

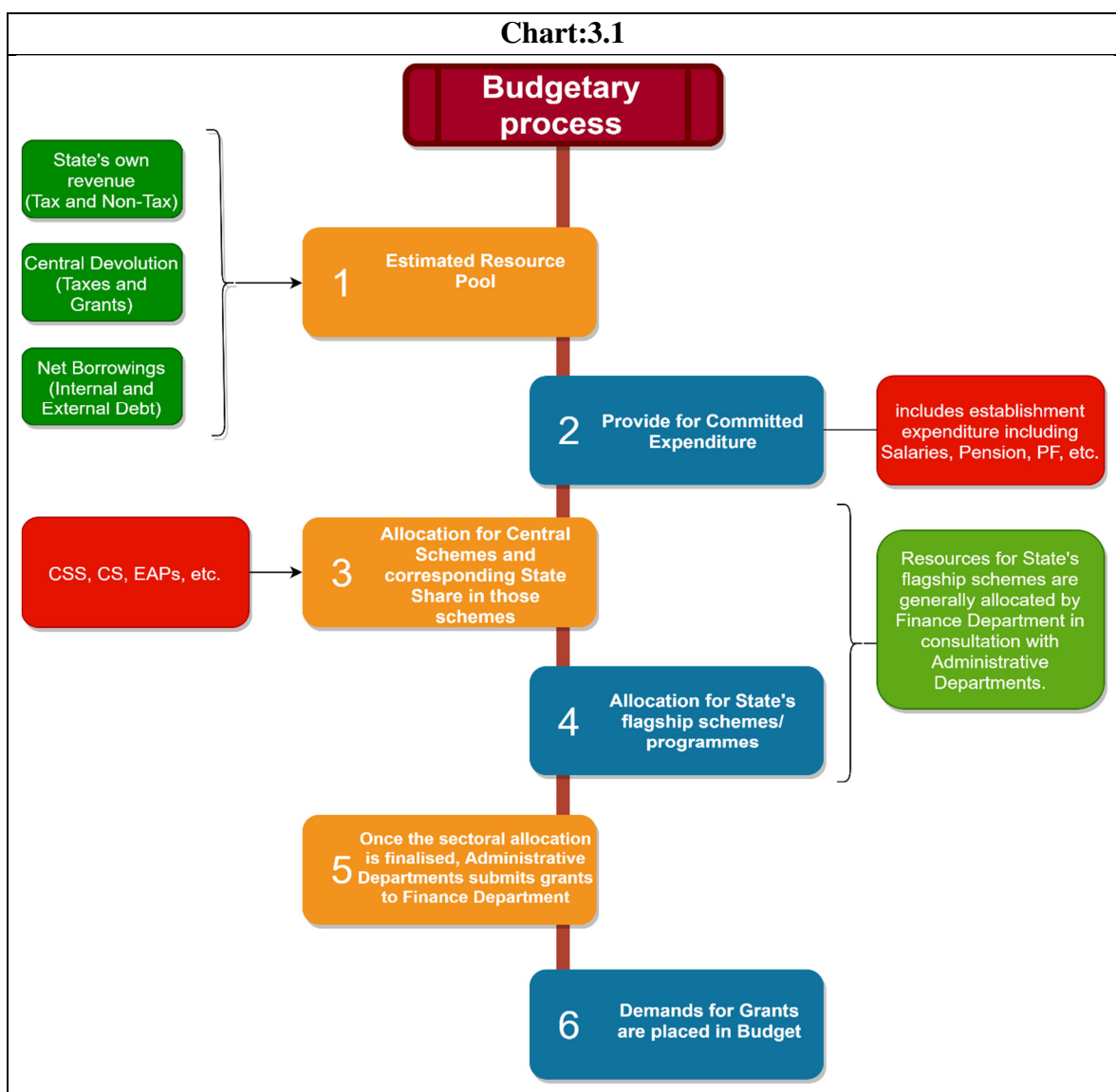
CHAPTER III: BUDGETARY MANAGEMENT

CHAPTER-III

BUDGETARY MANAGEMENT

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The Budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the departments in framing their estimates, for the next financial year. A typical budget preparation process in a State is given in **Chart-3.1**.



CSS: Centrally Sponsored Schemes; 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.

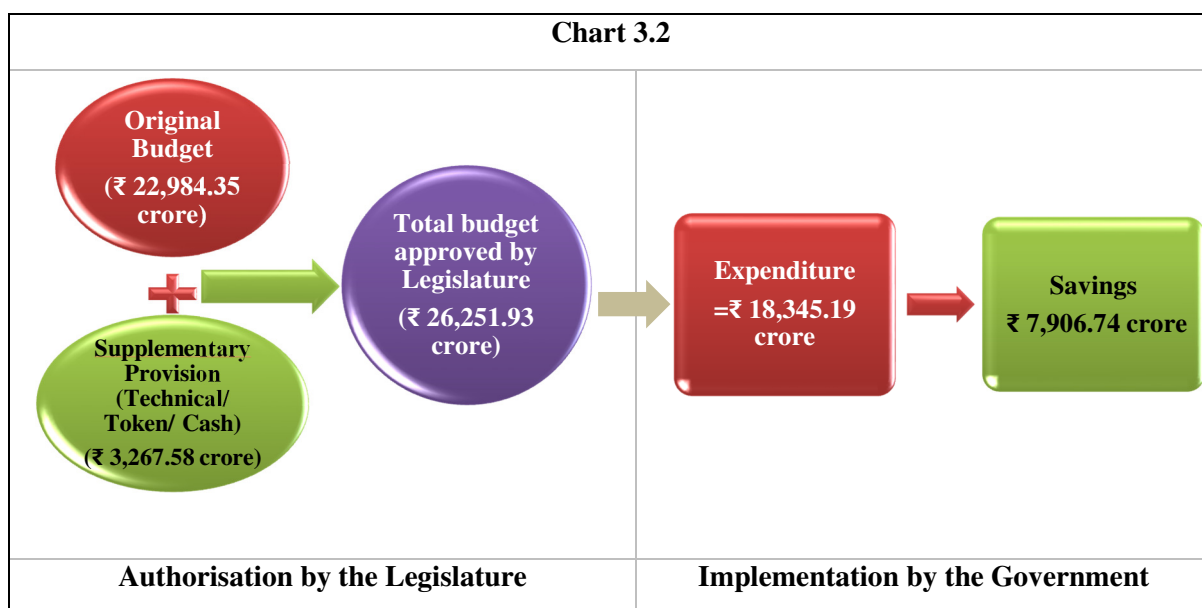
Article 202 of Constitution of India requires laying of a statement of, estimated receipts and expenditure of the State for that year, as the "Annual Financial Statement" before the House or Houses of the Legislature of the State. The Annual Financial Statement should show expenditure charged on Consolidated 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No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with provisions of Article 204 of the Constitution.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 the course of 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 Governments frame financial rules and provide for delegation of financial powers. These delegations establish limits for incurrence 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 various components of budget are depicted in the **Chart 3.2**.



Source: Appropriation Accounts 2021-22

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 along with the bifurcation into voted/charged during the year 2021-22 is given in **Table 3.1**.

Table 3.1: Budget provision, disbursement and savings during the financial year 2021-22

(₹ in crore)

| Total Budget provision | | Disbursements | | Net Savings | |
|------------------------|----------|---------------|----------|-------------|---------|
| Voted | Charged | Voted | Charged | Voted | Charged |
| 23,844.33 | 2,407.60 | 15,986.42 | 2,358.77 | 7857.91 | 48.83 |

Source: Appropriation Accounts

Total provision for expenditure was ₹ 26,251.93 crore including Supplementary provision (March 2022) of ₹ 3,267.58 crore, against which the actual disbursement was ₹ 18,345.19 crore during 2021-22. There was an overall savings of ₹ 7,906.74 crore during the year 2021-22 which was 30.12 per cent of total Provision and 43.10 per cent of the disbursement.

These savings may be seen in context to over estimation of Receipts of ₹ 21,451.07 crore by the State Government and the Net Budget Estimates (BEs) on the expenditure side being ₹ 22,724.50 crore during the year 2021-22. As against the estimated Receipts, the actual Receipts were ₹ 18,661.91 crore only and the total expenditure was ₹ 18,345.19 crore respectively during 2021-22.

3.1.2 Charged and voted disbursements

The break-up of total disbursement into charged and voted during the last five year period 2017-18 to 2021-22 are given in **Table 3.2**.

Table 3.2: Trend of disbursement into charged and voted during the period 2017-22

(₹ in crore)

| Year | Total provision | Disbursements | | | Net savings (-) | | | Percentage of savings to provision |
|---------|-----------------|---------------|----------|-----------|-----------------|------------|--------------|------------------------------------|
| | | Voted | Charged | Total | Voted | Charged | Total | |
| 2017-18 | 17,390.11 | 11,317.09 | 1,215.32 | 12,532.41 | (-) 4,213.29 | (-) 644.41 | (-) 4,857.70 | 27.93 |
| 2018-19 | 17,983.47 | 12,403.28 | 1,553.56 | 13,956.84 | (-) 3,870.36 | (-) 156.27 | (-) 4,026.63 | 22.39 |
| 2019-20 | 20,493.57 | 13,403.99 | 2,043.98 | 15,447.97 | (-)5,026.54 | (-) 19.06 | (-) 5,045.60 | 24.62 |
| 2020-21 | 21,681.07 | 14,086.11 | 2,101.66 | 16,187.77 | (-) 5,473.52 | (-) 19.78 | (-) 5,493.30 | 25.34 |
| 2021-22 | 26,251.93 | 15,986.42 | 2,358.77 | 18,345.19 | (-) 7,857.91 | (-) 48.83 | (-) 7,906.74 | 30.12 |

Source: Appropriation Accounts

It can be seen from **Table 3.2** that the percentage of savings to that of total provision ranged between 22.39 per cent in 2018-19 to 30.12 per cent in 2021-22. Large amount of savings in allocated funds indicated inaccurate assessment of budget provision and Receipts.

3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for

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

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

3.3 Comments on integrity of budgetary and accounting process

3.3.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law in accordance with the provisions of 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.

