

# **Chapter 3**

## **Budgetary Management**



## Chapter 3: Budgetary Management

### Introduction

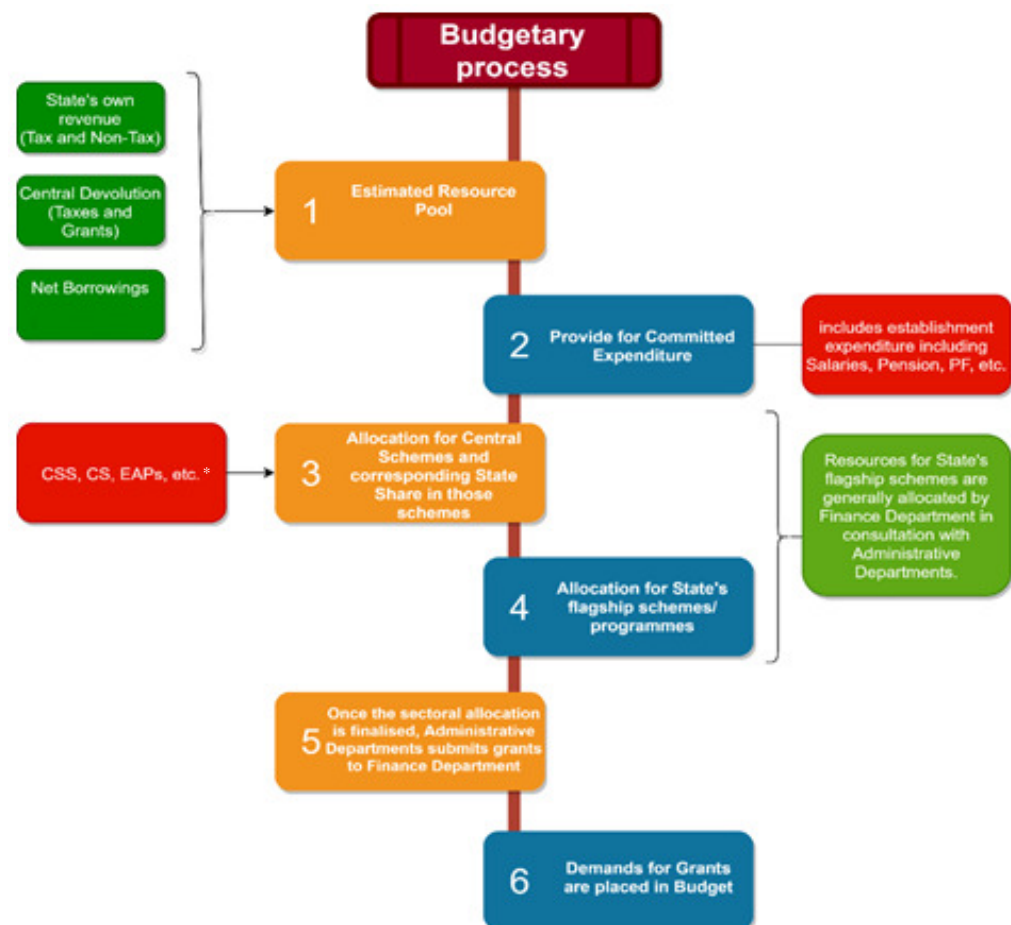
The chapter reviews the allocative priorities of State Government and comments on transparency of budget formulation and effectiveness of its implementation. Effective financial management ensures that decisions taken at the policy level are implemented successfully at the administrative level without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

### 3.1 Budget process

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

The budget process commences with the issue of the Budget Circular, normally in August each year, which guides the departments in framing their estimates for the next financial year. A typical budget preparation process is shown in the flow chart below.

Chart 3.1: Budget preparation process



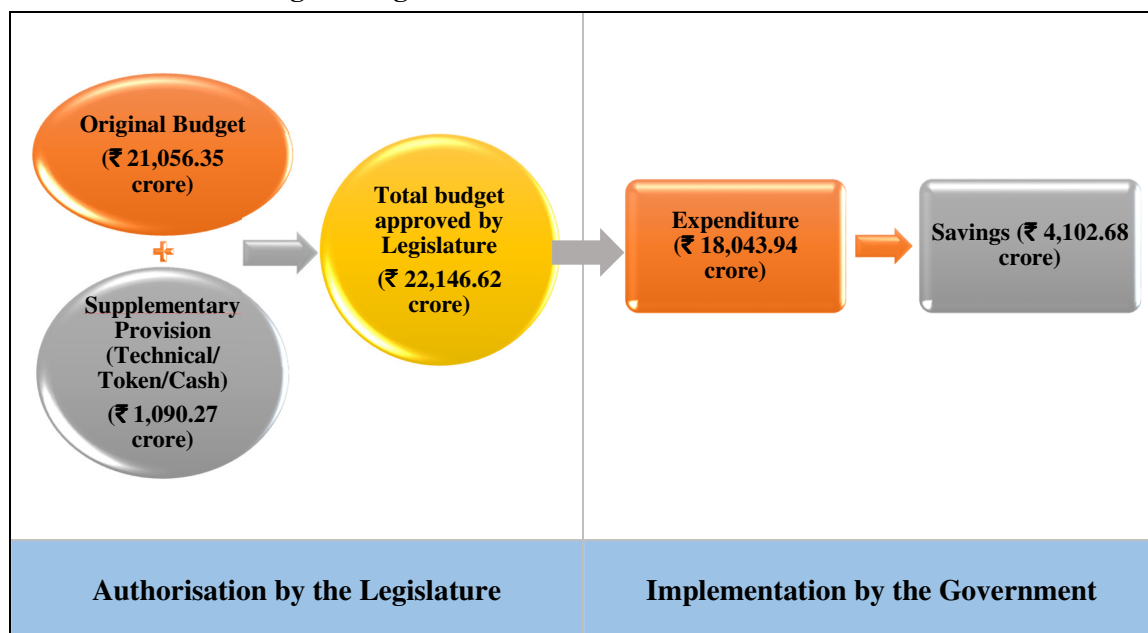
\* CSS: Centrally Sponsored Schemes; CS: Central Schemes; EAP: Externally Aided Projects.

As soon as the detailed estimates and grants have been finally passed by the Legislative Assembly in accordance with the procedure laid down in Articles 202-204 of the Constitution, FD communicates to all heads of departments and other budget controlling officers in writing, the allotments placed at their disposal during the budget year. Grant allocation communicating the grants are forwarded to the concerned administrative departments. All such information and budgetary data are uploaded on the ‘e-DDO online fund allocation system’ by FD and access to the same is available to the concerned authorities.

FD also reviews requests made for supplementary grants and re-appropriations by departments during the course of the year. Apart from supplementary grant, re-appropriation can also be used to re-allocate funds within a grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the grant or charged appropriation.

The total amounts approved by the State Legislature including the original and supplementary budget, expenditure and savings during the year 2020-21 are depicted below.

