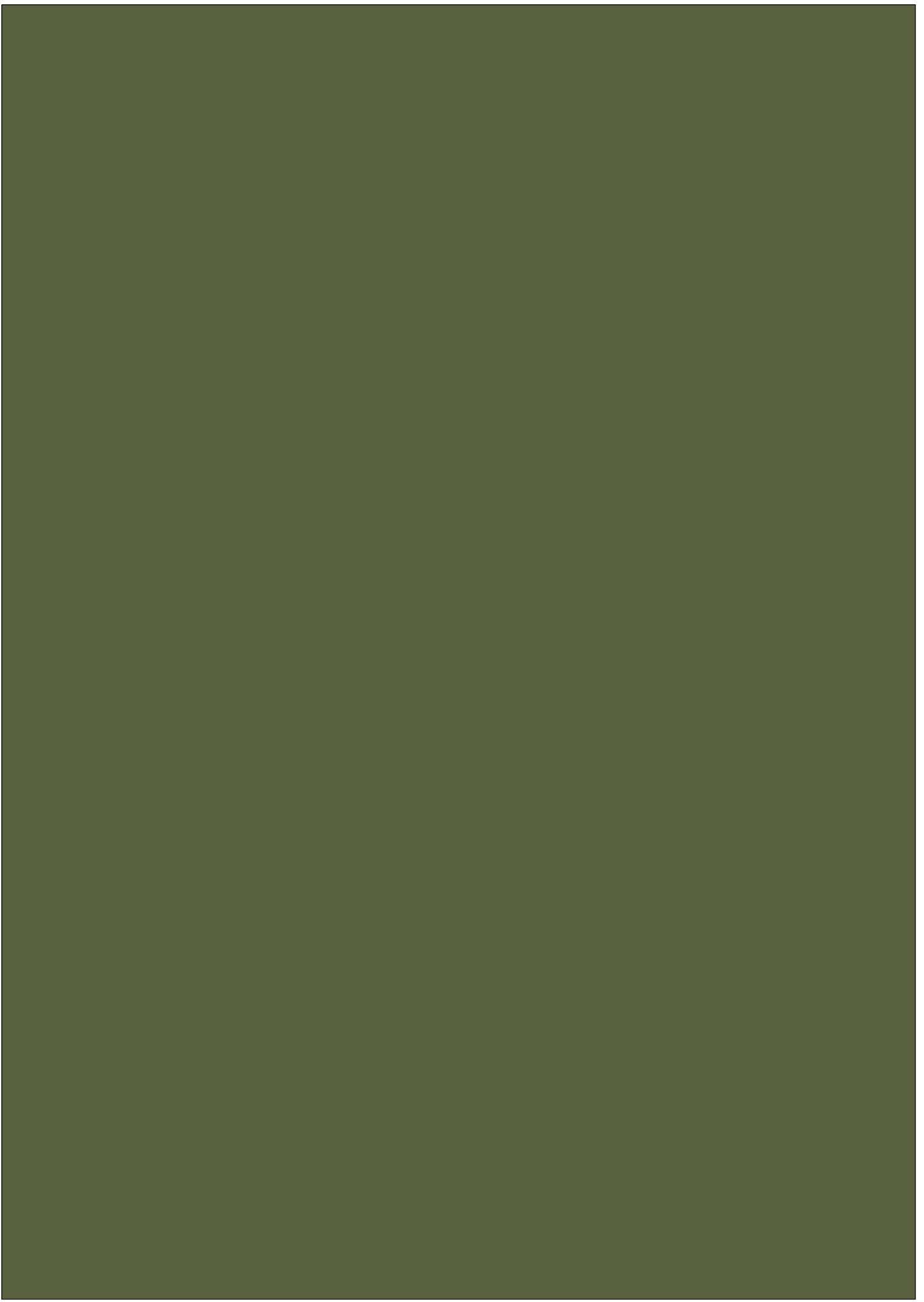


CHAPTER III
BUDGETARY
MANAGEMENT



CHAPTER III

BUDGETARY MANAGEMENT

3.1 Introduction

Effective financial Management ensures decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds. This chapter is based on the audit of Appropriation Accounts of the State. It reviews allocative priorities of the Government, reports on deviations from Constitutional provisions and highlights issues affecting transparency.

3.2 Budget process

In compliance with Article 202 of the Constitution of India, in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that year, called “the annual financial statement (Budget)” is to be laid before the State Legislature. The estimates of the expenditure show ‘charged’ and ‘voted’ items¹ of expenditure separately and distinguish expenditure on revenue account from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the State Government.

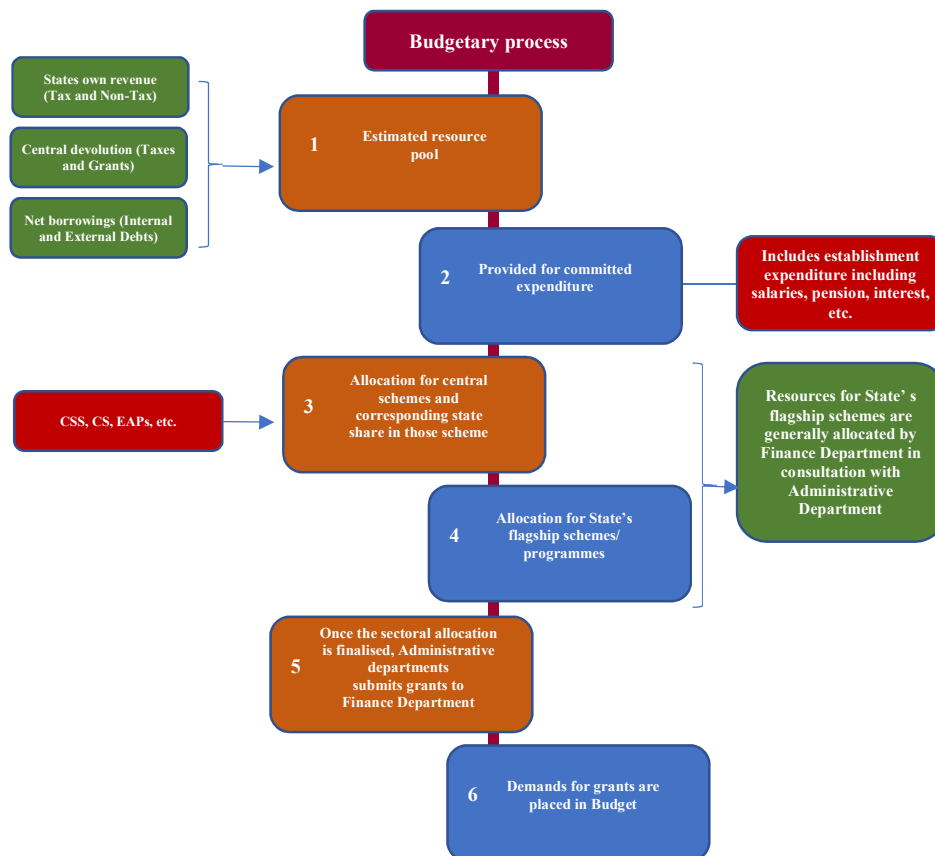
As per the Tamil Nadu Budget Manual, Finance Department frames Rules for the guidance of Estimating Officers and departments of the Secretariat in the preparation and examination of the budget estimates and the subsequent control over expenditure to ensure that it is kept within the authorised grants. The Finance Department consolidates the Estimates embodying the decision of Government and prepares the following:

- i) Summary statement of the financial position for the budgeted year;
- ii) Detailed Estimates of receipts; and
- iii) Statements of demands for grants followed by detailed estimates of expenditure.

These estimates include both voted and charged expenditure to be met from the Consolidated Fund of the State. A typical budget preparation process in the State is given in the flow chart below:

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

Budgetary Process

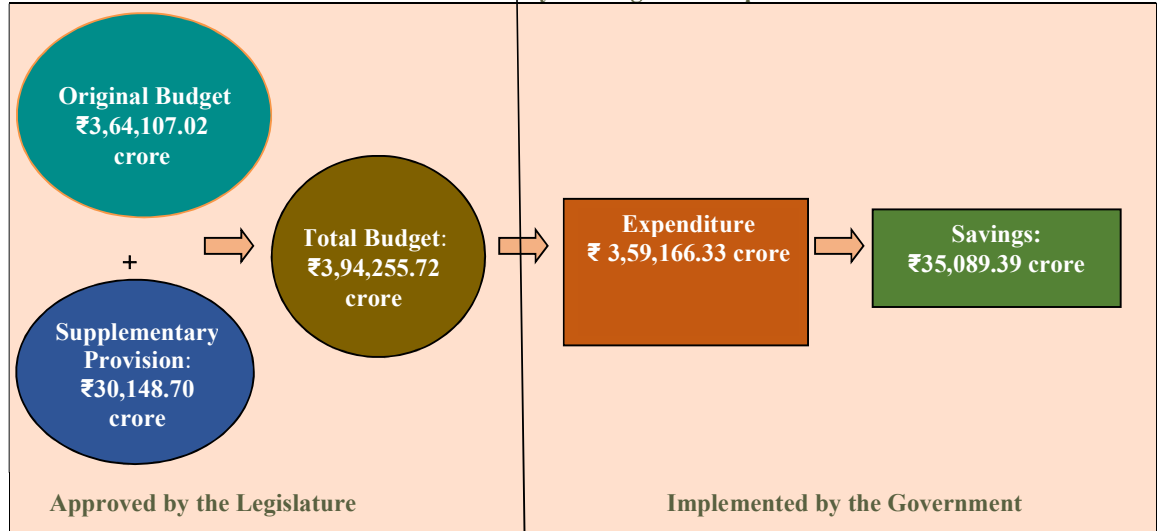


CSS: Centrally Sponsored Schemes; CS: Central Schemes; EAP: Externally Aided Projects

The annual budget is tabled in the house of the State Legislature by the Finance Minister each year.

The total amount approved by the State Legislature including the original and supplementary budgets, expenditure and savings during 2022-23 is depicted in **Exhibit 3.1**.