Scrutiny of the Appropriation Accounts revealed that ₹ 193.77 crore was incurred in 18 Grants/Appropriations without any provision in the original estimates or supplementary demands, but through re-appropriation without the knowledge of the Legislature. The expenditure incurred requires regularisation. The details of the scheme/service where there were instances of incurring expenditure through re-appropriation without the knowledge of the Legislature and which requires regularisation are given in **Appendix 3.1**.

There were 15 cases under eight Grants/Appropriations, where expenditure of more than ₹ one crore in each case was incurred during the year without budgetary provision. Out of 15, in six cases under six Grants the amount was involved more than ₹ three crore in each case. Among these cases there are instances of incurring expenditure (Capital Expenditure) by more than ₹ 10 crore e.g. in Finance Department and Education (School) Departments. However, Government did not furnish any specific reason for incurring expenditure without budgetary provision.

3.3.2 Transfers not mandated by the Appropriation Act/Detailed Demands for Grants (into Public Account/ Bank Accounts)

The Appropriation Accounts authorise incurrence of expenditure under specified Grants, during the financial year. Hence, transfer of funds from the Consolidated Fund of the State into Public Account heads or into bank accounts, not authorised through the Appropriation Act, are not permissible.

Government receives moneys deposited with them for various purposes by or on behalf of various public bodies and members of the public. These deposits are later adjusted by repayment or otherwise. In this manner, Public Works Department also receives deposit from other Government department or public/private bodies for the execution of civil work, entrusted to them. In Government accounts, 'K-Deposits and Advance' is the sector with major heads for accounting for moneys received by Government on behalf of various public bodies and members of the public. The advances paid to departmental officers for executing departmental activities are adjusted under these heads.

Among the various major heads under 'K-Deposits and Advance', the major head '8443-Civil Deposits' had substantial accumulated balance (₹ 1,201.56 crore) at the end of March 2022 and major portion of this accumulation pertains to five minor heads '108-Public Works Deposits' (₹ 483.44 crore), '106-Personal Deposits' (₹ 416.14 crore), '111-Other Departmental Deposits' (₹ 107.77 crore), '800-Other Deposits' (₹ 100.32 crore) and '103-Security Deposits' (₹ 58.23 crore). The details of the major transactions under five Minor Heads subordinate to Major Head 8443-Civil Deposits during the year 2021-22 are given in **Table 3.3**.

Table 3.3: Transactions of the five minor heads under 8443-Civil Deposits during 2021-22

(₹ in crore)

| Head of accounts | Opening balance as on 1 April 2021 | Receipts during the year | Disbursement during the year | Closing balance as on 31 March 2022 |
|---------------------------------------|------------------------------------|--------------------------|------------------------------|-------------------------------------|
| 8443: Civil Deposits, of which | 1,393.93 | 579.26 | 771.63 | 1,201.56 |
| 108: Public Works Deposits | 487.77 | 191.97 | 196.30 | 483.44 |
| 106: Personal Deposits | 475.89 | 294.97 | 354.72 | 416.14 |
| 111: Other Departmental Deposits | 254.99 | 34.70 | 181.92 | 107.77 |
| 800: Other Deposits | 104.94 | 5.71 | 0.33 | 110.32 |
| 103: Security Deposits | 44.47 | 51.76 | 38.00 | 58.23 |

Source: Finance Accounts 2021-22

The details of the monthly transactions under the Minor Heads-800 subordinate to Major Head 8443-Civil Deposits during the year 2021-22 is given in **Table 3.4**.

Table 3.4: Transactions under minor heads 800-Other Deposits under 8443 during 2021-22

(₹ in crore)

| Month | Receipts | Disbursement |
|------------|----------|--------------|
| April 2021 | 1.18 | 0.00 |
| May 2021 | 0.43 | 0.00 |
| June 2021 | 0.24 | 0.00 |

| Month | Receipts | Disbursement |
|----------------|-------------|--------------|
| July 2021 | 0.04 | 0.00 |
| August 2021 | 0.09 | 0.00 |
| September 2021 | 0.26 | 0.00 |
| October 2021 | 0.37 | 0.00 |
| November 2021 | 0.07 | 0.00 |
| December 2021 | 0.20 | 0.33 |
| January 2022 | 0.16 | 0.00 |
| February 2022 | 0.54 | 0.00 |
| March 2022 | 2.13 | 0.00 |
| Total | 5.71 | 0.33 |

Source: VLC data

During the year 2021-22, the State Government transferred ₹ 29.73 crore from Capital Head of accounts to Deposit Head (MH 8443-Civil Deposits) through book adjustment. The detailed break-up is given in **Table 3.5**. Moreover, the reason for transfer of fund from Capital Head of Account to Deposit Head was not intimated by the State Government.

Table 3.5: Funds transferred to Deposit Account 8443 from Capital Heads of account during 2021-22

(₹ in crore)

| Sl. No. | Major Head of Account | Funds transferred to Major Head 8443- Civil Deposits |
|---------|---|--|
| 1. | 4059 Capital Outlay on Public Works | 5.35 |
| 2. | 4070 Capital Outlay on other Administrative Services | 0.05 |
| 3. | 4202 Capital Outlay on Education, Sports, Art and Culture | 0.74 |
| 4. | 4210 Capital Outlay on Medical and Public Health | 0.89 |
| 5. | 4211 Capital Outlay on Family welfare | 0.05 |
| 6. | 4215 Capital Outlay on Water Supply and Sanitation | 0.38 |
| 7. | 4216 Capital Outlay on Housing | 0.01 |
| 8. | 4220 Capital Outlay on Information and Publicity | 0.01 |
| 9. | 4225 Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities | 1.55 |
| 10. | 4235 Capital Outlay on Social Security and welfare | 1.75 |
| 11. | 4401 Capital Outlay on Crop Husbandry | 0.33 |
| 12. | 4403 Capital Outlay on Animal husbandry | 0.26 |
| 13. | 4405 Capital Outlay on Fisheries | 0.42 |
| 14. | 4408 Capital Outlay on Food Storage and Warehousing | 0.58 |
| 15. | 4415 Capital Outlay on Agricultural Research and Education | 0.01 |
| 16. | 4435 Capital Outlay on other Agricultural Programmes | 1.55 |
| 17. | 4515 Capital Outlay on other Rural Development Programmes | 1.72 |
| 18. | 4552 Capital Outlay on North Eastern Areas | 0.64 |
| 19. | 4702 Capital Outlay on Minor Irrigation | 5.12 |
| 20. | 4711 Capital Outlay on Flood Control Projects | 0.18 |
| 21. | 5054 Capital Outlay on Roads and Bridges | 7.65 |
| 22. | 5055 Capital Outlay on Road Transport | 0.47 |
| 23. | 5475 Capital Outlay on other General Economic Services | 0.02 |
| | Total | 29.73 |

Source: VLC Data

3.3.3 Misclassification of capital expenditure as revenue expenditure and charged & voted expenditure and vice versa

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 the House 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 II**.

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.

During the year 2021-22, there were cases of misclassification of expenditure of ₹ 494.99 crore of revenue nature as capital expenditure as detailed in **Appendix 3.2**.

It can be seen from **Appendix 3.2**, that the expenditure was mainly booked under various central/State schemes like, Construction (₹ 161.44 crore), Roads and Bridges (₹ 99.42 crore), Special Assistance under Capital, EAP (₹ 63.53 crore), Ayush (₹ 30.35 crore), Assistance for IWMP/PMKSY (₹ 26.10 crore), Infrastructural facilities (Tourism) (₹ 22.55 crore) and as Grants-in-aid for creation of Capital Assets under Capital Head instead of Revenue account during the year 2021-22.

As per the Indian Government Accounting Standard (IGAS) -2, expenditure on Grants-in-Aid is to be classified as Revenue Expenditure. As in the previous years, the Government incorrectly classified the expenditure of ₹ 494.99 crore as Capital Expenditure in violation of the Accounting Standards.

The misclassification of expenditure led to overstatement of Capital Expenditure and Revenue surplus for the year 2021-22 to that extent. The five years’ trend of misclassification of Revenue surplus as Capital expenditure and its impact on Revenue deficit/ surplus is discussed at **Paragraph 3.3.8**.

3.3.4 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 it 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 existence of likely or actual savings in the budget should never be seized upon as an opportunity to introduce fresh items of expenditure which ought to wait till next year. Known savings in the budget should not be left un-surrendered for fear of the next year’s budget allotment being reduced.

Considerable re-appropriation from one Sub Head to another must always be avoided. That fresh expenditure is unavoidable or imperatively necessary or that it will produce consequential economics or that it is essential for preserving the revenue or the public safety are reasonable justifications for introducing fresh expenditure during the course of the year, but in such circumstances, it must be shown that the requirements could not have been foreseen and provided for in the budget. The process of re-appropriation is not designed merely to rectify omissions and lack of foresight.

The Tripura Budget Manual, 1998 (Paragraph 23 of Chapter–IV) provides that, “When unforeseen circumstances make it necessary to incur expenditure not contemplated in the Appropriation Act, every effort should be made to meet it from savings elsewhere within the same grant (voted or charged, as the case may be) by postponement or curtailment of less urgent expenditure. Only if it is not possible to make the requisite funds available by this means, recourse should be to have supplementary estimate after Finance Department agreeing in writing or allocating additional fund. The responsibility in regard to proposals for supplementary estimates rests on the Finance Department. Greatest care should be taken while preparing proposals for supplementary estimates since if on the closing of the accounts any supplementary Grants or Appropriation actually obtained are found to have been unnecessary or excessive, the Audit will draw attention to the fact in the Audit Report on the Appropriation Accounts and the action of the department will attract the criticism of the Public Accounts Committee”.

Scrutiny of the Appropriation Accounts for the year 2021-22, Government of Tripura revealed that the supplementary provisions of more than ₹ 50 lakh were obtained in 65

cases under 44 Grants/Appropriations even though the actual expenditure was less than the original provision. In nine out of 65 cases, the savings were more than ₹ one crore and in 39 cases, the savings were more than ₹ 10 crore. Thus, supplementary provisions in all the cases were not required. The details of Grants/Appropriations where supplementary provision of ₹ 50 lakh or more were obtained in each case even the expenditure was less than the original provision are given in **Appendix 3.3**.

