

Chapter 3
Budgetary Management

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

3.1 Budget Process

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

- At the outset, Finance Department estimates the resources required for State priority development areas and projects allocation for these in consultation with the Transformation and Development (T&D) Department and Administrative Departments;
- Resources required for State's share of centrally sponsored schemes, counterpart funding for externally aided projects, NEC¹³, NLCPR¹⁴, *etc.* are estimated and provided for;
- Allocations for Hill Areas Autonomous District Councils (ADCs) are made based on the requirement projected by the Departments responsible for the activities of the ADCs;
- Anticipated receipts from central tax transfers and funding for CSS are assessed and the quantum of funds required for committed expenditure on salaries, pension, repayment of loan, *etc.* are also worked out by Finance Department.

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

The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and 81 Demands for Grants/ Appropriations. Normally, every Department has one Demand for Grant, to ensure that the Head of the Department takes responsibility for implementing the policy decisions and expending public funds for the intended purposes.

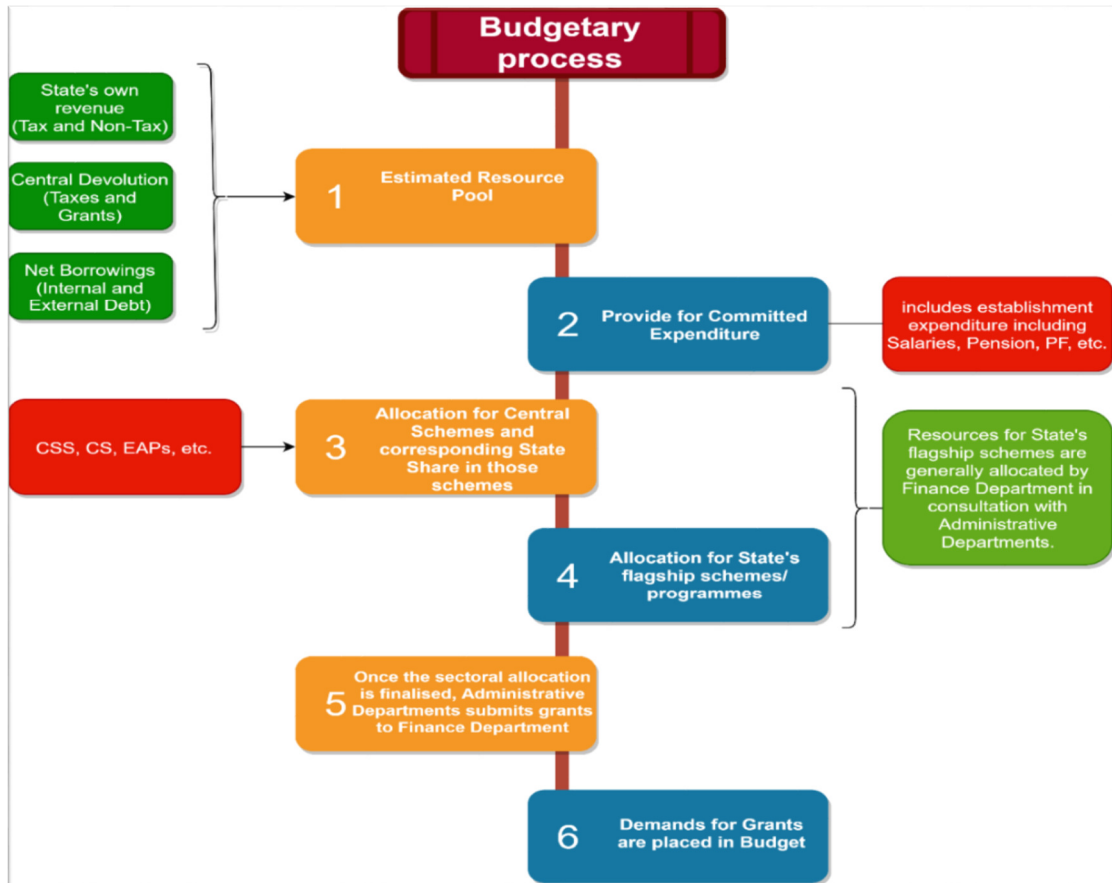
Supplementary or additional Grant/ Appropriation is provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount. Further, the State Government also re-appropriates/ re-allocates funds from various units of appropriation where savings are anticipated,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

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

¹³ North Eastern Council

¹⁴ Non-Lapsable Central Pool of Resources

Chart 3.1: Summary of Budgetary process of Assam



CSS: Centrally Sponsored Scheme; CS: Central Schemes

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

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

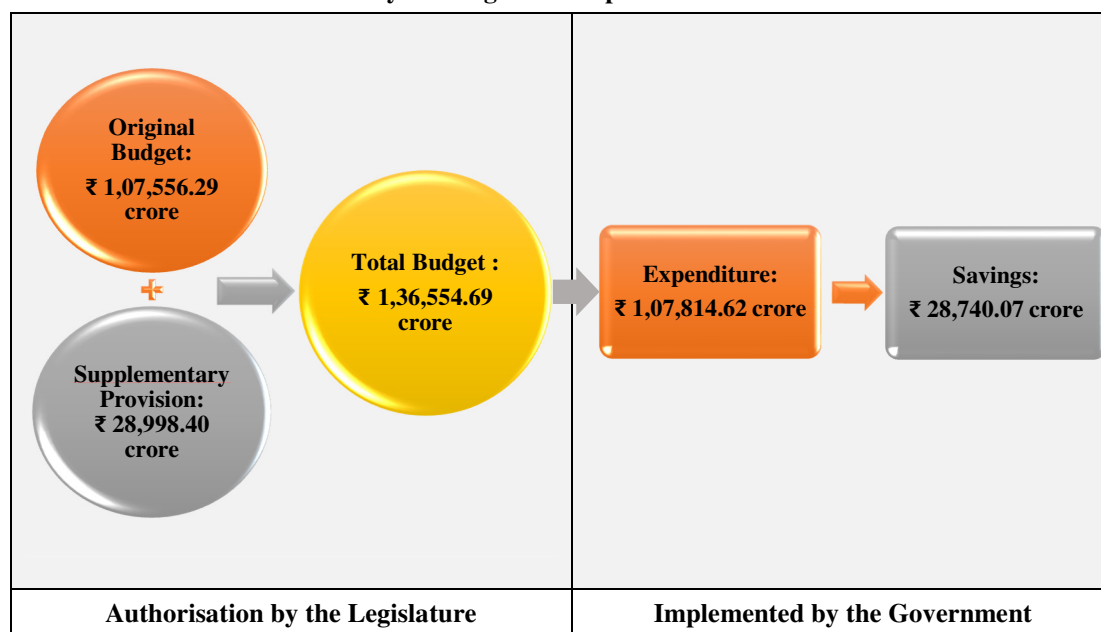
The Annual Financial Statement also called general budget is placed prior to the commencement of the financial year in the State Legislature, in accordance with Article 202 of the Constitution. The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the demand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

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

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

Apart from supplementary grant, re-appropriation can also be used to re-allocate funds within a Grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the Grant or Charged Appropriation. The total amount approved by the State Legislature including the original and supplementary budgets, expenditure, and savings during the year 2021-22 is depicted in **Chart 3.2**.

Chart 3.2: Summary of Budget and Expenditure of Assam for 2021-22



The net savings of ₹ 28,740.07 crore was the result of gross savings of ₹ 36,321.98 crore offset by an excess expenditure of ₹ 7,581.91 crore during the year.

Chart 3.2 shows that the Supplementary Grant of ₹ 28,998.40 crore¹⁵ was excessive as the gross expenditure (₹ 1,07,814.62 crore) only marginally exceeded the Original provision (₹ 1,07,556.29 crore) by ₹ 258.33 crore. This was indicative of over estimation and poor financial management. The issue of unnecessary supplementary provisions has been discussed in detail under **Paragraph 3.3.3**.

¹⁵ ₹ 4,725.99 crore on 26 August 2021, ₹ 23,597.97 crore on 27 December 2021 and ₹ 674.44 crore on 22 March 2022.

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

A summarised position of total budget provision, disbursement and savings/ excess with bifurcation into voted/ charged during the year 2021-22 is given in **Table 3.1**.

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

(₹ in crore)			
Voted/Charged	Total Budget provision	Disbursements	Savings (-)/Excess
Voted	1,25,381.05	97,689.85	-27,691.20
Charged	11,173.64	10,124.77	-1,048.87
Total	1,36,554.69	1,07,814.62	-28,740.07

Source: Appropriation Accounts

As can be seen from **Table 3.1**, during the year 2021-22, Government of Assam (GoA) incurred total expenditure of ₹ 1,07,814.62 crore against the total grants and appropriations of ₹ 1,36,554.69 crore resulting in overall savings of ₹ 28,740.07 crore. These savings stood at 21.05 per cent of total grants and appropriations made for the year.

These savings may be seen in the context of the over estimation¹⁶ of receipts of ₹ 1,19,423.05 crore by the State Government and the estimation on the expenditure side being ₹ 1,36,554.69 crore during the year 2021-22. As against the estimated receipts, the total receipts in the Consolidated Fund of State were ₹ 99,584.83 crore only thereby restricting the gross expenditure during the year to ₹ 1,07,814.62 crore. This implied that the savings were notional, as the funds were not actually available for expenditure.

3.1.2 Charged and Voted disbursements

The break-up of total disbursement into charged and voted during the last five years (2017-22) is given in **Table 3.2**.

Table 3.2: Trend of Disbursement into Charged and Voted during 2017-22

(₹ in crore)						
Year	Disbursements			Savings (-)/ Excess		
	Voted	Charged	Total	Voted	Charged	Total
2017-18	63,086.11	5,500.88	68,586.99	-27,548.45	-3,317.64	-30,866.09
2018-19	64,586.31	7,745.03	72,331.34	-33,050.69	-3,108.32	-36,159.01
2019-20	74,951.06	8,080.01	83,031.07	-35,317.53	-1,367.08	-36,684.61
2020-21	75,350.30	7,538.33	82,888.63	-38,558.11	-894.92	-39,453.03
2021-22	97,689.85	10,124.77	1,07,814.62	-27,691.20	-1,048.87	-28,740.07

Source: Appropriation Accounts

It can be seen from **Table 3.2** that the savings ranged between ₹ 28,740.07 crore in 2021-22 and ₹ 39,453.03 crore in 2020-21.

3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act

¹⁶ As per Budget documents

passed under Article 204 and 205 of the Constitution of India. Appropriation Accounts are on gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and Revenue Expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

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

3.3 Comments on integrity of budgetary and accounting process

3.3.1 Expenditure incurred without authority of law

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

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

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

However, during 2021-22, an expenditure of ₹ 38.12 crore was incurred in 15 Sub-heads under five Grants (₹ 15 lakh and above in each case) without budget provision as detailed in **Appendix 3.1**. Grant-wise summary of the cases where expenditure was incurred without budget provision is given in **Table 3.3**.

Table 3.3: Summary of Expenditure without Budget Provision during 2021-22

(₹ in crore)

Sl. No.	Grant No. and Name	Number of Sub Heads	Expenditure
1	25 Miscellaneous General Services	1	0.41
2	44 North Eastern Council Schemes	1	0.63

Sl. No.	Grant No. and Name	Number of Sub Heads	Expenditure
3	76 Karbi Anglong Autonomous Council	6	7.05
4	77 North Cachar Hills Autonomous Council	5	4.11
5	78 Bodoland Territorial Council	2	25.92
	Total	15	38.12

Source: Appropriation Accounts

Out of the 15 sub-heads, the details of six sub-heads with expenditure in excess of ₹ one crore without budget provision are given in **Table 3.4**.