Exhibit 3.1: Summary of Budget and Expenditure



3.3 Gender Budgeting

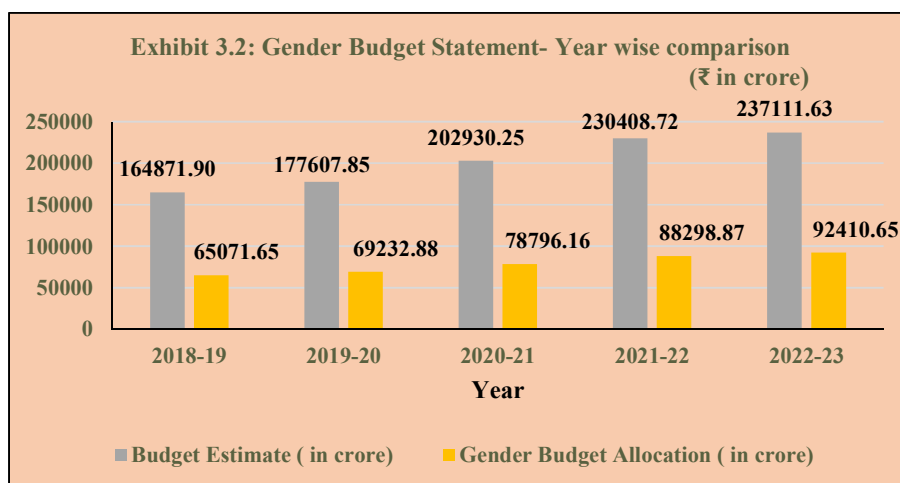
The Gender Budgeting Statement (GBS) (Statement 13) is a tool for gender mainstreaming which uses the budget as an entry point to apply a gender lens to the entire policy process.

Government of Tamil Nadu (GoTN) presents a GBS as part of annual budget document from the year 2018-19 onwards. However, the proposed Gender Budget Cells (GBC) were not established in all departments to facilitate the integration of gender analysis into the Budget. Only three departments (*viz.* Rural Development & Panchayat Raj, Agricultural and Farmers Welfare and Cooperation, Food and Consumer Protection) had so far created (September 2023) GBCs in their departments besides a nodal GBS in Finance Department.

The GBS presented by GoTN depicts the probable allocation for women in the total budget which are classified into three categories based on the percentage of allocation proposed for schemes benefiting women *viz.*, Part A (schemes that are specifically targeted for women with 100 *per cent* allocation), Part B (schemes that are beneficiary oriented wherein 40 *per cent* to 99 *per cent* of outlay benefits women) and Part C (other schemes and expenditure items of GoTN wherein at least 30 *per cent* of outlay is expected to be beneficial to women).

3.3.1 Overview of Gender Budget Statement 2022-23

The year wise comparison of Gender Budget Statement from 2018-19 to 2022-23 is given below in **Exhibit 3.2**.



The percentage of gender budget outlay over the budget estimate varies between 38.32 per cent (during 2021-22) and 39.47 per cent (during 2018-19) and marginally increased by 0.65 per cent in 2022-23 compared to previous year. Also, the percentage of allocation under Part A, B & C schemes falls within the prescribed limit during the years.

3.3.2 Analysis of Gender Budget Statement 2022-23

The details of number of schemes and amount allocated under each part in the GBS for the year 2022-23 is detailed below in **Table 3.1**:

Table 3.1: Category wise details of GBS 2022-23

(₹ in crore)

Parts of GBS	Financial Year 2022-23			
	No of Sectors	No of schemes	BE 2022-23	Amount included in GBS 2022-23
Part A	11	89	6,623.63	6,623.63
Part B	13	298	73,103.67	38,571.74
Part C	--	NA*	1,57,384.33	47,215.28
Total		410	2,37,111.63	92,410.65

* 23 Departments implementing the schemes

(Source: Gender Budget Statement 2022-23)

Among 11 sectors allocated under Part A, Social Welfare and Nutrition sector was allocated the maximum around 84.75 per cent and the maximum allocation was provided for the flagship scheme on 'Reimbursement of loss due to issue of free bus passes to women' with an allocation of ₹1,521.21 crore under Part A. Among 13 sectors under Part B, 'Education Sports and Culture' sector had the maximum allocation at around 20.36 per cent and among schemes, the maximum allocation of ₹3,750 crore was provided to 'Social Security Net-Food Security-PDS support' scheme under 'General Economic Services' sector of Part B.

Analysis of GBS for the year 2022-23 revealed the following.

- The GBS was not prepared as per the format prescribed by GoI in Statement No.13 as the actuals of the 2020-21, budget estimate and revised estimate of the previous year 2021-22 were not depicted in the GBS presented by GoTN. As a result, the actual expenditure on women and supplementary grants, if any provided for schemes included in GBS during the past years could not be ensured by Audit.
- Non-formation of GBCs in line departments contributed to non-preparation of GBS in a holistic manner by carrying out proper gender analysis of all schemes in all sectors as indicated below:
 - Non-allocation of funds to Handlooms and Textile sector in GBS in any Part even though Tamil Nadu ranked fourth in the State-wise list of number of women handloom workers as per 4th All India Handloom Census 2019-20.
 - Similarly, certain women-oriented schemes such as ‘*Pudhumai Penn Scheme/ Moovalur Ramamirtham Ammaiyyar Higher Education Assurance Scheme*’ under Grant No.45, ‘Wing for Crime against Women and Children’ under Grant No. 22 and ‘Providing Training and Incubation facility to Self Help Group women on Food Processing technology Schemes under State Innovation Fund’ under Grant No.42 were not included in GBS.
 - The percentage of allocation for ‘Agriculture and Allied Activities’ sector had reduced considerably from 7.03 *per cent* to 0.96 *per cent* during 2019-20 to 2022-23, despite this sector having the highest distribution of female workers with 62.9 *per cent* as per Annual Periodic Labour Force Survey Report 2021-22.

3.3.3 Withdrawal of provision under Part A schemes

The budget provision for five Part A schemes included in GBS 2022-23 were fully withdrawn, resulting in ‘Nil’ expenditure under the respective heads of account. Among these schemes two schemes *viz.*, *NIRBHAYA* fund (Grant No. 34) and *Mahila Shakthi Kendra* Scheme involved a budget provision of ₹71.37 crore and ₹9.38 crore respectively. *NIRBHAYA fund* scheme was a Centrally Sponsored Scheme (CSS) launched in eight selected Metropolitan cities in India with an objective to create a safe, secure and empowering environment for women in public places and to enable them to pursue all opportunities without the threat of gender-based violence and/or harassment. The *Mahila Shakthi Kendra* Scheme aimed to empower rural women through community participation and to facilitate inter-sectoral convergence of schemes and

programs meant for women. Both the schemes were funded in 60:40 ratio by GoI and GoTN. Withdrawal of the budget provisions under these schemes and the Nil expenditure established poor implementation of these nationally important schemes despite availability of funds.

3.3.4 Other audit observations

The list of 100 *per cent* women-oriented schemes under Part A, where the budget was less utilised than the provision as given in **Table 3.2**.

Table 3.2: Schemes under Part A, where budget was less utilised

(₹ in crore)

Sl No.	Scheme	Budget Estimate	Actual Expenditure	Percentage of utilisation
1	Menstrual Hygiene Programme	115.01	79.66	69.26
2	Marriage Assistance Schemes	761.99	91.86	12.06
3	Dr.Muthulakshmi Reddy Maternity Assistance Scheme for the female members of below poverty line families for delivery	816.98	691.20	84.60
4	Indira Gandhi National Destitute Widow Pension Scheme	867.66	604.20	69.64
5	Social Security Net-Pension to Deserted Wives	174.83	143.80	82.25
6	Autonomous Colleges (Women)	2.17	1.31	60.37
7	Government Hospital for Women and Children, Chennai	44.93	38.42	85.51
8	Mother Teresa Women's University, Kodaikanal	16.50	12.60	76.36
9	Compensation for tubectomy	16.66	12.90	77.43
10	Muslim Women Society	4.13	2.49	60.29
11	Pension for poor old spinster	36.61	31.00	84.68

(Source: Gender Budget Statement and Appropriation Accounts '2022-23)

Audit observed that in respect of 'Menstrual Hygiene Programme', only 69.26 *per cent* of the budget was utilised during 2022-23. It is pertinent to mention that ₹147.65 crore, being the unspent balances under this scheme relating to previous years was brought into account during 2022-23. This established that the provision for this scheme has been underutilised consistently.

On being pointed out by Audit, the Director of Public Health and Preventive Medicines replied (November 2023) that due to non-availability of raw materials and transportation on account of COVID 19, the proper supply of sanitary napkins could not be made. The reply was not tenable as COVID 19 restrictions was relaxed during 2022-23.

Further, in respect of 12 schemes under Part A, only token budget provisions were being provided and the same was subsequently withdrawn. After leaving out these 12 schemes, the net total number of schemes covered under Part A would be 77 instead of 89. Details are enlisted under **Appendix 3.1**.

Audit observed that lack of formation of Gender Budget Cell in all State Government departments, the functioning of which helps in streamlining the policies/schemes/programmes based on the quantum of resources available to address the developmental needs of women resulted in underutilisation of budget provision and improper budgetary process.

3.4 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of voted² grants and charged³ appropriations for different purposes as specified in the schedules appended to the Appropriation Act. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations 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. The Appropriation Accounts thus facilitate understanding of utilisation of funds and are, therefore, complementary to the Finance Accounts.

3.4.1 Summary of total provisions, actual disbursement and savings/excess during 2022-23

The summarised position of total budget provision and disbursements with its bifurcation into Grants/Appropriations during 2022-23 for 54 Grants/ two appropriations is given in **Table 3.3**.

Table 3.3: Number of Grants/Appropriations operated by the State in 2022-23
(₹ in crore)

Sl No.	Description	Total No. of Grants/Appropriations	Items of Expenditure Voted/Charged	Revenue	Capital	Budget Provision	Disbursements
A	Grants	54	Voted/Charged	54	47	3,16,485.72	2,84,514.73
B	Appropriations	2	Charged	1	1	77,770.00	74,651.61
Total (A+B)						3,94,255.72	3,59,166.33

(Source: Appropriation Accounts for the year 2022-23)

² Amounts voted by the State Legislature in respect of demands for grants for specific purposes.

³ Amounts directly charged to the Consolidated Fund of the State, which are not subject to the vote of the State Legislature.