3.3.5 Unnecessary 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 are identified. The Tripura Budget Manual, 1998 (Paragraph 20 of Chapter-V) provides that, the Finance Department can sanction any re-appropriation of funds within a Grant from one major head to another, provided such re-appropriation does not involve transfer of funds from a “Voted” to a “Charged” head or *vice versa*.

Scrutiny of the detailed Appropriation Accounts for the year 2021-22 revealed that in 42 Grants/Appropriations, there were 131 cases under various Major Heads, where provision were added by re-appropriation though the actual expenditure was less than the original/supplementary provisions. Even in some cases, though no expenditure was incurred against the original provision, funds were further added through re-appropriation. As a result there were large savings in each case which indicates unnecessary re-appropriation of fund, as detailed in **Appendix 3.4**.

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

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or slipshod estimating, it is not readily excusable. The golden rule for all Estimating Officers should be to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should, in checking the estimates, apply unrelentingly the proven and well-tried check of average of previous actuals with known or reasonably foreseeable facts which may modify that average.

No object is served by keeping back savings which should ideally be surrendered in time. For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. Surrenders are being made generally in the month of March, and a careful study of figures of expenditure incurred and watch over the progress of last month’s expenditure should enable a Controlling Officer to fix upon his final requirements with a reasonable degree of exactness.

When the need for surrender manifests itself, the Controlling Officers should carefully estimate the amounts that they can surrender. The aim should be to surrender as much as they can so as to keep the expenditure just within the modified Grant.

The Public Accounts Committee (PAC), Tripura Legislative Assembly took initiative for State’s tighter budgeting, with regard to both savings and excess. For this purpose, the State PAC had specified limits/financial thresholds for making comments in Appropriation Accounts.

The Accountant General (A&E), Tripura provides the draft Appropriation Accounts to the Controlling Officers of the departments of the State Government (July 2022) and seeks the reasons/explanation for the variations in expenditure with reference to approved budgetary allocation in keeping with the limits set by the PAC.

The monetary limits of savings/excesses to be commented upon in the Appropriation Accounts as approved by the PAC in May 2008 are shown in **Table 3.6**.

Table 3.6: Monetary limits of savings/excesses to be commented upon

| | |
|----------------|---|
| Savings | No notes and comments are necessary if a grant/appropriation has an overall savings of less than two <i>per cent</i> of the total provision or the amount of overall savings in absolute term is small. If the overall savings in a grant/appropriation is in excess of the limit (two <i>per cent</i>), notes and comments on savings should be included, in respect of sub-heads where the savings has the variation of more than 10 <i>per cent</i> of the provision or ₹ 20 lakh whichever is higher. |
| Excess | Comments on individual sub-heads are limited to excess over ₹ five lakh or 10 <i>per cent</i> of the provision whichever is less. |

Financial Rules state that the reasons for additional expenditure/ savings should be explained with case specific comments, and vague expressions such as “based on actual requirements”, “release/sanction of fund by the Government of India”, *etc.* should be avoided.

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak capacity in scheme implementation/ weak internal controls prompt release of funds towards the end of the financial year, and increase the propensity of the departments to retain huge balances outside the Government account in Bank Accounts. Excessive savings also deprives other departments of the funds which they could have utilised.

Scrutiny of the Appropriation Accounts for the year 2021-22 revealed that, in 15 out of 64 Grants/Appropriations, there were savings of more than ₹ 100 crore and in five cases, the savings constituted over 40 *per cent* of the budget allocation in the respective Grants/Appropriations during the year 2021-22. The details of the grants/Appropriations where savings was more than ₹ 100 crore during the year 2021-22 are given in **Appendix 3.5**.

In 40 out of 64 Grants/Appropriations where Budget allocation during the year 2021-22 was more than ₹ one crore in each case, the expenditure during the year was less than 50 *per cent* of the total budget provision for the year. The details of the Grants/Appropriations where the budget allocation during the year 2021-22 was more than ₹ one crore, but the expenditure during the year was less than 50 *per cent* of the total budget are given in **Appendix 3.6**.

It can be seen from **Appendix 3.6** that, most of the grants relate to developmental schemes *like* housing, irrigation, medical and health, education, rural and urban infrastructure, education and welfare sectors. Government has not been able to ensure that clearances and

sanctions are accorded on time so as to ensure that the envisaged benefits accrued to the targeted beneficiaries.

Improving rural and urban Infrastructure, education and healthcare is a major challenge faced by most States across the country, and the low percentage utilisation of allocated budget in most of these grants which are directly related to rural, urban, education and healthcare sectors is a cause for concern.

It is recommended that the Government may examine the reasons for low utilisation of budget in these Grants and to take suitable corrective action.

Scrutiny of the Appropriation Accounts for the year 2021-22 revealed that, in seven Grants/Appropriations, provision of ₹ 9.35 crore was allocated for the year 2021-22, but no expenditure was incurred during the year as detailed in **Table 3.7**.

Table 3.7: Grants/Appropriation with nil expenditure during 2021-22

(₹ in crore)

| Sl. No | Grant No. and Name | Original | Suppl. | Total | Exp. | Savings |
|--------|---|-------------|-------------|-------------|-------------|-------------|
| | Revenue-Charged | | | | | |
| 1 | 19: Tribal Welfare Department | 0.20 | 0.00 | 0.20 | 0.00 | 0.20 |
| 2 | 29: Animal Resource Development Department | 0.32 | 0.00 | 0.32 | 0.00 | 0.32 |
| 3 | 35: Urban Development Department | 1.20 | 0.00 | 1.20 | 0.00 | 1.20 |
| | Capital-Voted | | | | | |
| 1 | 38: General Administration (Printing and Stationery) Department | 0.50 | 0.02 | 0.52 | 0.00 | 0.52 |
| 2 | 42: Education (Sports and Youth Programme) Department | 0.03 | 5.99 | 6.02 | 0.00 | 6.02 |
| 3 | 45: Taxes and Excise | 0.59 | 0.00 | 0.59 | 0.00 | 0.59 |
| 4 | 62: Education (Elementary) Department | 0.50 | 0.00 | 0.50 | 0.00 | 0.50 |
| | Total | 3.34 | 6.01 | 9.35 | 0.00 | 9.35 |

3.3.6.1 Persistent Savings in Grants/Appropriations

During the last five years from 2017-18 to 2021-22, there were persistent savings of more than ₹ one crore in 60 cases (42 cases in revenue and 18 cases in capital heads of account). The number and name of Grants/Appropriations where persistent savings of more than ₹ one crore occurred in each case during the last five years are shown in **Appendix 3.7**.

During the five year period 2017-18 to 2021-22, out of 60 cases of persistent savings of more than ₹ one crore, savings of more than ₹ 10 crore in each year occurred in 16 cases under revenue heads (voted). There were persistent savings of more than ₹ 10 crore each year in seven cases under the capital heads (voted).

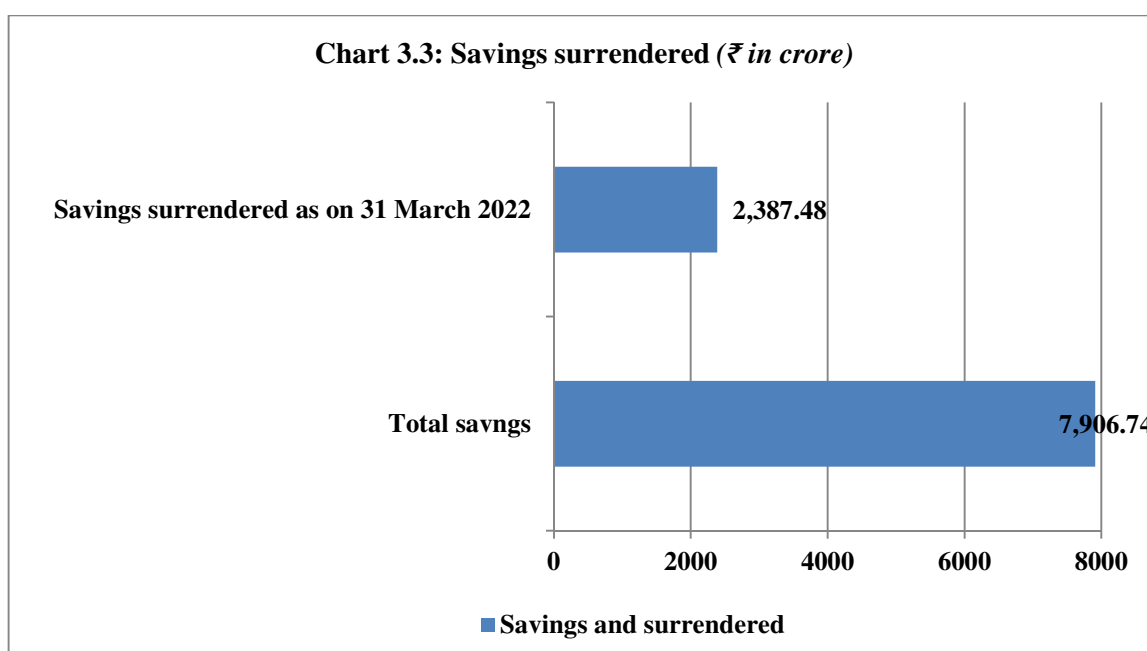
It was also noticed that out of the 60 cases, there were savings of more than ₹ 100 crore in 14 cases while in one case (Grant No. 43), the savings was more than ₹ 1,000 crore during the year 2021-22. The Grant/Appropriation where persistent savings of more than ₹ 100 crore occurred in each year during last five years was in **Grant No.43-Finance Department (Revenue-Voted)**.

Persistent savings over a period of five years or more indicated that the basic assumptions behind the overall budget formulation process were not realistic and there was lack of proper assessment as well as prudent utilisation of the allocated budgetary provision.

The issue of persistent savings is being pointed out every year in the State Finances Audit Report of the Comptroller and Auditor General of India. However, no corrective measures have been taken by the departments concerned for minimising the savings, as savings continued in most of the departments even during 2021-22.

