

CHAPTER 3
BUDGETARY MANAGEMENT

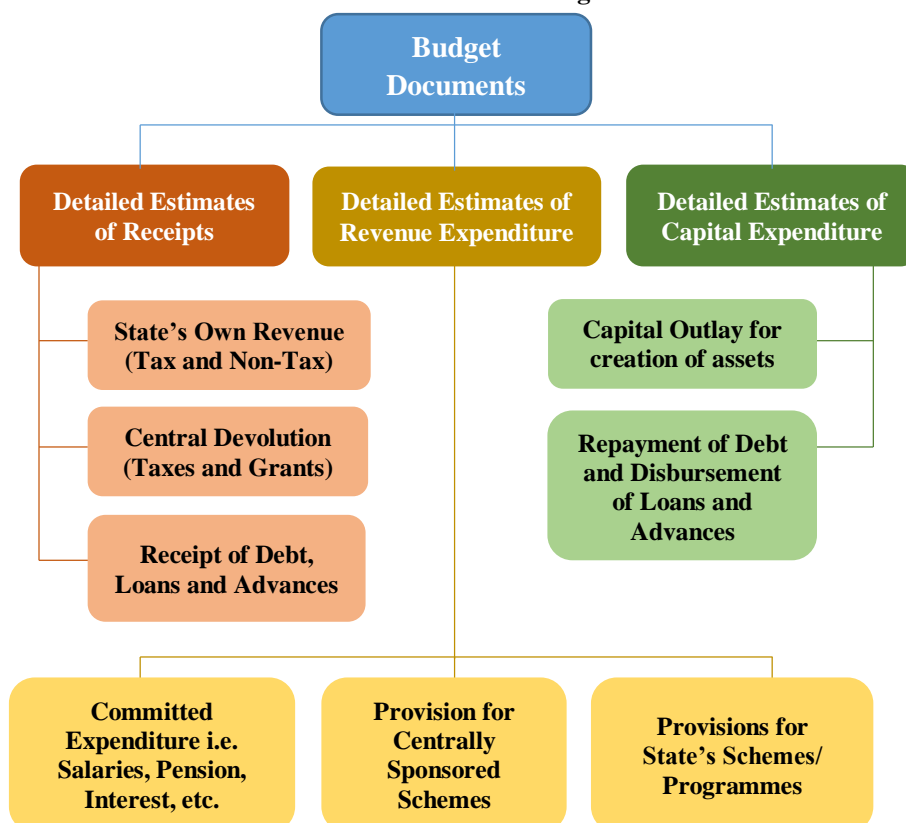
Chapter 3: Budgetary Management

3.1 Budget Process

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

As per the Punjab Budget Manual, as adopted by Haryana, the Finance Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of heads of the departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called ‘Demand for Grants’. The State budget comprises following documents as given in *Chart 3.1*.

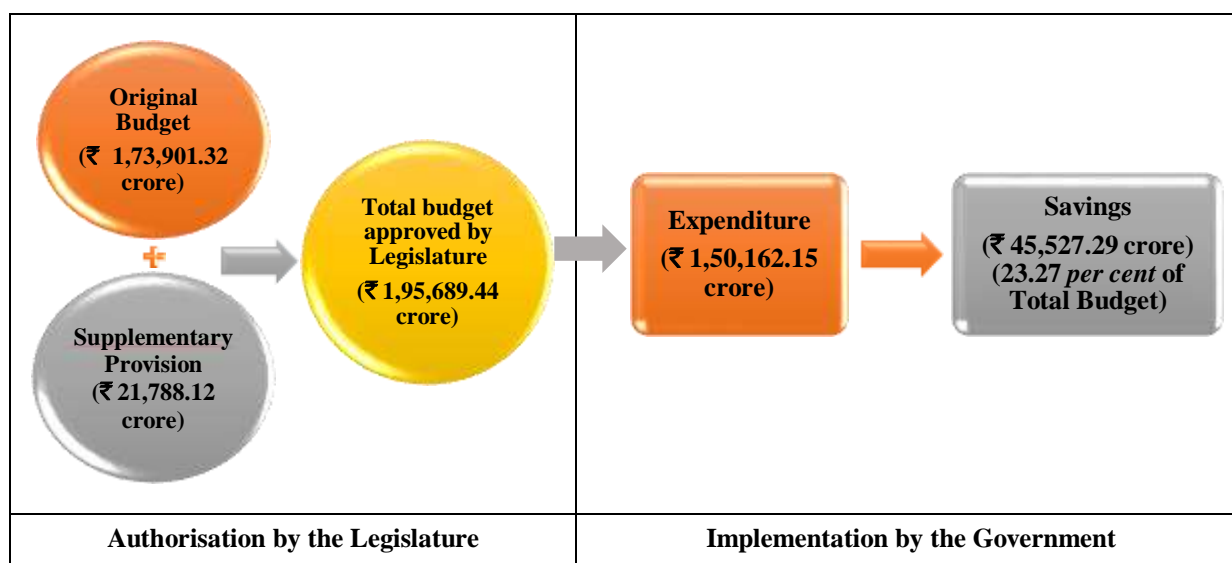
Chart 3.1: Detail of State Budget Documents



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

The various components of budget are depicted in the *Chart 3.2*.

Chart 3.2: Total Budget provision vis-à-vis expenditure during 2021-22



Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts

Summary of total provision, actual disbursements and savings during financial year

A summarised position of total budget provision, disbursement and savings with its further bifurcation into voted/charged during 2017-22 is given in *Table 3.1.1*.

