00	210.61	210.61	210.61	100.00	100.00
<b>Total:</b>			<b>20.54</b>	<b>701.93</b>	<b>288.09</b>	<b>12,166.92</b>	<b>13,177.48</b>	<b>10,308.01</b>	<b>92.33</b>	<b>78.22</b>

Month-wise expenditure of Major Head 2401 of Agriculture Department having high percentage of expenditure in March is given below in **Chart 3.8**.

**Chart 3.8: Major head 2401-Agriculture month-wise expenditure**(**₹ in crore**)

Huge expenditure incurred in the last month of the year indicates weak internal control over expenditure/receipts and lack of budgetary control/management. The Department may regularly monitor the progress of expenditure throughout the year and maintain uniform flow of expenditure.

### 3.5.5 Review of selected grants

With a view to conduct a detailed analysis of a particular grant, *Grant No. 37-Agriculture and Grant no. 42 Industries* were selected on the basis of expenditure against budgeted estimate for last three years. This analysis encompasses comments on Budget and Expenditure, Receipts with respect to Revised Estimates, Excess expenditure after re-appropriation, surrender, unnecessary/excessive supplementary provision, non-utilisation of provisions, persistent savings and status of schemes in the previous Budget Speech under these grants.

#### Grant No. 37-Agriculture

The main function of the department of Agriculture is to achieve self-sufficiency in food production, increase agricultural production and income of farmers/ farm labours. For the achievement of these objectives, the department endeavours:

- To promote sustainable use of natural resources such as land and water with soil health management, integrated nutrient management, crop diversification.
- To reduce the cost of cultivation.
- To provide crop insurance to protect farmers against natural disasters and monsoon failure.
- To initiate programmes for increasing per capita incomes of farmers in backward areas as well as for SC/ST.
- To organize trainings on various aspects of agro-techniques for their mass dissemination.

Grant No. 37 is under the administrative control of Principal Secretary, Agriculture Department, Government of Rajasthan (GoR). The overall position of budget, expenditure and savings during 2018-21 are detailed below in the **Table 3.13**:

**Table 3.13: Budgetary Provision**

	2018-19				2019-20				2020-21			
	Total (O+S)	Expenditure	Saving	Surrender	Total (O+S)	Expenditure	Saving	Surrender	Total (O+S)	Expenditure	Saving	Surrender
Revenue	2,507.20	2,013.91	493.29 (19.67%)	493.27	2,502.34	2,168.48	333.86 (13.34%)	333.73	3,514.52	3,158.83	355.69 (11.26%)	352.71
Capital	417.70	183.53	234.17 (56.06%)	234.17	246.80	118.39	128.41 (52.03%)	112.37	205.39	181.55	23.84 (11.61%)	23.84
<b>Total</b>	<b>2,924.9</b>	<b>2,197.44</b>	<b>727.46</b>	<b>727.44</b>	<b>2,749.14</b>	<b>2,286.87</b>	<b>462.27</b>	<b>446.1</b>	<b>3,719.91</b>	<b>3,340.38</b>	<b>379.53</b>	<b>376.55</b>

Detailed audit of budget and expenditure under this grant revealed that:

- The unutilised budget provisions/saving under revenue section of the grant ranged from 11.26 per cent to 19.67 per cent during the period 2018-19 to 2020-21.
- The unutilised budget provisions/savings under capital section of the grant ranged from 11.61 per cent to 56.06 per cent during the period 2018-19 to 2020-21.
- During 2020-21, out of final saving of ₹ 355.69 crore (11.26 per cent) under revenue section, an amount of ₹ 2.98 crore was not surrendered.

#### **Substantial Savings**

During 2020-21, there were 38 schemes/programmes where provisions were made in excess and the savings were ₹ one crore and more. In these schemes, there were substantial total savings of ₹ 451.90 crore as detailed in **Appendix 3.9**.

Substantial savings against the budget allocation indicate that the provisions of SBM regarding budget formulation/preparation of demands for grants and monitoring were not adhered to.

#### **Persistent savings**

Audit of the grant revealed that there were schemes (with provisions greater than ₹ one crore) having persistent savings from 2018-19 to 2020-21 as detailed in the **Table 3.14** below:

**Table 3.14: Persistent Savings noticed under various Programmes/Schemes**

S. No.	Name of Head	Year	(₹ in crore)			
			Total (O+S)	Expenditure	Saving	Percentage of saving
1.	2401-109-13 Innovative Programme/ Minikit Distribution	2018-19	6.36	2.47	3.89	61.22
		2019-20	3.50	1.88	1.61	46.13
		2020-21	3.50	1.94	1.56	44.69
2.	2401-119-25 National Horticulture Mission	2018-19	56.25	49.69	6.56	11.66
		2019-20	48.60	46.49	2.11	4.33
		2020-21	61.20	41.31	19.89	32.50
3.	2401-119-36 Additional grant on Solar Pump Set	2018-19	124.78	103.07	21.71	17.40
		2019-20	78.06	20.71	57.35	73.47
		2020-21	183.40	60.20	123.20	67.18