Table 3.4: Expenditure incurred without budget provision during 2021-22

(₹ in crore)

Sl. No.	Grant	Heads of Account	Sub-Head / Sub Sub-Head	Expenditure
1	76 Karbi Anglong Autonomous Council	2402-00-102-0122-603	{0122}-Common & Other Schemes / [603]-Building and Approach Road	1.89
2		2402-00-103-1143-133	{1143}-Land Improvement / [133]-Land Reclamation and Water Distribution	2.62
3	77 North Cachar Hills Autonomous Council	2402-00-102-0122-603	{0122}-Common & Other Schemes / [603]-Building and Approach Road	1.03
4		4202-01-203-0597	{0597}-Government Art College (Cotton College)	1.91
5	78 Bodoland Territorial Council	2202-01-053	Maintenance of Buildings	1.32
6		4702-00-799-0291	{0291}-Miscellaneous Public Works Advances	24.60
	Total			33.37

Source: Appropriation Accounts

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

3.3.2 Misclassification of expenditure

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

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

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

As per IGAS 2, Grants-in-Aid disbursed by a grantor to a grantee shall be classified and accounted for as Revenue Expenditure irrespective of the purpose for which the funds disbursed as Grants-in-Aid are to be spent by the grantee, except in cases where it has been specifically authorised by the President on the advice of the Comptroller and Auditor General of India. It is observed that grants-in-aid of ₹ 6,168.69 crore was erroneously budgeted and expended under Capital Section instead of Revenue, in violation of IGAS 2.

Further, Government of Assam budgeted and spent an amount of ₹ 152.04 crore on “Major Works” under the Revenue Section, ₹ 108.53 crore on “Minor Works” and ₹ 0.94 crore on “Maintenance” under the Capital Section.

Non-compliance led to understatement of Revenue Deficit and overstatement of Capital Expenditure during the year.

3.3.3 Unnecessary or Excessive Supplementary Grants

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

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

When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the grant to cover the excess by re-appropriation, the Secretary in the Department concerned proposes to the Finance Department for supplementary or additional grant or appropriation.

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

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

Besides approving original budget of ₹ 1,07,556.29 crore for the year 2021-22, the State Legislature also approved three supplementaries of ₹ 28,998.40 crore in

71 Grants/ Appropriations under 107 Segments¹⁷. Audit analysis of utilisation of these supplementary allocations showed that Supplementary provision of only ₹ 13,967.43 crore (48.17 per cent) was required in 29 Segments of 26 Grants/ Appropriations where the final expenditure exceeded the original budget provision. Even in these cases, the actual allocation of ₹ 21,501.88 crore proved excessive in case of 26 segments, as shown in *Appendix 3.2*. In 79 Segments of 61 Grants/ Appropriations, the Supplementary Budgetary allocation of ₹ 7,496.53 crore made was unnecessary, as the actual expenditure was less than the Original Budgetary allocation, as shown in *Appendix 3.3*.

Table 3.5 shows 5 Segments where Supplementary Budget in excess of ₹ 250 crore each was provided despite the actual expenditure falling short of the Original Budgetary allocation.

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

Sl. No.	Grant	Segment	Budget (Original)	Expenditure	Savings (-) Against Original Budget	Budget (Supplementary)
1	57 Rural Development	Revenue -Voted	5,206.95	3,593.86	-1613.09	2,813.19
2	71 Education (Elementary, Secondary etc.)		14,158.57	13,512.64	-645.93	1,482.71
3	34 Urban Development (Municipal Administration)	Revenue -Voted	1,425.86	672.82	-753.04	381.21
4	38 Welfare of SCs, STs and OBCs, etc.	Revenue -Voted	1,164.54	1,072.03	-92.51	313.97
5	48 Agriculture		1,931.34	1,570.66	-360.68	252.30
	Total		23,887.26	20,422.01	-3,465.25	5,243.38

Source: Appropriation Accounts

Thus, it can be concluded that the large Supplementary grants of ₹ 28,998.40 crore led to a further increase in the savings against the Budget, for the actual requirement of ₹ 13,967.43 crore was less than 50 per cent of this amount.

Seeking supplementary grants without requirement is indicative of poor budgetary management by the State Government. Further, it is also clear that there is absence of allocative efficiency and utilisation efficiency by departments which led to excess expenditure in some grants and savings in others. The Government may review its Budget management practice and avoid large cash supplementaries.

3.3.4 Unnecessary or Excessive Re-appropriation

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where need for additional funds is identified. As per Paragraph 9.2 of ABM, 2012, Finance Department has the power to

¹⁷ Allocation within a Grant/Appropriation under each combination of Voted/Charged and Revenue/Capital is a separate segment.

sanction/ authorise any re-appropriation within a Grant, which does not involve the undertaking of a recurring liability.

Audit analysis revealed that re-appropriation proved excessive and resulted in huge savings/ excess in 13 Sub-Heads (₹ 10 lakh and above in each case), details of which are given in **Appendix 3.4**. Out of those 13 Sub-Heads, the final savings/ excess was more than ₹ 50 lakh in eight sub-heads, as detailed in **Table 3.6**.

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

(₹ in crore)

Sl. No.	Grant	Head of Account (Major Head to Minor Head)	Sub Head	Sub Sub-Head	Savings (-)/ Excess (OS)	Re-Appropriation	Savings (-)/ Excess (OSR)
1	11 Secretariat and Attached Offices	3451-00-091	{1421}-Sub-Divisional Development Schemes	[770]-Special Project (718-Untied Fund)	16.75	68.00	-51.25
2	12 District Administration	4059-01-101	{0271}-Lump Provision for Construction of Administrative & Allied Building (GAD)	[441]-Public Works (GAD)	1.94	3.00	-1.06
3	14 Police	2055-00-800	{0482}-Relief Operation in Connection with Disturbance	[935]-Battalion for ONGC (Reimbursable from ONGC)	0.77	2.00	-1.23
4	25 Miscellaneous General Services	2052-00-090	{0417}-Director Institutional Finance Cell	[555]-Nabaudita Asom	-141.58	-500.00	358.42
5	25 Miscellaneous General Services	2075-00-800	{2490}-Payment of Medical Reimbursement	---	0.55	1.60	-1.05
6	26 Education (Higher)	2202-03-103	{0597}-Government Art College (Cotton College)	---	1.17	1.78	-0.61
7	48 Agriculture	2435-01-101	{1334}-Marketing of Fruits & Vegetables	---	0.05	0.55	-0.50
8	49 Irrigation	4702-00-101	{0160}-Flow Irrigation	---	0.49	3.20	-2.71
Total					-119.86	-419.87	300.01

Source: Detailed Appropriation Accounts

Further, re-appropriation proved unnecessary in 75 Sub-Heads, as the re-appropriated amount ultimately resulted in even larger savings. The complete list of Heads of Account where funds were re-appropriated, and where the final savings was more than ₹ 10 lakh, is given in **Appendix 3.5**. Of these 75 Sub-Heads where re-appropriation was unnecessary, the final savings in case of 13 Sub-Heads exceeded ₹ 10 crore, and shown in **Table 3.7**:

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

Sl. No.	Grant	Head of Account	Sub Head	Sub Sub-Head	Savings (-)/ Excess (OS)	Re-Appropriation	Savings (-)/ Excess (OSR)
1	14 Police	2055-00-101	{0443}-Special Branch	---	-9.55	2.00	-11.55
2	14 Police	2055-00-001	{0172}-Headquarters Establishment	---	-49.74	4.52	-54.26
3	14 Police	2055-00-104	{0446}-Armed Police Battalions	---	-111.52	0.97	-112.49
4	25 Miscellaneous General Services	4070-00-800	{2333}-State Signature Scheme	---	-82.57	2.49	-85.06
5	25 Miscellaneous General Services	2052-00-090	{0417}-Director Institutional Finance Cell	[351]-Enhancing Stake in NRL	0.00	500.00	-500.00
6	29 Medical and Public Health	4210-03-105	{4935}-Establishment of Medical College at Kokrajhar	[927]-Central Share	-13.54	35.19	-48.73
7	39 Social Security, Welfare and Nutrition	2235-02-102	{3959}-Implementation of Integrated Child Protection Scheme (ICPS)	[830]-Programme for J.J. Act	-11.85	0.06	-11.91
8	41 Natural Calamities	2245-02-122	{0999}-Repair & Restoration of Damaged Flood Control Works	---	-2.82	60.00	-62.82
9	42 Other Social Services	2575-02-800	{2919}-Multi Sectoral Development Programme for Minorities in selected Minority Concentration Districts	[928]-State Share	-33.76	7.70	-41.46
10	66 Compensation and Assignment to Local Bodies and PRIs	3604-00-200	{3673}-Panchayat Raj Institutions (Award of Central Finance Commission)	[708]-Karbi Anglong Autonomous Council	-16.77	3.41	-20.18
11	66 Compensation and Assignment to Local Bodies and PRIs	3604-00-200	{3673}-Panchayat Raj Institutions (Award of Central FC)	[707]-Bodoland Territorial Autonomous Council	-43.90	8.93	-52.83
12	73 Urban Development (Guwahati Development Department)	4217-01-051	{2173}-City Infrastructure	---	-0.21	13.88	-14.09
13	78 Bodoland Territorial Council	2210-01-001	{0144}-District Establishment	---	-10.34	0.30	-10.64
Total					-386.57	639.45	-1,026.02

Source: Detailed Appropriation Accounts

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

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

3.3.5.1 Non-surrender of Savings

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

In fact, against the gross savings of ₹ 36,321.98 crore¹⁸ recorded in the Appropriation Accounts of the State during 2021-22, no amount was surrendered by any department of Government of Assam during the year. This was against the provision of the Budget Manual.

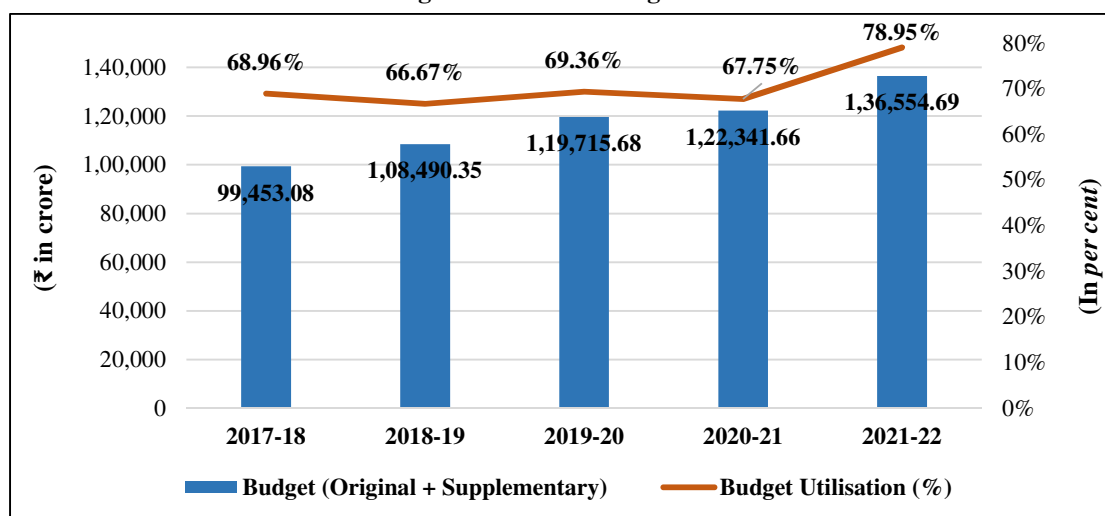
Thus, non-compliance with the prescribed time schedule for surrender of savings by the concerned Departments defeats the objective of achieving efficiency in budget management.