3.3.6.2 Savings not surrendered before close of financial year 2021-22

During the year 2021-22, there was overall savings of ₹ 7,906.74 crore, of which ₹ 2,387.48 crore was surrendered at the end of 31 March 2022 leaving not surrendering of ₹ 5,519.26 crore before closing of the financial year, as detailed in **Chart 3.3**.



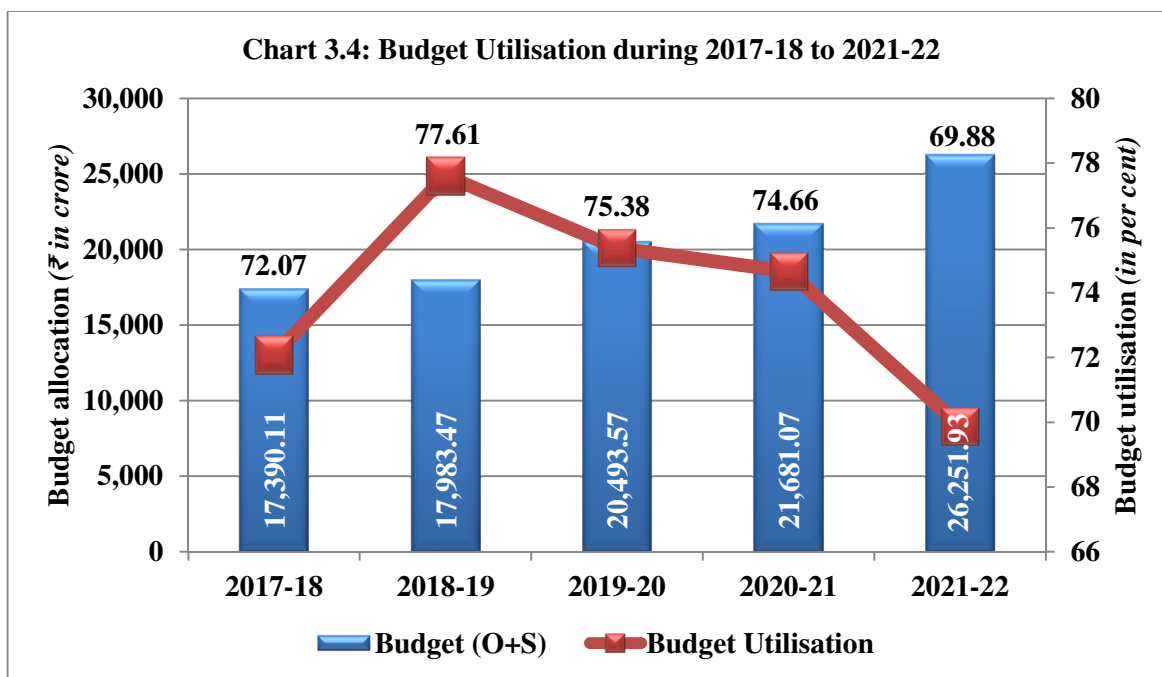
Source: Appropriation Accounts 2021-22

In case of 17 Grants/Appropriations, 25 per cent or more savings were not surrendered though after surrendering of fund ₹ 10 crore and above at the end of March 2022. Details are given in **Appendix 3.8**.

Non-surrendering of substantial savings on time reflects lack of efficiency in budget management.

3.3.6.3 Budget utilisation during 2017-18 to 2021-22

Optimal utilisation of allocated budget indicates the extent of realistic budgeting and ensuring of the actual utilisation of funds in a time bound manner for the purpose for which these provisions are made. During the last five years from 2017-18 to 2021-22, the utilisation of allocated budget in the State increased from 72.07 per cent in 2017-18 to 77.61 per cent in 2018-19, thereafter declining trend which stood at 69.88 per cent in 2021-22 as detailed in **Chart 3.4**.



Savings of allocated funds indicate inaccurate assessment of requirement as well as inadequate capacity to utilise the funds for intended purposes.

3.3.7 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 discussion of the Appropriation Accounts by the Public Accounts Committee. Failure to do so is in contravention of constitutional provisions and defeats the objective of ensuring accountability by the Legislature of the executive over utilisation of public money.

3.3.7.1 Excess expenditure relating to the year 2021-22

Scrutiny of Appropriation Accounts for the year 2021-22, revealed that there was no excess expenditure among the 64 grants/appropriations against the overall budget provisions in the grant level but in few cases there were excess expenditure in Major Head level. The detailed Major Head wise excess expenditure (Gross) over the authorisation from the Consolidated Fund of State during 2021-22 is given in **Appendix 3.9**.

3.3.7.2 Regularisation of excess expenditure of previous financial years

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a Grant/Appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article,

regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC).

Expenditure incurred in excess of the budget provision under both Voted and Charged categories by various departments of the State Government are being reported every year in the Reports of the Comptroller and Auditor General of India on the State Finances of Government of Tripura.

Excess expenditure of ₹ 251.50 crore over budgetary provision pertaining to the year 2018-19 (₹ 20.94 crore), 2019-20 (₹ 8.87 crore) and 2020-21 (₹ 221.69 crore) were not regularised as of 31 March 2022 (**Table 3.8**).

Such excess expenditure over budgetary allocation is a matter of concern, as it is indicative of poor budgetary management and dilutes legislative oversight over public funds. Government needs to view this seriously and take appropriate corrective measures. The details of the Grant/Appropriation where excess expenditure over budget provision occurred during the previous year 2018-19, 2019-20 and 2020-21, which require regularisations by the State Legislature are shown in **Table 3.8**.

Table 3.8: Details of Excess expenditure relating to the year 2018-19, 2019-20 and 2020-21 requiring regularisation

(₹ in crore)

| Sl. No. | No. and Name of the Grant/Appropriation | Revenue | | Capital | | Excess expenditure |
|---------|--|-------------|---------------|-------------|-------------|--------------------|
| | | Charged | Voted | Charged | Voted | |
| | 2020-21 | | | | | |
| 1 | 13: Public Works (R&B) | 0.00 | 217.01 | 0.00 | 0.00 | 217.01 |
| 2 | 59: Tourism | 0.00 | 0.00 | 0.00 | 4.68 | 4.68 |
| | Total | 0.00 | 217.01 | 0.00 | 4.68 | 221.69 |
| | 2019-20 | | | | | |
| 1 | 48: High Court | 0.00 | 1.41 | 0.00 | 0.00 | 1.41 |
| 2 | 58: Home (FSL, PAC, Prosecution & Co-ordination Cell) Department | 0.00 | 3.15 | 0.00 | 0.00 | 3.15 |
| 3 | 43: Finance Department | 0.00 | 0.00 | 4.31 | 0.00 | 4.31 |
| | Total | 0.00 | 4.56 | 4.31 | 0.00 | 8.87 |
| | 2018-19 | | | | | |
| 1 | 14: Power Department | 0.00 | 0.00 | 0.00 | 12.38 | 12.38 |
| 2 | 19: Tribal Welfare Department | 0.08 | 0.00 | 0.00 | 0.00 | 0.08 |
| 3 | 23: Panchayati Raj Department | 0.00 | 0.00 | 0.00 | 1.02 | 1.02 |
| 4 | 25: Industries & Commerce (Handloom, Handicrafts and Sericulture) Department | 0.00 | 0.00 | 0.00 | 1.15 | 1.15 |

| Sl. No. | No. and Name of the Grant/Appropriation | Revenue | | Capital | | Excess expenditure |
|---------|---|-------------|---------------|-------------|--------------|--------------------|
| | | | | | | |
| 5 | 26: Fisheries Department | 0.03 | 0.00 | 0.00 | 1.85 | 1.88 |
| 6 | 33: Science, Technology and Environment Department | 0.00 | 0.00 | 0.00 | 2.13 | 2.13 |
| 7 | 42: Education (Sports and Youth Programme) Department | 0.00 | 0.00 | 0.00 | 2.13 | 2.13 |
| 8 | 51: Public Works (Drinking Water and Sanitation) Department | 0.15 | 0.00 | 0.00 | 0.00 | 0.15 |
| 9 | 59: Tourism Department | 0.00 | 0.00 | 0.00 | 0.02 | 0.02 |
| | Total | 0.26 | 0.00 | 0.00 | 20.68 | 20.94 |
| | Grand Total | 0.26 | 221.57 | 4.31 | 25.36 | 251.50 |

Source: Appropriation Accounts

3.3.8 Grant-in-aid for creation of capital assets

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

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

The extent of classification of GIA as Capital Expenditure and the resultant impact on revenue deficit/surplus, if expenditure from GIA is treated as Revenue Expenditure is shown in **Table 3.9**.