**Chart 3.2: Position of original and supplementary budget, expenditure and savings during 2020-21**



(Source: Appropriation Accounts of the State)

The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended in the year and it should be neither larger nor smaller. The budget estimates of receipts should be based on the existing rates of taxes, duties, fees *etc.*

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

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

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

(₹ in crore)

Total budget provision		Disbursements		Saving(-)/excess(+)	
Voted	Charged	Voted	Charged	Voted	Charged
19323.36	2823.26	12620.32	5423.62	(-)6703.04	(+)2600.36

(Source: Appropriation Accounts of the State)

It could be seen from the above table that the savings of ₹ 6,703 crore occurred in the voted section while charged expenditure amounting to ₹ 2,600 crore was incurred in excess of budget provision during 2020-21.

### 3.1.2 Charged and voted disbursements

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

Trend analysis during the last five years (2016-21) of classification of total disbursements under charged and voted categories is given below.

**Table 3.2: Voted and charged disbursements and savings during 2016-21**

(₹ in crore)

Year	Disbursements		Saving(-)/excess(+)		Percentage savings under voted section (utilisation)
	Voted	Charged	Voted	Charged	
2016-17	9405.97	3442.40	(-)4668.14	1616.91	33 (67)
2017-18	11484.95	3234.28	(-)3795.26	269.83	25 (75)
2018-19	11949.05	4779.95	(-)4611.36	2315.94	28 (72)
2019-20	11906.67	3619.21	(-)6855.54	824.16	37 (63)
2020-21	12620.32	5423.62	(-)6703.04	2600.36	35 (65)

(Source: Appropriation Accounts of the State)

It may be seen from the above table that, the State Government utilised only 63 per cent to 75 per cent of the total voted provisions during 2016-21. Repeated low utilisation over the years indicated poor budgetary management by the State Government. Audit is of the view that the State Government needs to prepare its budget estimates more realistically.

## 3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Article 204 and 205 of the Constitution of India. Appropriation Accounts are on gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts thus, facilitate an 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 Comptroller and Auditor General of India (CAG) seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation as per the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution 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 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 Article 204 of the Constitution. Expenditure on a new scheme/service should not be incurred 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.

#### *Expenditure without budget provision*

Scrutiny of detailed Appropriation Accounts for the year 2020-21 revealed that an expenditure of ₹ 26 crore was incurred without any budget provision under Appropriation A2- Debt Services (Revenue Section), as shown in **Table 3.3**.

**Table 3.3: Expenditure without budget provision during 2020-21**

Sr. No.	Head of Account	Expenditure without provision (in ₹ crore)
1.	2049-01-101-40- 08.40% Goa Govt. Stock 2017	3.45
2.	2049-01-101-41- 08.35% Goa Govt. Stock 2018	2.62
3.	2049-01-101-42- 08.23% Goa Govt. Stock 2018	3.47
4.	2049-01-101-43- 07.24% Goa Govt. Stock 2019	7.15
5.	2049-01-101-44- 08.08% Goa Govt. Stock 2019	5.40
6.	2049-01-101-44- 07.83% Goa Govt. Stock 2019	3.94
<b>Total</b>		<b>26.03</b>

(Source: Appropriation Accounts of the State)

The reasons for not making any budgetary provision for debt repayment under charged expenditure, though called for, was not furnished by the Directorate of Accounts (March 2022).

***Recommendation 1: Expenditure without budget provision contravened the provisions of the Constitution. The State Government may ensure that this practice is discontinued immediately.***

### 3.3.2 Unnecessary or excessive supplementary grants

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

The State Legislature approved supplementary provision of ₹ 1,090 crore in 35 grants and one appropriation for the year 2020-21. However, supplementary provisions (₹ five crore or more in each case) aggregating ₹ 760 crore obtained in 20 cases during the year proved unnecessary. The expenditure incurred (₹ 3,221 crore) was way below the original provision of ₹ 5,030 crore which resulted in saving ranging from 5.97 per cent to 94.30 per cent during 2020-21 as detailed in **Appendix 3.1**.

In view of the underutilization of even the original provision under 81 out of 86 grants, the State Government could have reviewed the progress of expenditure and re-appropriated the excess provision for other grants.

***Recommendation 2: Demands for supplementary provisions without assessing the actual requirement was indicative of imprudent budgetary management. The departments need to strengthen the estimation of fund requirements, and review the basis of supplementary provisions to avoid their unnecessary allocations.***

### 3.3.3 Unspent amount and surrendered appropriations and/or large savings/surrenders

While preparing budget estimates, utmost care must be taken to ensure that estimates are as close as possible to the likely expenditure during the year.

During 2020-21, cases of substantial savings in budget allocation were noticed. The total gross savings under various grants/appropriations amounted to ₹ 6,912 crore, which was 31 *per cent* of the total authorisation (₹ 22,147 crore) during the year.

Of the total gross savings of ₹ 6,912 crore, savings of ₹ 100 crore or more amounting to ₹ 3,902 crore (56 *per cent*) occurred in 11 grants as detailed in **Table 3.4**.

**Table 3.4: Details of grants where savings exceeded ₹ 100 crore**

(₹ in crore)						
Sr. No.	Number and name of grant	Total provision	Actual expenditure	Savings	Surrenders	Savings after surrender
<b>Revenue (voted)</b>						
1.	21 Public Works	885.69	683.37	202.32	185.69	16.63
2.	31 Panchayats	326.38	217.71	108.67	108.80	(-)0.13
3.	34 School Education	1605.98	1380.29	225.69	219.40	6.29
4.	47 Goa Medical College	580.88	467.44	113.44	128.15	(-)14.71
5.	48 Health Services	748.82	539.61	209.21	209.06	0.15
6.	55 Municipal Administration	238.03	91.88	146.15	145.85	0.30
7.	58 Women and Child Development	563.52	295.31	268.21	268.91	(-)0.70
8.	76 Electricity	2209.13	2076.86	132.27	123.75	8.52
<b>Capital (voted)</b>						
9.	21 Public Works	1316.61	626.86	689.75	688.59	1.16
10.	31 Panchayats	133.21	18.33	114.88	114.87	0.01
11.	32 Finance	462.00	320.00	142.00	142.00	0.00
12.	34 School Education	145.85	0.18	145.67	139.73	5.94
13.	42 Sports and Youth Affairs	148.81	31.11	117.70	117.70	-
14.	47 Goa Medical College	210.60	69.38	141.22	133.22	8.00
15.	48 Health Services	202.26	47.28	154.98	153.83	1.15
16.	55 Municipal Administration	436.99	59.88	377.11	377.11	0.00
17.	74 Water Resource	463.05	171.93	291.12	292.45	(-)1.33
18.	76 Electricity	543.01	221.37	321.64	319.64	2.00
<b>Total</b>		<b>11220.82</b>	<b>7318.79</b>	<b>3902.03</b>	<b>3868.75</b>	<b>33.28</b>