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

3.3.5.2 Underutilisation of Budgeted Funds

Budget provision has been significantly underutilised by the State every year during the past few years. The extent of utilisation of budget during the five-year period from 2017-18 to 2021-22 is given in **Chart 3.3**.

Chart 3.3: Budget Utilisation during 2017-18 to 2021-22



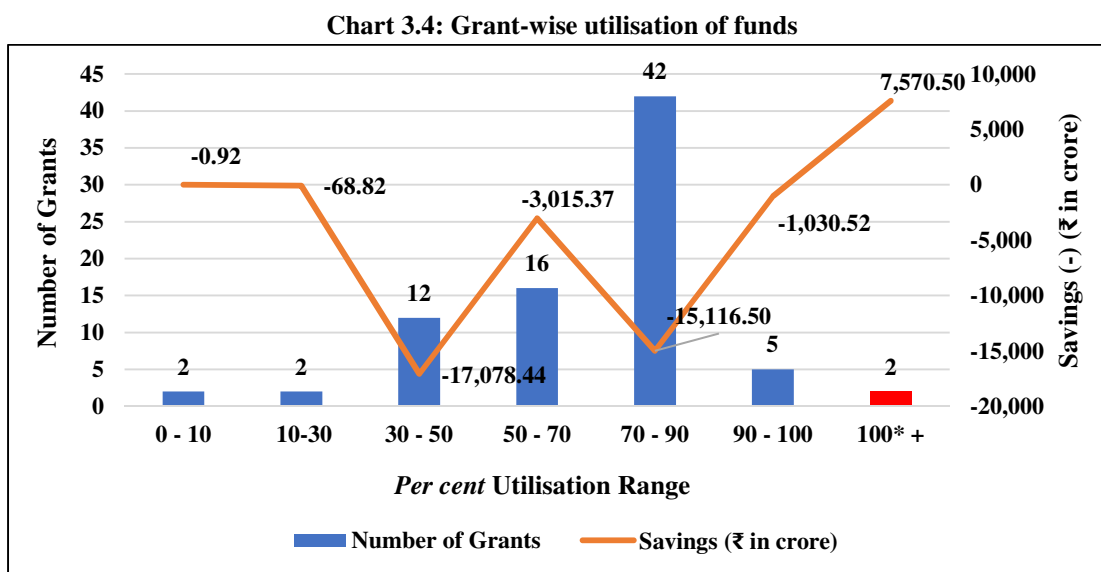
¹⁸ While the Net Savings in the Budget is ₹ 28,740.07 crore, this comprises of Overall Savings of ₹ 36,321.98 crore and Excess of ₹ 7,581.91 crore at segment level.

As can be seen from **Chart 3.3**, utilisation of budget has exceeded 75 per cent only in the current year in the five-year period from 2017-18 to 2021-22. Large amount of savings in allocated funds indicate faulty budgeting with inaccurate assessment of resource mobilisation.

During the Exit Conference (January 2023), the Secretary, Finance Department assured to take appropriate action on the issue in consultation with all stakeholders.

3.3.5.3 Large and Persistent Savings in Grants/ Appropriations

There were large savings during 2021-22, with 16 Grants/ Appropriations showing utilisation of less than 50 per cent of the budget allocation. The distribution of number of Grants/ Appropriations grouped by the extent of savings is given in **Chart 3.4**.



* Two Grants (Grant No. 23 & 47) had utilisation in excess of Budget provision at Grant level.

Of these 16 Grants/Appropriations which show utilisation of less than 50 per cent in 2021-22, 11 showed similar low utilisation in three or more years during the last five-year period *i.e.*, 2017-22. This is indicative of systemic issues that warrants a close review by the Government to enable initiation of expeditious corrective measures. Utilisation of budgetary allocation in these 16 Grants/ Appropriations for the five-year period from 2017-18 to 2021-22 is shown in **Table 3.8**.

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

		(₹ in crore)							
Sl. No.	Grant	2017-18	2018-19	2019-20	2020-21	2021-22	No. of Years*	Budget 2021-22	Total Budget (5 Years)
1	17 Administrative and Functional Buildings	40.28%	53.96%	48.35%	46.97%	45.25%	4	777.28	2,779.70
2	21 Guest Houses, Government Hostels	53.84%	38.57%	31.73%	27.01%	49.27%	4	58.88	310.81
3	24 Aid Materials	0.00%	0.00%	0.00%	0.00%	0.00%	5	0.01	0.05
4	27 Art and Culture	48.36%	52.44%	39.02%	46.48%	41.88%	4	295.65	1,054.66
5	33 Residential Buildings	56.39%	45.82%	52.99%	52.60%	15.95%	2	7.84	33.92
6	34 Urban Development (Municipal Administration)	20.59%	36.89%	31.65%	23.82%	37.18%	5	1810.03	7,014.16
7	41 Natural Calamities	85.01%	74.01%	71.95%	47.25%	48.73%	2	2557.75	9,162.70

Sl. No.	Grant	2017-18	2018-19	2019-20	2020-21	2021-22	No. of Years*	Budget 2021-22	Total Budget (5 Years)
8	44 North Eastern Council Schemes	24.36%	25.04%	15.26%	11.44%	36.23%	5	1386.71	8,471.17
9	51 Soil and Water Conservation	65.17%	70.74%	68.80%	78.76%	40.48%	1	246.69	1,184.40
10	53 Dairy Development	68.12%	64.03%	70.23%	65.53%	26.87%	1	85.09	217.19
11	57 Rural Development	75.50%	29.89%	69.09%	55.08%	44.81%	2	8020.14	26,445.21
12	62 Power (Electricity)	65.33%	43.32%	42.52%	38.04%	39.25%	4	12922.67	30,471.90
13	66 Compensation and Assignment to Local Bodies and Panchayati Raj Institutions	23.80%	61.04%	35.33%	63.42%	36.15%	3	846.93	3,452.18
14	67 Horticulture	53.40%	48.83%	42.68%	36.46%	47.69%	4	259.37	884.40
15	68 Loans to Government Servants, etc.	5.00%	92.12%	0.00%	---	0.00%	3	0.91	337.41
16	70 Hill Areas	35.67%	18.03%	11.62%	6.13%	40.58%	5	31.76	116.28

Source: Appropriation Accounts

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

The low utilisation under Grant No. 34 - Urban Development (Municipal Administration) had been mentioned as a point of concern in the previous year's report, and in the current year too, this grant has shown low utilisation of less than 50 per cent during the period 2017-22. Improving urban infrastructure is a challenge faced by the State, and the low utilisation on allocation against related grants is a cause for concern. State Government needs to examine the reasons for poor utilisation of allocated funds in this Grant and take appropriate corrective action expeditiously.

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

3.3.6 Excess Expenditure and its Regularisation

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

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

3.3.6.1 Excess Expenditure relating to the year 2021-22

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

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

During 2021-22, out of an expenditure of ₹ 7,581.92 crore incurred in excess of the budget provision in three Grants, excess expenditure of ₹ 3747.85 crore incurred under one Grant is required to be regularised by the State Legislature as per Article 205 of the Constitution. The details of the Grant in which the excess expenditure occurred are shown in **Table 3.9**.

Table 3.9: Excess expenditure during 2021-22 requiring regularisation

(₹ in crore)						
Grant	Segment	Total Grant	Actual Expenditure	Gross Excess	Expenditure pertaining to previous years	Excess to be regularised
23 Pension	Revenue-Voted	9,643.80	17,214.05	7,570.25	3822.40	3747.85

Source: Appropriation Accounts

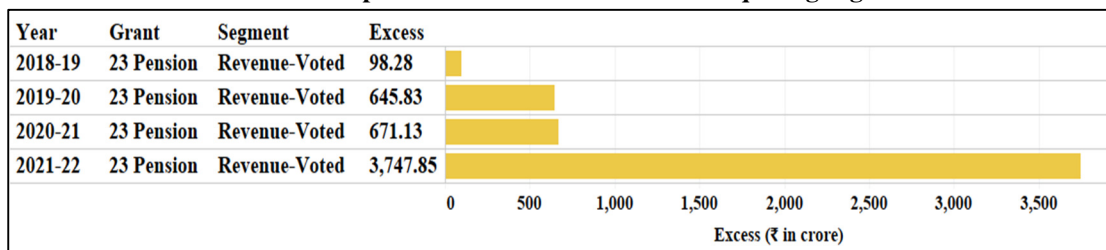
Out of an excess expenditure of ₹ 7,570.25 crore incurred over budget provision under Grant 23-Pension during the year, ₹ 3,822.40 crore pertained to previous years *i.e.*, 2017-18 to 2020-21 which could not be accounted for in the State Accounts during the years concerned due to non-reporting of pension payments by non-linked/ agency branches. Grant No. 23-Pension had shown excess expenditure during the last three years also. Moreover, an amount of ₹ 262.92 crore being pension payments of 2021-22 was not booked as expenditure in the State Accounts (2021-22). The reasons behind this has been detailed under Paragraph 3.5.1.2 of the Report. If these were taken into account, excess payment on pension requiring regularisation would have been ₹ 4,010.77 crore during the year.

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

3.3.6.2 Persistent excesses in certain Grants

Details of excess expenditure under Grant No. 23 over the approved allocation during the five-year period from 2017-18 to 2021-22, which require regularisation by the State Legislature, are given in **Chart 3.5**.

Chart 3.5: Excess expenditure under Grant No. 23 requiring regularisation



Besides the above, an excess expenditure of ₹ 1,490.23 crore was incurred in respect of ADC Grants *i.e.*, Grants No. 76, 77 and 78 during the last five years.

The PAC, *vide* Para 6 of its 161st Report placed in the State Legislature on 24 March 2020, had recommended that the Finance Department should take initiative to constitute a high-level Committee to study the present accounting system of the three Councils in view of the non-lapsable nature of funds as per their respective Fund Rules. As a result, Governor of Assam has constituted (February 2021) a High-Level Committee in order to streamline the matter of excess expenditure against grants across the State including Sixth Schedule Areas and Bodoland Territorial Region. The Committee held its first meeting on 02 November, 2021. The Report of the Committee is awaited (January 2023).

During the Exit Conference (January 2023), the Secretary, Finance Department assured to take suitable action on the issue.

3.3.6.3 Regularisation of excess expenditure of previous financial years

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

Table 3.10: Excess expenditure relating to previous years requiring regularisation

Year	Number of		Amount of excess over provision (₹ in crore)	Amount of excess recommended for regularisation (₹ in crore)
	Grants	Appropriations		
2005-06	2	2	2.45	2.45
2006-07	4	2	80.61	28.22
2007-08	9	2	113.24	113.24
2008-09	6	2	108.41	108.41
2009-10	3	Nil	10.18	14.84
2010-11	1	1	4.27	4.27
2011-12	5	2	915.14	915.14
2012-13	4	Nil	1,195.60	1,195.60
2013-14	5	Nil	1,499.89	1,499.89
2014-15	5	1	3,801.63	3,801.63
2015-16	3	Nil	243.77	243.77
2016-17	5	Nil	1,348.44	1,348.44
2017-18	2	Nil	264.47	264.47
2018-19	3	Nil	739.11	0
2019-20	2	Nil	1,159.23	0
2020-21	4	Nil	731.25	0
Total	63	12	12,217.69	9,540.37

Source: Appropriation Accounts

The PAC had discussed (February 2020 and February 2021) the excess expenditure for the years 2005-06 to 2017-18 and issued recommendation *vide* its 161st and 169th Reports for regularisation of the total excess expenditure amounting to ₹ 9,540.38 crore

under Article 205 of the Constitution. But the Act regularising the excess expenditure is yet to be introduced by the Government. The matter has been taken up with the Finance Department, their reply is awaited (October 2022). Grant-wise details of excess expenditure is given in *Appendix 3.6*.