3.4.2 Charged and Voted disbursements

The details of total voted and charged disbursement and savings/excess for the five-year period from 2018-19 to 2022-23 are given below in **Table 3.4**.

Table 3.4: Trend of Savings/Excess

(₹ in crore)

Year	Provisions			Disbursements			Net savings (-)	
	Voted	Charged	Total	Voted	Charged	Total	Voted	Charged
2018-19	2,21,168	46,825	2,67,993	2,03,324 (92)	44,846 (96)	2,48,170 (92.60)	(-) 17,844 (8)	(-) 1,980 (4)
2019-20	2,36,358	51,995	2,88,353	2,10,349 (89)	50,910 (98)	2,61,259 (90.60)	(-) 26,009 (11)	(-) 1,084 (2)
2020-21	2,82,839	56,133	3,38,972	2,40,033 (85)	53,720 (96)	2,93,753 (86.66)	(-) 42,806 (15)	(-) 2,413 (4)
2021-22	2,84,539	65,201	3,49,740	2,56,920 (90)	62,442 (96)	3,19,362 (91.31)	(-) 27,619 (10)	(-) 2,759 (4)
2022-23	3,15,645	78,611	3,94,256	2,83,715 (90)	75,451 (96)	3,59,166 (91.10)	(-) 31,930 (10)	(-) 3,160 (4)

Figures in parenthesis indicate *per cent of utilisation*
(Source: Appropriation Accounts for the respective years)

The Government spent 86.66 to 92.60 *per cent* of the budget provisions during the last five years. The total utilisation of voted grants was 90 *per cent* and charged appropriation was 96 *per cent* of the provision during the current year, with no change over the previous year.

3.4.3 Budget marksmanship

Budget Marksmanship is about examining the relations between the budget projections of revenue and expenditure against actual receipt and spending. The World Bank's Public Expenditure and Financial Accountability (PEFA) measures the Budget Reliability in terms of Aggregate Expenditure Outturn and Expenditure Composition Outturn.

3.4.3.1 Aggregate Expenditure Outturn

Aggregate Expenditure Outturn measures the extent to which the aggregate budget expenditure outturn/actual expenditure compares with the budget originally approved. This reflects the fiscal marksmanship or the accuracy of the forecast of revenue and expenditure during the year.

Table 3.5: Comparison between Original Budget and Actual expenditure

(₹ in crore)

Section	Original Budget	Actual Expenditure	Difference between the Actual Expenditure and Original Budget*	Percentage of deviation in actual expenditure with Original Budget
Revenue	2,87,886.95	2,85,028.80	(-) 2,858.15	(-) 0.99
Capital	43,072.81	39,772.32	(-) 3,300.48	(-) 7.66

* Excess of actuals over the original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure

(Source: Appropriation Accounts for the year 2022-23)

In Revenue section, the overall deviation in Actual Expenditure compared with Original Budget was 0.99 per cent. This was due to deviation up to 25 per cent in 41 grants, more than 25 per cent and up to 50 per cent in eight grants, and more than 50 per cent and up to 100 per cent in six grants respectively.

In Capital section, the overall deviation in Actual Expenditure compared with Original Budget was 7.66 per cent. This was due to deviation up to 25 per cent in 13 grants, more than 25 per cent and up to 50 per cent in nine grants, more than 50 per cent and up to 100 per cent in six grants and more than or equal to 100 per cent in 15 grants respectively. The original provision given under five grants were surrendered and no expenditure incurred.

3.5 Audit of Appropriation

Audit of appropriation by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorization 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.

3.5.1 Comments on integrity of budgetary and accounting process

3.5.1.1 Expenditure incurred without authority of law

Article 266 (3) of the Constitution of India prohibits withdrawal of money from the Consolidated Fund of the State unless relevant Appropriation Acts under Articles 204 and 205 of the Constitution of India are passed by the Legislature. However, it was noticed that in eight cases, a total expenditure of ₹40.09 lakh as detailed in **Table 3.6** was incurred through re-appropriation without provision either in Original or Supplementary stage and exceeded the limits

prescribed in the ‘New Service Rules’ constituting ‘New Service/New Instrument of Service’. Failure to observe the prescribed procedure had led to incurring of expenditure on the schemes without the authority of legislature.

Table 3.6: Expenditure based on irregular re-appropriation

(₹ in lakh)

Sl. No.	Grant No.	Head of Account	Provision made in Original and Supplementary Estimates	Provision made through Re-appropriation	Actual Expenditure
1	05	2401.00.104.AD	0	1.10	1.10
2	05	2401.00.107.JA	0	0.76	0.76
3	19	2210.01.001.AS	0	4.81	4.81
4	29	3452.01.101.PA	0	1.65	1.65
5	39	4210.02.103.JA	0	17.48	17.48
6	43	4202.01.202.JH	0	2.90	2.90
7	44	2851.00.102.MC	0	3.37	3.37
8	45	2235.02.103.UO	0	8.02	8.02
Total			0	40.09	40.09

(Source: Appropriation Accounts for the year 2022-23)

Audit observed that re-appropriation of funds to the Heads of Account without any provision in Original or Supplementary stage indicate defective budgeting process. Further, the expenditure was incurred without legislative authority and hence, was unconstitutional.

3.5.1.2 Drawal of funds to avoid lapse of budget grant

According to Para 178 of the Tamil Nadu Budget Manual, it is irregular to draw money from Government account without immediate requirement. Further, as per Article 39 of the Tamil Nadu Financial Code Volume-I, all appropriations lapse at the close of the financial year and no money should be drawn from the treasury in order to prevent it from lapsing and use it for expenditure after the end of year.

During the year, it was noticed that the amounts transferred to DDO’s Bank Account, under the heads of account as shown in **Table 3.7** were treated as expenditure in the Appropriation Accounts, though the unspent amount (₹4.59 crore) after actual expenditure are lying in DDO’s Bank Account, thereby violating the codal provisions and inflating the revenue expenditure of the department to that extent. This is indicative of the fact that the money was drawn without requirement and it was drawn to avoid lapse at the close of the financial year.

Table 3.7: Unspent amount in the Bank Account as on 31 March 2023

(₹ in lakh)

Sl. No.	Name of DDO	Grant No.	Head of Account	Amount Transferred during 2022-23	Amount actually spent during 2022-23	Unspent amount in the Bank account as on 31 March, 2023
1	Directorate of Technical Education (Science City)	20	3425.60.200.JQ	165.40	158	7.40
2	Directorate of Technical Education (Tamil Nadu Science and Technology Centre)	20	3425.60.200.AF	381.99	306.86	75.13
3	Director of Town and Country Planning	26	2217.05.191.SC	346.38	83.1	263.28
			2217.05.800.PD	222.57	132.57	90
4	Chennai Unified Metropolitan Transport Authority	26	3055.00.800.AN	808	784.84	23.16
Total				1,924.34	1,465.37	458.97

(Source: Appropriation Accounts for the year 2022-23)

3.5.1.3 Misclassification of Expenditure

Misclassification of expenditures and receipts has a great impact on the integrity of the financial statements. Annual Financial Statement distinguishes expenditure on revenue account from other expenditure. Classification of expenditure of revenue nature as capital expenditure or vice-versa, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus.

Incorrect booking of expenditure

There are specific object heads meant for obtaining provision for acquisition of Capital Assets and other Capital Expenditure.

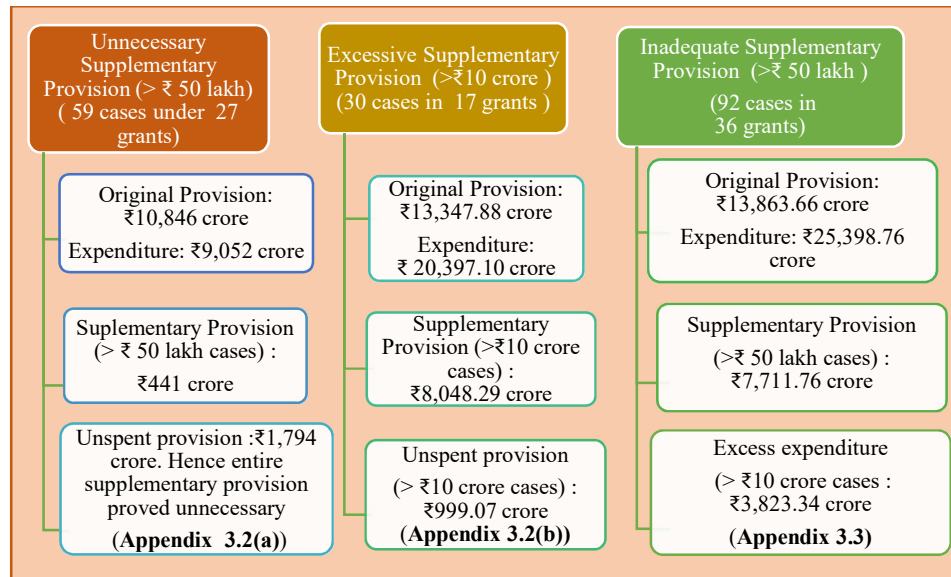
During the year, capital expenditure of an amount of ₹5.74 crore booked under the Major Head 5054 was to be transferred to ‘State Infrastructure and Amenities Fund’. Instead, due to misclassification, the sum of ₹5.74 crore was transferred from Major Head 2217 to the ‘State Infrastructure and Amenities Fund’ as ‘Expenditure met from Reserve Fund’. This had resulted in understatement of Revenue Expenditure to that extent.

3.5.1.4 Unnecessary or excessive Supplementary grant

During 2022-23, against the original budget provision of ₹3,64,107.02 crore and supplementary provision of ₹30,148.70 crore, only an expenditure of ₹3,59,166.33 crore was incurred, leading to a net savings of ₹35,089.39 crore.

Test checked cases of supplementary provisions showed instances of unnecessary/excessive/inadequate provisions (**Appendix 3.2 (a), Appendix 3.2 (b) and Appendix 3.3**) as detailed in **Exhibit 3.3**.

Exhibit 3.3: Unnecessary/excessive/inadequate supplementary provision



From the above, it was noticed that there were instances where supplementary provision provided were unnecessary as original provisions were enough to take care of the expenditure. Further, it was also noticed that under certain heads of accounts, the total provision including supplementary provision was insufficient resulting in excess expenditure.