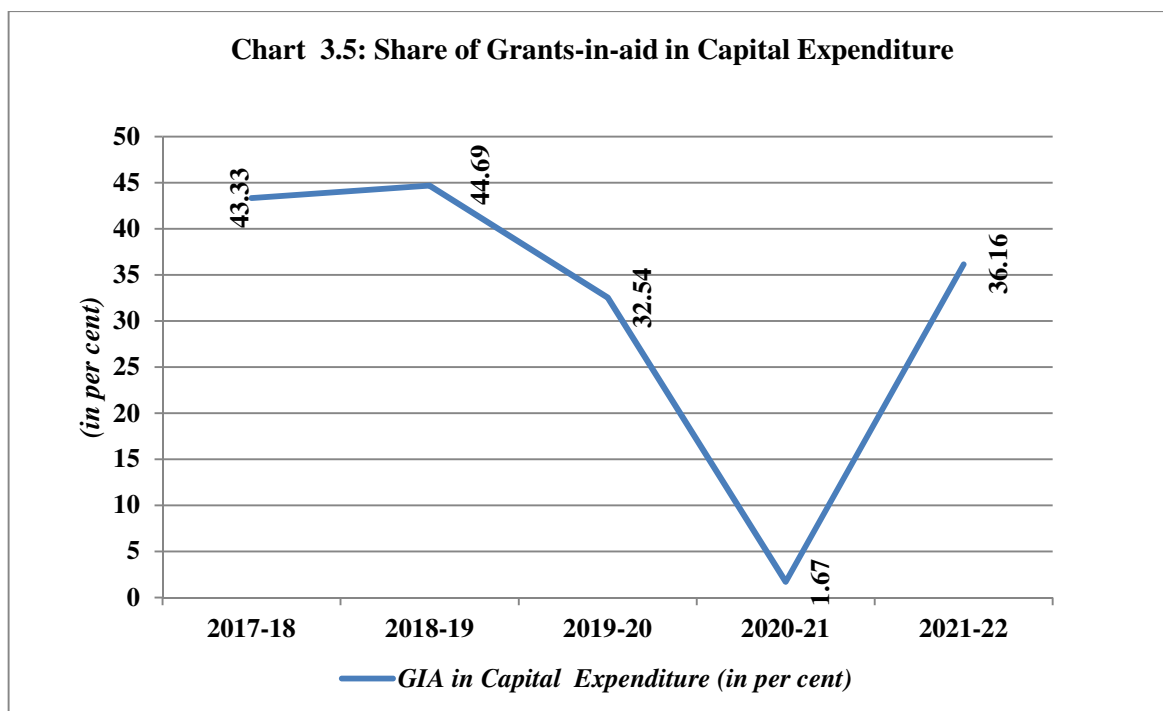
Table 3.9: Extent of classification of GIA as Capital Expenditure

| Years | (<i>₹ in crore</i>) | | | | |
|---|-----------------------|------------|--------------|--------------|----------|
| | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| GIA booked as Capital Expenditure | 770.06 | 661.74 | 287.38 | 13.91 | 494.99 |
| Total Capital Expenditure | 1,777.05 | 1,480.87 | 883.22 | 832.08 | 1,368.95 |
| Share of GIA in Capital Expenditure (<i>in per cent</i>) | 43.33 | 44.69 | 32.54 | 1.67 | 36.16 |
| If expenditure of GIA is treated as Revenue Expenditure instead of Capital, the impact on Revenue Deficit (-)/ Revenue Surplus (+) would be | (-) 1,059.33 | (-) 520.05 | (-) 2,662.70 | (-) 1,089.33 | 993.72 |

It can be seen from **Table 3.9** that, if the State Government had classified Grants-in-Aid for creation of Capital assets as revenue expenditure as per IGAS-2 instead of capital expenditure, the Revenue Surplus would be (+) ₹ 993.72 crore during 2021-22 instead of ₹ 1,488.71 crore during the year.

Share of Grants-in-aid in Capital Expenditure

The share of Grant-in-aid under Capital expenditure during the last five years are shown in Chart 3.5.



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.

The summarised position of budget including supplementary budget, actual expenditure, and excess/savings during 2021-22 against 64 Grants/ Appropriations (63 Grants and one Appropriation) is given in Table 3.10.

Table 3.10: Summarised position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) provisions during the financial year 2021-22

(₹ in crore)

| | Nature of expenditure | Original Grant/App. | Suppl Grant/App. | Total | Actual exp. | Net Savings (-)/ Excess (+) | Surrender of savings | |
|-------|-----------------------|---------------------|------------------|-----------------|-----------------|-----------------------------|----------------------|---------------------------|
| | | | | | | | Amount | Percentage of net savings |
| Voted | I. Revenue | 18,819.30 | 1,895.48 | 20,714.78 | 14,487.61 | -6,227.17 | 1,919.44 | 30.82 |
| | II. Capital | 2,046.78 | 1,076.42 | 3,123.20 | 1,444.73 | -1,678.47 | 458.38 | 27.31 |
| | III. Loans & Advances | 6.35 | 0.00 | 6.35 | 54.08 | 47.73 | 0.00 | 0.00 |
| | Total | 20872.43 | 2971.90 | 23844.33 | 15986.42 | -7857.91 | 2,377.82 | 30.26 |

| | Nature of expenditure | Original Grant/App. | Suppl Grant/App. | Total | Actual exp. | Net Savings (-)/ Excess (+) | Surrender of savings | |
|---------|----------------------------|---------------------|------------------|------------------|------------------|-----------------------------|----------------------|---------------------------|
| | | | | | | | Amount | Percentage of net savings |
| Charged | IV. Revenue | 1,424.94 | 295.07 | 1,720.01 | 1,701.80 | -18.21 | 5.00 | 27.46 |
| | V. Capital | 0.00 | 0.61 | 0.61 | 0.63 | 0.02 | 0.00 | 0.00 |
| | VI. Public Debt- Repayment | 686.98 | 0.00 | 686.98 | 656.34 | -30.64 | 4.66 | 15.21 |
| | Total | 2,111.92 | 295.68 | 2,407.60 | 2,358.77 | -48.83 | 9.66 | 19.78 |
| | Grand Total | 22,984.35 | 3,267.58 | 26,251.93 | 18,345.19 | -7,906.74 | 2,387.48 | 30.20 |

Source: Appropriation Accounts 2021-22

As can be seen from **Table 3.10** that overall net savings of ₹ 7,906.74 crore (30.12 per cent) of total provision was more than two times of the supplementary provision of ₹ 3,267.58 crore obtained (March 2022) during the year. As against the estimated Receipts of ₹ 21,451.07 crore, the actual Receipts were ₹ 18,661.91 crore only and the total expenditure was ₹ 18,345.19 crore against the (Net) provision of ₹ 22,724.50 crore during 2021-22. This implied that the savings were hypothetical, as the funds were not actually available for expenditure, which indicates that the budget formulation process was unrealistic due to poor budgetary management.

Utilisation of budgeted funds by the State was sub-optimal to some extent every year during the past five years. The extent of savings during the last five years is given in **Table 3.11**.

Table 3.11: Original Budget, Revised Estimate and Actual Expenditure during 2017-22

| Particulars | (₹ in crore) | | | | |
|-------------------------|------------------|------------------|------------------|------------------|------------------|
| | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| Original Budget | 16,228.76 | 16,627.20 | 17,746.46 | 20,066.60 | 22,984.35 |
| Supplementary Budget | 1,161.35 | 1,356.27 | 2,747.11 | 1,614.47 | 3,267.58 |
| Revised Estimate | 17,390.11 | 17,983.47 | 20,493.57 | 21,681.07 | 26,251.93 |
| Actual Expenditure | 12,532.41 | 1,3956.84 | 15,447.97 | 16,187.77 | 18,345.19 |
| Savings (-) /excess (+) | (-) 4,857.70 | (-) 4,026.63 | (-) 5,045.60 | (-) 5,493.30 | (-) 7,906.74 |
| Percentage of Savings | 27.93 | 22.39 | 24.62 | 25.34 | 30.12 |

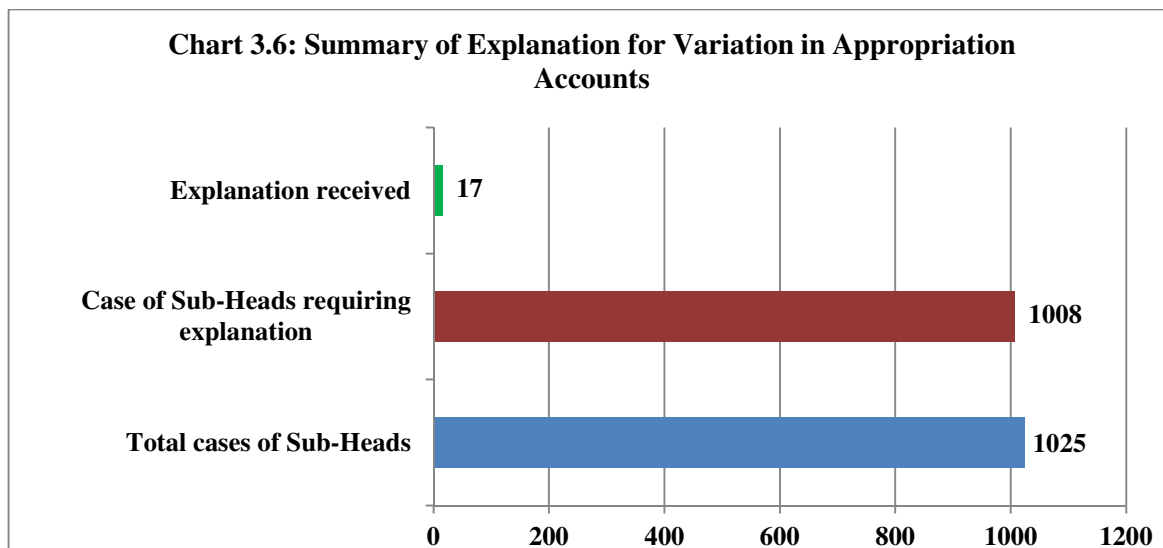
As can be seen from **Table 3.11**, utilisation of budget during the last five years was almost above 70 per cent.

Financial Rules state that reasons for additional expenditure/savings should be explained with case specific comments, and vague expressions such as “based on actual requirements”, “release/sanction of fund by the Government of India”, etc. should be avoided.

Audit of Appropriation Accounts of 2021-22 revealed that, in many cases, the Controlling Officers have not provided explanation for the variations in the expenditure *vis-à-vis* budgeted allocations and were not precise even where the explanations were provided. Scrutiny further revealed that, augmentation/reduction of provision through re-appropriation/supplementary grant was stated to be “based on actual requirement”. However, excess expenditure/savings in each of the Sub-Heads within the grants that received re-appropriation/supplementary provision would indicate that there was no requirement of additional funds.

It was noticed that out of 1,025 cases of savings/excess, as commented in 66 sub-heads under 64 Grants/Appropriations, the specific explanation were received only in 17 cases from the Controlling Officers for the year 2021-22.

Details of the variations of explanation are shown in **Chart 3.6**.



Ambiguous response of the Controlling Officers or absence of explanation for variation between the budgeted allocation and its utilisation limits the legislative control over budget as a means of ensuring financial accountability of the Government.

3.4.2 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the department's report to legislature large additional requirement for different purposes under various schemes/activities; but finally they are unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. As a result, the unutilised funds could not be made use of. At the same time, some of the schemes remained incomplete due to want of funds. Thus, the intended benefit of the unfinished schemes could not be extended to the public at large in such cases. Further, this leads to escalation of project cost.