Table 3.1.1: Disbursement and Saving/Excess during 2017-22

(₹ in crore)

Year	Total Budget Provision		Disbursement		Saving	
	Voted	Charged	Voted	Charged	Voted	Charged
2017-18	1,02,879.77	22,110.63	84,418.03	18,544.66	18,461.74	3,565.97
2018-19	1,07,759.20	33,973.70	90,304.44	31,058.32	17,454.76	2,915.38
2019-20	1,19,003.62	37,446.09	98,167.61	31,688.66	20,836.01	5,757.43
2020-21	1,27,589.40	52,415.44	95,535.91	46,873.19	32,053.49	5,542.25
2021-22	1,47,174.90	48,514.54	1,06,051.98	44,110.17	41,122.92	4,404.37

Source: Appropriation Accounts of the respective years.

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 of the Constitution of India. Appropriation Accounts are on Gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate understanding of utilisation of funds, the management

of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

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

3.3 Comments on integrity of budgetary and accounting process

3.3.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution. Paragraph 14.1 of the Punjab Budget Manual provides that expenditure on new scheme 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. It was, however, observed that an expenditure of ₹ 170.02 crore, was incurred in four cases (₹ 50 lakh or more in each case) (*Detail given in Table 3.3.1*) under various components of four grants during the year 2021-22 without having any provision in the original budget estimates/supplementary demands and without issuing any re-appropriation orders to this effect.

Table 3.3.1: Detail of expenditure incurred without provision

Sr. No.	Major Head/Minor/Sub Heads of Expenditure	Amount (₹ in crore)
Grant No. 8- Buildings and Roads		
1.	3054-Roads and Bridges, 80-General, 797-Transfer to/ from Reserve Fund/ Deposit Account, 99- Transfer from CRF-Inter Account Transfer	163.71
2.	4250-Capital Outlay on Other Social Services, 800-Other Expenditure, 90-Construction of New ITIs (Swaran Jayanti)	0.74
Grant No.21- Women and Child Development		
3..	2235-Social Security and Welfare, 02-Social Welfare, 190-Assistance to Public Sector and other Undertakings, 98-GIA to Haryana State Social Welfare Advisory Board	0.90
Grant No. 24- Irrigation		
4.	4700-Capital Outlay on Major Irrigation, 14-Dadupur Nalvi Irrigation Project, 800-Other Expenditure, 98-Construction of Canal – Dadupur Nalvi Canal Network	4.67
	Total	170.02

Source: Appropriation Accounts.

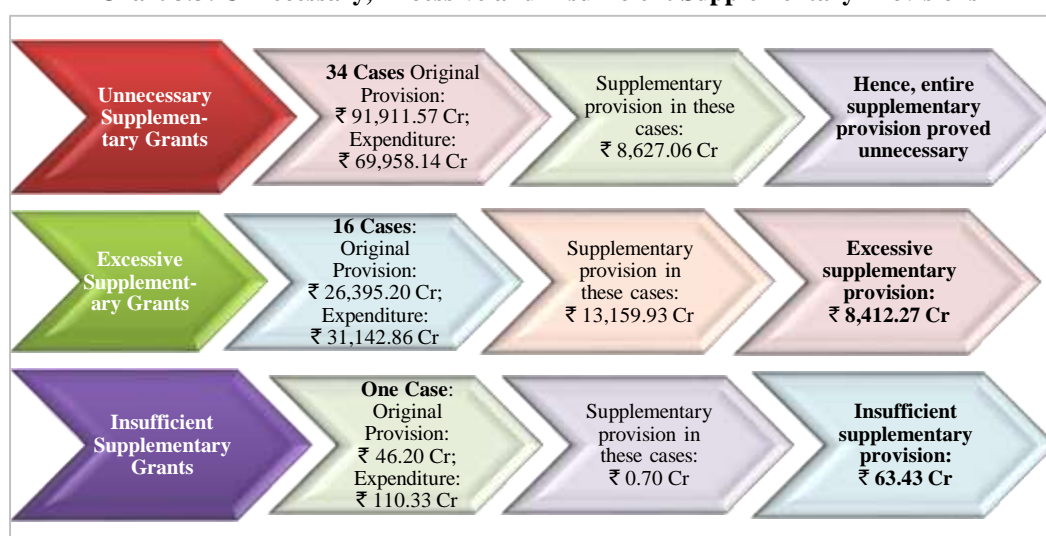
3.3.2 Unnecessary or excessive supplementary grants

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 current financial year.

Supplementary provisions aggregating to ₹ 8,627.06 crore obtained in 34 cases, involving ₹ 50 lakh or more in each case during the year proved unnecessary as the expenditure (₹ 69,958.14 crore) did not come up to the level of the original provisions (₹ 91,911.57 crore). In 16 cases, supplementary provision of ₹ 13,159.93 crore proved excessive as it was more than the requirement (₹ 4,747.66² crore) by ₹ 8,412.27 crore (*Appendix 3.1*). On the other hand, in one case (Grant No. 7-Planning and Statistics), supplementary provision of ₹ 0.70 crore proved inadequate as it fell short by ₹ 63.43 crore against the requirement of ₹ 64.13³ crore. The detail of unnecessary, excessive and insufficient supplementary provisions is given in *Chart 3.3*.

Chart 3.3: Unnecessary, Excessive and Insufficient Supplementary Provisions



Source: Appropriation Accounts

As such, the supplementary provisions were either unwarranted or excessive in large number of cases. The Government may consider preparing realistic budget estimates to avoid large savings and supplementary provisions.

3.3.3 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are required. During the year 2021-22, out of actual savings of ₹ 45,527.29 crore, an amount of ₹ 61,829.56 crore was surrendered through re-appropriation order of 45 grants, resulting in excess surrender of ₹ 16,302.27 crore.