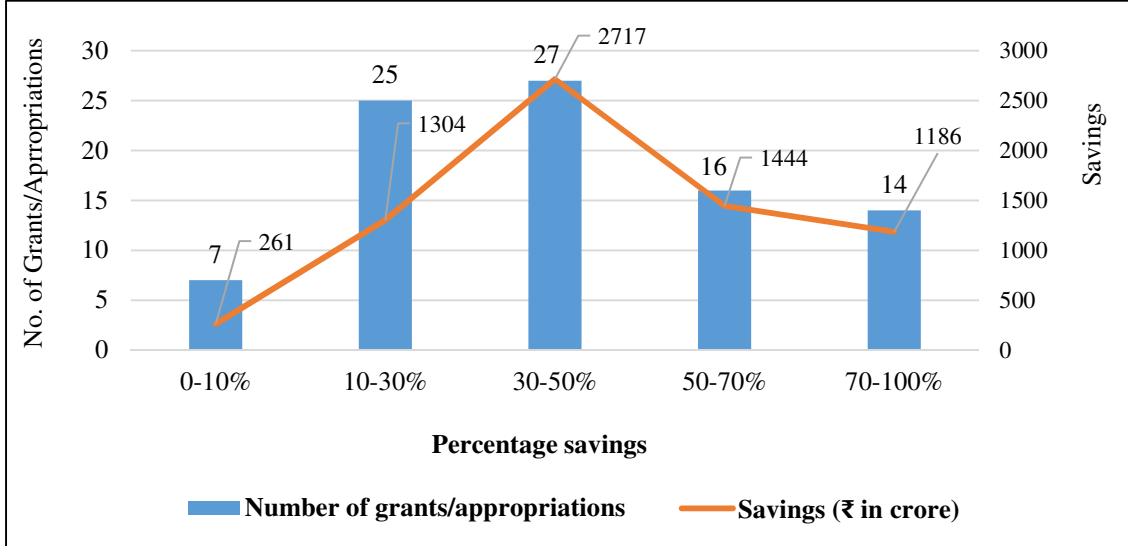
(Source: Appropriation Accounts of the State)

The main reasons for substantial savings as furnished in the Appropriation Accounts were non-receipt of cash assignment by various sub-divisions of PWD, non-implementation of schemes, administrative reasons, non-clearance of bills *etc.*



Distribution of number of grants/appropriations grouped by percentage of savings along with total savings in each group totaling ₹ 6,912 crore during 2020-21 is depicted in the Chart 3.3 below.

**Chart 3.3: Number of grants/appropriations with total savings**



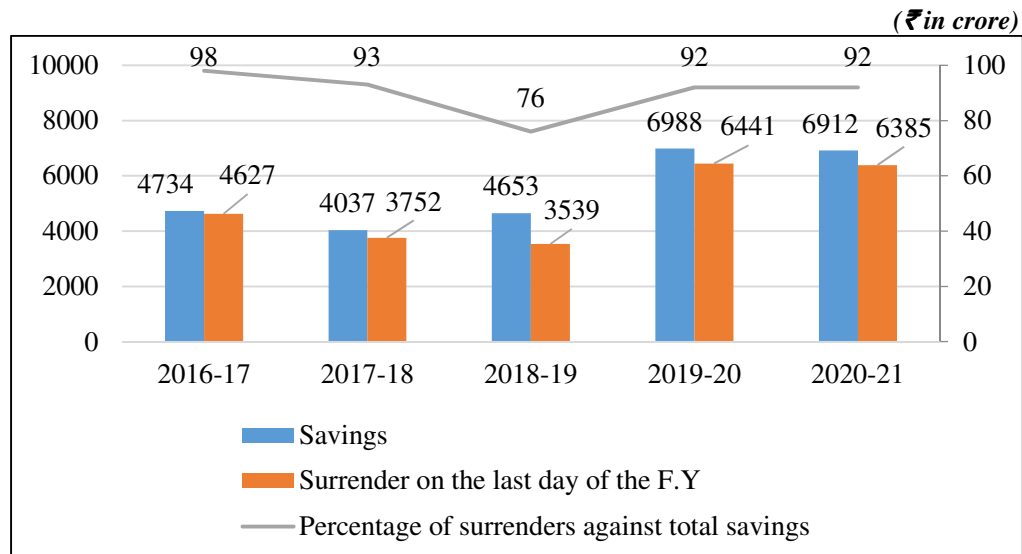
(Source: Appropriation Accounts of the State)

### Substantial surrenders

It is the duty of the Budget Controlling Officers to ensure that all anticipated savings are surrendered as soon as they are estimated, without waiting till the end of the year, unless they are definitely required to meet excess requirement under some other units of the same grant. No savings can be held in reserve by them for meeting possible future excess requirements.

A trend analysis of quantum of surrenders made on the last day of the financial year *vis-à-vis* total savings for five year period is shown in Chart 3.4.

**Chart 3.4: Savings and surrenders on the last day of financial year during 2016-21**



(Source: Appropriation Accounts of the State)

As may be seen from the Chart 3.4, against the total savings of ₹ 6,912 crore during the year, ₹ 6,385 crore (92 per cent) was surrendered on the last day of the financial year (31 March 2021).

### Under-utilisation of budget grants

Audit scrutiny revealed that 11 out of total 86 grants utilised less than or equal to 30 per cent of the budget allocation during 2020-21. Of these 11 grants, one grant (Grant No. 63) utilised less than or equal to 30 per cent of the total budget allocation in each year during the last five years (2016-21). This was indicative of systemic problems in addition to unnecessary over-budgeting practices resulting in savings and warrants a close review by the Government to enable corrective measures.

Utilisation of budgetary allocation in these 11 grants for the five-year period (2016-21) is shown in **Table 3.5**.

**Table 3.5: Grants with budget utilisation less than or equal to 30 per cent in 2020-21**

(₹ in crore)									
Sr. No.	Grant	2016-17	2017-18	2018-19	2019-20	2020-21	No. of years*	Budget 2020-21	Total budget (5 years)
1.	6 Election Office	88%	52%	69%	33%	22%	1	20.06	187.43
2.	19 Industries, Trade and Commerce	22%	40%	27%	29%	19%	4	123.30	541.05
3.	23 Home	30%	31%	50%	37%	17%	2	25.38	81.64
4.	36 Technical Education	48%	64%	47%	38%	26%	1	68.64	288.79
5.	54 Town and Country Planning	22%	30%	49%	31%	28%	3	62.79	275.23
6.	55 Municipal Administration	30%	68%	27%	22%	22%	4	675.02	2926.42
7.	63 <i>Rajya Sainik Board</i>	17%	25%	17%	28%	21%	5	3.91	21.36
8.	71 Cooperation	30%	75%	43%	49%	27%	3	66.05	272.19
9.	82 Information Technology	37%	48%	31%	13%	27%	2	229.97	1302.93
10.	83 Mines	66%	27%	60%	23%	12%	3	51.85	235.98
11.	84 Airport	17%	18%	52%	42%	30%	3	32.50	425.78
<b>Total</b>								<b>1359.47</b>	<b>6558.80</b>

\* Number of years with utilisation below 30 per cent

(Source: Appropriation Accounts of the State)

Repeated under-utilisation of funds in these 11 grants was indicative of deficient budgeting. Reasons for repeated low utilisation in these grants need to be examined and necessary corrective action taken by the State Government.