3.5.1.5 Unnecessary/excess/insufficient re-appropriation of funds

Apart from supplementary grant, re-appropriation can 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.

However, considerable re-appropriation from one sub-head to another must always be avoided and the process of re-appropriation should not be merely used to rectify omissions and lack of foresight.

Audit scrutiny revealed that there were unnecessary / excess / insufficient re-appropriations made indicating inaccurate and unrealistic budgeting, thereby depriving funds for the other needy Schemes as detailed in **Table 3.8**.

Table 3.8: Injudicious re-appropriations made during 2022-23

Sl No	Description	No. of HoA	Original	Supplementary	Re-appropriation	FMA (O+S+R)	Amount	Reference Appendix No.
							(₹ in crore)	
I Excessive/Insufficient re-appropriation of funds								
1	Savings greater than ₹2 crore	50	42,357.27	584.73	(-) 14,49.37	41,492.63	2,014.74	3.4
2	Excess greater than ₹2 crore	25	31,503.01	0	4,797.02	36,300.04	427.04	3.4
II Unnecessary re-appropriation of funds								
3	Provision made in re-appropriation where expenditure was either nil or within the original and supplementary provisions	17	154.56	6.17	11.06	171.78	11.06	3.5
III Injudicious re-appropriation of funds								
4	Provision of more than ₹ 100 crore fully withdrawn through re-appropriation	24	12,461.23	0	(-) 12,461.23	0	12,461.23	3.6
5	Withdrawal of entire provision of interest liability (2049-60-101) on deposits under MH 8342	9	29.09	0	(-) 29.09	0	29.09	3.7
6	Expenditure incurred without Final Modified Appropriation	14	1,718.41	0.00*	(-) 1,718.41	0	141.98	3.8

*Token provision of ₹10,000

(Source: Detailed Appropriation Accounts for the year 2022-23)

Under six heads of account as detailed in **Table 3.9**, only token provisions were made in supplementary estimate. An additional provision to the tune of ₹107.08 crore were made in first re-appropriation and the entire provision was subsequently withdrawn in second re-appropriation. However, an expenditure of ₹59.52 crore was incurred under these heads of account without any provision. Further scrutiny revealed that expenditure was incurred during March 2023 in respect of Sl.No.1 and for items under Sl. No. (2) to (6) during October 2022 and February 2023. The withdrawal of entire provision during second re-

appropriation in March 2023, had resulted in expenditure without Final Modified Appropriation (FMA).

Table 3.9: Injudicious re-appropriations made under Schemes where token provision made in supplementary

(₹ in lakh)

Sl No.	Grant	Head of Account	Supple- mentary I	Supple- mentary II	Provision in supplementary estimates	Re-Appro- piation I	Re-Appro- piation II	Actual Expenditure
1.	34	2217.05.191.AJ	0.00	0.01	Token provision made towards Grants to 28 newly upgraded Municipalities (Each 2 crore) for creation of basic Infrastructure facilities.	5,599.99	(-) 5,600.00	5,600.00
2.	05	2408.01.103.AD	0.01	0.00	Token provisions made	52.83	(-) 52.84	52.83
3.	05	2408.01.103.UA	0.01	0.01	Pradhan Mantri Formalization of Micro	3,993.03	(-) 3,993.05	245.76
4.	05	2408.01.793.AA	0.01	0.00	Food Processing Enterprises Scheme in	1.13	(-) 1.14	1.14
5.	05	2408.01.793.UA	0.01	0.01	Tamil Nadu during the year	1,010.88	(-) 1,010.90	45.18
6.	05	2408.01.794.UA	0.01	0.01	2022-2023	50.53	(-) 50.55	6.70
			0.05	0.04	Total	10,708.39	(-) 10,708.48	5,951.61

(Source: Detailed Appropriation Accounts for the year 2022-23)

There are 63 instances where provisions to the tune of ₹483.76 crore were made through the first re-appropriation and an amount of ₹502.63 crore including the provision made in the Original/Supplementary estimates were subsequently withdrawn in the second re-appropriation which resulted in 'nil' expenditure as detailed in **Appendix 3.9**.

Thus, from the above, it is seen that there is a clear lack of procedure to ascertain the necessity and quantum of re-appropriation leading to unnecessary re-appropriations resulting in unnecessary savings / surrenders at the end of the year.

Further, detailed scrutiny of all the re-appropriation orders issued by the Finance Department revealed that in respect of 10,436 out of 25,204 items (41.41 per cent), no valid reasons were given for additional provisions/ withdrawal of provisions and only vague expressions such as 'actual requirement', 'lesser/higher requirement', 'based on actuals', etc., was given, which is in violation of Paragraph 151 (ii)⁴ of the Tamil Nadu Budget Manual.

Thus, the injudicious re-appropriations at various stages and incurring expenditure without provisions, clearly indicate the weak internal controls/monitoring mechanism at both the budget allocation levels and at the

⁴ As per Paragraph 151(ii) of the Tamil Nadu Budget Manual, the reasons for the additional expenditure and the savings should be explained clearly. Vague expressions such as "based on actuals", "based on progress of expenditure", etc, should be avoided.

re-appropriation stage. Hence, due to lack of procedure to ascertain the necessity and quantum of re-appropriation has resulted in unnecessary re-appropriations which in turn leads to unnecessary savings / surrenders at the end of the year which is indicative of unrealistic budgeting.

3.5.1.6 Provision met only through re-appropriation of funds but ‘nil’ expenditure

In seven cases as detailed in **Table 3.10**, provisions were made only through re-appropriation to the tune of ₹403.31 lakh, but no expenditure was made in these schemes.

Table 3.10: Provision only by re-appropriation but nil expenditure

(₹ in lakh)

Sl. No.	Grant No.	Head of Account	Provision made through Re-appropriation
1	04	2225.02.796.AE	190.00
2	16	7610.00.202.AA	7.28
3	16	7610.00.202.AB	3.11
4	16	7610.00.204.AA	2.14
5	41	2235.60.102.BL	0.16
6	47	2250.00.102.AC	200.56
7	54	2406.01.102.PF	0.06
Total			403.31

(Source: Appropriation Accounts for the year 2022-23)

Thus, unnecessary provisions were made in the re-appropriation without ascertaining the actual requirement.

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

The golden rule for all the Estimating Officers should be to provide in the budget, everything that can be foreseen and to provide only as much as is necessary. For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. If this is not done, other spending Departments are deprived of the funds which they could have utilised. Surrenders are being made generally in the month of March and a careful study of figures of the expenditure incurred and watch over previous month's expenditure should enable the Controlling Officer to fix upon his final requirements with a reasonable degree of exactness. No savings shall be held in reserve for possible future excesses.

The instances of huge savings and surrenders are discussed in the succeeding paragraphs.

(a) Grants having large savings during 2022-23.

Audit observed that in 34 cases, there were savings of above ₹100 crore amounting to ₹33,183.15 crore across various grants as detailed in **Appendix 3.10**. The details of Grants/Appropriations, where provision is more than ₹10 crore, with Budget utilisation less than 50 per cent during the year is given in **Table 3.11**.

Table 3.11: Grants/ Appropriations greater than ₹10 crore where utilisation of budget was less than 50 per cent

(₹ in crore)

Sl. No.	Grant Number and Description	Total provision	Expenditure	Percentage of utilisation
Revenue				
1	31 - Information Technology Department	199.20	90.03	45.20
2	53 - Department of Special Programme Implementation	56.05	6.15	10.97
Capital				
3	14 - Energy Department	581.24	57.99	9.98
4	16 - Finance Department	740.65	65.20	8.80
5	22 - Police (Home, Prohibition and Excise Department)	200.00	73.17	36.59
6	43 - School Education Department	544.96	217.54	39.92
7	45 - Social Welfare and Nutritious Meal Programme Department	54.04	23.26	43.04
Loans				
8	14 - Energy Department	1,843.78	379.60	20.59
9	16 - Finance Department	128.97	57.08	44.26
10	22 - Police (Home, Prohibition and Excise Department)	21.15	9.21	43.55

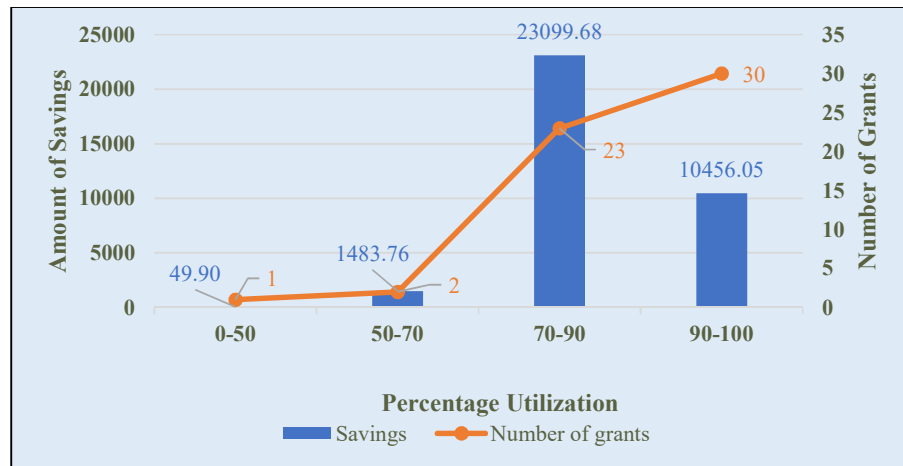
(Source: Appropriation Accounts for the year 2022-23)

It was noticed that utilisation was less than 10 per cent of the provision made in two cases.

Details of grants grouped by the percentage of utilization along with the total savings during 2022-23 has been shown in **Exhibit 3.4**.

Exhibit 3.4: The distribution of the number of Grants/Appropriations grouped by the percentage of Savings along with the total savings

(₹ in crore)



Thus, huge saving is indicative of defective budgeting as well as shortfall in performance of Grant or Appropriation.