Re-appropriation proved injudicious in view of excessive surrenders or insufficient augmentation and resulted in excesses of over ₹ 21,023.11 crore in 70 sub-heads and savings of over ₹ 3,665.56 crore under 43 sub-heads against

² ₹ 4,747.66 crore = Expenditure: ₹ 31,142.86 crore – Original provision : ₹ 26,395.20 crore

³ ₹ 64.13 crore = Expenditure : ₹ 110.33 crore – Original provision : ₹ 46.20 crore.

benchmark of more than ₹ one crore in each case as detailed in **Appendix 3.2**. Excesses/Savings were more than ₹ 10 crore under 59 sub-heads. In one⁴ case, reduction of provisions through re-appropriation proved injudicious, as the actual expenditure was more than the original and supplementary provisions and in 25⁵ cases, where the entire amount of original provision was surrendered through re-appropriation, expenditure was incurred against non-available provisions. In four⁶ cases, the re-appropriation of funds proved excessive, as the savings were more than the funds provided through re-appropriation. Similarly, in 11⁷ cases, the re-appropriation of funds proved injudicious, as the actual expenditure was more than the funds provided through original and re-appropriation.

3.3.4 Non-surrendering and excess surrendering of funds

At the close of the year 2021-22, in 70 cases funds of more than ₹ 10 crore in each case were surrendered. In these cases, the total provision was ₹ 1,66,913.46 crore and actual expenditure was ₹ 1,24,089.59 crore resulting in savings of ₹ 42,823.87 crore. Out of this, ₹ 61,751.01 crore were surrendered (**Appendix 3.3**), ₹ 18,927.14 crore were still in excess of expenditure incurred, indicating inadequate budgetary and financial control.

Further, analysis revealed that in 10 cases against the savings of ₹ 4,508.65 crore, ₹ 1,496.12 crore were not surrendered which was against the provisions of paragraph 13.2 of Punjab Budget Manual (also applicable to Haryana). In 38 cases, ₹ 52,534.31 crore were surrendered against the savings of ₹ 32,111.45 crore. In 22 cases all the savings of ₹ 6,203.77 crore were surrendered. Reasons for less/excess surrendering of funds were not intimated by the State Government.

3.3.5 Savings

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 unrealistic estimating, it is a matter of concern. All estimating officers should strive 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 consider this while exercising final check on the estimates.

Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism, weak scheme implementation capacities/weak internal controls promote release

⁴ Sr. No. 46 of **Appendix 3.2**.

⁵ Sr. No. 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 40, 44, 57, 64, 90, 91 and 92 of **Appendix 3.2**.

⁶ Sr. No.5, 36, 77 and 88 of the **Appendix 3.2**.

⁷ Sr. No. 4, 26, 31, 38, 54, 87, 96, 101, 105, 109 and 110 of the **Appendix 3.2**.

of funds towards the end of the financial year. Excessive savings in some heads also deprive other Departments of the funds, which they could have utilised.

(i) Savings vis-à-vis allocations

There were overall savings of ₹ 45,527.29 crore. Out of these, in 38 cases, savings were ₹ 44,115.90 crore registering savings of more than ₹ 100 crore in each case (*Appendix 3.4*). In these 38 cases, against a total provision of ₹ 1,89,641.23 crore, actual expenditure was ₹ 1,45,525.33 crore and savings were ₹ 44,115.90 crore. The cases in which there was substantial saving have been listed in *Table 3.3.5.1*.

Table 3.3.5.1: Detail of cases in which savings were more than ₹ 500 crore

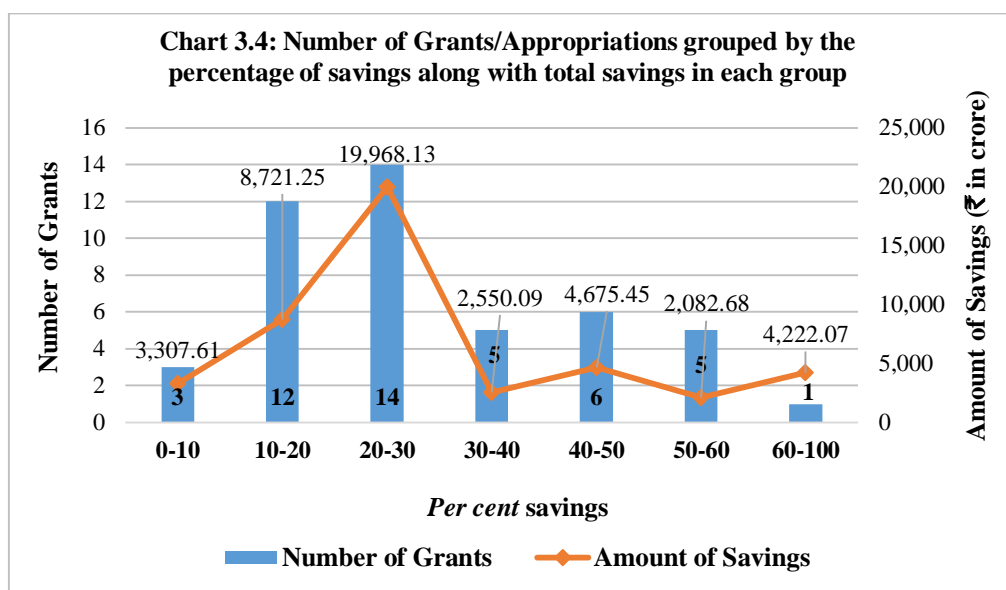
(₹ in crore)