**Anticipated savings not surrendered**

In 25 cases, pertaining to 17 grants with aggregate savings of ₹ 2,917 crore, an amount of ₹ 255 crore was not surrendered (₹ one crore and above in each case) as detailed in **Appendix 3.2**. Early surrender could have ensured more productive use of resources in other areas having shortfall.

**Surrenders in excess of actual savings (₹ one crore and above)**

In four grants, ₹ 406 crore was surrendered against savings of ₹ 395 crore, leading to excess surrender of ₹ 11 crore during 2020-21, as shown in **Table 3.6**.

**Table 3.6: Surrenders in excess of savings**

(₹ in crore)						
Sr. No.	Number and Name of grant	Total provision	Expenditure	Savings	Amount surrendered	Excess surrender
<b>Revenue (voted)</b>						
1.	02 General Administration and Coordination	106.21	80.45	25.76	26.96	1.20
2.	74 Water Resources	205.55	148.36	57.19	63.01	5.82
<b>Capital (voted)</b>						
3.	64 Agriculture	30.52	9.17	21.35	23.46	2.11
4.	74 Water Resources	463.05	171.93	291.12	292.45	1.33
<b>Total</b>		<b>805.33</b>	<b>409.91</b>	<b>395.42</b>	<b>405.88</b>	<b>10.46</b>

(Source: Appropriation Accounts of the State)

Directorate of Accounts did not furnish any reasons for surrenders in excess of actual savings (March 2022).

From the foregoing, it is evident that the concerned departments did not make realistic assessment and failed to exercise necessary controls over the progress of expenditure through review of monthly expenditure statements.

**Persistent savings**

In nine cases involving seven grants, there were persistent savings of more than ₹ 100 crore ranging from 10 per cent to 95 per cent during the last three years as per the details given in **Table 3.7**.

Table 3.7: Persistent savings under various grants

(₹ in crore)

Sr. No.	No. and name of grant	Year	Total provision	Actual expenditure	Savings	Percentage of savings
<b>Revenue (voted)</b>						
1.	21 Public Works	2018-19	718.17	547.78	170.39	24
		2019-20	797.97	602.78	195.19	24
		2020-21	885.69	683.37	202.32	23
2.	34 School Education	2018-19	1594.27	1438.96	155.31	10
		2019-20	1586.69	1332.08	254.61	16
		2020-21	1605.98	1380.29	225.69	14
3.	48 Health Services	2018-19	517.51	416.78	100.73	19
		2019-20	681.78	488.91	192.87	28
		2020-21	748.82	539.61	209.21	28
4.	55 Municipal Administration	2018-19	312.07	86.00	226.07	72
		2019-20	308.76	148.06	160.70	52
		2020-21	238.03	91.88	146.16	61
5.	58 Women and Child Development	2018-19	485.70	376.10	109.60	23
		2019-20	503.54	320.24	183.30	36
		2020-21	563.52	295.31	268.21	48
<b>Capital (voted)</b>						
6.	21 Public Works	2018-19	1364.16	592.39	771.77	57
		2019-20	1407.40	431.20	976.20	69
		2020-21	1316.61	626.86	689.75	52
7.	32 Finance	2018-19	532.00	330.00	202.00	38
		2019-20	512.00	235.00	277.00	54
		2020-21	462.00	320.00	142.00	31
8.	55 Municipal Administration	2018-19	307.69	81.28	226.41	74
		2019-20	483.79	25.02	458.77	95
		2020-21	437.00	59.89	377.11	86
9.	76 Electricity	2018-19	456.16	177.00	279.16	61
		2019-20	600.08	176.45	423.63	71
		2020-21	543.01	221.37	321.64	59

(Source: Appropriation Accounts of the State)

As per the reasons furnished in Appropriation Accounts, persistent savings were mainly due to less/non-release of funds by the State Government and curtailment of expenditure under office expenses.

However, persistent savings indicated that controls in the concerned departments with regard to preparation of budget estimates and allocation of funds were not effective, resulting in unrealistic estimates and over-budgeting. On the other hand, several projects of the State Government could not be completed due to paucity of funds, as discussed in **paragraph 3.4.2**.

**Recommendation 3: The State Government needs to be more realistic in its budget estimates and take into consideration past performance of the departments in utilisation of grants, before allocating funds in the future.**

### 3.3.4 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 said Article, 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 of the executive to the Legislature over utilisation of public money.

#### 3.3.4.1 Excess expenditure during the financial year 2020-21

Excess expenditure over the provision for the year was not only in contravention of the provisions requiring Legislative sanction but also indicative of poor planning, which could be avoided by keeping track of expenditure progression *vis-à-vis* budgeted provision.

During 2020-21, an excess expenditure of ₹ 2,809 crore was incurred under A2-Debt Services mainly to meet excess requirements of repaying ways and means advances taken from RBI.

**Table 3.8: Excess disbursements over grants/appropriations during the financial year**

		(₹ in crore)
		Name of Department
		A2-Debt Services
Voted	Revenue	-
	Capital	-
Charged	Revenue	-
	Capital	2808.95
No. of Grants / Appropriations		One Appropriation
<b>Total Excess</b>		<b>2808.95</b>

(Source: Appropriation Accounts of the State)

Major Head-wise excess disbursement over authorisation during 2020-21 is shown in **Table 3.9**.

Table 3.9: Major Head-wise excess disbursement over authorisation during 2020-21

(₹ in crore)

Sr. No.	Grant No.	Major Head	Major Head description	Total provision	Re-appropriation	Total	Expenditure	Excess (+)/ saving(-)	Reasons for excess stated by FD
1	2	3	4	5	6	7 = 5+6	8	9= 8-7	10
1.		6003	Internal Debt of the State Government	913.49	(-) 60.68	852.81	3720.65	2867.84	Due to repayment of ways and means advances, and repayment of externally aided project loans during the year.
2.		6004	Loans and Advances from Government	158.73	(-)1.44	157.29	98.40	(-)58.89	
<b>Total</b>				<b>1077.22</b>	<b>62.12</b>	<b>1010.10</b>	<b>3819.05</b>	<b>2808.95</b>	

(Source: Appropriation Accounts of the State)

### 3.3.4.2 Regularisation of excess expenditure

Excess expenditure remaining unregularised for extended periods dilutes legislative control over the executive. Accordingly, all the excess expenditure relating to years 2008-09 to 2020-21 is to be regularised under Article 205 of the Constitution. The details of excess expenditure (2008-21) pending regularisation are summarised in **Table 3.10**.