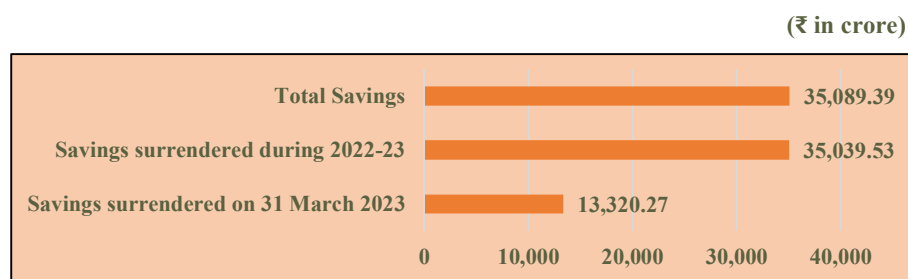
(b) Surrender of savings

As per Paragraph 140 of the Tamil Nadu Budget Manual, the spending departments are required to surrender the grants/appropriations or a portion thereof to the Finance Department as and when savings are anticipated.

During the year, out of total savings of ₹35,089.39 crore, an amount of ₹35,039.53 crore was surrendered. Out of the ₹13,320.27 crore (Net) surrendered on the last day (31 March 2023) as detailed in **Exhibit 3.5**, 89 cases amounting to ₹12,979.70 crore (**Appendix 3.11**) were in excess of over ₹10 crore indicating inadequate financial controls.

Further, in respect of surrender more than savings, the departments could not know the exact amount of savings which is to be surrendered at the end of the financial year during re-appropriation. Under 24 voted grants and one charged appropriation, savings of more than ₹one crore amounting to ₹632.68 crore was not fully surrendered as given in **Appendix 3.12**. In respect of seven Grants/Appropriations under Revenue Account, 10 Grants under Capital Account and three Grants under Loan Account, surrenders were made more than the savings as listed in **Appendix 3.13**. This indicates that the Finance Department has no proper control over the finances of the State even after the implementation of IFHRMS.

Exhibit 3.5 : Savings and surrenders for the year 2022-23



(c) Budget Utilisation

The distribution of the number of grants / appropriations grouped by percentage of utilisation and total savings in each group is given in **Table 3.12** below:

Table 3.12: Utilisation of Grants / Appropriations

Percentage utilisation	0 to 50 per cent	50 to 70 per cent	70 to- 90 per cent	90 to 100 per cent
Number of Grants	1	2	23	30
Saving (₹ in crore)	49.90	1,483.76	23,099.68	10,456.05

(Source: Appropriation Accounts for the year 2022-23)

(d) Persistent Savings

Under 26 Grants/Appropriations, there were persistent savings of more than five per cent of the total grant during the last five years as indicated in **Appendix 3.14**. During 2022-23, the percentage of savings under Revenue Section ranged from 5.85 per cent to 54.80 per cent and Capital Section ranged from 8.51 per cent to 91.20 per cent respectively.

As may be noted from the **Appendix 3.14**, there was a persistent savings of more than 91 per cent under Capital Section during all the past five years in Grant 16 - Finance Department. It was noticed that under the Head of Account: '4070-00-800-KF – Transfer to Tamil Nadu Infrastructure Development Fund (TNIDF)', the huge amounts provided were either partially or fully withdrawn through re-appropriation during the past nine years, as shown below in **Table 3.13**.

Table 3.13: Provision and re-appropriation under Tamil Nadu Infrastructure Development Fund

(₹ in crore)

Details	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Provision	2,000	2,000	2,000	2,000	500	500	500	500	500
Re-appropriation	(-)2,000	(-)1,980	(-)1,970	(-)2,000	(-)499	(-)498	(-)500	(-)457	(-)500

(Source: Appropriation Accounts for the respective years)

It could be seen from the above table that the entire provisions were made consistently during all the years in the original budget stage and withdrawn at the re-appropriation stage. The above lapses were being continued despite being pointed out by Audit in the previous year audit report for the year ending March 2022.

In reply (October 2023), the Tamil Nadu Infrastructure Development Board (TNIDB) stated that the financial assistance for Infrastructure projects would be considered only after approval of TNIDB and subsequent tendering of the projects. They further stated that many of the projects were at preliminary stage and the necessity for seeking finance assistance does not arise and the funds were surrendered during the past years. The reply also stated that TNIDB would seek funds from Government only after exhausting their funds.

It is evident from the reply that budget provision was being made every year without ascertaining the actual requirement. The Government should consider the previous year's surrenders and estimate the actual requirement of transfer. In such situations, Government could have made a token provision at the Budget Estimate stage instead of making huge provisions.

Thus, improper budgeting without analysing the actual requirements had resulted in excess provisions which led to subsequent withdrawal through Re-appropriation thereby depriving the other schemes / departments for utilising it during that year.

3.5.1.8 Excess expenditure and its regularisation

As per Article 205 (1) (b) of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the above Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Committee on Public Accounts (PAC).

(a) Regularisation of excess expenditure

Excess expenditure of ₹2,854.07 crore relating to 2014-22 was yet (September 2023) to be regularised by the State Legislature as detailed below in **Table 3.14**.

Table 3.14: Regularisation of excess expenditure of previous years

Year	Grant No./Appropriation	Amount of excess required to be regularised (₹ in crore)	Status of regularisation
(1)	(2)	(3)	(4)
2014-15	10, 16, 23,30, 32, 35, 36, 40, 43, 45	78.55	Recommended by PAC for regularisation vide 82 nd PAC Report placed in the Legislative Assembly on 12 January 2023
2015-16	19, 23, 30, 39, 47, 49	82.16	
2016-17	10, 12, 17, 21, 32, 39, 40	167.16	17 Grants and 6 Appropriations pertaining to the years 2016-17, 2017-18 and 2018-19 were taken up by PAC for consideration on 20.09.2023 and PAC's recommendations are yet to be received.
2017-18	06, 10, 13, 19, 21, 24, 40, 41, 52	77.55	
2018-19	10, 15, 27, 37, 40, 42, 43	1,480.54	
2019-20	13, 40, 41, 43, 48	942.00	
2020-21	27	20.87	Explanatory Notes has been received for the Grant and yet to be taken up for consideration by PAC.
2021-22	34, 35, 44, 51	5.24	Explanatory Notes have not been received for all the four Grants.
	Total	2,854.07	

(Source: Appropriation Accounts)

During the year 2022-23, an excess amount of ₹0.50 lakh had been incurred in Grant No. 51 – Relief on account of natural calamities under Revenue section (charged) due to mis-classification. Further, incurring expenditure in excess of provision without regularisation in the legislature is in violation to Article 205 (1) (b) of the Constitution of India.

3.5.2 Comments on effectiveness of budgetary and accounting process

3.5.2.1 Budgetary projection and gap between expectations and actuals

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 deprive the funds of other departments, which they could have utilised.

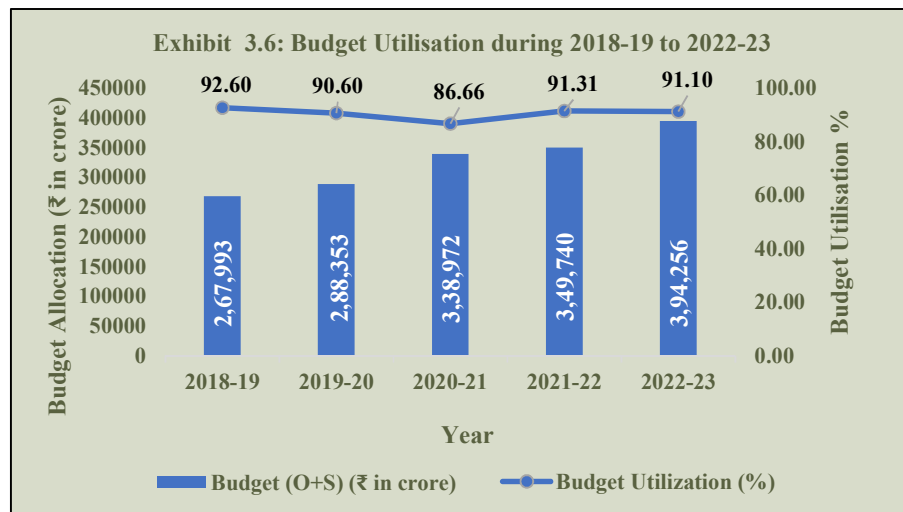
Summarised position of actual expenditure *vis-à-vis* Budget (Original/ Supplementary) provision during 2022-23 (Voted and Charged) is given below in **Table 3.15**.

Table 3.15: Actual expenditure vis-à-vis original/supplementary provisions

(₹ in crore)								
Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Net Saving (-)	Amount surrendered	Amount surrendered on 31 March	Percentage of savings surrendered
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = ((7)/(6)) x 100
Voted								
I Revenue	2,36,831.52	21,306.73	2,58,138.24	2,36,906.17	(-) 21,232.07	(-) 21,077.90	(-) 10,035.41	99.27
II Capital	43,067.80	5,201.19	48,269.00	39,548.12	(-) 8,720.88	(-) 8,758.44	(-) 2,746.43	100.43
III Loans and Advances	6,019.61	3,218.03	9,237.63	7,260.82	(-) 1,976.81	(-) 1,975.57	(-) 277.20	99.94
Total Voted	2,85,918.93	29,725.95	3,15,644.87	2,83,715.11	(-) 31,929.75	(-) 31,811.91	(-) 13,059.04	99.63
Charged								
IV Revenue	51,055.43	191.88	51,247.31	48,122.62	(-) 3,124.69	(-) 3,192.73	(-) 249.57	102.18
V Capital	5.00	230.87	235.87	224.20	(-) 11.67	(-) 11.66	(-) 11.66	99.91
VI Public Debt-Repayment	27,127.67	0.00	27,127.67	27,104.39	(-) 23.28	(-) 23.23	0.00	99.79
Total - Charged	78,188.10	422.75	78,610.85	75,451.21	(-) 3,159.64	(-) 3,227.62	(-) 261.23	102.15
Appropriation to Contingency Fund (if any)								
Grand Total	3,64,107.03	30,148.70	3,94,255.72	3,59,166.32	(-) 35,089.39	(-) 35,039.53	(-) 13,320.27	99.86

(Source: Appropriation Accounts for the year 2022-23)

The following **Exhibit 3.6** shows the Budget utilisation for the period from 2018-19 to 2022-23.



(Source: Appropriation Accounts for the year 2022-23)

The percentage of utilisation decreased marginally by 0.21 per cent during the current year and stood at 91.10 per cent.