Sr. No.	Number and name of the Grant	Original	Supplementary	Total	Actual	Savings
Revenue (Voted)						
1	4-Revenue	1,573.32	856.3	2,429.62	1,880.32	549.30
2	6-Finance	19,335.15	881.5	20,216.65	11,212.92	9,003.73
3	9-Education	17,162.02	139.95	17,301.97	14,473.22	2,828.75
4	13-Health	6,177.82	947.70	7,125.52	6,001.77	1,123.75
5	15-Local Government	4,101.10	4,162.58	8,263.68	4,566.88	3,696.80
6	21-Women and Child Development	1,474.13	359.71	1,833.84	1,223.37	610.47
7	24-Irrigation	3,066.14	15	3,081.14	2,034.93	1,046.21
8	27-Agriculture	3,301.07	587.04	3,888.11	2,603.64	1,284.47
9	32-Rural and Community Development	5,836.17	292.37	6,128.54	1,956.82	4,171.72
10	33-Co-Operation	504.21	703.45	1,207.66	447.21	760.45
11	36-Home	5,605.89	1,276.11	6,882.00	5,108.90	1,773.10
12	38-Public Health and Water Supply	2,030.35	442.55	2,472.90	1,856.28	616.62
13	40-Energy and Power	6,452.78	2,894.81	9,347.59	7,143.61	2,203.98
	Total	76,620.15	13,559.07	90,179.22	60,509.87	29,669.35
Revenue Charged						
14	6-Finance	19,943.42	0	19,943.42	18,361.60	1,581.82
	Total	19,943.42	0	19,943.42	18,361.60	1,581.82
Capital Voted						
15	13-Health	1,158.73	260.88	1,419.61	895.7	523.91
16	23-Food and Supplies	15,233.28	501	15,734.28	12,942.15	2,792.13
17	38-Public Health and Water Supply	1,393.51	858.45	2,251.96	1,725.85	526.11
18	40-Energy Charges	763.42	0	763.42	10.41	753.01
19	45-Loans and Advances	1,239.43	888.94	2,128.37	966.26	1,162.11
	Total	19,788.37	2,509.27	22,297.64	16,540.37	5,757.27
Capital (Charged)						
20	Public Debt	28,161.19	0	28,161.19	25,472.96	2,688.23

Further, scrutiny of savings in above mentioned grants revealed that during 2021-22 in 58 schemes (other than salary/establishments), the savings were more than ₹ 100 crore (*Appendix 3.5*).

Savings of such a magnitude are indicative of defective budgeting as well as shortfall in performance in a grant or appropriation.

Chart 3.4 categorises the grants/appropriations according to percentage of savings against budget allocations.



(ii) Persistent savings

Further, scrutiny of grants and appropriation showed that during the last five years, 22 grants in Revenue Voted, nine grants under Capital Voted and two appropriation showed persistent savings of more than ₹ 10 crore and above which were also 10 per cent or more of the total grants. Detail of grants/appropriation with savings during the year 2017-18 to 2021-22 are given in **Table 3.3.5.2**.

Table 3.3.5.2: Grants indicating persistent savings

(₹ in crore)

Sr. No.	Number and name of the grant	Amount of savings				
		2017-18	2018-19	2019-20	2020-21	2021-22
Revenue (Voted)						
1.	10-Technical Education	92.61 (21)	68.17 (15)	58.23 (10)	176.78 (24)	77.71 (11)
2.	11-Sports and Youth Welfare	211.20 (46)	114.86 (29)	114.93 (28)	179.97 (60)	222.63 (46)
3.	15-Local Government	1,462.93 (27)	2,168.63 (43)	2,263.66 (41)	3,765.83 (51)	3,696.80 (45)
4.	17-Employment	56.52 (24)	45.37 (13)	69.75 (15)	243.03 (37)	188.41 (21)
5.	18-Industrial Training	122.11 (29)	185.11 (37)	201.65 (31)	350.68 (43)	462.29 (46)
6.	19-Welfare of SCs and BCs	357.63 (47)	325.97 (45)	226.64 (44)	139.49 (27)	152.84 (28)
7.	21-Women and Child Development	232.26 (22)	476.58 (34)	409.27 (29)	362.76 (24)	610.47 (33)
8.	22-Welfare of SCs, STs, Other BCs and Minorities	18.83 (14)	29.77 (16)	175.71 (59)	31.70 (19)	59.55 (21)
9.	24-Irrigation	519.63 (27)	214.32 (13)	265.50 (15)	1,133.01 (43)	1,046.22 (34)
10.	25-Industries	234.39 (64)	343.58 (61)	60.84 (19)	69.71 (24)	156.87 (34)
11.	27-Agriculture	648.44 (34)	956.78 (35)	1,542.96 (50)	1,694.77 (42)	1,284.47 (33)
12.	28-Animal Husbandry	88.83 (12)	107.55 (12)	183.11 (18)	291.09 (25)	290.29 (24)