S. No.	Name of Head	Year	Total (O+S)	Expenditure	Saving	Percentage of saving
4.	2401-196-06-35 Sustainable Agriculture Mission- Agriculture Forestry	2018-19	2.46	1.44	1.02	41.71
		2019-20	2.27	0.82	1.45	63.67
		2020-21	2.40	0.72	1.68	69.85
5.	2401-196-06-36 Seed development	2018-19	5.95	3.01	2.94	49.44
		2019-20	3.50	2.20	1.30	37.19
		2020-21	3.50	0.90	2.60	74.34
6.	2401-196-09-01 Establishment Expenditure- Committed	2018-19	54.97	52.98	1.99	3.62
		2019-20	58.04	50.67	7.37	12.70
		2020-21	59.27	55.16	4.11	6.93
7.	2401-197-02 Establishment expenditure at Panchayat Samiti Level	2018-19	62.61	62.41	0.20	0.31
		2019-20	74.46	53.22	21.23	28.52
		2020-21	62.03	55.49	6.54	10.55
8.	2401-197-04 01 Establishment Expenditure-Committed	2018-19	236.26	229.05	7.21	3.05
		2019-20	251.36	195.83	55.53	22.09
		2020-21	243.36	198.57	44.79	18.40
9.	2401-800-27-02 Through the Horticulture Department	2018-19	37.39	22.46	14.93	39.93
		2019-20	32.65	19.40	13.25	40.58
		2020-21	35.84	9.98	25.86	72.16
10.	2401-800-27-03 Through the Animal Husbandry Department	2018-19	11.71	5.51	6.2	52.25
		2019-20	9.45	5.96	3.49	36.94
		2020-21	6.67	1.64	5.03	75.34
11.	2401-800-31-01 Through the Agriculture Department	2018-19	54.39	34.70	19.69	36.21
		2019-20	53.48	39.50	13.97	26.13
		2020-21	76.77	20.36	56.41	73.48
12.	2401-800-35-02 Soil Health Management	2018-19	6.24	3.83	2.41	38.67
		2019-20	6.12	0.78	5.34	87.18
		2020-21	8.80	1.91	6.89	78.29
13.	2401-800-37-01 Through the Agriculture Department	2018-19	130.53	100.54	29.99	22.97
		2019-20	100.42	45.94	54.48	54.25
		2020-21	134.23	101.86	32.37	24.11
14.	4401-800-03-03 Through Animal Husbandry Department	2018-19	22.00	5.58	16.42	74.64
		2019-20	8.23	2.53	5.70	69.20
		2020-21	6.00	4.48	1.52	25.36
15.	6408-02-190-01-01 Loans to Rajasthan State Warehousing Corporation	2018-19	80.00	27.00	53.00	66.25
		2019-20	50.00	0	50.00	100.00
		2020-21	50.00	0	50.00	100.00

Budget controlling officer attributed the savings mainly to reasons such as (i) less supply of seeds minikits, (ii) delay in tendering process, (iii) late issue of sanction of projects by GoI, (iv) slow progress of construction of warehouses and (v) lockdown due to covid-19 pandemic. The other reasons included posts remaining vacant, less amount sanctioned by GoI for projects, negative impact on gypsum supply due to Covid -19 pandemic, etc.

The persistent savings indicate that the budget estimates were not realistic and the budgetary controls in the Department were not effective.

#### ***Non-utilisation of entire provisions***

As per SBM, the estimates of expenditure should be as accurate as possible. Cases under this grant, where there was 100 *per cent* savings during 2020-21, are given below:

**Table 3.15: Non-utilisation of provisions under various Programme/Schemes**  
(₹ in crore)

S. No.	Name of Head	Total (O+S)	Expenditure	Saving	Percentage Saving
1.	2401-102-01-01 National Food Security Mission-Wheat	0.25	0	0.25	100.00
2.	2401-102-01-06 National Food Security Mission-Forestry Oil Seed	0.34	0	0.34	100.00
3.	2401-111-03 For timely intimation regarding production of crop and estimated area	4.00	0	4.00	100.00
4.	2401-111-04 Improvement of crop statistics	1.56	0	1.56	100.00
5.	2401-800-27-04 Through the Dairy Department	17.50	0	17.50	100.00
6.	2401-800-35-05 Sustainable Agriculture Forestry (through the Horticulture Department)	0.48	0	0.48	100.00
7.	2401-800-36-01 Through the Agriculture Department	0.30	0	0.30	100.00
8.	2435-60-800-01-01 Rajasthan State Agriculture Marketing Board, Jaipur	80.00	0	80.00	100.00
<b>Total</b>		<b>104.43</b>	<b>0</b>	<b>104.43</b>	

Department stated (September and October 2021) that savings were due to non-release of funds except for aspirational districts of the state by GoI, impact on gypsum supply due to Covid-19 pandemic, non-submission of utilization certificate, etc.

This indicates that the budget provision was prepared on an *ad hoc* basis without assessing the actual requirement.