A summarised position of total budget provision, disbursement and saving/excess in 54 Grants and two appropriations with its further bifurcation into voted/charged during the year 2022-23 is given below in **Table 3.16**.

Table 3.16: Summarised position of Budget

Total Budget Provision		Disbursements		Savings (-)		Excess (+)	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
3,15,644.88	78,610.85	2,83,715.11	75,451.22	(-) 31,929.76	(-) 3,159.64	--	--*

(₹ in crore)

* ₹ 0.50 lakh: This excess happened due to misclassification of a Voted expenditure under Grant 51 - 2245-80-800-AH as Charged expenditure under 2245-02-101-AB.

(Source: Appropriation Accounts for the year 2022-23)

The overall savings seen from above works out to ₹35,089 crore. It is also pertinent to mention here that the actual receipt in the Consolidated Fund is ₹11,685 crore less than the budgeted receipt, and the actual expenditure is ₹6,519 crore less than the budgeted expenditure. This had led to an excess expenditure of ₹7,929 crore, which was met from the Public Account. The savings worked out here as ₹35,089 crore is actually a notional savings, which had happened due to unnecessary supplementary budget.

An amount of ₹35,039.52 crore was surrendered in the month of March 2023. Out of this, an amount of ₹13,320.27 crore (38.01 per cent) was surrendered on the last day i.e., 31 March 2023 as discussed in **Para 3.5.1.7(b)**. This indicates lack of effective budgeting and expenditure planning.

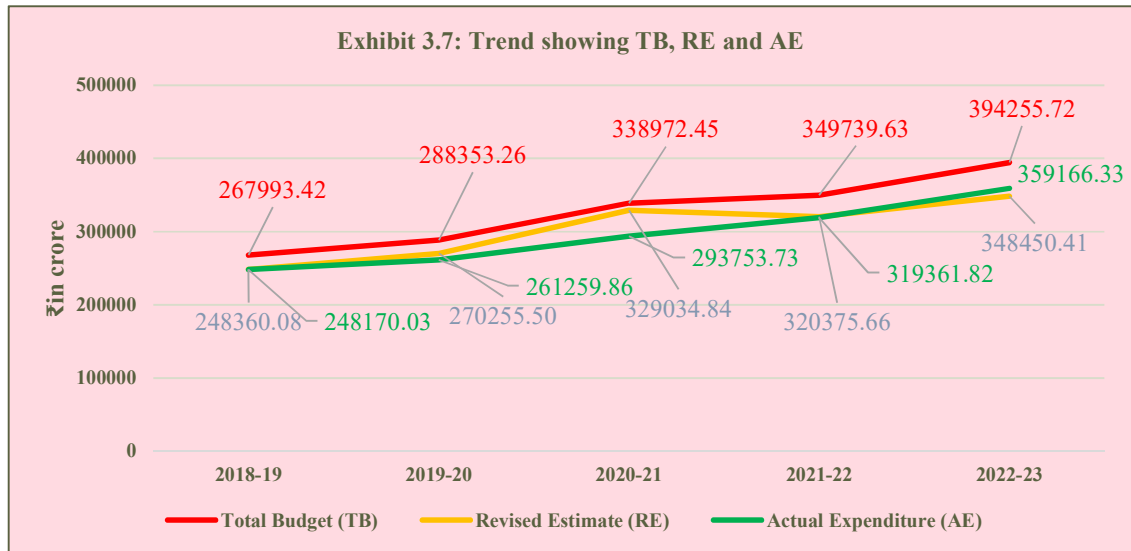
Trends in expenditure during the past five years with reference to the Original Budget and Revised Estimate are given below in **Table 3.17**.

Table 3.17: Trend of Total Budget, Revised Estimate and Actual Expenditure during 2018-23
(₹ in crore)

	2018-19	2019-20	2020-21	2021-22	2022-23
Original budget	2,43,847.26	2,68,501.58	3,04,954.44	3,35,288.14	3,64,107.02
Supplementary budget	24,146.16	19,851.68	34,018.02	14,451.49	30,148.70
Total Budget (TB)	2,67,993.42	2,88,353.26	3,38,972.45	3,49,739.63	3,94,255.72
Revised Estimate (RE)	2,48,360.08	2,70,255.50	3,29,034.84	3,20,375.66	3,48,450.41
Actual Expenditure (AE)	2,48,170.03	2,61,259.86	2,93,753.73	3,19,361.82	3,59,166.33
Savings	(-) 19,823.39	(-) 27,093.40	(-) 45,218.72	(-) 30,377.81	(-) 35,089.39
<i>Percentage of supplementary to the original budget</i>	9.90	7.39	11.16	4.31	8.28
<i>Percentage of overall savings/excess to the overall provision</i>	7.40	9.40	13.34	8.69	8.90
TB-RE	19,633.34	18,097.76	9,937.61	29,363.97	45,805.31
RE-AE	190.05	8,995.64	35,281.11	1,013.84	(-) 10,715.92
(TB-RE) as % of TB	7.33	6.28	2.93	8.40	11.62
(RE-AE) as % of TB	0.07	3.12	10.41	0.29	(-)2.72

(Source: Appropriation Accounts for the respective years and Annual Financial Statements)

Table 3.17 shows that supplementary provision of ₹30,148.70 crore during 2022-23 constituted 8.28 *per cent* of the original provision as against 4.31 *per cent* during previous year.



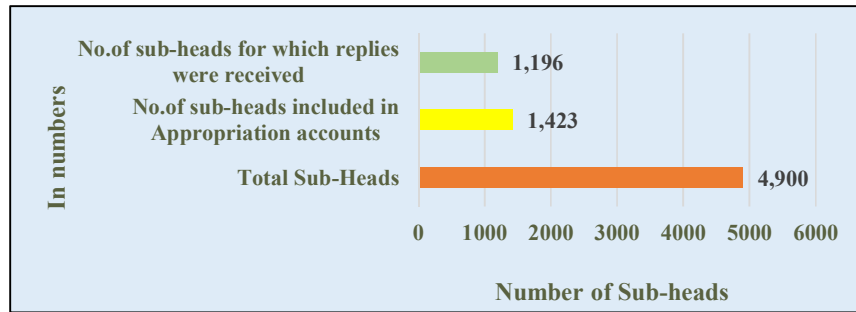
From the above table, it could be seen that during the years from 2018-19 to 2022-23, the revised estimate was lower than the total budget of the State. The gap between the total budget and revised estimate showed a declining trend during the first three years (2018-19 to 2020-21) and then increase sharply during the next two years (2021-22 and 2022-23). The widening of gap between revised estimate and total budget indicate large estimation error.

Further, the actual expenditure during 2022-23 was higher than revised estimate whereas the actual expenditure became lower than revised estimate during the years 2018-19 to 2021-22 as shown in **Exhibit 3.7**. The gap between revised and actual expenditure showed an increasing trend from 2018-19 to 2020-21 and then marginally decreased during 2021-22. During 2022-23, the gap turned negative and stood at ₹ (-)10,715.92 crore.

The supplementary provisions during 2019-20 to 2022-23 proved unnecessary since the actual expenditure did not come up even to the level of Original budget provision. These reflects inefficiencies in preparation of realistic budget estimates.

Out of 4,900 Sub-Heads, a total of 1,423 sub heads were commented in the Appropriation Accounts of the State. The reasons for variation in savings/excess were received for 1,196 sub-heads only as detailed in **Exhibit 3.8**.

Exhibit 3.8: Explanation for variation in Appropriation Accounts



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

The State Government made several schemes/policies and announcements during 2022-23 budget. From the analysis of State Budget 2022-23, it was seen that some of the announcements during budget did not translate as financial provision in budget and in respect of some other schemes, the provisions were fully or partially remained unutilised. The ‘free bus travel for women’ scheme for the empowerment of women attracted the attention of public, especially the attention of low-income categories; for which only the provision was fully utilised under flagship schemes.

On test check of major policy highlights and various schemes implemented, the following observations were made in **Table 3.18**.

Table 3.18: Analysis of major budget pronouncements during 2022-23

(₹ in crore)

Sl No	Grant No	Name of the Scheme	Outlay announced in the Budget speech	Amount provided in BE/RE	Amount spent
I- Announcement did not translate into budget provision					
1	45	Construction of Buildings for Integrated Training Centre for Social Empowerment	27.00	0.00	0.00
II- Budget provision was withdrawn in full					
2	27	Export Promotion Fund	100.00	100.00	0.00
3	16	Investment Fund for Startups	50.00	50.00	0.00
4	54	Nilgiris Tahr Project	10.00	10.00	0.00
III- Budget provision was short of announcement					
5	42	Jal Jeevan Mission (Erstwhile National Rural Drinking Water Programme)	3,000.00	915.04	915.04
6	26	Housing For All - Pradhan Mantri Awaas Yojana (Urban)	3,700.00	1,252.58	1,252.58
7	42	Anaithu Grama Anna Marumalarchi Thittam	1,455.00	250.00	334.47
8	42	Reconstruction and Repairs of Samathuvapurams	190.00	45.55	67.01

Sl No	Grant No	Name of the Scheme	Outlay announced in the Budget speech	Amount provided in BE/RE	Amount spent
IV- Expenditure was meagre in comparison with announcement					
9	45	Moovalur Ramamirtham Ammaiyar Girl children Higher Education Guarantee Scheme	698.00	697.78	104.06
10	49	Grants to Tamil Nadu Olympic Gold Quest	25.00	25.00	1.00

(Source: Tamil Nadu Budget' 2022-23 and Appropriation Accounts'2022-23)

Thus, the above instances of provisions fully /partly withdrawn and incurring meagre expenditure indicate non-fulfilment of promises made in the budget speech.

3.5.2.3 Rush 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. Maintaining a steady pace of expenditure is a crucial component of sound public 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.

According to Article 39 of the Tamil Nadu Financial Code, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, an amount of ₹3,802.84 crore under 101 sub-heads for which provision was made in the original grant, as listed in **Appendix 3.15** was fully expended during the month of March 2023. Besides, in respect of one grant listed below in **Table 3.19**, more than 50 *per cent* of expenditure was incurred in the month of March 2023. Rush of expenditure at the end of the year shows poor management of expenditure and control.