Sr. No.	Number and name of the grant	Amount of savings				
		2017-18	2018-19	2019-20	2020-21	2021-22
13.	29-Fisheries	42.61 (48)	32.75 (39)	22.51 (30)	56.10 (46)	51.04 (41)
14.	30-Forest and Wild Life	142.21 (31)	143.96 (32)	178.39 (35)	66.77 (12)	292.07 (36)
15.	32-Rural and Community Development	1,193.68 (26)	1,261.75 (26)	1,341.36 (25)	2,411.30 (35)	4,171.72 (68)
16.	34-Transport	277.38 (12)	406.76 (16)	387.16 (16)	489.67 (22)	365.26 (15)
17.	37-Elections	38.15 (53)	30.63 (40)	171.11 (56)	29.76 (33)	48.20 (44)
18.	38- Public Health and Water Supply	238.01 (12)	194.49 (10)	345.02 (16)	247.94 (10)	616.62 (25)
19.	39-Information and Publicity	29.55 (18)	194.72 (47)	30.68 (12)	73.53 (36)	56.10 (21)
20.	40-Energy and Power	2,922.16 (28)	892.38 (11)	1,838.25 (21)	1,896.33 (25)	2,203.98 (24)
21.	42-Administration of Justice	140.01 (21)	194.48 (25)	286.45 (31)	347.04 (35)	200.44 (22)
22.	43-Prisons	50.37 (20)	70.49 (25)	60.26 (22)	61.59 (20)	40.40 (13)
Capital (Voted)						
23	7-Planning and Statistics	110.76 (27)	310.14 (44)	172.39 (42)	200.48 (65)	151.26 (38)
24.	18-Industrial Training	14.30 (37)	53.33 (78)	32.13 (42)	58.99 (48)	64.71 (60)
25.	21-Women and Child Development	110.87 (64)	77.01 (48)	127.84 (88)	114.85 (67)	94.05 (63)
26.	32- Rural and Community Development	1,200.00 (100)	96.14 (96)	271.41 (90)	229.94 (70)	49.97 (33)
27.	34-Transport	45.64 (17)	163.57 (47)	488.07 (88)	224.70 (53)	391.50 (60)
28.	35-Tourism	50.48 (75)	23.70 (50)	10.55 (27)	36.88 (57)	56.05 (74)
29.	36-Home	82.15 (27)	154.20 (38)	180.30 (44)	94.64 (37)	97.82 (42)
30.	38-Public Health and Water Supply	273.98 (19)	294.53 (17)	296.86 (20)	1,033.54 (52)	526.11 (23)
31.	45-Loan and Advances	208.95 (13)	1,256.32 (62)	373.02 (22)	4,166.81 (12)	1,162.11 (55)
Capital (Charged)						
32.	24-Irrigation	12.39 (18)	10.21 (15)	37.26 (35)	116.80 (78)	84.64 (85)
33.	Public Debt	3,606.12 (36)	2,081.88 (11)	4,481.64 (22)	4,166.81 (12)	2,688.24 (10)

* **Figures in parenthesis show percentage of savings to total provision**

Further, scrutiny of savings during the last three years revealed that 71 schemes under Revenue and Capital Heads showed persistent savings in which budget provision was ₹ five crore or more and saving above 50 per cent of total provision. Detail of schemes with savings during the year 2019-20 to 2021-22 are given in *Appendix 3.6*.

3.3.6 Excess expenditure and its regularisation

As per Article 204 of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the Article. Further, as per Article 205 of the Constitution of India, it is mandatory for the State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee.

3.3.6.1 Excess Expenditure

There was excess disbursement of ₹ 63.47 crore against the budget provision of ₹ 47.10 crore under One Grant No. 7-Planning and Statistics and one appropriation of Grant No. 23- Food and Supplies the financial year 2021-22. Major head-wise excess disbursement over the authorisation from the Consolidated Fund of State during 2021-22 is given in *Table 3.3.6.1*.

Table 3.3.6.1: Details of Major head-wise excess disbursement during 2021-22

(₹ in lakh)

Sr. No.	Grant No.	Major Head	Major Head Description	Total Provision	Expenditure	Saving (-)/ Excess(+)
1.	7 Planning and Statistics	3451	Secretariat-Economic Services	2,414.50	9,083.19	6,668.69
2.		3454	Census Surveys and Statistics	2,275.70	1,950.12	(-) 325.58
Total				4,690.20	11,033.31	6,343.11
3.	23 Food and Supplies	2408	Food, Storage and Warehousing	20.00	23.99	3.99
Total				20.00	23.99	3.99
Grant Total				4,710.20	11,057.30	6,347.10

Under the major head 3451, the excess was mainly due to more expenditure in Swarna Jayanti Haryana Institute for Fiscal Management and salary for field staff under Niti Ayog. Under the major head 2408, the excess was mainly due to actual expenditure as per order passed by Hon'ble courts in various cases. As such, under Grant No. 7 and 23, excess expenditure of ₹ 63.47 crore was incurred during 2021-22 which was excess over the authorisation made by State Legislature and required to be regularised.

Excess disbursements of ₹ 153.39 crore under two grants pertaining to the year 2019-20 and excess disbursements of ₹ 21.93 crore under one grant pertaining to the year 2020-21 are yet to be regularised by the State Legislature (August 2022). This is required as per provisions of Articles 204 and 205 of the Constitution.

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 and weak

internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprive other departments of the funds, which they could have utilised.

The total provision for expenditure in 2021-22 was ₹ 1,95,689.44 crore. The actual gross expenditure during the year was ₹ 1,50,162.15 crore. This resulted in savings of ₹ 45,527.29 crore (23.27 per cent) in 2021-22 as detailed in **Table 3.4.1.1**.

Table 3.4.1.1: Summarised position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) provisions during the year 2021-22

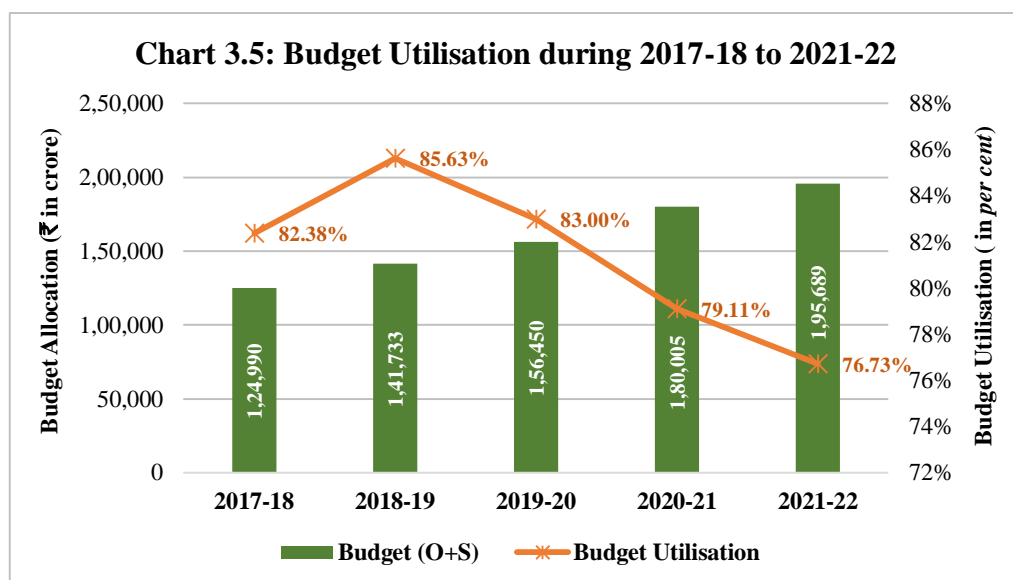
(₹ in crore)