### Excess Expenditure

As per para 8.5(5) of SBM, Budget Controlling Officer will ensure that expenditure does not exceed the budget allocation. Para 24.1 of SBM also provided that expenditure shall neither be incurred in excess of the sanctioned allotment nor on the items for which no provision has been made in the budget. As per SBM, it is essential that the statement should be prepared with utmost care, as inaccurate statements of excesses and savings not merely cause inconvenience to the Finance Department but may also lead to excess expenditure, for which concerned Budget Controlling Officer will be held responsible.

During test check of appropriation account, it was observed that under some heads of this grant there was expenditure in excess of provision. Some of the heads where excess expenditure was noticed are given in the **Table 3.16** below:

**Table 3.16: Excess expenditure in Heads under the Grant**

(Amount in ₹)							
S. No.	Head of Account	State Plan (P), Central Fund (C)	Total Provision	Surrender/Re-appropriation	Availability of fund	Actual Expenditure	Excess (+)/ Savings (-)
1.	2401-109-16-01 National Mission on Agriculture Extension	P	6,33,00,000	27,87,000	6,60,87,000	6,60,49,885	(-)37,115
		C	9,45,00,000	46,27,000	9,91,27,000	9,91,61,482	(+)34,482
2.	2401-109-16-05 E-Governance Scheme in Agriculture	P	1,00,72,000	-65,83,000	34,89,000	34,86,269	(-) 2,731
		C	1,51,08,000	-98,75,000	52,33,000	52,36,050	(+) 3,050

S. No.	Head of Account	State Plan (P), Central Fund (C)	Total Provision	Surrender/Re-appropriation	Availability of fund	Actual Expenditure	Excess (+)/ Savings (-)
3.	2401-119-26 For conversion from flow irrigation to drip irrigation (Pradhan Mantri Krishi Yojana Macro Irrigation)	P C	25,17,90,000 37,76,87,000	25,18,73,000 37,78,09,000	50,36,63,000 75,54,96,000	50,45,68,655 75,44,46,222	(+) 9,05,655 (-) 10,49,778
4.	2401-196-06-20 National Food Security Mission- Pulses	P C	45,26,83,000 67,90,25,000	19,70,23,000 29,55,34,000	64,97,06,000 97,45,59,000	64,70,27,041 97,72,35,855	(-)26,78,959 (+) 26,76,855
5.	2401-196-06-25 National Mission on Agriculture Extension and Technology- Agriculture Extension	P C	12,12,35,000 15,27,65,000	2,01,80,000 1,67,72,000	14,14,15,000 16,95,37,000	13,97,95,728 17,11,56,194	(-)16,19,272 (+) 16,19,194
6.	2401-196-06-26 National Mission on Agriculture Extension and Technology- Agriculture Extension	P C	5,35,69,000 8,03,53,000	3,52,43,000 5,28,65,000	8,88,12,000 13,32,18,000	8,84,85,747 13,35,45,075	(-) 3,26,253 (+) 3,27,075
7.	2401-196-06-28 Sustainable Agriculture Mission- Rain fed Area Development	P C	1,11,66,000 1,67,49,000	63,81,000 95,71,000	1,75,47,000 2,63,20,000	17,53,908 2,63,13,570	(+)6,908 (-) 6,430
8..	2401-196-06-29 Sustainable Agriculture Mission- Soil Health Management	P C	6,46,62,000 9,69,93,000	2,26,44,000 3,39,67,000	4,20,18,000 6,30,26,000	4,20,30,934 6,29,64,873	(+) 12,934 (-) 61,127
9.	2401-196-06-38 National Food Security Mission Nutrition Grain	P C	9,95,82,000 14,93,72,000	-1,60,000 -2,39,000	9,94,22,000 14,91,33,000	9,98,17,985 14,89,87,183	(+) 3,95,985 (-)1,45,817
10.	2401-800-27-01 Through agriculture department	P C	25,06,84,000 37,60,25,000	7,51,72,000 11,27,61,000	32,58,56,000 48,87,86,000	33,26,16,682 48,20,26,815	(+)67,60,682 (-) 67,59,185
11.	2401-800-27-03 Through the Animal Husbandry department	P C	2,66,67,000 4,00,00,000	-2,00,90,000 -3,01,34,000	65,77,000 98,66,000	64,88,923 99,53,979	(-) 88,077 (+) 87,979
12.	2401-800-37-01 Through the Agriculture department	P C	53,69,22,000 80,53,83,000	20,70,09,000 -53,06,69,000	74,39,31,000 27,47,14,000	87,99,30,996 13,87,14,135	(+)13,59,99,996 (-)13,59,99,865

This shows that expenditure was incurred by the department without availability of fund for these heads under State plan or Central plan indicating deficient budgetary and expenditure controls.

### Flow of expenditure

Maintaining a uniform pace of expenditure is a crucial component of sound public financial management. Any rush of expenditure in the closing month of the financial year should be avoided.