3.3.7 Grants-in-Aid for creation of capital assets

Grants-in-Aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

As per IGAS 2, Grants-in-Aid disbursed by a grantor to a grantee shall be classified and accounted for as Revenue Expenditure irrespective of the purpose for which the funds disbursed as grants are to be spent by the grantee, except in cases where it has been specifically authorised by President on the advice of the Comptroller and Auditor General of India.

There was an increase recorded in Capital Expenditure during 2021-22, primarily due to depiction of ₹ 6,168.69 crore of expenditure out of GIA as Capital Expenditure, instead of as Revenue Expenditure.

Table 3.11 and **Chart 3.6** highlight the extent of misclassification of GIA as Capital Expenditure instead of as Revenue Expenditure by the State during 2017-22.

Table 3.11: Extent of classification of GIA as Capital Expenditure

	2017-18	2018-19	2019-20	2020-21	2021-22
Capital Expenditure	7,692.84	11,034.08	13,185.42	12,399.39	20,125.83
Share of GIA in Capital Expenditure	3,945.04	5,489.95	6,225.45	5,640.47	6,168.69

Source: Appropriation Accounts

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

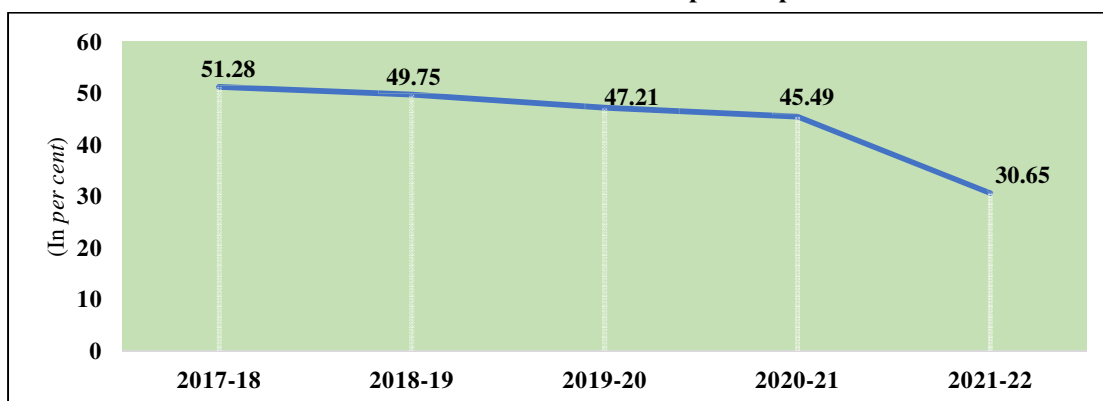


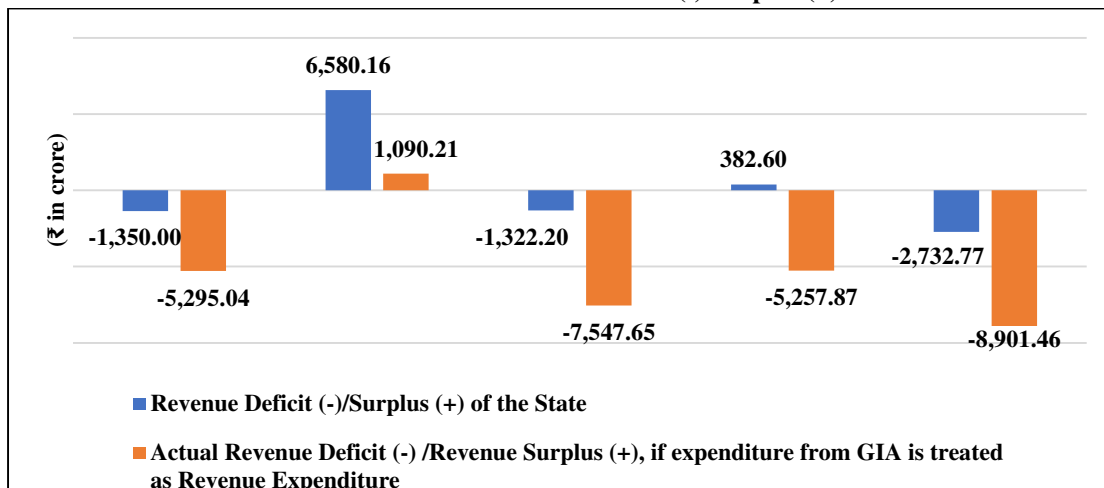
Table 3.12 and **Chart 3.7** indicate that the impact of non-compliance with the provisions of IGAS-2 by the State in absolute terms during 2017-22 was that Revenue Surplus was overstated and Revenue Deficit was understated during the period. Moreover, Capital Expenditure during the period was also overstated to that extent.

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

(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
GIA booked as Capital Expenditure	3,945.04	5,489.95	6,225.45	5,640.47	6,168.69
Revenue Deficit (-)/Surplus (+)	-1,350.00	6,580.16	-1,322.20	382.60	-2,732.77
Actual Revenue Deficit (-) /Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	-5,295.04	1,090.21	-7,547.65	-5,257.87	-8,901.46

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



During the Exit Conference (January 2023), the Secretary, Finance Department assured that the Department would examine the issue and take appropriate action on it.

3.4 Comments on effectiveness of budgetary and accounting process

3.4.1 Budget projection and gap between expectation and actual

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

The summarised position of the budget including supplementary budget, actual expenditure, and excess/ savings during 2021-22 against 81 Grants/ Appropriations (78 Grants and three Appropriations) is given in **Table 3.13** as well as in **Chart 3.8**.

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

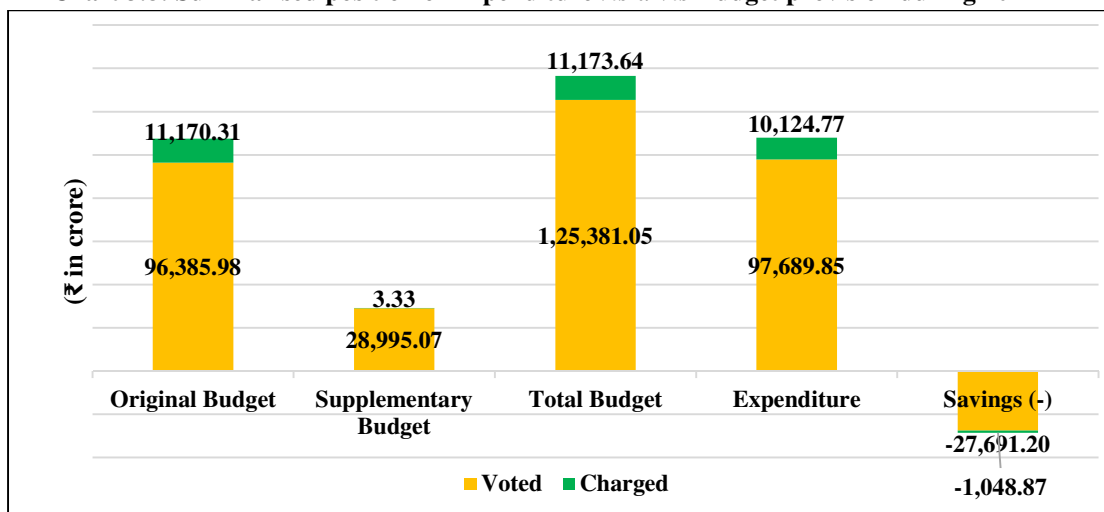
(₹ in crore)

Voted / Charged	Nature of Expenditure	Budget (Original)	Budget (Supplementary)	Total	Expenditure	Excess / Savings (-)	Excess / Savings (In per cent)
Voted	Revenue	76,771.39	15,344.12	92,115.51	77,456.72	-14,658.79	-15.91
	Capital Outlay	19,490.99	13,645.65	33,136.64	20,129.12	-13,007.52	-39.25
	Loans and Advances	123.60	5.3	128.9	104.01	-24.89	-19.31
	Total Voted	96,385.98	28,995.07	1,25,381.05	97,689.85	-27,691.20	-22.09
Charged	Revenue	7,634.08	3.33	7,637.41	6,597.88	-1039.53	-13.61

Voted / Charged	Nature of Expenditure	Budget (Original)	Budget (Supplementary)	Total	Expenditure	Excess / Savings (-)	Excess / Savings (In per cent)
	Capital	0	0	0	0	0	---
	Public Debt Repayment	3,536.23	0	3,536.23	3,526.89	-9.34	-0.26
	Total Charged	11,170.31	3.33	11,173.64	10,124.77	-1,048.87	-9.39
Total (Voted and Charged)		1,07,556.29	28,998.40	1,36,554.69	1,07,814.62	-28,740.07	-21.05

Source: Appropriation Accounts

Chart 3.8: Summarised position of Expenditure vis-à-vis Budget provision during 2021-22



It may be seen from **Table 3.13** that during the year 2021-22, Government of Assam (GoA) incurred expenditure of ₹ 1,07,814.62 crore against the total grants and appropriations of ₹ 1,36,554.69 crore resulting in overall savings of ₹ 28,740.07 crore. These savings stood at 21.05 per cent of total grants and appropriations made for the year. Huge savings were also 0.99 times the size of supplementary budget obtained during the year.

Of the overall savings of ₹ 28,740.07 crore, savings of ₹ 28,021.38 crore (97.50 per cent) occurred in 17 cases (₹ 500 crore and above in each case) at Segment level within 15 Grants/ Appropriations as indicated in **Appendix 3.7**.

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

Table 3.14: Original Budget, Revised Estimate and Expenditure during 2017-22

Particulars	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Original Budget	85,922.69	90,269.92	99,418.91	1,03,761.63	1,07,556.29
Supplementary Budget	13,530.39	18,220.43	20,296.77	18,580.03	28,998.40
Revised Estimate	99,453.08	1,08,490.35	1,19,715.68	1,22,341.66	1,36,554.69
Actual Expenditure	68,586.99	72,331.34	83,031.07	82,888.63	1,07,814.62
Savings (-) /excess (+)	(-) 30,866.09	(-) 36,159.01	(-) 36,684.61	(-) 39,453.03	(-) 28,740.07
Per cent Savings	-31.04	-33.33	-30.64	-32.25	-21.05

Source: Appropriation Accounts

As can be seen from **Table 3.14**, savings of budget during the last five years ranged between 21.05 *per cent* and 33.33 *per cent*. Despite being pointed out in the SFARs year after year, the State Government has not taken any corrective measures.

3.4.1.1 Missing/ Incomplete Explanation for Variation from Budget

Apart from showing the expenditure against the approved budget, Appropriation Accounts also provide explanation for cases where the expenditure varies significantly from the budgeted provision (Original *plus* Supplementary). The limit beyond which such variation at the Sub-Head/ Sub-Sub-Head level (Unit of Appropriation) are to be explained in the Appropriation Accounts is set by the PAC.