Nature of expenditure		Original grant/ Appropriation	Supplementary grants/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	97,894.49	16,164.45	1,14,058.94	80,844.04	(-) 33,214.90
	II Capital	26,277.66	4,709.93	30,987.59	24,241.68	(-) 6,745.91
	III Loans and Advances	1,239.43	888.94	2,128.37	966.26	(-) 1,162.11
	Total Voted	1,25,411.58	21,763.32	1,47,174.90	1,06,051.98	(-) 41,122.92
Charged	IV Revenue	20,178.55	24.80	20,203.35	18,597.21	(-) 1,606.14
	V Capital	150.00	0.00	150.00	40.00	(-) 110.00
	VI Public Debt Repayment	28,161.19	0.00	28,161.19	25,472.96	(-) 2,688.23
	Total Charged	48,489.74	24.80	48,514.54	44,110.17	(-) 4,404.37

Source: Appropriation Accounts.

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Head (₹ 1,016.21 crore) and Capital Head (₹ 13,236.11 crore).

Supplementary provision of ₹ 21,788.12 crore constituted 13 per cent of the original provision as well as in the previous year.



The State Government prepared the original budget of ₹ 1,27,484.26⁸ crore for revenue expenditure, capital expenditure and disbursement of loans and advances for the year 2021-22 and revised it to ₹ 1,25,222.67 crore, against

⁸ Recoveries under revenue and capital heads have been excluded from the gross budget figures.

which actual expenditure was ₹ 1,10,436.87 crore. Trends in the original budget, revised estimate, and actual expenditure for the period 2017-18 to 2021-22 are given in **Table 3.4.1.2**.

Table 3.4.1.2: Original budget, revised estimate and actual expenditure during 2016-21
(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
Original Budget	92,384.38	1,02,732.54	1,11,908.84	1,19,751.97	1,27,484.26
Revised Estimate	93,685.52	1,02,779.09	1,08,203.33	1,03,156.85	1,25,222.67
Actual Expenditure	88,190.15	93,217.78	1,03,823.39	96,742.00	1,10,436.87
Saving	5,495.37	9,561.31	4,379.94	6,414.85	14,785.80

Source: Budget at a glance and Finance Accounts for respective years

3.4.2 Major policy pronouncements in budget and actual expenditure

Some major policy pronouncements in budget and actual expenditure there against are given in **Table 3.4.2.1**.

Table 3.4.2.1: Major policy pronouncements in budget and actual expenditure during the year 2021-22

(₹ in crore)

Sr. No.	Name of the Scheme and Classification	Budget Provisions	Actual expenditure	Savings (-)/ Excess (+)
1	Scheme for Management of Crop Residue (2401-113-82)	306.00	15.85	(-) 290.15
2	Scheme for Rashtriya Krishi Vikas Yojna (2401-109-80)	200.00	132.13	(-) 67.87
3	Pradhanmantri Fasal Bima Yojana (2401-111-90)	517.50	492.79	(-) 24.71
4	Grants-in-aid to Haryana Agriculture University-Normal Plan (2415-01-277-99-99)	485.00	416.68	(-) 68.32
5	Vidhayak Adarsh Gram Yojana (VAGY) (2515-106-99)	180.20	2.18	(-) 178.02
6	Financial Assistance to Panchayati Raj Institutions on the recommendation of State Finance Commission (2515-101-89)	1,375.00	0.00	(-) 1,375.00
7	Haryana Gramin Vikas Yojana (HGVY)(2515-102-94)	350.00	172.55	(-) 177.45
8	Haryana Gram Uday Yojana for up-gradation of infrastructure renamed as Deenbandhu Haryana Gram Uday Yojana (4515-101-99)	150.00	100.00	(-) 50.00
9	Scheme for Sanitation under Swachh Bharat Mission (Gramin)-Normal Plan (2515-102-93-99)	532.37	99.82	(-) 432.55
10	Installation of Solar Water Pumping System in the State (2810-101-98)	200.00	374.63	174.63
11	Rural Roads- Construction of Roads in Haryana State Construction strengthening/widening and improvement of roads (5054-03-337-88-99)	150.00	91.16	(-) 58.84
12	Financial Assistance to Destitute Children (2235-02-102-99)	400.65	357.27	(-) 43.38
13	Old Age Samaan Allowance Scheme (2235-60-102-98)	3,694.04	4,109.68	415.64
14	Supplementary Nutrition Programme (2235-02-101-95)	101.00	67.27	(-) 33.73
15	Vishwakarma Skill University at village Dudhola District Palwal (2230-03-001-91)	210.00	165.00	(-) 45.00
	Total	8,851.76	6,597.01	(-) 2,254.75

Source: Finance and Appropriation Accounts

As evident from above, against the total budget provision of ₹ 8,851.76 crore, expenditure of ₹ 6,597.01 crore (74.53 per cent) was incurred on these schemes during the year 2021-22. Out of 15, in five schemes, the expenditure was less than 50 per cent of the budget provision. The reasons quoted were non-receipt of funds from GoI and other financing institutions, non-finalisation of project layouts, economy measures, etc. This deprived the beneficiaries of intended benefits.