During 2020-21, in respect of 11 sub-heads (where more than 30 per cent was incurred either during the last quarter or during the last month of the financial year) under this grant, total expenditure of ₹ 1,391.95 crore was incurred in the last quarter of the financial year which was 74.60 per cent of the total expenditure (₹ 1,865.80 crore). Of this, ₹ 899.07 crore (48.19 per cent) was spent in March 2021 alone as detailed below:

**Table 3.17: Grant with more than 50 per cent expenditure in last quarter**

S. No.	Head of Account (up to Sub Head)	Expenditure incurred during January-March 2021	Expenditure during March 2021	Total expenditure incurred during the year	Percentage of total Expenditure incurred during	
					January-March 2021	March 21
1	2401-103-15 Crop Husbandry Seeds Seed Development Scheme (Production and Distribution)	0.37	0.26	0.68	55.01	37.63
2	2401-107-07 Crop Husbandry Plant Protection Laboratories	0.08	0.06	0.14	59.31	39.37
3	2401-110-02 Crop Husbandry Crop Insurance	1,125.33	659.17	1,470.08	76.55	44.84
4	2401-119-26 Crop Husbandry Horticulture Mission For conversion from flow irrigation to drip irrigation (Pradhan Mantri Krishi Sinchai Yojana Macro Irrigation)	65.82	64.71	125.91	52.28	51.39
5	2401-119-31 Crop Husbandry Horticulture and Vegetable Crops Assistance for Plant Protection Works	0.03	0.02	0.05	70.74	40.07
6	2401-800-02-01 Other expenditure Grants-in-aid for Water Planning	37.76	19.84	64.10	58.91	30.95
7	2401-800-37-01 Other Expenditure Pradhan Mantri Krishi Sinchai Yojana	78.87	78.83	101.86	77.42	77.39
8	2401-800-40-01 Other expenditure Zero cost based Agriculture	1.04	1.04	1.49	69.84	69.57
9	4401-800-02-01 Other expenditure through the agency of Agriculture Department Building	6.24	6.3	8.28	75.42	76.05
10	4401-800-03-01 Other expenditure Rashtriya Krishi Vikas Pariyojana (S.C.A)	61.41	53.84	78.21	78.53	68.85
11	6401-800-10-01 Other expenditure Loan to Krishi Upaj Mandi (NABARD)	15.00	15.00	15.00	100	100
	<b>Total</b>	<b>1,391.95</b>	<b>899.07</b>	<b>1,865.80</b>		

Huge expenditure incurred by the department during the last quarter/month of the year is indicative of less control on progressive expenditure.

In this regard, a circular was issued (July 2021) by Commissioner, Agriculture on the basis of recommendations made in SFAR 2018-19, through which DDOs/Budget Controlling officers were given instruction to keep the provisions of SBM in mind while making provisions for salary, allowances and scheme implementation. It was also instructed that in future sanctioned budget should be utilised on monthly basis and 60 per cent of budget should be utilised by December in the absence of which the controlling officer/DDOs will be held liable

### ***Status of scheme announcements in the previous Budget speech***

Details of Budget Speech announcements and their current status are given in the **Table 3.18:**

**Table 3.18: Major scheme announcements in the previous years' Budget speech**

<b>S. No.</b>	<b>Brief of announcements made in Budget Speech</b>	<b>Status of follow up action taken by the Department</b>
1.	<b>(Budget Announcement 83)</b> During Budget Speech 2016-17, the State Government proposed ₹ 5.90 crore for providing furniture etc. to Kisan Seva Kendra.	Department intimated (October 2021) that out of 1170 Kisan Seva Kendras, 678 Kisan Seva Kendra were transferred to Agriculture Department with all basic facilities by incurring an expenditure of ₹ 2.89 crore against the financial sanction of ₹ 4.90 crore.
2.	<b>(Budget Announcement 89)</b> During Budget Speech 2016-17, the state govt. announced that at least 10 progressive farmers will be added in each district in the coming financial year as honorary extension worker in various fields of agriculture and ₹1000 per day would be given to such progressive farmers as lecture honorarium.	Department intimated (October 2021) that process of selecting the Honorary Extension Workers has been completed and guidelines have been issued for payment of honorarium to them. However, no budget provisions were made for payment.
3.	<b>(Budget Announcement 104)</b> During Budget Speech 2017-18, the State Government proposed ₹ 5.40 crore for providing electricity, water and furniture to 1180 Kisan Seva Kendra cum Village Knowledge Centre.	Department intimated (October 2021) that out of 1180 Kisan Seva Kendras, only 763 Kisan Seva Kendra were constructed and transferred to Agriculture department with all basic facilities by incurring an expenditure of ₹ 2.37 crore against the financial sanction of ₹ 2.90 crore.
4.	<b>(Budget Announcement 20)</b> During Budget Speech 2019-20, the State Government proposed ₹ 2 crore for organizing seminars and exhibitions, multiple usage of farmer's fairs at the agriculture block level under 'Krishi Dhara Programme'	Department intimated (October 2021) that Finance Department did not provide budget provision to implement the budget announcement, as such the department conducted only one farmer's fair at Jaipur city instead of all blocks.
5.	<b>(Budget Announcement 33)</b> During Budget Speech 2020-21, the State Government proposed ₹ 150 crore for construction of 12,500 farm ponds for increasing irrigated area and ground water level for agriculture in the State.	Department intimated (October 2021) that out of 12,500 farm ponds department constructed only 4,173 farm ponds after incurring an expenditure of ₹ 31.05 crore.