The Government also announces several new policies/schemes for implementation through the Finance Minister (FM) Budget Speech and other budget documents which is either for that Financial Year *i.e.* one-time activity or is of a recurring nature. Broadly, all the schemes, budget allocation thereon, timeframe of their completion and intended benefit announced by Government can be gathered from the Budget Speech of the FM. Actual figures related to expenditure with funding pattern *i.e.* from the State's own resources or from Central Government assistance or through debt may be gathered from the Finance Accounts of the State. (Example: Appendix of the Finance Accounts of the States related to Major Policy Decisions of the Government during the year or New Schemes proposed in the Budget provide details of the schemes, expenditure thereon and funding pattern, *etc.*). Of these, several schemes/programmes declared by the Government do not typically get operationalised due to lack of preparatory work and/or lack of adequate allocation of budget.

Scrutiny of the Appropriation Accounts for the year 2021-22 revealed that unnecessary excessive budget/supplementary provision were obtained in some grants leading to savings while some major projects/schemes remained incomplete due to non-availability of fund. The cases where unnecessary excessive budget/supplementary provision in some grants in excess of ₹ five crore provision and savings of more than 30 *per cent* are given in **Appendix 3.10**.

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

Several policy initiatives/schemes taken up by Government are not executed or are partially 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 deprive other departments of the funds which they could have utilised.

Every year, the State Finance Minister delivers Budget Speech in the Tripura Legislative Assembly. The Budget Speech provides an overview of the economy of the previous and current years, and also gives Budget Estimates for the next financial year, covering the prevailing economic situation of the State. The Budget Speech also provides the broad framework of expenditure in detail 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 mentioned some policy initiatives/schemes for implementation in the State for the financial year 2021-22 for the social and economic welfare of the people of the State. The details of some policy decisions/schemes initiated by the State Government with budget provisions, as furnished by the State Government departments are mentioned in **Appendix-XI** of the Finance Accounts for the year 2021-22. However, details of the schemes/components under various Major Heads where no expenditure was incurred against the budget provision are shown in **Appendix 3.11**.

3.4.4 Trends of expenditure against receipts

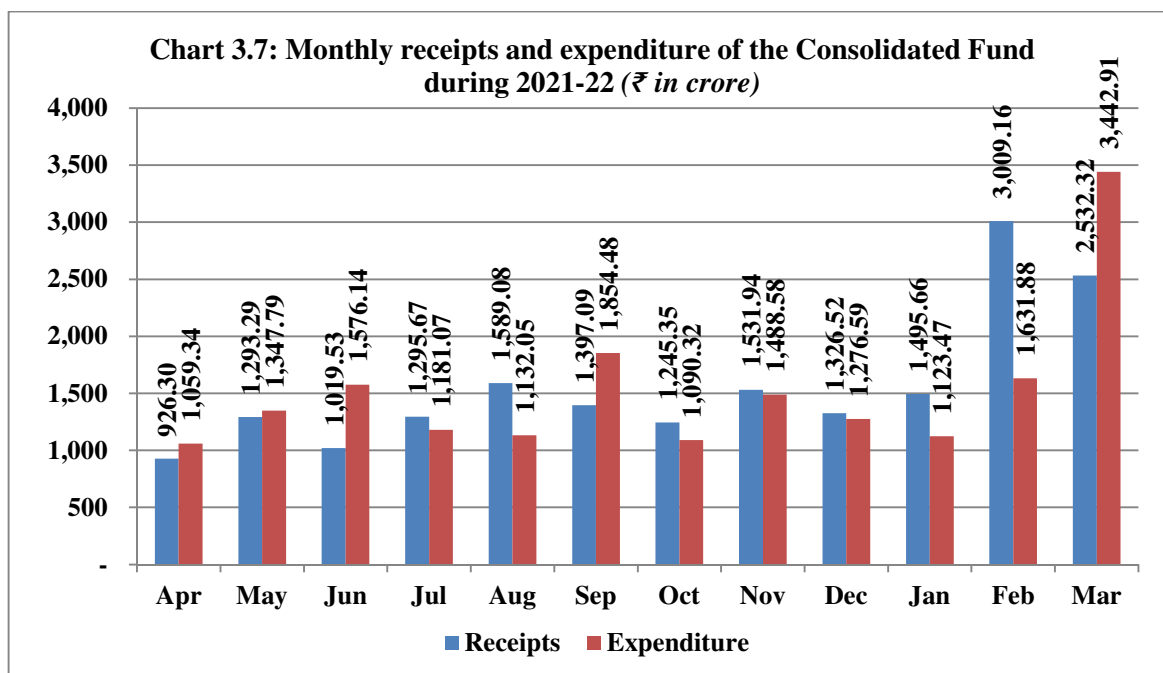
Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Instructions regarding this are available in Budget Manual, Finance Department OMs, *etc.* Maintaining a steady pace of expenditure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

Financial Rules²⁶ envisage that rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided.

²⁶ Rule 62(3) of GFR, 2017

There are 141 cases where entire expenditure was incurred during the last month of the financial year, *i.e.*, March 2022 in certain Sub-Heads under various Grants/Appropriations. There are 36 cases where the entire expenditure (more than one crore in each case) was incurred in March 2022. The details of major Sub-Heads of account where more than ₹ one crore was incurred in March 2022 is shown in **Appendix 3.12**.

The monthly trend of receipts and expenditure with Consolidated Fund during the year 2021-22 are given in **Chart 3.7**.



Source: VLC data

It can be seen from **Chart 3.7** that, during March 2022, the State Government incurred expenditure of ₹ 3,442.91 crore against the receipt of ₹ 2,532.32 crore during March 2022 while in there was an expenditure of ₹ 1,631.88 crore against the receipt of ₹ 3,009.16 crore in February 2022. During the last quarter of 2022 the government incurred expenditure of ₹ 6,198.26 crore which constituted 34.05 *per cent* of the total expenditure. In March alone, the expenditure of ₹ 3,442.91 crore was 18.91 *per cent* of the total expenditure of ₹ 18,204.61 crore for the year 2021-22.

3.4.4.1 Rush of Expenditure

Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalance and temporary cash crunches due to mismatch of revenue expenditure during a particular month arising out of unanticipated heavy expenditure in that particular month.

Financial Rules²⁷ envisage that rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided.

It was seen that out of total expenditure of ₹ 18,204.61 crore (Revenue: ₹ 16,125.24 crore and Capital: ₹ 2,079.37 crore) incurred during the year 2021-22, ₹ 6,198.26 crore was incurred in the last quarter of the financial year, of which ₹ 4,648.35 crore (74.59 per cent) was incurred in 103 Major head of account under the Consolidated fund excluding disbursement of Public debt. Further, it was seen that out of total expenditure of ₹ 3,442.91 crore incurred in March 2022, ₹ 2,365.21 crore (Revenue: ₹ 1,699.02 crore; Capital: ₹ 666.19 crore) constituting 68.70 per cent was incurred under 103 Major head during March 2022. Moreover, a substantial amount was incurred on last day of the financial year under some of the Major head (e.g MH 2071: ₹ 61.81 crore; MH 2216: ₹ 128.35 crore; MH 5054: ₹ 9.91 crore, etc.) which indicates that the amount was shown as expenditure to avoid the lapse of Budget grant of the financial year.

Major-head wise expenditure during the last quarter and in March 2022 where the expenditure in March was more than 40 per cent of the expenditure during the last quarter of the financial year 2021-22 are shown in **Table 3.12**.

Table 3.12: Major-head wise expenditure during the last quarter and in March 2022
(Percentage of expenditure in March to last quarter was above 40 per cent)

(₹ in crore)

| Major Head of Account | Particulars | Total Expenditure | Expenditure incurred during last quarter of the financial year 2021-22 | Expenditure incurred during March 2022 | Percentage of expenditure in March to last quarter |
|-----------------------|---|-------------------|--|--|--|
| 2202 | General Education | 2,243.01 | 472.93 | 215.58 | 45.58 |
| 2215 | Water Supply and Sanitation | 223.11 | 81.97 | 50.36 | 61.44 |
| 2235 | Social Security and Welfare | 870.56 | 230.44 | 154.39 | 67.00 |
| 2401 | Crop Husbandry | 353.98 | 125.03 | 51.17 | 40.93 |
| 2406 | Forestry and Wild Life | 204.29 | 71.21 | 52.27 | 73.40 |
| 2515 | Rural Development programme | 675.10 | 123.47 | 65.16 | 52.77 |
| 3054 | Roads and Bridges | 292.99 | 65.26 | 53.80 | 82.44 |
| 4059 | Capital outlay on Public Works | 213.28 | 196.73 | 187.71 | 95.41 |
| 4210 | Capital outlay on Medical and Public Health | 83.79 | 47.64 | 36.84 | 77.33 |
| 4515 | Capital outlay on Rural Development Programme | 20.08 | 16.23 | 13.32 | 82.07 |

²⁷ Rule 62(3) of GFR, 2017

| Major Head of Account | Particulars | Total Expenditure | Expenditure incurred during last quarter of the financial year 2021-22 | Expenditure incurred during March 2022 | Percentage of expenditure in March to last quarter |
|-----------------------|-------------------------------------|-------------------|--|--|--|
| 4702 | Capital outlay on Minor Irrigation | 59.47 | 50.16 | 22.59 | 45.04 |
| 5054 | Capital outlay on Roads and Bridges | 372.22 | 253.75 | 236.65 | 93.26 |

3.4.5 Review of selected grants

3.4.5.1 Introduction

A review of Grant No. 13 and Grant No. 51 operated in the Public Works Department of the State were undertaken mainly to ascertain compliance with budgeting processes, monitoring of funds, control mechanisms and implementation of the schemes within these grants, savings, re-appropriations, persistent diversion of funds for other purposes, etc.

The Secretary to the Government of Tripura, Public Works Department was the administrative head of the Department.

(A) Review of Grant No. 13

(i) Financial Position

The overall budget and actual expenditure of the Grant No. 13 during the year 2021-22 is given in Table 3.13.