3.4.3 Performance Linked Outlay

The Objective of the Performance Linked Outlay (PLO) is to ensure that the Government recognizes the need to leverage financial resources for creation of productive assets, while maintaining fiscal prudence, in order to sustain the growth trajectory of the State. The scheme was, therefore, introduced by the State government to ensure efficient and prudent utilization of resources. The implementation of the PLO scheme was likely to improve the financial discipline of the State Government by encouraging fiscal prudence. It was intended to incentivize Departments to target the resources for productive utilization. Further, it was to be instrumental in deterring the parking of funds and rushed withdrawals towards the fag end of the year. It would also facilitate the Finance Department to re-allocate the budget after assessing the absorptive and spending capacity of the Departments.

During scrutiny of the appropriation Account for the year 2021-22, it was noticed that the provision of ₹ 10,398.60 crore (Original Budget of ₹ 409.99 crore, Supplementary Estimates of ₹ 9,988.61 crore) was made for the 44 PLO schemes under the 29 grants/appropriation (**Appendix 3.7**). As per scheme, PLO would facilitate the Finance Department to re-allocate the budget after assessing the absorptive and spending capacity of the Departments. However, it was noticed that only under four grants, the amount of PLO scheme was reappropriated (Grant no. 4, 8, 38 and 40) during the year 2021-22. Further, the supplementary provisions proved unnecessary in 24 schemes under 17 Grants.

This indicates lack of realistic financial planning. The Finance Department failed to exercise the overall financial control over the State Budget. The Government may consider preparing realistic budget estimates to avoid savings and supplementary provisions.

3.4.4 Rush of expenditure

Rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided. Contrary to this, in respect of 24 heads under 18 grants/appropriations listed in **Appendix 3.8**, expenditure exceeding ₹ 10 crore and more than 50 per cent of the total expenditure for the year was incurred during the last quarter of the year.

In these cases, out of the expenditure of ₹ 13,282.42 crore incurred during the year 2021-22, expenditure of ₹ 6,887.23 crore (52 per cent) was incurred during the month of March 2022. As such, against the target of 30 per cent for last quarter, 52 per cent expenditure was incurred in one month only and 63 per cent in last quarter. Rush of expenditure during the last quarter, especially during the month of March shows non-adherence to the financial propriety.

It was further observed that out of total expenditure of ₹ 13,282.42 crore, ₹ 6,749.31 crore was in respect of only one Major Head 2801-Power under Grant No. 40. Of this ₹ 6,749.31 crore, expenditure of ₹ 3,538.11 crore (52 per cent)

was towards subsidy during the month of March 2022. Similarly, ₹ 500 crore under Major Head 2048-Appropriation for reduction of debt was towards contribution to Sinking Fund during the month of March 2022.

The State Government may consider devising suitable mechanism to avoid rush of expenditure in the last quarter/month of the financial year.

3.4.5 Advance from Contingency Fund

Rule 3 of the Haryana Contingency Funds Rules, 1967 provides that advances from the Contingency Fund shall be made for the purpose of meeting unforeseen expenditure. An advance from the fund shall be made if either the provision for a particular service in the Budget is found insufficient and cannot be met by re-appropriation from savings within the grant or there is need to incur expenditure upon some new service not contemplated in the budget. There shall be no token advance from the fund. The supplementary demand to be presented to the Legislature for recouping the advance may, however, be for a token amount if savings are likely to be available within the grant for meeting the additional expenditure.

It was observed that amount of ₹ 900 crore was withdrawn as an advance by the Social Justice and Empowerment Department from the Contingency Fund in respect of eight schemes (₹ one crore and above) which the department had recouped through the third supplementary estimate for the year 2021-22 as detailed in **Table 3.4.5.1**. It was also observed that advance from the Contingency Fund was withdrawn on these schemes rather than the purpose of meeting unforeseen expenditure which was in contravention of Rule 3 of the Haryana Contingency Funds Rules 1967.

Table 3.4.5.1: Details of schemes in which amount was withdrawn as an advance from Contingency Fund

(₹ in crore)

Sr. No.	Nomenclature of Schemes	Original Budget	Supplementary Estimate	Total	Expenditure	Saving/ Excess
1	Financial assistance to Scheduled Castes families under Destitute Children Scheme [P-01-20-2235-02-789-91-51]	95.00	19.34	114.34	91.08	(-)23.26
2	Pension to Differently abled Persons for (Scheduled Castes) [P-01-20-2235-60-789-97-51]	115.00	0.81	115.81	105.76	(-)10.05
3	Old age Samman Allowance for Scheduled Caste Widows [P-01-20-2235-60-789-99-51]	1,100.00	35.39	1,135.39	1,049.78	(-)85.61
4	Financial Assistance to Destitute Children [P-01-20-2235-02-102-99-51]	330.00	70.65	400.65	357.27	(-)43.38
5	Financial Assistance to Destitute Women and Widow [P-02-20-2235-60-102-96-51]	1,650.00	325.25	1,975.25	1,801.55	(-)173.70
6	Financial assistance to Destitute Women and Widows (Scheduled Castes) [P-01-20-2235-60-789-98-51]	450.00	84.31	534.31	459.48	(-)74.83
7	Pension to Differently Able Person [P-02-20-2235-60-102-95-51]	400.00	0.20	400.20	415.06	14.86
8	Old Age Samman Allowance Scheme [P-02-20-2235-60-102-98-51]	3,330.00	364.04	3,694.04	4,109.68	415.64

As is evident from above table, withdrawal from contingency fund was not required in respect of three⁹ schemes as the expenditure was incurred less than the original budget provision. There was excessive withdrawal from contingency fund in respect of three¹⁰ schemes in which less expenditure was incurred against the total¹¹ provision. There was insufficient withdrawal from contingency fund in two¹² schemes in which more expenditure was incurred against the total provision.

3.5 Review of selected grants

3.5.1 Grant No. 06-Finance

3.5.1.1 Introduction

A review of budgetary procedure and control over expenditure in respect of Grant No. 06¹³- "Finance" was conducted (September 2022).