Details provided in the above table indicate slow pace of follow up action and unsatisfactory progress of the budget speech announcements.

Non/less utilization of funds on these schemes/programmes not only increases the fiscal burden in the succeeding years but also leads to delays and deprival of benefits to the beneficiaries.

### Receipts

The revenue receipts head “0401- Agriculture” of Agriculture Department comprises of the receipts under various schemes of Agriculture Department, from sale of fruits & vegetables, auction, service fees and other miscellaneous receipts. The position of Budget Estimates, Revised Estimates and Actual Receipts under the heads during the period 2018-21 summarised below:

**Table 3.19: Statement of Receipt during 2018-21**

(₹ in lakh)							
S. No.	Name of Head	Year	Budget Estimate	Revised Estimate	Actual Receipt	Excess(+) / Shortfall (-) to Revised Estimate	Percent variation to Revised Estimate
1.	0401-103-01 Crop Husbandry Seeds Receipts from schemes of strengthening of Rhizobium Culture	2018-19	0.01	17.5	1.29	(-)16.21	92.63
		2019-20	1.50	1.80	1.63	(-)0.17	9.44
		2020-21	2.00	2.75	2.27	(-)0.48	17.45
2.	0401-107-01 Crop Husbandry Receipts from Plants of Protection Services Receipts from Insecticides drugs Services	2018-19	20.00	4.50	3.51	(-)0.99	22.00
		2019-20	4.00	3.00	0.86	(-)2.14	71.33
		2020-21	3.50	0.10	0.00	(-)0.10	100
3.	0401-800-02-01 Other Miscellaneous Receipts	2018-19	438.79	450.00	820.39	(+)370.39	82.31
		2019-20	450.00	850.00	514.33	(-)335.67	39.49
		2020-21	900.00	850.00	794.34	(-)55.66	6.54
4.	0401-800-02-04- Other Receipt, Receipts from Horticulture Department	2018-19	20.20	250.00	249.40	(-)0.60	0.24
		2019-20	150.00	80.00	37.20	(-)42.80	53.50
		2020-21	100.00	80.00	145.94	(+)65.94	82.40
5.	0401-800-50-01 Receipts from unserviceable Goods/Disposal of Vehicles	2018-19	1.00	1.00	0.62	(-)0.38	38.00
		2019-20	1.00	1.00	0.00	(-)1.00	100
		2020-21	1.00	1.20	1.04	(-)0.16	13.33
6.	0401-800-50-02 Receipt from Disposal of Other unserviceable goods	2018-19	1.00	3.00	2.49	(+)0.51	17.00
		2019-20	3.00	1.25	1.74	(+)0.49	39.20
		2020-21	1.50	2.50	5.12	(+)2.62	104.80

It was observed that in all above cases there was significant variation of actual receipts with respect to revised estimates during the period 2018-21 indicating deficiency in estimation.

The Department intimated (July 2021) that depending upon the receipts from the start of the financial year to the month of December, the revised estimates for the year as well as estimates for the following financial year are prepared and sent to Finance Department. However, it is evident, from the wide variations in the actual receipts in comparison to revised estimates that the department did not take into consideration the past year receipts in preparation of estimates as required by SBM.

**Grant no. 42- Industries**

The main functions of the Department are promotion of Micro, Small and Medium Enterprises (MSMEs), to assist in the marketing of their products, development of salt areas, handicrafts artisan development, development of handloom etc. The department also provides various concessions, facilities and assistance for setting up the industrial enterprises in the State.

Grant No. 42 is under the administrative control of Principal Secretary, Industry Department, Government of Rajasthan (GoR). The overall position of budget, expenditure and savings during year 2018-21 are detailed below in the **Table 3.20**:

**Table 3.20: Budgetary Provisions**

	2018-19				2019-20				2020-21			
	Total (O+S)	Expenditure	Saving	Surrender	Total (O+S)	Expenditure	Saving	Surrender	Total (O+S)	Expenditure	Saving	Surrender
Revenue	251.31	214.90	36.41 (14.48%)	36.19	428.63	327.44	101.19 (23.61%)	101.03	309.56	256.18	53.38 (17.24%)	53.38
Capital	433.41	21.94	411.47 (94.94%)	411.43	95.06	18.71	76.35 (80.32%)	76.34	54.87	26.30	28.57 (52.07%)	28.44
<b>Total</b>	<b>684.72</b>	<b>236.84</b>	<b>447.88</b>	<b>447.62</b>	<b>523.69</b>	<b>346.15</b>	<b>177.54</b>	<b>177.37</b>	<b>364.43</b>	<b>282.48</b>	<b>81.95</b>	<b>81.82</b>

Detailed audit of budget and expenditure under this grant revealed that:

- The unutilised budget provisions/saving under revenue section of the grant ranged from 14.48 per cent to 23.61 per cent whereas under capital section, it ranged from 52.07 per cent to 94.94 per cent during the period 2018-19 to 2020-21.
- Amounts of ₹ 447.62 crore, ₹ 177.37 crore and ₹ 81.82 crore were surrendered on the last day of financial year 2018-19, 2019-20 and 2020-21 respectively.
- As per SBM, grants that cannot be properly utilised should be surrendered. During 2018-19 and 2019-20 out of final savings, a sum of ₹ 21.26 lakh and ₹ 16.85 lakh remained un-surrendered under Revenue section respectively. During 2018-19, 2019-20 and 2020-21 out of final savings, a sum of ₹ 4.76 lakh, ₹ 1.00 lakh and ₹ 13.50 lakh remained un-surrendered under Capital section respectively.