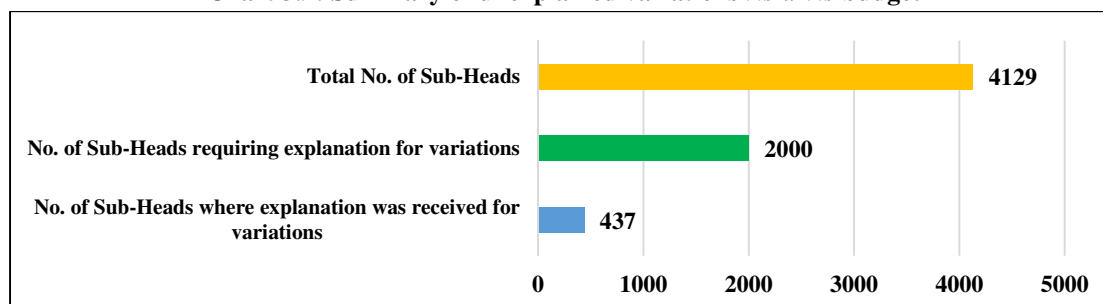
Accountant General (A&E) provides the draft Appropriation Accounts to the Controlling Officers of the Departments and seeks the reasons/ explanations for the variations in expenditure with reference to approved budgetary allocation in keeping with the limits set by the PAC.

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

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

Audit of Appropriation Accounts of 2021-22 and an analysis of the underlying accounting data revealed that the Controlling Officers have provided explanation for the variations in the expenditure *vis-à-vis* budgeted allocation in about 22 *per cent* of cases. Of the 81 Grants/ Appropriations, reasons for variation were called for in respect of 2,000 cases under 77 Grants/ Appropriations. However, reasons for variations in respect of only 437 cases under 35 Grants/ Appropriations were furnished by the Controlling Officers of Government Departments. Summary of unexplained variations over budget provision is given in **Chart 3.9** and grant-wise further details are given in **Appendix 3.8**.

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



Further analysis revealed that these 2,000 heads together accounted for savings of ₹ 34,030.88 crore in 76 Grant/ Appropriation and an excess of ₹ 9,298.73 crore in

15 Grants/ Appropriations. Out of these, variations have been explained only in 437 Sub-heads covering a savings of ₹ 10,781.40 crore and an excess of ₹ 19.97 crore and variations in respect of 1,563 Sub-heads covering savings of ₹ 23,249.48 crore (68.32 per cent) and an excess of ₹ 9,278.76 crore (99.79 per cent) remain unexplained due to non-receipt of replies from the concerned departments of State Government.

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

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

During the Exit Conference (January 2023), the Secretary, Finance Department, assured to issue suitable instructions to all the Administrative Departments for timely submission of explanation against significant variations against budget provisions.

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

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

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

The revised and earlier limits for explaining variation at Sub-Head level along with the corresponding figure in case of Government of Assam is given in **Table 3.15**.

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

Norms set by Central PAC		Norms by State PAC
Pre-Revised Norm (from 1993-94)	Revised Norm (from 2018-19)	Extant Norm (from 1987-88)
Variation (Excess or Savings) exceeding ₹ 100 lakh are explained	Variation (Excess or Savings) exceeding ₹ 500 lakh are explained	<i>No analogous norm</i>
All cases where the Variation (Excess or Savings) exceeds 10 per cent of the sanctioned provision or ₹ 50 lakh	All cases where the Variation (Excess or Savings) exceeds 10 per cent of the sanctioned provision or ₹ 250 lakh,	All cases where the Variation (Excess or Savings) exceeds 20 per cent of the sanctioned provision or ₹ 15 lakh,

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

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

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

During the Exit Conference (January 2023), the Secretary, Finance Department, assured to consider a suitable upward revision of variations in Sub-Heads requiring explanation, as suggested by Audit.

3.4.1.3 Large Variation from Budget at Grant level

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

As regards explanation for large excess/ savings at grant level, there is no such requirement presently set by State PAC. Even if the limit of ₹ 100 crore as applicable for Centre is considered for the State of Assam, explanation would be necessitated in 40 of the 81 Grants/ Appropriations. As observed in paragraph 3.3.5.2, Assam has seen significant under-utilisation of Budget in each of the last five years. Thus, the bigger problem in budgetary compliance is that of savings rather than excess.

Thus, it is recommended that Norms for Explaining Variation at Sub-Head Level may be considered for revision by the State PAC, as also setting an appropriate limit of

Savings at Grant/Appropriation level beyond which explanation would be required, and Finance Department may initiate necessary action in this regard.

During the Exit Conference (January 2023), the Secretary, Finance Department, agreed that a suitable norm at grant level, in line with Central PAC, would increase budgetary compliance and thus, the Department would analyse the issue and take suitable action.

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

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

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

In the Budget speech 2021-22, the Finance Minister had announced 18 flagship schemes, “*Astadash Mukutar Unnoyonee Maala*”, for the social and economic welfare of the people of the State.

Appropriation Accounts (2021-22) showed that there was no expenditure in 3 out of 18 flagship schemes announced by the State Government in the Budget of 2021-22. Scheme-wise details are given in **Table 3.16**.

Table 3.16: Details of the schemes for which provisions were made but no expenditure was incurred

(₹ in crore)				
Grant No.	Head details	Name of the Scheme	Budget Provision	Expenditure
30 Water Supply and Sanitation	4215-01-102-0778-971	Tap drinking water connection in tea garden labour lines	0.80	Nil
38 Welfare of SCs, STs, OBCs, <i>etc.</i>	2225-80-800-4535-000-26-99	Department of Indigenous Faith and Culture	100.00	Nil
64 Roads and Bridges	5054-03-337-0337-356	1000 Kilometres of Embankments Cum Roads	200.00	Nil

Source: Appropriation Accounts and Budget Documents

Further, in respect of the remaining 15 flagship Schemes, Government of Assam could spend ₹ 5,002.45 crore (75.68 per cent) against the total allocation of ₹ 6,610.20 crore made in its budget during 2021-22.

3.5 Review of Selected Grants

During the year 2021-22, two Grants - Grant No. 23 – Pension and Grant No. 73 – Urban Development (Guwahati Development Department) were selected for detailed scrutiny in audit to review compliance with prescribed budgetary procedures, monitoring of funds, control mechanisms and implementation of schemes within these grants. Outcome of the audit is discussed in the succeeding paragraphs.

3.5.1 Grant 23 – Pension

The Pension & Public Grievances Department, Government of Assam is the nodal department for formulation of policies relating to pension and other retirement benefits of state government employees. The Department administers and monitors the Acts and legislations relating to pension, general provident fund, group insurance scheme, commutation of pension, special family pension, *etc.* In 2021, Pension & Public Grievances Department was merged with Administrative Reform and Training Department and renamed as Administrative Reforms, Training, Pension and Public Grievances (ARTPPG) Department.

3.5.1.1 Budget and Expenditure

The overall position of budget provision, actual expenditure and savings/ excesses under this Grant during the five-year period 2017-22 is given below. All Budget provision under this Grant was for Revenue Expenditure, as shown in the table below.

Table 3.17: Budget and Expenditure

	(₹ in crore)				
Grant No. 23	2017-18	2018-19	2019-20	2020-21	2021-22
Budget Provision (O+S)	9,659.68	8,005.80	8,956.31	9,652.22	9,643.80
Expenditure	8,278.62	8,104.08	9,602.14	10,323.35	17,214.05
Savings (-)/ Excess (+)	-1,381.06	+98.28	+645.83	+671.13	+7,570.25
Savings (-)/ Excess (+) (per cent)	-14.30	+1.23	+7.21	+6.95	+78.50

Source: Appropriation Accounts

As can be seen from **Table 3.17**, there was excess expenditure over budget provision ranging from 1.23 *per cent* to 78.50 *per cent* during the last four years from 2018-19 to 2021-22.

During 2021-22, an amount of ₹ 7,570.25 crore was incurred in excess of the budget provision under Grant No. 23-Pension. Out of ₹ 7,570.25 crore, ₹ 3,822.40 crore was due to adjustment of pension payments of non-linked/ agency branches which were unaccounted for in the State Accounts during the previous years *i.e.*, 2017-18 to 2020-21. The reason for this has been discussed in the succeeding paragraph.

The Department stated (October 2022) that the reason for the remaining excess expenditure of ₹ 3,747.85 crore incurred over the budget provision during the year was due to:

- (i) non-availability of pensioners' database,
- (ii) non-availability of proper employee's database to determine the actual number of employees who are going to retire in the year,

- (iii) debiting of Major Head 2071 with the expenditure made by the department towards payment of provisional pension, for which no budget is estimated by the ARTPPG Department,
- (iv) non-inclusion/ non-receipt of the figure in time in respect of pension paid by other States and pensioners of other States drawing pension/ pensionary benefits from the Treasuries/ banks within the State of Assam, and
- (v) non-integration of Comprehensive Treasury Management Information System (CTMIS) with that of AG (A&E) to keep track of actual expenditure.

The PAC vide its 161st Report had recommended (Paragraph No. 3) to constitute a High-Level Committee to study the reason for excess expenditure under Grant No. 23. Accordingly, the ARTPPG Department had constituted a High-Level Committee on 11 June 2020. The Report of the Committee is awaited.

Excess expenditure vitiates the system of budgetary and financial control and encourages financial indiscipline in the management of public resources. Persistently large excess is indicative of incorrect assessment of actual needs of the Department and calls for a critical review of the budget preparation exercise of the Department.

3.5.1.2 Non-Reporting of Pension Payments and Under-estimation of Pension Liability

Prior to January 2018, pension disbursed by non-linked branches of concerned Treasuries submitted their reimbursement claims on behalf of the State Government to the linked branches of the concerned Treasuries, who in turn included the pension payments made by all non-linked branches within their jurisdiction in their Date-wise Monthly Statement (DMS) and submitted the same to the Treasury. On receipt of these vouchers from linked branches, the concerned Treasury Officers included the same in their Treasury Accounts.

From January 2018, the RBI directed all agency (non-linked) bank branches to submit their claims pertaining to agency transactions directly to the RBI without routing through linked branches that act as aggregator. The RBI also directed all agency banks to send scrolls/ details of such payments made by them directly to the State Government/ Treasury. However, the non-linked branches making such payments have not been submitting the Date-wise Monthly Statement (DMS) and corresponding payment vouchers to the concerned Treasury, resulting in non-inclusion of such payments in accounts of the State. This resulted in huge discrepancy between the cash balance as reflected in the Finance Accounts, and as reported by RBI, with the entire pension payments made by the non-linked branches remaining unaccounted.

Pension payments of ₹ 3,822.40 crore made in the four years from 2017-18 to 2020-21 were not accounted for in the State Accounts. This difference was reconciled in the current year as given in **Table 3.18**.

Table 3.18: Year wise details non-reported pension payments

(₹ in crore)

Year	Amount of Non-Reported Pension Payments	Amount of Pension Payments accounted for during 2021-22	Difference
2017-18	112.59	112.59	Nil
2018-19	1,152.38	1,152.38	Nil
2019-20	1,348.35	1,348.35	Nil
2020-21	1,209.08	1,209.08	Nil
2021-22	1,105.70	842.78	262.92
Total	4,928.10	4,665.18	262.92

Source: Finance Accounts

As can be seen from **Table 3.18**, that an amount of ₹ 262.92 crore being pension payments of 2021-22 was not booked as expenditure in the State Accounts of the current year. If these were taken into account, excess payment under the grant would have been ₹ 7,833.17 crore during the current year.

Table 3.19 shows Budget provision, Expenditure on Pension (Major Head: 2071) and the amount of pension not reported to the Pr. AG (A&E) as per RBI's directions (January 2018) during 2017-18 to 2021-22.