Table 3.13: Budget and actual expenditure during 2021-22

(₹ in crore)

| | Nature of expenditure | Original Grant/App. | Supple Grant/App. | Total Provision | Actual exp. | Net Savings (-)/ Excess (+) | Surrender in March | |
|--------------------|-----------------------|---------------------|-------------------|-----------------|-----------------|-----------------------------|--------------------|--------------|
| | | | | | | | Amount | Per cent |
| Voted | Revenue | 539.85 | 0.48 | 540.33 | 536.74 | (-) 3.59 | 58.55 | 1,630.92 |
| | Capital | 639.87 | 400.93 | 1,040.80 | 493.09 | (-) 547.71 | 0.00 | 0.00 |
| | Total | 1,179.72 | 401.41 | 1,581.13 | 1,029.83 | (-) 551.30 | 58.55 | 10.62 |
| Charged | Revenue | 4.00 | 0.00 | 4.00 | 1.37 | (-) 2.63 | 2.58 | 98.10 |
| | Capital | 11.00 | 0.61 | 11.61 | 7.50 | (-) 4.11 | 3.47 | 84.43 |
| | Total | 15.00 | 0.61 | 15.61 | 8.87 | (-) 6.74 | 6.05 | 89.76 |
| Grand Total | | 1,194.72 | 402.02 | 1,596.74 | 1,038.70 | (-) 558.04 | 64.60 | 11.58 |

Source: Appropriation Accounts 2021-22

As against the total provision of ₹ 1,596.74 crore, the actual expenditure incurred by the Department during 2021-22 was ₹ 1,038.70 crore (65.05 per cent) resulting in savings of ₹ 558.04 crore (34.95 per cent) during the year. Out of the total savings of ₹ 558.04 crore, ₹ 64.60 crore (11.58 per cent) was surrendered by the Department before the close of the financial year. Non-surrendering of balance savings of ₹ 493.44 crore (88.42 per cent) by the Department before the close of the financial year violated the Financial Rules.

(ii) Substantial savings under Sub-Heads

There was savings of ₹ 558.04 crore out of a budgetary provision of ₹ 1,596.74 crore under various Sub-Heads of Grant No. 13: PWD (R&B) during 2021-22. Details of Heads of Account where there were savings of over ₹ one crore are given in **Appendix 3.13 (Part A)**.

Considering that most of the savings pertained to centrally sponsored schemes and central assistance to State plan schemes, the performance of the Department in fulfilling its responsibilities with regard to implementation of schemes related to developmental works of major and minor nature is sub optimal.

(iii) Persistent Savings

There were persistent savings of more than ₹ 150 crore every year during five-year period 2017-22 under Grant No. 13: PW(R&B). Year-wise position of persistent savings during 2017-22 under this Grant is given in **Table 3.14**.

Table 3.14: Persistent savings*(₹ in crore)*

| Head | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|-----------------|---------------|---------------|---------------|---------------|---------------|
| Revenue Charged | 36.81 | 13.04 | 1.41 | 7.75 | 2.63 |
| Capital Voted | 143.81 | 137.83 | 302.65 | 608.30 | 547.71 |
| TOTAL | 180.62 | 150.87 | 304.06 | 616.05 | 550.34 |

The Department had two UCs involving ₹ 83.92 crore pending and the six PD Accounts had balances of ₹ 1.60 crore lying unutilised as on 31 March 2022. There were ₹ 10.28 crore lying unutilised as on 31 March 2021. Persistent savings indicate a deeper problem of inability to assess the requirement of funds realistically as well as inadequate capacity to utilise the allocated funds optimally and needs to be addressed by the State Government.

(iv) Unnecessary re-appropriation of Funds

Scrutiny of the detailed appropriations in respect of Grant No. 13: PWD (R&B) revealed that in seven cases under Major Heads 2059, 2216, 4059 and 5054 there was an addition of ₹ 20.88 crore by re-appropriation, though expenditure of ₹ 368.76 crore was incurred resulting in savings of ₹ 163.96 crore during the year. Hence re-appropriation obtained in this head was unnecessary which is detailed in the **Table 3.15**.

Table 3.15: Unnecessary re-appropriation of Funds (where savings more than ₹ one crore)*(₹ in crore)*

| Sl. No. | Head of accounts | Provisions | | | | Actual exp. | Final savings |
|----------------------|------------------|------------------------------|-------|---------|-------|-------------|---------------|
| | | Original | Supp. | Re-app. | Total | | |
| Revenue-Voted | | | | | | | |
| | 2059 | Public works | | | | | |
| | 80 | General | | | | | |
| | 001 | Direction and Administration | | | | | |

| Sl. No. | Head of accounts | | Provisions | | | | Actual exp. | Final savings |
|----------------------|------------------|---|---------------|---------------|--------------|---------------|---------------|---------------|
| | | | Original | Supp. | Re-app. | Total | | |
| 1 | 25 | Public works | 259.42 | 0 | 2.42 | 261.84 | 217.05 | 44.79 |
| | 2216 | Housing | | | | | | |
| | 05 | General Pool Accommodation | | | | | | |
| | 796 | Tribal Area Sub-plan | | | | | | |
| 2 | 25 | Public works | 2.33 | 0 | 1.31 | 3.64 | 2.10 | 1.54 |
| Capital-Voted | | | | | | | | |
| | 4059 | Capital Outlay on Public Works | | | | | | |
| | 80 | General | | | | | | |
| | 789 | Special Component Plan for Scheduled Castes | | | | | | |
| 3 | 25 | Public works | 0.85 | 9.12 | 0.05 | 10.02 | 1.58 | 8.44 |
| | 796 | Tribal Area Sub-plan | | | | | | |
| 4 | 25 | Public works | 1.55 | 16.62 | 0.09 | 18.26 | 2.86 | 15.40 |
| | 5054 | Capital Outlay on Roads and Bridges | | | | | | |
| | 04 | District and Other Roads | | | | | | |
| | 337 | Roads Works | | | | | | |
| 5 | 68 | Road and Bridges | 0 | 116.07 | 13.89 | 129.96 | 51.01 | 78.95 |
| | 789 | Special Component Plan for Scheduled Castes | | | | | | |
| 6 | 54 | National Bank for Agriculture and Rural Development | 34.00 | 9.88 | 0.35 | 44.23 | 40.12 | 4.11 |
| | 796 | Tribal Area Sub-plan | | | | | | |
| 7 | 54 | National Bank for Agriculture and Rural Development | 62.00 | 0 | 2.77 | 64.77 | 54.04 | 10.73 |
| TOTAL | | | 360.15 | 151.69 | 20.88 | 532.72 | 368.76 | 163.96 |

(v) Savings occurred even after reduction by re-appropriation

Scrutiny of the detailed appropriations in respect of Grant No. 13 revealed that in four cases under Major Heads 2059 and 5054 though reduction done by re-appropriation but saving occurred. Major cases where savings was more than ₹ one crore are given in the following **Table 3.16**.

Table 3.16: Savings occurred even after reduction by re-appropriation (where saving more than ₹ one crore)*(₹ in crore)*

| Sl. No. | Heads of Account | | Original | Supp. | Re-app. | Total provision | Total exp. | Saving |
|----------------------|------------------|--|----------|-------|---------|-----------------|------------|--------|
| Revenue-voted | | | | | | | | |
| | 2059 | Public Works | | | | | | |
| | 80 | General | | | | | | |
| | 001 | Direction and administration | | | | | | |
| | 053 | Maintenance and Repairs | | | | | | |
| 1 | 25 | Public Works | 3.90 | 0 | - 0.16 | 3.74 | 0.89 | 2.85 |
| | 789 | Special Component Plan for Scheduled castes | | | | | | |
| 2 | 25 | Public Works | 2.38 | 0 | - 0.90 | 1.48 | 0.29 | 1.19 |
| | 799 | Suspense | | | | | | |
| 3 | 65 | Suspense Account | 30.00 | 0 | - 15.00 | 15.00 | 11.98 | 3.02 |
| Capital Voted | | | | | | | | |
| 4 | 5054 | Capital outlay on Roads and Bridges | | | | | | |
| | 04 | District and other Roads | | | | | | |
| | 337 | Road Works | | | | | | |
| | 54 | National Bank for agriculture and Rural Development (NABARD) | 104.00 | 27.96 | -15.95 | 116.01 | 103.00 | 13.01 |

(vi) Expenditure incurred without budget provision

Instances of incurring expenditure without the knowledge of the Legislature have been noticed in the following cases given in the **Table 3.17**. The excess expenditure requires regularisation.

Table 3.17: Expenditure incurred without budget provision (where expenditure more than ₹ one crore)*(₹ in crore)*

| Sl. No | Head of Accounts | Number of Schemes/ Sub Heads | Original | Supple-mentary | Re-appro-riation | Actual Expenditure |
|----------------------|------------------|--|----------|----------------|------------------|--------------------|
| Revenue-Voted | | | | | | |
| | 3054 | Roads and Bridges | | | | |
| | 04 | District and Other Roads | | | | |
| | 799 | Suspense | | | | |
| 1 | 68 | Roads and Bridges | 0 | 0 | 15.00 | 1.66 |
| Capital-Voted | | | | | | |
| | 5054 | Capital Outlay on Roads and Bridges | | | | |
| | 04 | District and Other Roads | | | | |
| | 337 | Road Works | | | | |
| 2 | 76 | Pradhan Mantri Gram Sadak Yojana | 0 | 0 | 9.91 | 9.91 |

(vii) Entire provision under sub-heads remained unutilised during the year

Scrutiny of the Appropriation Accounts for the year 2021-22 revealed that, in eight cases, the original budget provision was reduced by re-appropriation but the same remained unutilised as expenditure was not incurred under the particular sub-head during the year, which resulted in final savings. The reasons for the savings were not intimated by the Government, though the reasons for the re-appropriation were stated to be due to actual requirements. The details are given in **Table 3.18**.