This shows that the provision in SBM pertaining to budgetary controls were not adhered to by the Department.

It was also observed that a substantial portion of the budget allocation remained unutilised every year under various heads of accounts during the period 2018-19 to 2020-21, indicating non-achievement of the projected financial outlays in the respective years. This indicates that the budget allocations were made without considering the previous years' expenditure as required under rule 13.7 of the SBM, which resulted in persistent savings, mainly under capital head of accounts.

## Programme implementation

### *Test check of schemes/programmes under the grant showed the following:*

- ***Rajasthan Khadi and Village Industry Board***

Main objectives and functions of the board are to plan the development of Khadi and Village Industries, organizing and implementing programs, to provide employment opportunities to the low income groups.

During the year 2020-21, budget provision of ₹ 32.50 crore was made under the head “Grant to Rajasthan Khadi and Village Industry Board”. The department could utilise only ₹ 24.13 crore and surrendered the remaining amount of ₹ 8.37 crore (25.75 per cent). Department stated (June 2021) that savings occurred due to release of less grant because of reduction in expenditure ceiling and excess expenditure was met from the previous years’ unspent balances.

- ***Mukhya Mantri Laghu Udhog Protsahan Yojana***

This scheme has been started with the objective of providing interest subsidised loan through banks for easy establishment of enterprises in the state and to provide new employment opportunities to all sections of the people of the state.

During 2020-21, budget provision of ₹ 6.50 crore was made for this scheme. The department could utilise only ₹ 3.60 crore and surrendered the remaining amount of ₹ 2.90 crore (44.61 per cent). Reasons for less utilisation of amount have not been intimated by the Department (December 2021).

- ***Assistance for Youth Industrialisation Incentive Scheme (Yuva Udyamita Protsahan Yojana)***

The Yuva Udyamita Protsahan Yojana was started by the Rajasthan Government in the year 2013-14<sup>2</sup> to encourage young entrepreneurs to set up new industries in the state and reduce unemployment in the state.

During 2020-21, budget provision of ₹ 9.00 crore was made for this scheme. The department could utilise only ₹ 6.75 crore and surrendered the remaining amount of ₹ 2.25 crore (25 per cent). Department stated (June 2021) that savings occurred due to due to less sanction of loans under the scheme on account of COVID-19 pandemic and the consequent less distribution of funds.

- ***Cluster Development Diagnostic Study***

The development of micro and small enterprises and artisans of the state is being done by the State Government through cluster development approach. For this, the State Cluster Development Program was started in the year 2005-06. Under the ‘Cluster Development Diagnostic Study’ program, the implementation of cluster development activities in the selected clusters on the basis of base line survey is done through voluntary organisations in addition to skill development and skill up-gradation training,

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2. Revised in the year 2015

design development training, technical up-gradation, market assistance, capacity building etc.

During the years 2018-19, 2019-20 and 2020-21, budget provisions of ₹ 1.07 crore, ₹ 1.30 crore and ₹ 1.20 crore were made for this program. The department could utilise only ₹ 0.56 crore, ₹ 1.16 crore and ₹ 0.67 crore and surrendered ₹ 0.51 crore (47.66 per cent), ₹ 0.14 crore (10.77 per cent) and ₹ 0.53 crore (44.17 per cent), respectively. Reasons for under-utilisation of provisions have not been intimated by the department (December 2021).

- ***Integrated Processing Development Scheme***

Integrated Processing Development Scheme (IPDS) had been started by the Ministry of Textiles Government of India, to control the pollution caused by textile units. Under the scheme, 50 per cent of the project cost (maximum ₹ 75 crore) is to be contributed by the Central Government, 25 per cent by the State Government and 25 per cent from the own funds/ debt from banks by the Special Purpose Vehicle (SPV). Four projects had been sanctioned under IPDS in the State. According to the progress report of the department, all the four projects are under progress.

During the year 2020-21, budget provision of ₹ 11.50 crore was made for this scheme. The department could utilise ₹ 8.00 crore and surrendered ₹ 3.50 crore (30.43 per cent). Department stated (August 2021) that three projects are under implementation/ operation and one project is not operational. However, specific reasons for under-utilisation of provisions have not been intimated by the department (December 2021).

- ***Upgradation of Industrial effluent Management System of RIICO Industrial area Bhiwadi***

Rajasthan State Industrial Development and Investment Corporation Ltd. (RIICO) spearheads industrialisation of the State of Rajasthan by setting up industrial areas. RIICO has set up 28 Regional offices all over Rajasthan to administer the development and management of the industrial areas. Physical infrastructure developed by RIICO includes roads, power, street light, water supply, drainage etc. along with provisions for basic social infrastructure.