Table 3.19: Budget and Expenditure on Pension (MH 2071)

(₹ in crore)

FY	Budget	Pension Payment		
		As per Finance Accounts	Excluded from Accounts	Including excluded amount
2017-18	9,682	8,287	113	8,400
2018-19	8,028	8,112	1,152	9,264
2019-20	8,982	9,609	1,348	10,957
2020-21	9,662	10,329	1,209	11,538
2021-22	9,653	17,601	263	17,864

It is evident from **Table 3.19** that Government of Assam is under-estimating pension liability since 2018-19. It is pertinent to mention here that C&AG has initially flagged the issue of non-reporting of the pension payment by agency banks in the SFAR of 2018-19. Despite being flagged since 2018-19, no corrective measures were taken by the State Government to address the issue. During the years 2020-21 and 2021-22, Government of Assam estimated the pension liability at ₹ 9,662 crore and ₹ 9,653 crore respectively against the actual expenditure on pension of ₹ 10,957 crore and ₹ 11,538 crore during 2019-20 and 2020-21 respectively.

Moreover, due to the flawed estimation, there has been excesses under Grant No. 23-Pensions during the last four years even after excluding the pension payments not reported by the agency banks.

It is strongly recommended that necessary steps may be taken for correcting the estimation as well as accounting of pension. Further, a comprehensive database of pensioners may be maintained by the State Government with timely addition and deletion of pensioners which would help in keeping a close watch on actual outgo and for a reasonable budget estimation.

3.5.1.3 Unnecessary Supplementary at Sub-Head Level

Supplementary provision under the following Heads of Account proved to be unnecessary as the final expenditure did not even reach the threshold of the original budget provision as depicted in the table below.

Table 3.20: Unnecessary Supplementary Provision

(₹ in crore)					
Sl. No.	Head of Account	Original Budget Provision	Expenditure	Savings out of Original Budget Provision	Supplementary Grant
1	2071-01-102-{4629}-[302]- Commutation Pension for sanction under Director of Pension for General Areas, Bodoland Territorial Council, N.C. Hills Autonomous Council and Karbi Anglong Autonomous Council	0.00	0.00	--	150.00
2	2071-01-102-{4629}-[301]- Commutation Pension for sanction under Accountant General for General Areas, Bodoland Territorial Council, N.C. Hills Autonomous Council and Karbi Anglong Autonomous Council	0.00	0.00	--	150.00
3	2071-01-102-Commuted value of Pension	21.40	0.10	-21.30	3.50
	Total	21.40	0.10	-21.30	303.50

Source: Appropriation Accounts

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

3.5.1.4 Persistent Savings under Minor Head

Two pensionary benefits funded by Grant No. 23, viz., Commuted value of pension, and Government Contribution for Defined Contribution Pension Scheme showed persistent large savings over the last five years, with average savings of 97.85 per cent and 7.74 per cent respectively as depicted in Table 3.21:

Table 3.21: Persistent Savings under Minor Head

(₹ in crore)					
Head of Account	Year	Total Grant (O + S)	Expenditure	Savings	
				Amount	Per cent
2071-01-102 Commuted value of pension	2017-18	416.36	3.28	-413.08	-99.21
	2018-19	316.62	9.90	-306.72	-96.87
	2019-20	348.28	6.49	-341.79	-98.14
	2020-21	477.20	2.55	-474.65	99.47
	2021-22	732.99	26.96	-706.03	-96.32
	TOTAL	2,291.45	49.18	-2,242.27	-97.85
2071-01-117 Government Contribution for Defined Contribution Pension Scheme	2017-18	665.00	565.89	-99.11	14.90
	2018-19	554.23	445.25	-108.98	-19.66
	2019-20	759.59	749.32	-10.27	-1.35
	2020-21	1,146.06	1,060.34	-85.72	-7.48
	2021-22	1,534.76	1,478.61	-56.15	-3.66
	TOTAL	4,659.64	4,299.41	-360.23	-7.73

Source: Appropriation Accounts

The Department stated (October 2022) that the reason for persistent savings under ‘2071-01-117 Government Contribution for Defined Contribution Pension Scheme’ was due to delay in receipt of the Staff Inspection Unit (SIU) approval as well as the transition phase of the online system and delay in receipt of Permanent Retirement Account Number (PRAN).

3.5.1.5 Savings of Entire Budget Provision

Budget provision of ₹ 383.39 crore made under the following four Head of Accounts, under Grant No. 23 for the year 2021-22 remained unutilised at the end of the year. Scheme-wise details are given in **Table 3.22**.

Table 3.22: Non-utilisation of budget provision

(₹ in crore)			
Sl. No.	Head of Account	Budget (O+S)	Expenditure
1	2071-01-101-{3188}- Pension Revision Arrears	28.53	0.00
2	2071-01-117-{5963}-Government Contribution under NPS-Lite-Swavalamban Scheme	54.86	0.00
3	2071-01-102-{4629}-[301]- Commutation Pension for sanction under Accountant General for General Areas, Bodoland Territorial Council, N.C. Hills Autonomous Council and Karbi Anglong Autonomous Council	150.00	0.00
4	2071-01-102-{4629}-[302]- Commutation Pension for sanction under Director of Pension for General Areas, Bodoland Territorial Council, N.C. Hills Autonomous Council and Karbi Anglong Autonomous Council	150.00	0.00
	Total	383.39	0.00

Source: Appropriation Accounts

The Department stated that savings in respect of ‘Government Contribution under NPS-Lite- Swavalamban Scheme’ was due to non-implementation of the scheme and the budgeted provision was not drawn.

3.5.1.6 Budget Allocation and Gap between Estimates and Actuals

Efficient management of budgetary 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.

As per Para 6.5 of ABM, Budget Estimates (BEs) should neither be overestimated nor underestimated, and should normally follow the past actuals unless there have been important changes due to expansion or retrenchment. However, the Department stated that the BEs and REs were prepared based on a 10 per cent enhancement rate over the previous year’s Budget provision. The trends of increase/ decrease in budget provision vis-à-vis expenditure is given in **Table 3.23**.

Table 3.23: Trends in Budget Provision and Expenditure

(₹ in crore)						
Year	Budget Original (O)	Total Budget Provision (O+S)	Expenditure	Per cent increase in		
				Original	Total Budget	Expenditure
2017-18	9,659.68	9,659.68	8,278.62	26.12	26.12	26.31
2018-19	8,005.79	8,005.79	8,104.08	-17.12	-17.12	-2.11

Year	Budget Original (O)	Total Budget Provision (O+S)	Expenditure	Per cent increase in		
				Original	Total Budget	Expenditure
2019-20	8,956.31	8,956.31	9,602.14	11.87	11.87	18.49
2020-21	9,283.22	9,652.22	10,323.35	3.65	7.77	7.51
2021-22	8,687.00	9,643.80	17,214.05	-6.42	-0.09	66.75

Source: Appropriation Accounts

It is evident from **Table 3.23** that there was no uniformity in enhancement of budget provision as stated by the Department. Even a 10 *per cent* enhancement would have been insufficient as the change in actual expenditure ranged from -2.11 *per cent* to 66.75 *per cent* during the last five years.

Persistent excess expenditure indicates that the budget estimates are not being prepared realistically. Repeated excess expenditure is in violation of the will of the State Legislature.

3.5.1.7 Lack of Budgetary Control and Monitoring

Paragraph 11.16 of the Assam Budget Manual (ABM), 2012 provides that for monitoring the progress of expenditure and for provisions of additional funds when required, a statement in Form O in duplicate should be submitted by the Controlling Officer (CO) twice a year to the Finance Department, once by 25 November and again by 1st January at the latest. The first statement should be based on the previous seven months' actual expenditure and the second on eight months' actual expenditure, specifying the reasons for anticipated savings and excesses of expenditure over the sanctioned budget grants under each head. These returns would enable Finance Department to consider adjustment of budgetary provisions and additional financial implications, if any.

The Department stated that no such budgetary control mechanism has been carried out to monitor the progress of expenditure. However, the Department assured that the matter will be taken up by the Director of Treasury and Accounts and all Treasury Officers, and the budgetary control mechanism will be implemented from the next financial year.

Moreover, Para 11.8 of ABM, 2012, requires the DO to submit the monthly return of expenditure in Form B by 3rd of the following month to the CO. If the monthly return of expenditure has not been submitted by the DO by 7th of the month, a reminder has to be issued by the CO. Paragraph 11.9 of ABM, 2012, envisages that the submission of returns in Form B will be watched by the CO by means of a broadsheet as given in Form C so as to examine that the expenditure is within the appropriation and that it is not likely to be exceeded. The receipt of returns must be scrupulously watched, as the accuracy of the CO's accounts will depend upon their completeness and if necessary, a subsidiary broadsheet should be kept to watch them.

The Secretary, Pension & Public Grievances Department was declared as the Controlling Officer in respect of Budget Grant under Head of Account 2071 Pension and other Retirement Benefits vide Government of Assam Notification dated

10 February 1987. Accordingly, Budget Estimates/ Revised Estimate in respect of Grant No. 23-Pension, is being prepared by the ARTPPG Department.

However, the Department stated (October 2022) that the DDO/ Treasury Officers did not submit monthly returns of expenditure to the CO. Further, the CO did not issue any reminder to the DO for submission of the same. This is indicative of a lack of adequate monitoring and expenditure control mechanism in the Department which has resulted in persistent excess over the budget provisions in Grant No. 23.

3.5.1.8 Non-Reconciliation of Departmental Figures

Financial Rules stipulate the receipts and expenditures recorded in the books of accounts of Controlling Officers (COs) be reconciled by them every month during the financial year with those recorded in the books of the Accountant General (Accounts and Entitlements). This is to enable the COs to exercise effective control over expenditure and manage their budgetary allocation efficiently and ensure the accuracy of their accounts.

The Public Accounts Committee (PAC) in its 161st Report (Paragraph 13) recommended that the departments should reconcile their figures with the Pr. Accountant General (A&E) on a monthly basis or at least a quarterly basis to avoid wrong booking of figures. However, the ARTPPG Department stated that it had not reconciled the departmental figures with the Accountant General (A&E) on monthly or quarterly basis during 2021-22.

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/ adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditures in the accounts but also defeats the very objective of the budgetary process.

3.5.2 Grant 73–Urban Development (Guwahati Development Department)

The Guwahati Development Department is responsible for infrastructure development of the city and executing development schemes for water supply, drainage, disposal of waste, development of water bodies, recreational facilities, Guwahati riverfront development, Integrated Traffic Management System, *etc.* The policies of the Department are mainly implemented by the Guwahati Municipal Corporation (GMC), Guwahati Metropolitan Development Authority (GMDA), Guwahati Metropolitan Drinking Water and Sewerage Board (GMDW&SB), and Guwahati Smart City Ltd. (GSCL) and Assam Urban Infrastructure Investment Program (AUIIP). In 2021, the Guwahati Development Department and Urban Development Department were merged into “Housing and Urban Affairs Department”.

3.5.2.1 Budget and Expenditure

The overall position of budget provision, actual expenditure and savings/ excesses under this Grant during the five-year period 2017-22 is given in **Table 3.24**.