Table 3.18: Budget Provision remained unutilised

(₹ in lakh)

| Sl. No. | Account Head description/Scheme name | Original | Supplementary | Re-appropriation | Approved outlay | Actual expenditure |
|----------------------|--|----------|---------------|------------------|-----------------|--------------------|
| Revenue Voted | | | | | | |
| | 3054: Roads and Bridges | | | | | |
| | 01: National Highways | | | | | |
| | 337: Road Works | | | | | |
| 1 | 25: Public works | 2.60 | 0 | 0 | 2.60 | Nil |
| | 796: Tribal Area Sub-plan | | | | | |
| 2 | 25: Public works | 1.55 | 0 | 0 | 1.55 | Nil |
| Capital Voted | | | | | | |
| | 4059: Capital Outlay on Public Works | | | | | |
| | 80: General | | | | | |
| | 051: Construction | | | | | |
| 3 | 25: Public works | 0 | 2.69 | 0 | 25.69 | Nil |
| 4 | 89: Centrally Sponsored Scheme-IV (CSS) | 2.34 | 0 | 0 | 2.34 | Nil |
| | 796: Tribal Area Sub-plan | | | | | |
| 5 | 89: Centrally Sponsored Scheme-IV (CSS) | 1.39 | 0 | 0 | 1.39 | Nil |
| | 5054: Capital Outlay on Roads and Bridges | | | | | |
| | 03: State Highways | | | | | |
| | 337: Road works | | | | | |
| 6 | 91: Central Assistance to state Plan (CASP) | 10.40 | 0 | 0 | 10.40 | Nil |
| | 789: Special Component Plan for Scheduled Castes | | | | | |
| 7 | 91: Central Assistance to state Plan (CASP) | 3.40 | 0 | 0 | 3.40 | Nil |
| | 796: Tribal Area Sub-plan | | | | | |
| 8 | 91: Central Assistance to state Plan (CASP) | 6.20 | 0 | 0 | 6.20 | Nil |

(B) Review of Grant No. 51**(i) Financial Position**

The overall budget and actual expenditure of the Grant No. 51 during the year 2021-22 are given in **Table 3.19**.

Table 3.19: Budget and actual expenditure during 2021-22*(₹ in crore)*

| Section | Nature of expenditure | Original Grant/ App. | Supplementary Grant/App. | Total Provision | Actual exp. | Net Savings (-)/ Excess (+) | Surrender in March | |
|---------|-----------------------|----------------------|--------------------------|-----------------|---------------|-----------------------------|--------------------|--------------|
| | | | | | | | Amount | Per cent |
| Voted | Revenue | 266.26 | 24.04 | 290.30 | 221.25 | (-) 69.05 | 0.00 | 0.00 |
| | Capital | 400.35 | 55.59 | 455.94 | 239.76 | (-) 216.18 | 166.66 | 77.09 |
| | Total | 666.61 | 79.63 | 746.24 | 461.01 | (-) 285.23 | 166.66 | 58.43 |
| Charged | Revenue | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Grand Total | 666.61 | 79.63 | 746.24 | 461.01 | (-) 285.23 | 166.66 | 58.43 |

Source: Appropriation Accounts 2021-22

As against the total provision of ₹ 746.24 crore, the actual expenditure incurred by the Department during 2021-22 was ₹ 461.01 crore (61.78 per cent) resulting in savings of ₹ 285.23 crore (38.22 per cent) during the year. Out of the total savings of ₹ 285.23 crore, ₹ 166.66 crore (58.43 per cent) was surrendered by the Department before the close of the financial year. Non-surrendering of balance savings of ₹ 118.57 crore (41.57 per cent) by the Department before the close of the financial year violated the Financial Rules.

(ii) Substantial savings under Sub-Heads

There was savings of ₹ 285.23 crore out of a budgetary provision of ₹ 746.24 crore under various Sub-Heads of Grant No. 51: PW (DWS) during 2021-22. Details of Heads of Account where there were savings of over ₹ one crore are given in **Appendix 3.13 (Part B)**.

Considering that most of the savings pertained to centrally sponsored schemes and central assistance to State plan schemes, the performance of the Department in fulfilling its responsibilities with regard to implementation of schemes related to developmental works of major and minor nature is sub optimal.

(iii) Persistent Savings

There were persistent savings of more than ₹ 90 crore every year during five-year period 2017-22 under Grant No. 51 of PW (DWS). Year-wise position of persistent savings during 2017-22 under this Grant is given in **Table 3.20**.

Table 3.20: Persistent savings

(₹ in crore)

| Grant No. & Name | Head | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|------------------------|---------------|---------------|--------------|---------------|---------------|---------------|
| 51: Public Works (DWS) | Revenue Voted | 40.17 | 24.76 | 34.11 | 35.65 | 69.05 |
| | Capital Voted | 66.38 | 65.42 | 155.27 | 67.26 | 216.18 |
| TOTAL | | 106.55 | 90.18 | 189.38 | 102.91 | 285.23 |

Persistent savings indicate a deeper problem of inability to assess the requirement of funds realistically as well as inadequate capacity to utilise the allocated funds optimally and needs to be addressed by the State Government.

(iv) Inadequate re-appropriation of Funds

Scrutiny of the detailed appropriations in respect of Grant No. 51 revealed that in four cases under Major Heads 2215 and 4215 though reduction of ₹ 16.73 crore was done through re-appropriation but saving of ₹ 39.57 crore occurred. Major cases where savings was more than ₹ one crore are given in the following Table 3.21.

Table 3.21: Savings occurred even after reduction by re-appropriation (where saving was more than ₹ one crore)

(₹ in crore)

| Sl. No. | | Heads of Account | Original | Supp. | Re-app. | Total provision | Total exp. | Saving |
|----------------------|-------------|--|---------------|----------|---------------|-----------------|---------------|--------------|
| Revenue-Voted | | | | | | | | |
| | 2215 | Water Supply and Sanitation | | | | | | |
| | 02 | Water Supply | | | | | | |
| | 001 | Direction and administration | | | | | | |
| 1 | 28 | Public health | 145.16 | 0 | -1.02 | 144.13 | 121.71 | 22.42 |
| Capital-Voted | | | | | | | | |
| | 4215 | Capital Outlay on Water Supply and Sanitation | | | | | | |
| 2 | 91 | Centrally Assistance to State Plan CSS) | 26.00 | 0 | -8.17 | 17.83 | 8.21 | 9.62 |
| | 789 | Special Component Plan for Scheduled castes | | | | | | |
| 3 | 91 | Centrally Assistance to State Plan CSS) | 8.50 | 0 | -2.67 | 5.83 | 3.64 | 2.19 |
| | 796 | Tribal Area Sub-plan | | | | | | |
| 4 | 91 | Centrally Assistance to State Plan CSS) | 15.50 | 0 | -4.87 | 10.63 | 5.29 | 5.34 |
| TOTAL | | | 195.16 | 0 | -16.73 | 178.42 | 138.85 | 39.57 |

(v) Entire provision under sub-heads remained unutilised during the year

Scrutiny of the Appropriation Accounts for the year 2021-22 revealed that, in two cases, the original budget provision was reduced by re-appropriation but the same remained

unutilised as expenditure was not incurred under the particular sub-head during the year, which resulted in final savings. The reasons for the savings were not intimated by the Government, though the reasons for the re-appropriation were stated to be due to actual requirements. The details are given in **Table 3.22**.

Table 3.22: Budget Provision remained unutilised

(₹ in lakh)

| Sl. No. | Account Head description/Scheme name | Original | Supplementary | Re-appropriation | Approved outlay | Actual expenditure |
|----------------------|---|----------|---------------|------------------|-----------------|--------------------|
| Capital Voted | | | | | | |
| | 4059: Capital Outlay on Public works | | | | | |
| | 80: General | | | | | |
| | 051: Construction | | | | | |
| 1 | 25: Public Works | 0 | 1.61 | 0 | 1.61 | Nil |
| 2 | 91: Central Assistance to State Plan (NEC) | 0 | 0 | 1.04 | 1.04 | Nil |

3.5 Withdrawal of entire provision by re-appropriation

Scrutiny of the Appropriation Accounts for the year 2021-22 revealed that, in 39 cases under 16 grants, the entire original budget provisions (cases where budget provision was above ₹ one crore) was reduced/surrendered by re-appropriation during the year. The reasons for the surrender by re-appropriation were stated to be due to actual requirements. The details are given in **Appendix 3.14**.

3.6 Good Practices

Some of the improvements in the areas of budgetary management are highlighted below;

With effect from May 2017, Government of Tripura has started e-payment using RBI's e-Kuber application. All treasury payments except those relating to regular pension are being made through e-payment. During the year 2021-22, 80.13 *per cent* of the payments were made through e-payment.

During the year 2021-22, all the 64 CCOs of the Government have reconciled hundred *per cent* receipts and expenditure of ₹ 18,204.61 crore and ₹ 18,661.91 crore (including expenditure on public debt and loans and advances) respectively.

3.7 Conclusion

Budgetary assumptions of the State Government were not realistic during 2021-22 and despite carrying out an elaborate pre-budget exercise to bring about efficiency and transparency in budget formulation and execution, budgetary estimates were off the mark to a considerable extent. Control over the execution and monitoring of budget by departments was inadequate.

Significant policy initiatives of the Government were not fulfilled during the year due to non-completion of the preparatory activities relating to these initiatives. Supplementary Grants/Appropriations were obtained without adequate justification. The State

Government had overall savings of ₹ 7,906.74 crore which is more than twice the size of the supplementary budget of ₹ 3,267.58 crore obtained during the year, which raised questions over the budget formulation process. Proper explanations were not provided to the Accountant General (A&E), Tripura for variations in expenditure *vis-à-vis* allocations. Departments were neither cautioned against persistent savings; nor were their budgets varied in accordance with their ability to absorb the allocations.

3.8 Recommendations

1. Government may prepare budgetary assumptions more realistically and ensure efficient control mechanisms to curtail savings/ excess expenditure.
2. Excess expenditure over grants approved by the Legislature is in violation of the will of the Legislature. State Government should view such excess expenditure very seriously and regularised it at the earliest.
3. Government should initiate an appropriate control mechanism to enforce proper implementation and monitoring of budget by various departments, to ensure that savings are curtailed, large savings within the Grant/ Appropriation are controlled, and anticipated savings are identified and surrendered or re-appropriated for due utilisation to enhance economic activity towards development.
4. Controlling Officers should be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.