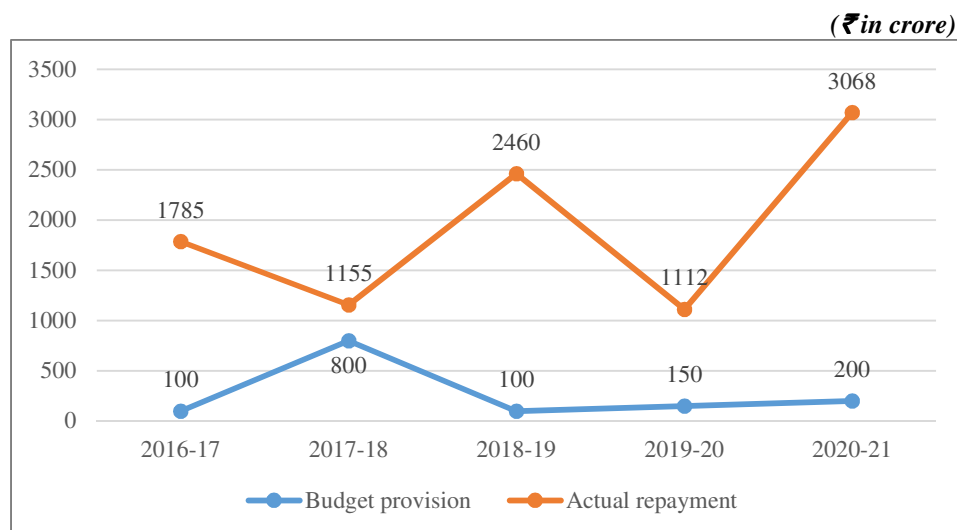
Table 3.10: Excess expenditure from 2008-21 requiring regularisation

(₹ in crore)

Year	Grant No./ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts		Status of regularisation
			Voted	Charged	
2008-09 to 2014-15	Eight Grants and five appropriations		171.44	1168.60	Not Regularised
2015-16	08	Treasury and Accounts Administration, North Goa	51.62	-	Not Regularised
	A2	<i>Debt Services</i>	-	2278.83	Not Regularised
2016-17	08	Treasury and Accounts Administration, North Goa	2.71	-	Not Regularised
	16	Collectorate, North Goa	0.15	-	Not Regularised
	A2	<i>Debt Services</i>	-	1680.34	Not Regularised
2017-18	01	Legislature Secretariat	0.20	-	Not Regularised
	08	Treasury and Accounts Administration, North Goa	173.56	-	Not Regularised
	50	Goa College of Pharmacy	0.22	-	Not Regularised
	A2	<i>Debt Services</i>	-	337.98	Not Regularised
2018-19	79	Goa Gazetteer	0.01	-	Not Regularised
	A2	<i>Debt Services</i>	-	2358.53	Not Regularised
2019-20	A2	<i>Debt Services</i>	-	956.85	Not Regularised
2020-21	A2	<i>Debt Services</i>	-	2808.95	Not Regularised
<b>Total</b>			<b>399.91</b>	<b>11590.08</b>	<b>Not Regularised</b>
<b>Grand total (2008-2021)</b>			<b>11989.99</b>		

(Source: Appropriation Accounts of the State)

It may be seen from the table above that the State Government had incurred excess expenditure under Capital Head, A2-Debt services persistently over the last six years (2015-21). Excess expenditure, as indicated in the Appropriation Accounts of the relevant year, was primarily due to token provisions being made by the State Government for repayment of ways and means advances, which were way below the actual expenditure incurred. This is illustrated in Chart 3.5 for the five-year period (2016-21).

**Chart 3.5: Budget provision and actual repayment of ways and means advances during 2016-21**

(Source: Appropriation Accounts of the State)

**Recommendation 4:** Excess expenditure over grants needs to be avoided through more efficient budgetary management. All cases of excess expenditure need to be regularized expeditiously as required under Article 205 of the Constitution.

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

#### 3.4.1 Budget projections and gap between expectations and actuals

The summarised position of actual expenditure during 2020-21 against 89 grants/appropriations is given in **Table 3.11**.

**Table 3.11 : Actual expenditure vis-à-vis original/supplementary provisions**

(₹ in crore)

	Nature of expenditure	Original Grant/App.	Supplementary grant/app.	Total provision	Actual expenditure*	Savings (-)/ excess (+)	Surrender during March	
							Amount	Per cent
<b>Voted</b>	I. Revenue	13100.65	599.94	13700.59	10593.49	(-)3107.10	2632.72	19.22
	II. Capital	5069.32	482.87	5552.19	2025.22	(-)3526.97	3516.64	62.54
	III. Loans & Advances	70.58	0.00	70.58	1.61	(-)68.97		
<b>Total</b>		<b>18240.55</b>	<b>1082.81</b>	<b>19323.36</b>	<b>12620.32</b>	<b>(-)6703.04</b>	<b>6149.36</b>	<b>31.82</b>
<b>Charged</b>	IV. Revenue	1805.70	0.52	1806.22	1604.50	(-)201.72	167.31	9.26
	V. Capital	0.00	6.94	6.94	0.06	(-)6.87	5.78	0.57
	VII. Public Debt	1010.10	0.00	1010.10	3819.06	(+)2808.95	62.12	6.15
<b>Total</b>		<b>2815.80</b>	<b>7.46</b>	<b>2823.26</b>	<b>5423.62</b>	<b>(+)2600.36</b>	<b>235.21</b>	<b>8.33</b>
<b>Grand Total</b>		<b>21056.35</b>	<b>1090.27</b>	<b>22146.62</b>	<b>18043.94</b>	<b>(-)4102.68</b>	<b>6384.57</b>	<b>28.83</b>

(Source: Appropriation Accounts of the State)

\*The figures of actual expenditure include recoveries adjusted as reduction of expenditure (Revenue: ₹105.34 crore; Capital: ₹28.61 crore; Total: ₹133.95 crore).



The net savings of ₹ 4,103 crore was the result of gross savings of ₹ 6,912 crore in 86 grants and three appropriations under revenue section and 69 grants and one appropriation under capital section, offset by an excess of ₹ 2,809 crore in one appropriation. Supplementary provision of ₹ 1,090.27 crore was obtained during the year which constituted five *per cent* of the original provision.

There were large savings of ₹ 6,912 crore (31 *per cent*) against total budget provision of ₹ 22,147 crore, which was more than six times the supplementary provisions made during the year. This indicated that supplementary provisions were made without proper scrutiny of requirements.

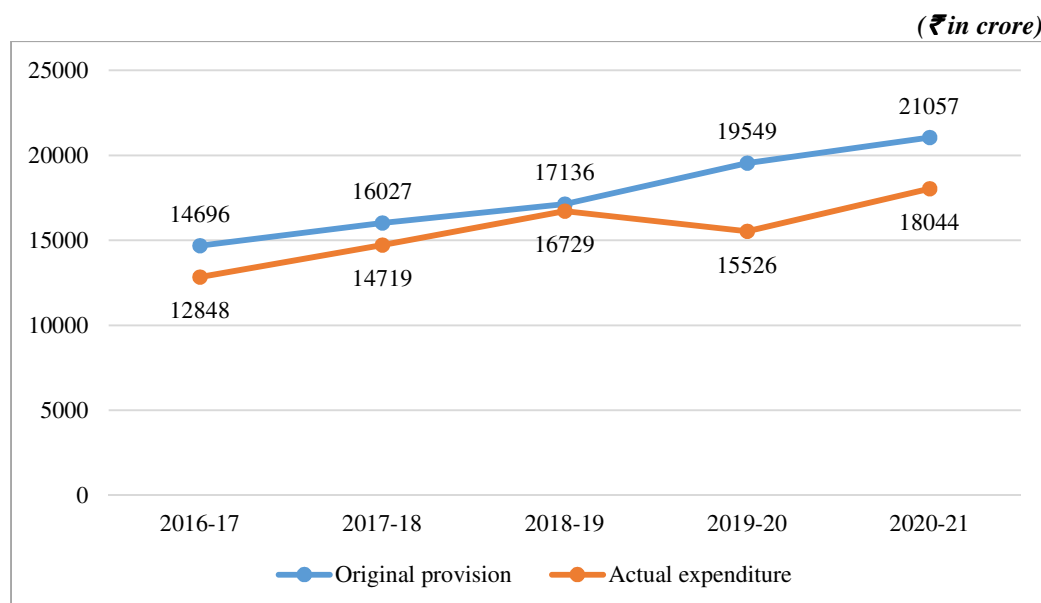
The overall trend of original budget, actual expenditure and savings/excesses during 2016-21 is detailed in **Table 3.12**.