Table 3.24: Budget and Expenditure

Grant No. 73		2017-18	2018-19	2019-20	2020-21	2021-22
Total (Revenue + Capital)	Budget Provision	1,748.05	1,524.84	993.81	1,130.15	1,156.49
	Expenditure	504.16	322.98	353.38	168.04	791.83
	Savings (-)/ Excess (+)	(-) 1,243.89	(-) 1,201.86	(-) 640.43	(-) 962.11	(-) 364.66
	Savings (-)/ Excess (+) (in per cent)	(-) 71.16	(-) 78.82	(-) 64.44	(-) 85.13	(-) 31.53
i) Revenue- Voted	Budget Provision	908.31	601.28	472.72	442.05	393.44
	Expenditure	136.36	106.78	118.47	50.46	210.32
	Savings (-)/ Excess (+)	(-) 771.95	(-) 494.50	(-) 354.25	(-) 391.59	(-) 183.12
	Savings (-)/ Excess (+) (in per cent)	(-) 84.99	(-) 82.24	(-) 74.94	(-) 88.59	(-) 46.54
ii) Capital- Voted	Budget Provision	839.74	923.56	521.09	688.10	763.05
	Expenditure	367.80	216.20	234.91	117.58	581.51
	Savings (-)/ Excess (+)	(-) 471.94	(-) 707.36	(-) 286.18	(-) 570.52	(-) 181.54
	Savings (-)/ Excess (+) (in per cent)	(-) 56.20	(-) 76.59	(-) 54.92	(-) 82.91	(-) 23.79

Source: Appropriation Accounts

The grant showed large overall savings, both on Revenue and Capital segments, with savings as a percentage of budget provision ranging from 46.54 per cent to 88.59 per cent in Revenue segment, and 23.79 per cent to 82.91 per cent in Capital segment, during the period 2017-22. There was a marked improvement in savings in the current year, with savings as a percentage of total budget provision reducing from 85.13 per cent in 2020-21 to 31.53 per cent in 2021-22.

3.5.2.2 Surrender of Savings

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

Table 3.25 details the Major Head-wise total Budget, Expenditure, Savings and Surrender of Savings under Grant No. 73, during the last five years, *i.e.*, 2017-22.

Table 3.25: Segment-wise Budget and Expenditure

Major Head		2017-18	2018-19	2019-20	2020-21	2021-22
2217 – Urban Development	Total Budget (O + S)	908.31	601.28	472.72	442.05	393.44
	Budget (O)	607.07	591.64	339.50	326.72	387.44
	Budget (S)	301.24	9.64	133.22	115.33	6.00
	Surrender	0.00	494.43	0.00	0.00	0.00
	Expenditure	136.36	106.78	118.47	50.46	210.32
	Savings (-)/ Excess (+)	(-) 771.95	(-) 494.50	(-) 354.25	(-) 391.59	(-) 183.12
	Savings (-)/ Excess (+) (in per cent)	(-) 84.99	(-) 82.24	(-) 74.94	(-) 88.59	(-) 46.54

Major Head	Item	2017-18	2018-19	2019-20	2020-21	2021-22
4217 – Capital Outlay on Urban Development	Total Budget (O + S)	839.74	923.56	521.09	688.10	763.05
	Budget (O)	829.74	923.56	482.87	456.57	716.10
	Budget (S)	10.00	0.00	38.22	231.53	46.95
	Surrender	0.00	718.74	0.00	0.00	0.00
	Expenditure	367.80	216.20	234.91	117.58	581.51
	Savings (-)/ Excess (+)	(-) 471.94	(-) 707.36	(-) 286.18	(-) 570.52	(-) 181.54
	Savings (-)/ Excess (+) (in per cent)	(-) 56.2	(-) 76.59	(-) 54.92	(-) 82.91	(-) 23.79

Source: Appropriation Accounts

As can be seen from **Table 3.25**, large savings were seen at the Major Head level where allocation was made in the grant for the current year. Despite large overall savings at Major Head level of ₹ 183.12 crore under Major Head 2217 – Urban Development, and ₹ 181.54 crore under Major Head 4217 – Capital Outlay on Urban Development, no amount was surrendered. Such large savings at Major Head level were also seen in each of the last five years, but surrender of funds was done only once in the financial year 2018-19. Non-compliance with surrender of savings as per provisions of the Assam Budget Manual defeats the objective of efficient budget management.

The Department stated that some proposals for the release of funds are received in the later part of February. Hence, the expenditure could not be anticipated in advance and the savings could not be surrendered before 15 February.

3.5.2.3 Unnecessary/Excessive Supplementary Grant

Quantum of Supplementary Grant provided to the Guwahati Development Department under Grant No. 73 during the last five years *i.e.*, 2017-18 to 2021-22 is given in **Table 3.26** and also in **Chart 3.10** and **Chart 3.11**.

With large savings being exhibited in the Grant, the supplementary grant provision proved unnecessary in all the years in case of Revenue-Voted segment, and in four of the last five years in the Capital-Voted segment. In the financial year 2021-22, the supplementary grant of ₹ six crore in the Revenue-Voted segment and ₹ 46.96 crore in the Capital-Voted segment proved unnecessary as the expenditure was less than the original budget provision.

Table 3.26: Unnecessary Supplementary Provision

(₹ in crore)					
Segment	Year	Original Budget Provision	Expenditure	Savings out of Original Provision	Supplementary Grant
Revenue-Voted	2017-18	607.07	136.36	(-) 470.71	301.24
	2018-19	591.64	106.78	(-) 484.86	9.64
	2019-20	339.50	118.47	(-) 221.03	133.22
	2020-21	326.72	50.46	(-) 276.26	115.33
	2021-22	387.44	210.32	(-) 177.12	6.00
Capital-Voted	2017-18	829.74	367.80	(-) 461.94	10.00
	2018-19	923.56	216.20	(-) 707.36	0.00
	2019-20	482.87	234.91	(-) 247.96	38.22
	2020-21	456.57	117.58	(-) 338.99	231.53
	2021-22	716.10	581.51	(-) 134.59	46.96

Source: Appropriation Accounts

Chart 3.10: Unnecessary Supplementary grants under Grant No. 73 (Revenue-Voted Segment)

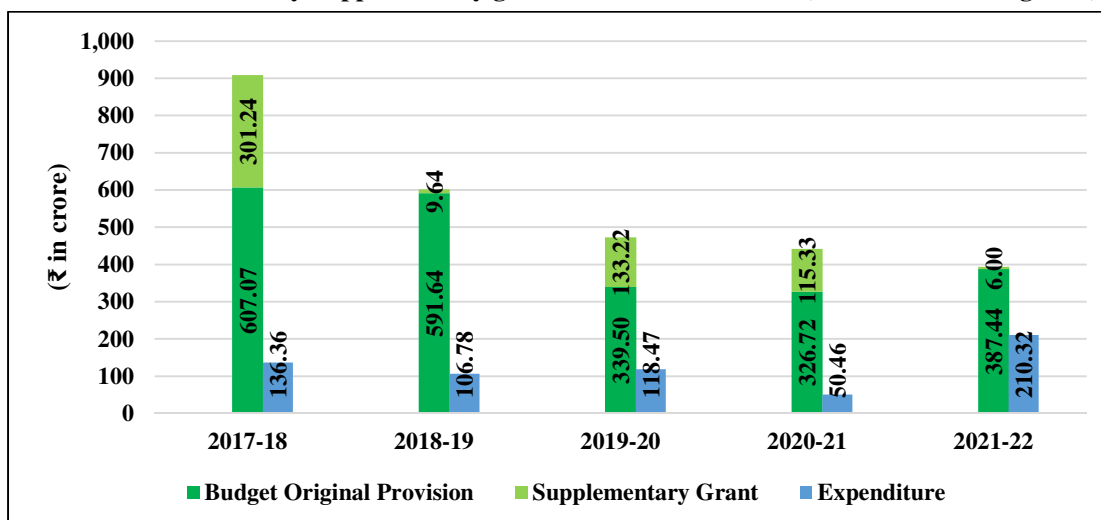
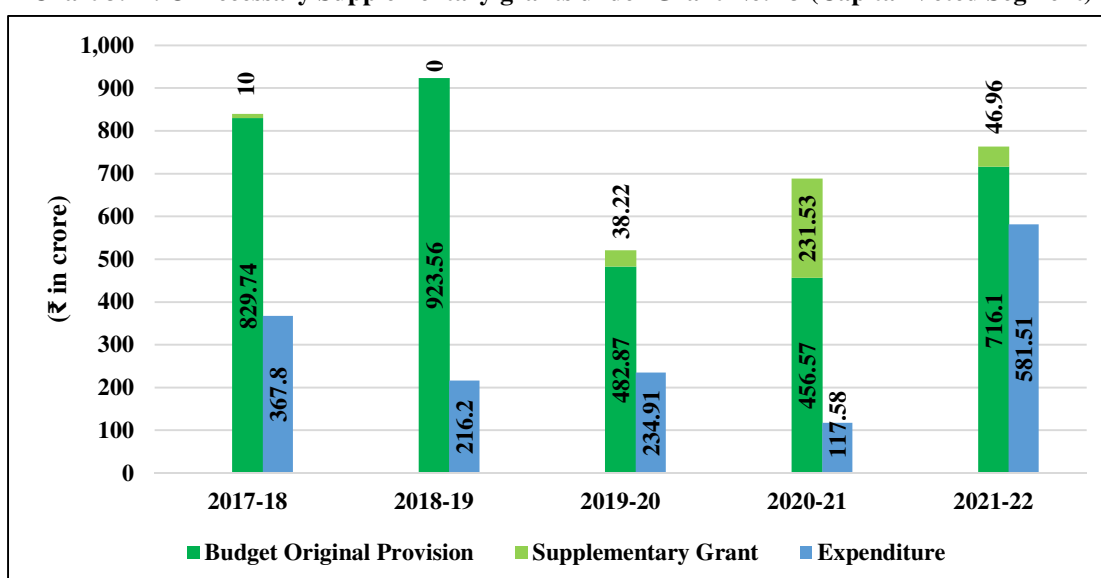


Chart 3.11: Unnecessary Supplementary grants under Grant No. 73 (Capital-Voted Segment)



Out of the total supplementary provision of ₹ 46.96 crore under the Capital-Voted segment, ₹ 31.96 crore was granted to Assam Infrastructure Project, as detailed in the table below.

Table 3.27: Unnecessary Supplementary under Sub-Head

(₹ in crore)					
Head of Account	Name of Scheme/ Programme	Original Budget Provision	Expenditure	Savings Out of Original	Unnecessary Supplementary Grant
4217-01-051- {4262}- [928]	Assam Infrastructure Project (ADB)	40.74	40.74	0.00	31.96

Source: Appropriation Accounts

The Department stated that the proposal for supplementary grant was submitted for timely completion of the project and to comply with Asian Development Bank guidelines. However, the administrative approval and financial sanction for ₹ 31.96 crore of supplementary provision was not accorded and the amount was not released.

3.5.2.4 Unnecessary Re-appropriation

Re-appropriation is the transfer of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged Appropriation.

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

Within Grant No. 73, enhancement in provision through re-appropriation by ₹ 13.88 crore proved unnecessary in one Sub-Head as expenditure was less than the total original and supplementary budget provision, as detailed in the table below.

Table 3.28: Unnecessary Re-appropriation

(₹ in crore)

Head of Account	Budget Provision (O+S)	Expenditure	Savings against Budget Provision (O+S)	Re-appropriation	Total Savings
4217-01-051- {2173}- City Infrastructure	71.74	71.52	(-) 0.22	13.88	(-) 14.09

Source: Appropriation Accounts

The Department stated that savings occurred due to approval of re-appropriation proposal at the end of the financial year (March 2022).

3.5.2.5 Persistent Savings under Sub-Head

The four schemes listed in **Table 3.29** showed large and persistent savings in the last three years, with average savings in each scheme exceeding 50 per cent during the period 2019-22.