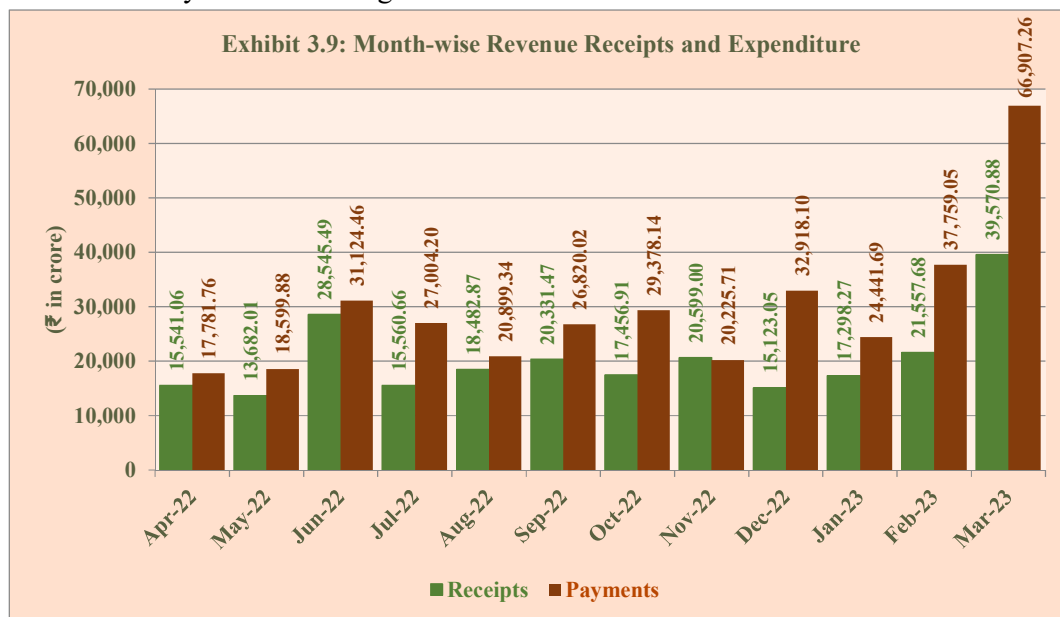
Table 3.19: Grant with more than 50 per cent of expenditure in March alone

(₹ in crore)

Sl. No	Grant No.	Description	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total	Expenditure in March	Expenditure in March as percentage of Total Expenditure
1.	08	Dairy Development (Animal Husbandry, Dairying and Fisheries Department)	17.57	21.59	23.69	286.34	349.19	180.79	51.77

(Source: Compilation from VLC data)

The following **Exhibit 3.9** showing the monthly receipts and expenditure during the year 2022-23 is given below:



(Source: Compilation from VLC data)

3.6 Advances from the Contingency Fund

The Contingency Fund (CF) of the State was established under the Tamil Nadu Contingency Fund Act, 1954 in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature, would be undesirable. The Fund is in the nature of an imprest and its corpus is ₹150 crore.

Details of sanctions accorded for drawal of CF advance and actually utilised during the period 2018-19 to 2022-23 are given in **Table 3.20** below.

Table 3.20: Details of Contingency Fund advances sanctioned (2018-19 to 2022-23)

Year	Sanction of CFA		Utilisation of CFA		Percentage of utilisation	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount
2018-19	35	64.15	33	46.95	94	73
2019-20	30	40.01	27	33.69	90	84
2020-21	20	55.10	16	31.61	80	57
2021-22	04	17.15	03	12.26	75	71
2022-23	23	75.34	22	70.42	96	93

(Source: Government Orders)

Details of CF orders issued during the year, and the amount of expenditure incurred as at the end of the year is given in **Appendix 3.16**. From the

Appendix 3.16, it can be noticed that one CF was unutilised and eight CFs were partially utilised.

Out of the sanctioned amount of ₹75.34 crore under 23 CFs during the year, only an amount of ₹70.42 crore was spent leaving an unspent balance of ₹4.92 crore.

3.7 Outcome of review of selected grants

As per Paragraph 3.20 of the Financial Attest Audit Manual, Audit should conduct a comprehensive review of at least two Grants every year. The Grants for such review were selected on the basis of substantial persistent savings/excesses/other irregularities disclosed in past appropriation accounts. Grants which had persistent savings for the past five years were considered, out of which, the grants having huge savings were selected for review. Audit sampled the Directorate of Collegiate Education and Directorate of Technical Education under Higher Education Department (Grant 20) and Tourism – Art and Culture (Tourism, Culture and Religious Endowments Department (Grant 29) to examine the quality of budgeting and budget execution during 2022-23.

3.7.1 Higher Education Department

3.7.1.1 Allocation and Expenditure

A summary of actual expenditure *vis-à-vis* original/supplementary provisions made during the year 2022-23 is given in **Table 3.21** below.

Table 3.21: Details of Budget Provision and Actual Expenditure under Grant No. 20

(₹ in crore)

Nature of expenditure		Original	Supple- mentary	Total	Expendi- ture	Savings(-) /Excess (+)	Percentage of savings	Amount surrendered
Voted	I Revenue	5,285.30	316.3	5,601.60	5,284.95	(-) 316.65	5.65	(-) 309.76
	II Capital	383.59	3.00	386.59	214.1	(-) 172.49	44.62	(-) 172.49
	III Loan	--	0.19	0.19	0.19	--	0	0
Total Voted (A)		5,668.89	319.49	5,988.38	5,499.24	(-) 489.14	8.17	(-) 482.25
Charged	IV Revenue	0.00*	0	0.00*	0	0.00*	100	0.00*
	V Capital	0.00*	0	0.00*	0	0.00*	100	0.00*
Total Charged (B)		0	0	0	0	0	100	0
Grand Total (A+B)		5,668.89	319.48	5,988.38	5,499.24	(-) 489.14	8.17	(-) 482.25

* ₹2,000 token provision each under Revenue and Capital
(Source: Appropriation Accounts for the year 2022-23)

Though the ultimate savings in the grant during the year was ₹489.14 crore, the amount surrendered was ₹482.25 crore only. The savings stood at 8.17 per cent. During 2018-23, the Department had not utilised an average of 8.6 per cent of its budget grants as shown in **Table 3.22**

Table: 3.22: Last 5 years allocation and savings

(₹ in crore)

Year	Total grant	Expenditure	Saving	Percentage of saving
2018-19	4,758.74	4,504.59	(-) 254.16	5.34
2019-20	5,045.42	4,880.43	(-) 164.98	3.27
2020-21	5,422.79	4,761.44	(-) 661.36	12.20
2021-22	5,443.56	4,719.89	(-) 723.67	13.29
2022-23	5,988.38	5,499.23	(-) 489.14	8.17
Total	26,658.88	24,365.58	(-) 2,293.30	8.6

(Source: Appropriation Accounts for the respective years)

Even as the overall savings under the Grant stood at 8.17 per cent, the savings under capital heads stood at 44.62 per cent. Against ₹386.59 crore provided in Grant 20 towards capital expenditure, only ₹214.10 crore was incurred, leaving a savings of ₹172.49 crore. Further, the savings under capital heads stood above 40 per cent during the last three years, which pointed to lapses mainly in carrying out civil works for Government colleges. The unutilised budget provisions for capital works in Higher Education Department during 2018-23 was ₹566.21 crore as given in **Table 3.23**.

Table 3.23: Year-wise allocation and savings under Capital section

(₹ in crore)

Year	Total grant	Expenditure incurred	Saving	Amount surrendered	Percentage of saving
2018-19	378.24	339.61	(-) 38.63	(-) 45.51	10.21
2019-20	245.17	198.21	(-) 46.95	(-) 47.15	19.15
2020-21	270.39	138.22	(-) 132.17	(-) 131.98	48.88
2021-22	348.62	179.54	(-) 169.08	(-) 169.08	48.50
2022-23	386.59	214.10	(-) 172.49	(-) 172.49	44.62

(Source: Appropriation Accounts for the respective years)

Persistent savings in the budget and more importantly under capital heads indicated poor budgeting and implementation of the budget.

An analysis of reasons for the poor performance in budget management disclosed the following:

- The additional grant of ₹50 crore earmarked for Anna University during 2022-23 was not released for want of certificate for reimbursement from the Local Fund Audit.

- Foreign Technical Training Programme for diploma students was not conducted and led to non-utilisation of ₹1.50 crore provided therefor. In reply, the Director of Technical Education (September 2023) had stated that the training programmes was not conducted during 2022-23 as the foreign countries had banned issuance of visa to students during the year. The reply was not factually correct, as per the Ministry of External Affairs data, the number of students migrated to foreign countries for higher studies showed an increase of 68.79 *per cent* during 2022-23 when compared to that of previous year.
- Block Grant amount of ₹85.20 lakh was not released to Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore by the Directorate due to procedural issues.
- An amount of ₹1 lakh provided for educational concessions under the control of the Director of Technical Education could not be utilised (during 2014-23) as no application had been received from any students during the years.
- Government sanctioned (October 2022), ₹5.20 crore to procure laboratory equipment in respect of 62 Arts and Science Colleges. The token provision of ₹2,000 was increased to ₹5.20 crore at re-appropriation-I for the above purchase. However, the entire Final Modified Grant of ₹5.20 crore was withdrawn during re-appropriation-II due to delay in issuance of purchase order on account of delays in selection of vendors. Incidentally, it is pertinent to note that the department had also surrendered funds provided for the purchase during earlier years from 2017-18 to 2021-22. Thus, repeated surrender of funds provided for purchase of laboratory equipment for 62 Arts and Science Colleges established the inefficiency of the Department in utilising the budget provision and 62 colleges remaining deprived of new laboratory. On being pointed out by Audit, the Department admitted the fact that the amount had not been utilised during 2017-18 to 2022-23 and also replied that proposal had been submitted in June 2023 to release an amount of ₹5.20 crore for payment to vendors.
- GoTN provided ₹698 crore for the implementation of a scheme *viz., Moovalur Ramamirtham Ammaiyar* Higher Education Assurance Scheme to provide cash benefit of ₹1,000 per month to Government school girl students who enrol in undergraduate degrees, diploma and ITI courses. However, it was observed that only ₹100.11 crore (14 *per cent* of the budget allocation) was utilised during 2022-23 and ₹598 crore was surrendered at re-appropriation stage due to non-identification of estimated number of beneficiaries. Audit observed that there was huge gap between the budget provision and the actual expenditure due

to non-identification of beneficiaries indicating tardy implementation of the scheme. On being pointed out by Audit, the Commissioner of Social Welfare Department replied (December 2023) that the enumeration of beneficiaries for the scheme was made initially for 4.36 lakh beneficiaries, subsequently, it was reduced to 1.99 lakh girls studied in Government school alone based on the details furnished by the Department of School Education and hence major provision was surrendered. It was also stated that during 2023-24, on an average ₹26 crore would be utilised. But, the fact remains that during 2022-23 the budget provision was made without proper enumeration.