During the years 2019-20 and 2020-21, budget provisions of ₹ 96.00 crore and ₹ 75.00 crore respectively were made for upgradation of Industrial Effluent Management System of RIICO Industrial area Bhiwadi. During 2019-20, only ₹ 1.00 crore was utilised and in 2020-21, no amount was utilised for this purpose. The department attributed (July 2021) the reason for under-utilisation to not receiving the Environmental sanction from Ministry of Environment, Forest and Climate change, GoI for the project.

- ***Central Institute of Plastic Engineering and Technology***

Central Institute of Plastic Engineering and Technology (CIPET), Jaipur was established in the year 2006 by GoI and GoR on 50:50 expenditure sharing basis. Jaipur centre is engaged in production of plastic items, mould design through CAD/CAM/ CAE.

During the year 2019-20, provision of ₹ 3.66 crore was made for establishment of High Learning Centre in the Institute. However, the entire amount remained unutilised and was surrendered. The Department stated (July 2021) that the provision could not be spent as sanction could not be issued due to COVID 19 lockdown. During the year 2020-21, token provision of ₹ 1,000 was made for the project. However, it was not augmented, due to which the project could not be started and the token provision was surrendered. Department intimated (November 2021) that a new proposal has been sent to Finance Department because sanction was not issued during 2020-21 due to provision not being made in the revised estimate.

- ***Delhi - Mumbai Industrial Corridor***

Delhi-Mumbai Industrial Corridor Project (DMIC) is an industrial development project between Delhi and Mumbai. It is planned as a high-tech industrial zone spread across six Indian States as well as National Capital Territory of Delhi. The investment was to be spread across the 1500 km long Western Dedicated Freight corridor which would serve as the industrial corridor's transportation backbone.

During 2018-19, 2019-20 and 2020-21, budget provisions of ₹ 418.64 crore, ₹ 85.00 crore and ₹ 43.00 crore respectively were made under the capital head for DMIC. However, the department could utilise only ₹ 7.54 crore, ₹ 17.76 crore and ₹ 24.76 crore respectively and surrendered the amounts of ₹411.10 crore (98.2 per cent), ₹67.24 crore (79.1 per cent) and ₹ 18.11 crore (42.12 per cent) respectively. Department stated (July 2021) that expenditure could not be incurred as the compensation for land acquisition could not be paid due to problems such as vacant posts of patwari and tehsildar etc. and lockdown during last week of March 2020 due to Covid 19.

- ***Building Construction for District Industries Centres***

During the year 2018-19, 2019-20 and 2020-21, budget provisions of ₹ 0.77 crore, ₹ 1.15 crore and ₹ 0.62 crore were made towards Building Construction for District Industries Centres. However, the department could utilise only ₹ 0.15 crore, ₹ 0.70 crore and ₹ 0.39 crore and surrendered the amount of ₹ 0.57 crore (74.02 per cent), ₹ 0.45 crore (39.13 per cent) and ₹ 0.23 crore (37.10 per cent) during 2018-19, 2019-20 and 2020-21 respectively. The department stated (July 2021) that less expenditure was incurred as some construction works could not be started and due to reduction in budget provision by the Finance Department.

Para 13.6 of SBM states that budget should be prepared with the aim to achieve as close approximation to the actual as possible. The above observations and the replies of the department show that the budget allotments were not accurate leading to surrender of huge amounts.

***Token provision in grant***

It was observed that in the year 2020-21, out of the total of 60 heads under this grant, there were 15 heads in which token provisions were made which remained as token provisions and at the end of the financial year token provisions were either surrendered or made zero in Revised Estimates during Budget Finalisation Committee (BFC)

meeting. Rajasthan Financial Corporation stated that token provision are made on the expectation of financial assistance from the State Government.

### ***Status of scheme announcements in the previous Budget speech***

Details of Budget Speech announcements and their current status are given in the **Table 3.21:**