Table 3.29: Persistent Savings under Sub-Head

(₹ in crore)

Head of Account	Year	Total Grant	Expen diture	Details of Savings		Reply of the Department
				Amt.	Per cent	
2217-05-191-{5446}- [088] Solid Waste Disposal (Under Award of 5th ASFC)	2019-20	5.00	0.00	-5.00	-100.00	Savings occurred due to non-receipt of AA and FS.
	2020-21	4.50	0.00	-4.50	-100.00	
	2021-22	10.78	0.00	-10.78	-100.00	
	Total	20.28	0.00	-20.28	-100.00	
4217-01-051- {1590}-[402] Land Acquisition for Dvlp. of Solid Waste Mgmt. Plan for the City	2019-20	10.00	8.00	-2.00	-20.00	Savings occurred due to non-release/ partial release of Fixation of Ceiling (FOC) against FS.
	2020-21	9.50	0.00	-9.50	-100.00	
	2021-22	12.26	0.00	-12.26	-100.00	
	Total	31.76	8.00	-23.76	-74.81	
4217-01-051- {1590}-[410] Development of Digital Master Plan	2019-20	3.00	0.00	-3.00	-100.00	The work was not taken up by GMDA as preparation of a GIS-based Master Plan for GMA is taken up under
	2020-21	2.85	0.04	-2.81	-98.60	
	2021-22	0.48	0.00	-0.48	-100.00	
	Total	6.33	0.04	-6.29	-99.37	

Head of Account	Year	Total Grant	Expenditure	Details of Savings		Reply of the Department
				Amt.	Per cent	
						AMRUT since March 2019.
4217-01-051- {1590}-[419] Construction of Car Parking at Various Locations of the City	2019-20	5.00	0.00	-5.00	-100.00	Savings was due to delay in issue of AA, delay in tender process due to lockdown, and non- release of FOC.
	2020-21	0.95	0.00	-0.95	-100.00	
	2021-22	0.86	0.00	-0.86	-100.00	
	Total	6.81	0.00	-6.81	-100.00	

Source: Appropriation Accounts

3.5.2.6 Savings of Entire Budget Provision

Budget provision of ₹ 209.51 crore made under the following nine schemes/ projects, with individual allocation in excess of ₹ one crore, for the year 2021-22 under Grant No. 73 remained unutilised at the end of the year. Scheme-wise details along with response of the Department is given in **Table 3.30**.

Table 3.30: Non-utilisation of budget provision

(₹ in crore)

Sl. No	Head of Account	Budget Provision	Expenditure	Reply of the Department
1	2217-80-800- {0798}- [626] Procurement of Vehicles & Machineries for Urban Flood Mitigation	16.00	0.00	Non-receipt of approval of the competent authority for administrative approval & financial sanction.
2	2217-80-800- {0798}- [627] Solid Waste Management	1.60	0.00	Non-receipt of administrative approval & financial sanction.
3	2217-80-800- {5681}- [927] Smart City Mission [Central Share)	56.48	0.00	Non-receipt of financial sanction by GoI against the Central share, resulting in non-release of Central share and State share.
4	2217-80-800- {5681}- [928] Smart City Mission [State Share)	56.48	0.00	
5	4217-01-051- {1590}- [402] Land Acquisition for Development of Solid Waste Management Plan for the City	12.26	0.00	Non-release of FOC.
6	4217-01-051{2173}- [088] Guwahati Municipal Corporation (G.M.C.)	4.80	0.00	Standing Finance Committee (SFC) has approved the proposal on 'Shelter for Economically Challenged Cancer Patients' amounting to ₹ 4.80 crore on 18 February 2022. However, Hon'ble CM directed to process the proposal in the next FY. As a result, savings occurred.
7	4217-01-051- {5643}- [927] Guwahati Sewerage Project (JICA) Central Share	36.00	0.00	Non-approval of the revised DPR by JICA, non-receipt of administrative approval, FS & non-release of funds by GoA.
8	4217-01-051- {5643}- [928] Guwahati Sewerage Project (JICA) State Share	15.12	0.00	
9	2217-05-191- {5446}- [088] Guwahati Municipal Corporation	10.77	0.00	Non-receipt of administrative approval.
Total		209.51	0.00	

Source: Appropriation Accounts (2021-22)

3.5.2.7 Trends of Expenditure

Paragraph 11.17 of the Assam Budget Manual, 2012, states that a rush of expenditure particularly in the closing month of the financial year is regarded as a breach of financial regularity. Further, the Finance Department vide its letter dated 2020 had stated that not more than 35 per cent of the total expenditure shall be permitted to be spent in the last quarter of the year.

Scrutiny disclosed that out of the total expenditure of ₹ 791.83 crore under Grant No. 73 in the current financial year 2021-22, ₹ 539.20 crore was spent in March 2022. Schemes with more than 35 per cent of the total expenditure in March have been given in **Table 3.31**.

Table 3.31: Trend of Expenditure during March 2022

(₹ in crore)

Head of Account	Expenditure in March	Total Expenditure	Per cent Expenditure in March
2217-05-191-{5710}-[088]-Award of SFC-GMC	14.77	14.77	100.00
2217-80-800-{0798}-[133]-GMC Employees' Pension	42.30	42.30	100.00
2217-80-800-{0798}-[620]-Payment of Property Tax	51.47	51.47	100.00
2217-80-800-{0798}-[622]-Mission Flood Free	40.00	40.00	100.00
2217-80-800-{0798}-[623]-GMC Election	7.20	7.20	100.00
2217-80-800-{0798}-[624]-Payment of Energy Charge to APDCL	16.00	16.00	100.00
2217-80-800-{0798}-[625]-Installation & Repairing of Street Lights	5.00	5.00	100.00
2217-80-800-{1590}-GMDA	11.41	30.61	37.28
4217-01-051-{1590}-[413]-Development of Ropeway Terminus in Guwahati and North Guwahati	0.92	2.42	38.02
4217-01-051-{4078}-[927]-South Guwahati Central Water Supply Project & North Guwahati Water Supply Project (JICA)-Central Share	271.72	271.72	100.00
4217-01-051-{4078}-[928]-South Guwahati Central Water Supply Project & North Guwahati Water Supply Project (JICA)-State Share	46.43	46.43	100.00
4217-01-051-{5936}-Improvement of Infrastructure of Guwahati City	15.27	39.28	38.87
Total	522.49	567.20	92.12

Source: Appropriation Accounts

Scrutiny of a few selected schemes disclosed that though funds totalling ₹ 373.33 crore were drawn in March 2022, only ₹ 65.05 crore (17.42 per cent) could be utilised during March 2022, leading to unnecessary parking of funds in the bank account. Details are shown in **Table 3.32**.

Table 3.32: Parking of funds in bank accounts

(₹ in crore)

Sl. No.	Name of scheme	Amount drawn in March 2022	Expenditure during March 2022	Balance at the end of FY	Bank A/c where funds are parked	Up to date balance (Aug 2022)
1.	Award for State Finance Commission	14.76	0	14.76	XXX350 ICICI, Guwahati	14.76
2.	Mission Flood Free	40.00	21.54	18.46	XXX921 Axis Bank, Guwahati	18.46

Sl. No.	Name of scheme	Amount drawn in March 2022	Expenditure during March 2022	Balance at the end of FY	Bank A/c where funds are parked	Up to date balance (Aug 2022)
3	South Guwahati Central Water Supply Project and North Guwahati Water Supply Project (JICA) (Central share)	271.72	31.17	244.55	XXX280 SBI Dispur Branch	218.00
4	South Guwahati Central Water Supply Project and North Guwahati Water Supply Project (JICA) (State share)	46.43	12.34	34.09	XXX280 SBI Dispur Branch	27.74
5	Construction of Sonaram path, Geeta Nagar, Guwahati	0.21	0	0.21	XXX256 Axis Bank, Guwahati	0.21
6	Construction of Nara Narayan Path (Balance Portion) Ghoramara, Guwahati	0.21	0	0.21	XXX256 Axis Bank, Guwahati	0.21
	Total	373.33	65.05	312.28		279.38

Source: Information furnished by Finance Department

It was observed that out of the total drawal of ₹ 373.33 crore against six schemes, ₹ 93.95 crore (25.17 per cent) could be utilised till August 2022, leaving a balance of ₹ 279.38 crore (74.83 per cent), which indicate that funds were drawn just avoid the lapse of budget grant.

Parking of funds not only reduces cash liquidity and overall flexibility of the Government but also vitiates the budgetary planning. Parking of funds also deprives cash-strapped Departments from spending on urgent and important objects while other Departments hold such funds for long, without these being put to any fruitful purpose.

3.5.2.8 Inadequate monitoring and expenditure control mechanism

Scrutiny showed that neither the COs submitted Form O to Finance Department nor obtained a similar Statement from Dos in terms with para 11.16 of ABM, 2012. Similarly, DOs did not submit any monthly returns of expenditure to Cos in terms with para 11.8 of ABM, 2012, and further COs also did not insist for monthly returns of expenditure through the issue of reminders. The COs did not watch scrupulously the monthly returns of expenditure by maintaining broadsheet in terms with para 11.9 of ABM, 2012, which is indicative of the existence of an inadequate monitoring and expenditure control mechanism in the department which resulted in persistent savings over grants.

3.6 Conclusion

- Budgetary assumptions of Government of Assam (GoA) continued to be unrealistic and overestimated during 2021-22, as the State Government incurred an expenditure of ₹ 1,07,814.62 crore, against 81 grants and appropriations of ₹ 1,36,554.69 crore, resulting in overall savings of ₹ 28,740.07 crore during the

year as against the savings of ₹ 39,453.03 crore during the previous year. These savings stood at 21.05 *per cent* of total grants and appropriations made for the year.

- These savings may be seen in the context of over estimation of receipts of ₹ 1,19,423.05 crore by the State Government and the estimation on the expenditure side being ₹ 1,36,554.69 crore during the year 2021-22. As against the estimated receipts, the actual receipts were ₹ 99,584.83 crore only thereby restricting the total expenditure during the year to ₹ 1,07,814.62 crore. This implied that the savings were notional, as the funds were not actually available for expenditure.
- Savings during the year accounted for about 20 *per cent* of the budget; however, the Controlling Officers neither surrendered the funds during the year, nor provided any explanations to the Principal Accountant General (A&E) for variations in expenditure *vis-à-vis* allocations.
- The Department (Grant No. 23-Pension) incurred excess expenditure amounting to ₹ 3,747.85 crore, requiring regularisation, over and above the authorisation during 2021-22. Moreover, excess expenditure of ₹ 38.12 crore was incurred in 15 Sub-Heads under five Grants (₹ 15 lakh and above in each case) without budget provision.
- Review of selected grants revealed that the Administrative Reforms, Training, Pension and Public Grievances (ARTPPG) Department had persistent excess ranging between 1.23 *per cent* and 78.50 *per cent* during the period 2018-22 under Grant No. 23. During the current year, an amount of ₹ 7,570.25 crore was incurred in excess of the budget provision.
- Review of selected Grant-73 showed large overall savings, both on Revenue and Capital segments, with savings as a percentage of budget provisions ranging from 46.54 *per cent* to 88.59 *per cent* in Revenue segment, and 23.79 *per cent* to 82.91 *per cent* in Capital segment, during the period 2017-22. There was a marked improvement in savings in the current year, with savings as a percentage of total budget provisions reducing from 85.13 *per cent* in 2020-21 to 31.53 *per cent* in 2021-22.

3.7 Recommendations

- i. *State Government may formulate a realistic budget based on reliable assumptions of likely resource mobilisation, the needs of the Departments and their capacity to utilise the allocated resources so as to avoid inflated budget without actual resources;*
- ii. *State Government may institute an appropriate control mechanism to enforce proper implementation and monitoring of budget to ensure that large savings within the grant/ appropriation are controlled, and anticipated savings are identified and surrendered within the specified timeframe;*

- iii. *Finance Department may critically review the Departments having persistent savings for prudential budget allocation and monitoring of expenditure;*
- iv. *Controlling Officers should explain the variation in expenditure from the allocation in time to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.*
- v. *The State Government needs to reconcile the accounting discrepancies with the Reserve Bank of India/ Banks as regards pension payments of the State.*