**Table 3.12: Original budget, actual expenditure and saving/excesses during 2016-21**

	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Original budget</b>	14696.29	16027.00	17135.75	19548.69	21056.35
<b>Supplementary budget</b>	1203.31	2217.66	1888.67	2008.57	1090.27
<b>Total provision</b>	<b>15899.60</b>	<b>18244.66</b>	<b>19024.42</b>	<b>21557.26</b>	<b>22146.62</b>
<b>Percentage of supplementary provision to original budget</b>	8.19	13.84	11.02	10.27	5.18
<b>Actual expenditure</b>	<b>12848.37</b>	<b>14719.23</b>	<b>16729.00</b>	<b>15525.88</b>	<b>18043.94</b>
<b>Savings (-)/excess (+)</b>	(-)3051.23	(-)3525.43	(-)2295.42	(-)6031.38	(-)4102.68
<b>Percentage of savings to total provision</b>	19.19	19.32	12.07	27.98	18.52
<b>Budget utilisation (per cent)</b>	<b>80.81</b>	<b>80.68</b>	<b>87.93</b>	<b>72.02</b>	<b>81.48</b>

(Source: Appropriation Accounts of the State)

The table shows that the percentage of supplementary provisions to original provisions ranged between five *per cent* and 14 *per cent* during 2016-21. The supplementary provisions, however, proved unnecessary, as the savings were significantly more than the supplementary provisions in all the five years. Further, against the total provisions, unutilised provisions or savings ranged between 12 *per cent* and 28 *per cent* during 2016-21.

**Chart 3.6: Original Provision vis-à-vis actual expenditure during 2016-21**

(Source: Appropriation Accounts of the State)

It can be seen from the chart above that the State's expenditure was below the original budget provisions during 2016-21.

### 3.4.2 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the departments report to Legislature large additional requirements for different purposes under various schemes/activities; but finally, they are unable to spend not only the entire supplementary provision or parts but also the original budget provision. As a result, substantial amounts of grants are left unutilised. At the same time, some of the schemes/projects remain incomplete for want of funds and the intended benefits of such projects/schemes cannot be extended to the public at large. Further, delay in programme/project implementation has attendant risk of cost escalation. Thus, the opportunity cost of unutilised budget provision is significant.

**Table 3.13** presents the details of 11 such grants where unnecessary excessive budget/supplementary provisions resulted in savings of ₹ 100 crore or more in each case during 2020-21.

**Table 3.13: Unutilised grants of ₹ 100 crore or more against original/ supplementary provision***(₹ in crore)*

Sr. No.	Name of grant	Original	Supplementary	Total	Actual expenditure	Unutilised grants/savings
1.	21 Public Works (Revenue Voted)	885.69	0.00	885.69	683.37	202.32
2.	34 School Education (Revenue Voted)	1605.98	0.00	1605.98	1380.29	225.69
3.	48 Health Services (Revenue Voted)	695.69	53.13	748.82	539.61	209.21
4.	55 Municipal Administration (Revenue Voted)	226.88	11.15	238.03	91.88	146.15
5.	58 Women and Child Development (Revenue Voted)	512.42	51.10	563.52	295.31	268.21
6.	76 Electricity (Revenue Voted)	2209.13	0.00	2209.13	2076.86	132.27
7.	21 Public Works (Capital Voted)	1291.79	24.82	1316.61	626.86	689.75
8.	31 Panchayats (Capital Voted)	133.21	0.00	133.21	18.33	114.88
9.	32 Finance (Capital Voted)	462.00	0.00	462.00	320.00	142.00
10.	34 School Education (Capital Voted)	145.85	0.00	145.85	0.18	145.67
11.	42 Sports and Youth Affairs (Capital Voted)	148.81	0.00	148.81	31.11	117.70
12.	47 Goa Medical College (Capital Voted)	96.60	114.00	210.60	69.38	141.22
13.	48 Health Services (Capital Voted)	126.80	75.46	202.26	47.28	154.98
14.	55 Municipal Administration (Capital Voted)	255.90	181.09	436.99	59.88	377.11
15.	74 Water Resources (Capital Voted)	463.05	0.00	463.05	171.93	291.12
16.	76 Electricity (Capital Voted)	543.01	0.00	543.01	221.37	321.64
<b>Total</b>		<b>9802.81</b>	<b>510.75</b>	<b>10313.5</b>	<b>6633.64</b>	<b>3679.92</b>

*(Source: Appropriation Accounts of the State)*

As per information provided by the State Government, 203 projects valuing ₹ 544.70 crore pertaining to irrigation, water supply and sanitation (58 projects) and roads, bridges and buildings (145 projects) were incomplete as on March 2021 due to paucity of funds. The status of nine major projects with estimated cost of more than ₹ 20 crore as on 31 March 2021 is given in **Table 3.14**.

Table 3.14: Status of nine major incomplete projects as on 31 March 2021

(₹ in crore)					
Sr. No.	Name of project	Estimated cost	Scheduled date of completion	Progressive expenditure	Physical progress of work (per cent)
<b>Irrigation, water supply and sanitation</b>					
1.	Implementation of sewerage scheme for <i>Taleigao, Donapaula</i> and <i>Caranzalem</i> areas in the outskirts of the Panaji city- Phase III construction of wet well, gravity sewer lines, rising mains & reinstatement of roads covering zones 1,2,3,7,8 & 9.	30.86	22/02/13	28.84	98%
2.	Implementation of sewerage scheme for <i>Taleigao, Donapaula</i> and <i>Caranzalem</i> areas in the outskirt of Panaji city - Phase-IV- Construction of wet well, gravity sewer lines rising main reinstatement of roads covering zones 4, 5, 6 and 10.	29.32	29/10/13	17.60	95%
3.	Details engineering and construction of 10 MLD water treatment plant including all civil, mechanical, electrical and instrumentation work on Turnkey basis at <i>Maisal Panchawadi</i> including operation and maintenance for a period of five years.	30.88	06/06/13	34.30	99%
4.	The water supply project of the CCP under JNNURM - designing detail engineering & construction of 27 MLD WTP including all civil Mechanical Electrical & Instrumentation work on turnkey basis on <i>Khandepar</i> river at <i>Opa</i> water works including operations maintenance for a period of 5 years.	36.53	29/01/15	24.83	98%
5.	Designing, Details Engineering, Construction and Commissioning of 15 MLD Water Treatment Plant at Housing Board - <i>Porvorim</i> on turnkey Basis, including Operation & Maintenance for a period of 5 years.	24.28	16/03/20	4.36	44%
6.	Augmentation of water supply scheme at <i>Chandel</i> from 15 MLD to 30 MLD in <i>Pernem</i> Taluka - Construction of additional 15MLD WTP at <i>Chandel</i> including providing laying clear water pumping main, electrical substation, construction of MBR, providing laying 700 mm dia gravity main including designing and commissioning complete O & M for 5 years.	24.29	09/02/21	Not available	1%
7.	Augmentation of water supply scheme at <i>Chandel</i> from 15 MLD to 30 MLD in <i>Pernem</i> Taluka - Construction of service reservoirs at various location in <i>Pernem</i> Taluka including providing, laying conveying main distribution pipeline & approach road etc. Complete.	23.60	05/03/21	Not available	1%