**Table 3.21: Major scheme announcements in the previous Budget speech**

<b>S. No.</b>	<b>Year (Budget Speech No.)</b>	<b>Brief of announcements made in Budget Speech</b>	<b>Status of follow up action taken by the Department</b>
1.	2016-17 (77)	In Budget Speech 2016-17, establishment of National Institute of Design near Jaipur was announced for setting up a design innovation hub, for which 50 acres of land was to be provided.	Department intimated (September 2021) that Jaipur Development Authority has allotted 1,20,062.57 sqm of land free of cost for establishment of National Institute of Design (N.I.D). Possession of land and execution of lease deed are pending because ₹30.02 lakh payment from Ministry of Commerce and Industry, GoI is awaited.
2.	2016-17 (78)	In Budget Speech 2016-17, it was announced that Professional services will be hired to provide high level training to 60 thousand artisans through Rural Non Firm Development Agency (RUDA) in the next 5 years. For this a provision of ₹2 crore was proposed to be made in the ensuing year.	Department intimated (September 2021) that RUDA invited tenders twice for hired Professional services but the tendering process was not successful. The Department also stated that hiring professional services would not be in conformity with the rules due to which it would be appropriate to drop this announcement.
3.	2016-17 (78)	In Budget Speech 2016-17, a grant of ₹ 2.50 crore was proposed to bring khadi into the mainstream of fashion and to open new showrooms of Rajasthan Khadi board.	The Status of implementation was not provided to audit though called for (October 2021).
4.	2017-18 (87)	In Budget Speech 2017-18, in order to promote import-export in the field of textile and agro-food processing, two new centers were proposed to be set up by the state government with the participation of Government of India.	Department intimated (September 2021) that the budget announcement could not be implemented due to financial constraints.
5.	2018-19 (149)	In Budget Speech 2018-19, broadening the scope of RO plant of capacity 6 Million Litres Daily for treatment and re-use of polluted water in Bhiwadi Industrial Area, works of up-gradation of Common Effluent Treatment Plant (CETP) with underground pipeline were proposed under the integrated action plan of ₹146 crore.	Department intimated (September 2021) that tender for execution of integrated work plan has been issued and further action is under process.
6.	2018-19 (150)	In Budget Speech 2018-19, a provision of ₹ 400 crore was proposed as compensation towards land acquired for the new industrial township in Khushkheda-Bhiwadi-Neemrana investment area under Delhi-Mumbai Industrial Corridor Project.	Department intimated (September 2021) that ₹ 82.46 crore has been incurred for compensation against land acquisition and decision was taken for payment of balance amount through RIICO limited, Jaipur which is still pending.

Details provided in the above table indicate slow pace of follow up action and unsatisfactory progress of the budget speech announcements.

Non/less utilization of funds on these schemes/programmes not only increases the fiscal burden in the succeeding years but also leads to delays and deprives the benefits to the beneficiaries.

### ***Significant difference between revised estimates and actual receipts***

The revenue receipts Heads “0851 – Village and Small Industries” and “0852– Industries” of Industries department comprise the receipts from registration of Power Loom, temporary allotment of land for *sajji*, income from allotment of salt area, receipt of Papad Khar, receipts under Petroleum Act, etc.

The position of Budget Estimates, Revised Estimate and Actual Receipts under these heads during the period from 2018-19 to 2020-21 is summarised in the **Table 3.22** below.

**Table 3.22: Statement of Receipt during the year 2018-21**

(₹ in lakh)							
S. No.	Head of Account	Year	Budget Estimates	Revised Estimate	Actual Receipts	Excess(+)/ Shortfall(-)	Percent variation to Revise Estimate
1	0851 – Village and Small Industries 800 - Other Receipts 01 - Other various Receipts	2018-19	1,325.00	700.00	491.62	(-) 208.38	29.77
		2019-20	750.00	750.00	141.43	(-) 608.57	81.14
		2020-21	750.00	300.00	355.27	(+) 55.27	18.42
2	0852 – Industries 05 - Chemical Industry 800 - Other Receipts 01 and 04 Receipts by sale of salt and sodium sulphate	2018-19	7.00	7.00	7.57	(+)0.57	8.14
		2019-20	6.01	3.22	0.90	(-) 2.32	72.05
		2020-21	3.50	4.65	3.12	(-) 1.53	32.90
3	0852 – Industries 80- General 800 - Other Receipts 04 - Other receipts	2018-19	40.00	400.00	390.17	(-) 9.83	2.46
		2019-20	50.00	169.06	169.63	(+)0.57	0.34
		2020-21	50.00	90.00	69.17	(-) 20.83	23.14

Thus, there were variations ranging between 0.34 *per cent* and 81.14 *per cent* in respect of actual receipts and revised estimates which indicates deficiency in estimation. During scrutiny of this grant, it was observed that various receipt heads in Budget Document under Major Head- 0851 and Major Head- 0852 show significant difference between actual receipts and revised estimates during the period 2018-21. Reply in this regard is awaited from the concerned budget controlling officer (December 2021).

### **3.6 Good Practices**

The aspects of budgetary management in which the State Government made improvements are given below:

- No instance of excess expenditure over budgetary provision in any grant during the last four years.
- Submission of all the Re-appropriation orders and Surrender orders before closing of the financial year.
- Surrender of most of the savings before the end of the year.

### **3.7 Recommendations**

- i. The Controlling/Disbursing officers may keep a close and constant watch over the progress of expenditure against the sanctioned allotment in order to avoid savings especially in departments where persistent savings have been noticed. They may also specifically strengthen monthly expenditure control and monitoring mechanism through optimum utilization of IFMS.
- ii. Efforts should be made by all departments to submit realistic budget estimates keeping in view the trends of expenditure in order to avoid large scale savings/excesses, re-appropriation and surrenders at the end of the year, so that they can be effectively utilized in other areas/schemes. Excessive/unnecessary/inadequate re-appropriations of funds may also be avoided.
- iii. The expenditure should be spread evenly over the year so as to avoid the quality related pitfalls associated with rush of expenditure at the end of the year.
- iv. Budget Controlling Officers need to be made aware of their responsibility to provide clear explanation of the variations in expenditure from the allocation to facilitate proper analysis of budget and accurate preparation of subsequent Appropriation Accounts.