3.7.1.2 Rush of expenditure under Higher Education Department

Three instances of rush of expenditure under Grant No.20 indicated in **Appendix 3.15** from Sl.No. 24 to 28.

- An amount of ₹48.15 crore towards ‘Grants for implementation of Rashtriya Uchhatar Siksha Abhiyan (RUSA)’ was released in March 2023. The State Project Director/ RUSA attributed the rush of expenditure to delay in submission of proposals for release of central share.
- An amount of ₹2.25 crore was released to Anna University on 29 March 2023 due to delayed sanction of a project viz., ‘Development of Semi and Fully Automated Intelligent Exo-Skeleton and Prosthetics for Disabled Communities’ under State Innovation Fund’.
- The amount of ₹6.63 crore provided towards ‘Assistance to Post Graduate Students’, was utilised only during March 2023 due to delayed sanction consequent on delayed selection of eligible candidates.

3.7.2 Tourism – Art and Culture (Tourism, Culture and Religious Endowments Department)

3.7.2.1 Allocation and Expenditure

A summary of actual expenditure incurred under Grant No.29, vis-à-vis original/ supplementary provisions made during the year 2022-23 is given in **Table 3.24** below:

Table 3.24: Details of Budget Provision and Actual Expenditure under Grant No. 29

(₹ in crore)

	Nature of expenditure	Original	Supple- mentary	Total	Expendi- ture	Savings(-)/ Excess (+)	Percentage of savings	Amount surrendered
Voted	I Revenue	149.64	25.96	175.59	165.56	10.03	5.71	(-) 9.66
	II Capital	95.73	49.41	145.14	84.64	60.51	41.69	(-) 60.51
	III Loan	0.69	0.56	1.25	1.25	0	0	0
Total Voted (A)		246.06	75.93	321.98	251.45	70.54	21.91	(-) 70.16
Charged	IV Revenue	0.00*	0	0.00*	0	0.00*	100	0.00*
Total Charged (B)		0	0	0	0	0	100	0
Grand Total (A+B)		246.06	75.93	321.98	251.45	70.54	21.91	(-) 70.16

* ₹7,000 token provision

(Source: Appropriation Accounts for the year 2022-23)

Though the ultimate saving in the Grant during the year was ₹70.54 crore, the amount surrendered was ₹70.16 crore only. The overall savings was 21.91 per cent of the provision. Overall savings in the Grant as compared to budget provision during the past five years is shown in **Table 3.25**:

Table 3.25: Last 5 years allocation and savings

(₹ in crore)

Year	Total grant	Expenditure	Savings	Percentage of saving
2018-19	179.36	141.50	(-) 37.85	21.11
2019-20	349.54	189.65	(-) 159.89	45.74
2020-21	362.66	277.98	(-) 84.68	23.35
2021-22	202.43	179.87	(-) 22.57	11.15
2022-23	321.98	251.45	(-) 70.54	21.91
TOTAL	1,415.99	1,040.45	(-) 375.53	26.52

(Source: Appropriation Accounts for the respective years)

On an average, 26.52 per cent of the budget provision made during 2018-23 remained unutilised. This ranged from 11.15 per cent to 45.74 per cent of budget provision during the five-year period.

3.7.2.2 Persistent Savings under capital heads

During 2022-23, there was a saving of 41.69 per cent in the Grant under Capital Section. During the five-year period 2018-23, the Department had persistent savings ranging between 16.40 per cent and 69.40 per cent of the total grant and 44.48 per cent of the provision allocated for creation of capital assets remained unspent during 2018-23 as given in **Table 3.26** below:

Table 3.26: Year-wise allocation and savings under Capital section
(₹in crore)

Year	Total grant	Expenditure incurred	Saving	Percentage of saving
2018-19	62.55	29.21	(-) 33.33	53.29
2019-20	197.84	60.55	(-) 137.29	69.40
2020-21	206.88	150.23	(-) 56.65	27.38
2021-22	54.76	45.78	(-) 8.98	16.40
2022-23	145.14	84.64	(-) 60.51	41.69
Total	667.17	370.41	(-) 296.76	44.48

(Source: Appropriation Accounts for the respective years)

Reasons for major instances of unspent budget provisions are discussed below:

- In August 2021, through the Hon'ble Governor's address in the Legislature, GoTN proposed to restore and renovate 'Sarjah Madi at Thanjavur', 'Danish Fort at Tarangambadi' and 'Tirumalai Nayak Mahal at Madurai'. GoTN issued Administrative Sanction in February 2022 to execute the project at a cost of ₹16.93 crore, and provided ₹17.13 crore in Budget Estimate 2022-23 (4202.04.800.KH). The work was entrusted to Public Works Department. Due to abnormal delays in preparation of detailed estimate and tendering, ₹16.33 crore sanctioned in the budget was surrendered. Thus, the work originally proposed in 2021 could not make significant progress even as of March 2023, despite availability of funds.
- In September 2021, the Hon'ble Chief Minister announced a project in the State Assembly to establish "Porunai Museum" in Tirunelveli to showcase the artefacts collected at Aditchanallur, Korkai and Sivakalai. The Department sought and obtained a provision of ₹18 crore in Budget Estimate/Revised Estimate 2022-23 (4202.04.106.KE). Another sum of ₹20.52 crore was provided under State Infrastructure and Amenities Fund (4202.04.106.KC). During 2022-23, only ₹10.92 crore was utilised for the preparation of detailed project report in March 2023 and the remaining provision of ₹27.59 crore was surrendered as the tenders were not finalised even as of March 2023.

Audit observed that in both the above cases, the Department was not prompt in assessing actual requirement based on the status of the projects, leading to provision of funds in the budget which were surrendered at the fag end of the year or remained unspent. Audit also observed that incorrect budgeting without due regard to the status of the project had also resulted in non-availability of this fund for use by other needy departments.

3.8 Conclusion

Gender Budgeting

Non-formation of Gender Budget Cells in line departments contributed to non-preparation of Gender Budget Statement in a holistic manner by carrying out proper gender analysis of all schemes in all sectors.

(Paragraph 3.3)

Expenditure without provision in Original and Supplementary

In eight cases, a total expenditure of ₹40.09 lakh was incurred irregularly through re-appropriation without provision of funds either in Original or Supplementary stage.

(Paragraph 3.5.1.1)

Unnecessary or excessive Supplementary grant/re-appropriations

Supplementary provisions aggregating to ₹441 crore in 59 cases proved unnecessary as the original provision was not exhausted.

In respect of 17 Heads of Account, though an amount of ₹160.72 crore was available (Original and Supplementary), an additional amount of ₹11.06 crore was provided at re-appropriation stage which was unnecessary as the total expenditure in these cases were only ₹146.69 crore and well within the earlier provisions made.

In 14 cases, though the entire provision was fully withdrawn by re-appropriations, expenditure of ₹141.98 crore was incurred under the schemes, indicating injudicious re-appropriations.

In 24 cases across 9 Grants/Appropriation, an amount of ₹12,461.23 crore provided in original budget was fully withdrawn by re-appropriation during the year 2022-23. Withdrawal of the entire amount provided for not only indicates inaccurate budgeting, but also deprives the other departments of the funds required.

(Paragraphs 3.5.1.4 and 3.5.1.5)

Unspent amount, surrendered appropriations and persistent savings

In 34 cases, there were savings of above ₹100 crore amounting to ₹33,183.15 crore across various grants.

An amount of ₹13,320.27 crore (net) was surrendered on the last day (31 March 2023) out of which 89 cases amounting to ₹12,979.70 crore were in excess of over ₹10 crore indicating inadequate financial controls.

Under 26 Grants/Appropriations there were persistent savings of more than five *per cent* of the total grant during the last five years. There was a persistent savings of more than 91 *per cent* under Capital section during all the past five years in Grant 16 -Finance Department.

(Paragraph 3.5.1.7)

Regularisation of excess expenditure of previous years

Excess expenditure of ₹2,854.07 crore relating to 2014-22 was yet to be regularised.

(Paragraph 3.5.1.8)

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

Analysis of State Budget 2022-23, revealed that some of the announcements made during budget did not translate as financial provision in budget and in respect of some other schemes, the provisions were fully or partially remained unutilised.

(Paragraph 3.5.2.2)

Rush of expenditure

An amount of ₹3,802.84 crore under 101 sub-heads for which provision was made in the original grant and was available throughout the year was fully expended only during the month of March 2023 against the provisions of Article 39 of the Tamil Nadu Financial Code directing that rush of expenditure in the closing month of the financial year should be avoided. In respect of two grants (Grant Nos. 8 and 51), more than 50 *per cent* of expenditure was incurred in the month of March 2023.

(Paragraph 3.5.2.3)

3.9. Recommendations

- (i) Gender Budget Cells should be formed in all departments so as to identify all women oriented schemes and to prepare Gender Budget Statement in a holistic manner.*
- (ii) Government should establish a proper control mechanism to ensure that expenditure should not be incurred without provisions and unnecessary supplementary provisions should not be made.*
- (iii) To enforce proper implementation and monitoring budget mechanism to ensure that anticipated savings are identified and surrendered within the specified timeframe so that the funds can be utilised for other development purposes.*
- (iv) Government should ensure that adequate provisions were being made for major policies /schemes announced in the Budget.*
- (v) Government should institute appropriate control mechanism to avoid last minute surrender as well as rush of expenditure. It should implement the Business Intelligence module of IFHRMS, for continuous monitoring of the progress of expenditure.*