Roads, bridges and buildings					
8.	CRF 2014-15 Improvement of junction by constructing an under passage for MDR 14 across NH-17 (New 66) at Km.12/200 (Tar Bastora junction-Mapusa) on Panaji-Panvel Section of NH-17 in the State of Goa (North Goa Parliamentary Constituency).	27.87	10/05/17	31.31	100%
9.	Four laning with two wheelers track by concentric widening and strengthening of existing two lane road from 143/500 to 153/200 on NH-4A (NH-748) (Ribander Bypass). S.H. Bridge Work.	33.48	05/05/15	4.20	17%
<b>Total</b>		<b>261.11</b>		<b>145.44</b>	

(Source: Finance Accounts of the State)

### 3.4.3 Progress of expenditure

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

In the State of Goa, the pace of expenditure was evenly spread-out during 2020-21 (except for March 2021), as shown in the **Table 3.15**

**Table 3.15: Progress of expenditure during 2020-21**

Sr. No.	Month	Expenditure (₹ in crore)	Monthly expenditure as percentage of total expenditure
1.	April	1106.90	7.86
2.	May	836.99	5.94
3.	June	956.09	6.79
4.	July	892.44	6.33
5.	August	1051.49	7.46
6.	September	1070.26	7.60
7.	October	945.98	6.71
8.	November	1122.59	7.97
9.	December	1278.44	9.07
10.	January	1329.52	9.44
11.	February	1397.66	9.92
12.	March	2100.97	14.91
13.	<b>Total</b>	<b>14089.33*</b>	<b>100</b>

(Source: Monthly Civil Accounts of the State)

\* The above month-wise expenditure does not include disbursements made on account of loans and advances (₹1.61 crore).

### 3.5 Outcome of review of selected grants

The authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned grant or appropriation. The duties and responsibilities of the authorities include preparing timely and accurate estimates and also to ensure that the grants placed at their disposal are spent only on the objects for which it has been provided and to surrender savings if no longer required.

With a view to ascertaining how far the departments were adhering to these instructions, Audit selected the following two grants:

#### Grant No. 13 -Transport

The Transport Department acts as the apex regulatory body that controls the entire gamut of activities that go into the operation of passenger and goods transport motor vehicles (private & commercial). It is a regulatory Department which implements Motor Vehicles' Act 1988 and Rules made thereunder regulating road transport, passenger and freight movement *etc.* This grant consists of four Major Heads namely 2041-taxes on vehicles, 2045-other taxes and duties on commodities and services, 3055-road transport and 5055-capital outlay on transport.

#### Grant No. 19-Industries, Trade and Commerce

The Directorate of Industries, Trade and Commerce (DITC) is concerned with the promotion, development and regulation of industries within the State of Goa. It is also responsible for implementing Government policies for development of industries in the State in coordination with Goa Investment Promotion and Facilitation Board (GIPFB), Goa Industrial Development Corporation (Goa-IDC), Goa Handicraft Rural Small Scale Industrial Development Corporation (GHRSSIDC), Khadi and Village Industries Board (KVIB), Economic Development Corporation (EDC) Limited and other departments of the Government. DITC is responsible for policy framing, planning, administrative framework, putting in place guidelines and implementation of both State and Central Sponsored Schemes. DITC also provides aid, mentoring and various support systems to entrepreneurs.

#### 3.5.1 Budget and expenditure

The overall budget provision, actual disbursements and savings under the functional Heads of these two grants for the years 2018-19 to 2020-21 are shown in **Table 3.16**.

**Table 3.16: Summary of budgetary provisions and actual expenditure under Grant No. 13 and 19***(₹ in crore)*

Year	Original provision	Supplementary provision	Total	Actual expenditure	Savings	Percentage of savings
<b>Grant No. 13: Transport (Revenue-voted)</b>						
2018-19	144.18	30.00	174.18	163.56	10.62	6.10
2019-20	175.34	3.20	178.54	137.30	41.23	23.09
2020-21	204.25	26.22	230.47	175.92	54.54	23.66
<b>Grant No. 13: Transport (Capital-voted)</b>						
2018-19	35.09	5.82	40.91	26.33	14.58	35.64
2019-20	44.00	0.00	44.00	4.77	39.23	89.16
2020-21	52.00	17.40	69.40	10.26	59.15	85.23
<b>Grant No. 19: Industries, Trade and Commerce (Revenue-voted)</b>						
2018-19	90.33	0.00	90.33	31.13	59.20	65.54
2019-20	73.57	0.30	73.87	15.61	58.26	78.87
2020-21	82.00	0.00	82.00	14.27	67.72	82.60
<b>Grant No. 19: Industries, Trade and Commerce (Capital-voted)</b>						
2018-19	60.05	6.67	66.72	11.24	55.48	83.15
2019-20	43.05	1.00	44.05	19.14	24.91	56.55
2020-21	41.30	0.00	41.30	9.24	32.06	77.63

*(Source: Appropriation Accounts of the State for respective years)*

It may be seen from **Table 3.16** that in Grant No.13 there were persistent savings ranging from six *per cent* to 24 *per cent* (under revenue section) and 36 *per cent* to 89 *per cent* (under capital section) during 2018-21. Further, unnecessary supplementary provisions were made under this grant even though actual expenditure was below the original provisions under revenue section (2019-21) and capital section (2018-21).

In Grant No. 19, there were persistent savings ranging from 66 *per cent* to 83 *per cent* (under revenue section) and 57 *per cent* to 83 *per cent* (under capital section) during 2018-21. Also, unnecessary supplementary provisions were made under this grant even though actual expenditure was well below the original provisions under revenue section and capital section (2018-20).

### 3.5.2 Non-utilisation of entire provision

In six sub-heads under Grant No. 13, there were 100 *per cent* savings against the provisions made during 2018-21. The provisioned amount remained un-utilised due to non-implementation of schemes/programmes and the entire amount was surrendered at the end of March 2021.

Similarly, in 11 sub-heads under Grant No. 19, there were 100 *per cent* savings against the provisions made during 2018-21. The provisioned amount remained un-utilised due to non-implementation of Schemes/Programmes and the entire amount was surrendered at the end of March 2021. The details are shown in **Table 3.17**.

Table 3.17: Non-utilisation of entire provision

(₹ in lakh)

Sr. No.	Name of the Scheme	Budget provision			Reasons for surrender
		2018-19	2019-20	2020-21	
<b>Grant No. 13 – Revenue (voted)</b>					
1.	3055-00-800-08- Goa bus replacement scheme	200.00	300.00	900.00	Non-implementation of scheme (2018-19); No claims received (2019-21).
2.	3055-00-800-15- Subsidy on insurance for taxi operators	400.00	400.00	500.00	Non-implementation of scheme (2018-19); No claims received (2019-21).
<b>Grant No. 13 – Capital (voted)</b>					
3	5055-00-050-02- Establishment of driver training/testing facilities	100.00	80.00	80.00	Non-implementation of scheme (2018-20); administrative reasons (2020-21).
4	5055-00-050-04- Construction of ultra-modern bus stand at Margao	100.00	100.00	100.00	Non-implementation of scheme (all three years).
5	5055-00-050-07- Construction of KTCL bus stand	500.00	400.00	300.00	Non-implementation of scheme (2018-20); No proposal received (2020-21).
6	5055-00-190-01- Kadamba Transport Corporation Limited	500.00	500.00	900.00	Non-implementation of scheme (2018-20); No proposal received (2020-21).
<b>Grant No. 19 – Revenue (voted)</b>					
7.	2851-00-003-08- Establishment of Entrepreneurship Development Institute at Assagao, Goa	50.00	50.00	50.00	Non-implementation of scheme (all three years).
8.	2851-00-003-11- Zero defect zero effect	0.00	51.00	51.00	Non-implementation of scheme (for both years).
9	2851-00-789-01- Scheduled castes development scheme	55.00	83.00	139.28	Non-implementation of scheme (all three years).
10	2851-00-800-22- Cluster development programme	0.00	301.00	301.00	Non-implementation of scheme (for both years).
11	2851-00-800-26- Trade fair exhibition for micro, small and medium enterprises	50.00	8.00	400.00	No workshops were performed (all three years).
12	2851-00-800-42- Water harvesting of industrial estates	11.00	11.00	11.00	Non-receipt of proposals (all three years).
13	2851-00-800-44- Traditional bakers and salt producers	50.00	10.00	10.00	
14	2852-08-600-01- Food processing industries	0.00	40.00	50.00	No bills received (2019-20); initial stage of implementation of scheme (2020-21).
15	2852-08-600-03- Assistance for national mission on food processing	101.00	21.00	5.00	Scheme is delinked by GOI (2018-20); non-implementation of Scheme (2020-21).
<b>Grant No. 19 – Capital (voted)</b>					
16	4851-00-796-01- Scheduled tribe development scheme	200.00	10.00	5.00	No claims received (all three years)
17	4851-00-800-01- Strengthening of Directorate	10.00	10.00	300.00	No major works carried out (2018-20); Non-implementation of Scheme (2020-21).

(Source: Appropriation Accounts of the State for respective years)

### 3.5.3 Substantial savings under sub-heads

The budget estimates should be prepared with utmost care so that the estimates are neither inflated nor under-pitched. Scrutiny of Grant No. 19 in revenue section for the year 2020-21 showed that the budget allocations under nine schemes were surrendered in the last month of the financial year (amount exceeding ₹ five lakh in each case).



**Table 3.18: Substantial savings under revenue section surrendered in the last month of the year***(₹ in lakh)*

Sr. No.	Name of the scheme	Total grant	Expenditure	Savings surrendered in March 2021	Percentage of savings surrendered
1	2851-00-001-02- Strengthening of Directorate	252.25	40.87	211.38	83.80
2	2851-00-101-01- Reimbursement of taxes of village panchayat/ municipalities	500.00	64.09	435.91	87.18
3	2851-00-101-02- Subsidy scheme for industrial/investment policy	3305.00	22.75	3282.25	99.31
4	2851-00-104-09- Contribution to handicrafts rural and small scale industries by GHRSSIDC	905.00	678.75	226.25	25.00
5	2851-00-105-01- Grants to the Goa Khadi & Village Industries Board	300.00	252.88	47.12	15.71
6	2851-00-800-01- District industries centre	184.00	116.32	67.68	36.78
7	2851-00-800-33- Entrepreneurship development programmes	5.00	0.00	5.00	100.00
8	2851-00-800-47- Goa Investment Promotion and Facilitation Board	688.00	0.00	688.00	100.00
9	2852-80-001-01- Directorate of industries	235.55	140.66	94.89	40.28

*(Source: Appropriation Accounts of the State)*

### 3.5.4 Inadequate re-appropriations

In one sub-head under Major Head-2045 (2018-19) and one sub-head under Major Head 3055 (2019-20) in Grant No. 13, funds available after re-appropriation were insufficient to meet the requirements under these two sub-heads, resulting in final expenditure exceeding the available allocations by ₹ 5.45 lakh.

Similarly, in one sub-head under Major Head-2851 (2018-21) in Grant No.19, funds available after re-appropriation were insufficient to meet the requirement under this sub-head, resulting in final expenditure exceeding the available allocation by ₹ 13.46 lakh. The details are shown in **Table 3.19**.

Table 3.19: Inadequate re-appropriations resulting in excess expenditure

(*₹ in lakh*)

Sr. No.	Year	Head of account	Original budget	Funds available after re-appropriation	Final expenditure	Excess expenditure
<b>Grant No. 13 – Revenue (voted)</b>						
1.	2018-19	2045-00-104-01-Enforcement of Goods and Passengers Tax Act	88.23	85.35	86.52	1.17
2.	2019-20	3055-00-001-04-Road Safety	758.50	278.75	283.03	4.28
<b>Total (Grant No.13)</b>			<b>846.73</b>	<b>364.10</b>	<b>369.55</b>	<b>5.45</b>
<b>Grant No. 19 – Revenue (voted)</b>						
1.	2018-19	2851-00-001-01 Strengthening of Directorate	132.59	122.66	127.61	4.95
2.	2019-20	2851-00-001-01 Strengthening of Directorate	199.60	134.18	139.32	5.14
3.	2020-21	2851-00-001-01 Strengthening of Directorate	241.60	107.92	111.29	3.37
<b>Total (Grant No.19)</b>			<b>573.79</b>	<b>364.76</b>	<b>378.22</b>	<b>13.46</b>

(Source: Appropriation Accounts of the State for the respective years)

### 3.6 Conclusion

- The State Government incurred an expenditure of ₹ 26.03 crore without any budget provision under Appropriation A2 – Debt Services. This was in violation of Article 204 of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature.
- At the end of the financial year, 18.52 *per cent* of the total budgetary provision remained unutilised. Supplementary provisions, constituting 5.18 *per cent* of the original budget, made during the year proved unnecessary, as the savings were significantly more than the supplementary provisions.
- Excess expenditure amounting to ₹ 2,808.95 crore during the current year as well as ₹ 9,181.04 crore for the period from 2008-09 to 2019-20 was pending regularisation under Article 205 of the Constitution.