3.5.1.2 Audit findings

(i) Budget and Expenditure

The State Government provided a budget of ₹ 40,170.39 crore for Grant No 6 to the Finance Departments during 2021-22. Details of budget provision and its utilisation for the year 2021-22 are given in the **Table 3.5.1.1** below:

Table 3.5.1.1: Details of budget provision and expenditure for the year 2021-22

(₹ in crore)

Nature of Expenditure		Original grant	Supplementary Grants	Total	Expenditure	Saving (in per cent)
Voted	Revenue	19,335.15	881.50	20,216.65	11,212.91	-9,003.74 (45)
	Capital	10.32	0.00	10.32	8.00	-2.32 (22)
Charged	Revenue	19,943.42	0.00	19,943.42	18,361.60	-1,581.82 (8)
Total		39,288.89	881.50	40,170.39	29,582.51	-10,587.88 (26)

(ii) Gap between assumption and actuals

As per instructions issued vide letter no 2/5/2020-1B&C dated 4 November 2020 for preparation of Budget Estimates for 2021-22 the Scheme wise budget proposals should be realistic and formulated based on actual expenditure of previous years keeping in view the tentative minimum requirement of the Department.

⁹ Sr. No. 1, 2 and 3 of the **Table 3.9**.

¹⁰ Sr. No. 4, 5 and 6 of the **Table 3.9**.

¹¹ Original provision + Supplementary estimates.

¹² Sr. No. 7 and 8 of the **Table 3.9**.

¹³ Comprising of Major Heads: 2047-Other Fiscal Services, 2048-Appropriation for reduction or avoidance of debt, 2049-Interest Payments, 2054-Treasury and Accounts Administration, 2071-Pensions and other Retirement Benefits, 2075-Miscellaneous General Services, 2235-Social Security and Welfare, 3475-Other General Economic Services, 4059-Capital Outlay on Public Works, 4885-Capital Outlay on Industries and Minerals

Detail of the original budget, supplementary and actual expenditure for the period 2019-20 to 2021-22 is given in **Table 3.5.1.2**.

Table 3.5.1.2: Detail of Gap between assumption and actuals

(₹ in crore)

Year	Nature of expenditure	Original	Supplementary	Total	Expenditure	Excess(+)/ Saving(-)	Percentage of saving/ excess
2019-20	Revenue (Voted)	10,584.69	14.43	10,599.12	9,064.73	(-) 1,534.39	(-) 14%
	Revenue (Charged)	16,799.62	0	16,799.62	15,588.01	(-) 1,211.61	(-) 7%
	Capital	0	0	0	0	0	
Total		27,384.31	14.43	27,398.74	24,652.74	(-) 2,746.00	(-) 10%
2020-21	Revenue (Voted)	9,994.14	394.49	10,388.63	10,178.12	(-) 210.51	(-) 2%
	Revenue (Charged)	18,304.58	0	18,304.58	17,114.67	(-) 1,189.91	(-) 7%
	Capital	0.10	0	0.10	0	(-) 0.10	(-) 100%
Total		28,298.82	394.49	28,693.31	27,292.79	(-) 1,400.52	(-) 5%
2021-22	Revenue (Voted)	19,335.15	881.50	20,216.65	11,212.91	(-) 9,003.74	(-) 45%
	Revenue (Charged)	19,943.42	0	19,943.42	18,361.60	(-) 1,581.82	(-) 8%
	Capital	10.32	0	10.32	8.00	(-) 2.32	(-) 22%
Total		39,288.89	881.50	40,170.39	29,582.51	(-) 10,587.88	(-) 26%

During scrutiny of the budget and expenditure of Grant No. 6- Finance, it had been observed that saving was between 5 and 26 *per cent* of the budget provision during the period from 2019-20 to 2021-22. Potential cause of savings may be due to non-submission of due claims, non-release of funds by Controlling Authority and change in condition post estimation. Matter was referred to the Finance Department Haryana. The department replied that the information related to various major heads and the same is to be reconciled.

(iii) Surrender of the unutilised amount

As per instructions issued vide letter no 2/5/2020-1B&C dated 4 November 2020 for preparation of Budget Estimates for 2021-22 the Scheme wise budget proposals should be realistic and formulated based on actual expenditure of previous years keeping in view the tentative minimum requirement of the Department.

During scrutiny of the records of Grant No. 6-Finance for the year 2021-22, it had been observed that budget provision amounting to ₹ 8,792.93 crore was made under nine schemes remained un-utilised at the end of the year as detailed in **Appendix 3.9**.

The matter was referred (September 2022) to the department for their comments. Department stated (September 2022) that information relates to various major heads and the same will be reconciled.

(iv) Surrender on the last day of the financial year

As per chapter 13.2 of the Punjab Budget Manual all final savings must be surrendered to the Finance Department by 15th January.

During scrutiny of the budget and expenditure of Grant No. 6- Finance for the year 2021-22, it has been observed that the Departments surrendered ₹ 28,357.31 crore (70.59 *per cent* of total budget provisions) as detailed in **Appendix 3.10**, on 31 March 2022 leaving no scope for other development purposes since surrenders were made on the last days of the financial year.

The matter was referred (September 2022) to the department for their comments. Department stated (September 2022) that information relates to various major heads and the same will be reconciled.

(v) **Grant in Aid**

One grant in aid amounting to ₹10 lakh was released under the head 3475 to Haryana State Financial Services Limited under the minor head 115-Financial Support for Infrastructure Development (November 2019). No utilisation certificate was submitted for the grant. Matter was referred to Department and department replied that UC could not be submitted as the total grant was not used in full and will be used in future. It was also intimated that grant was for recurring expenditure not for infrastructure work.

3.5.1.3 Conclusion

The budgetary system of the State Government was not up to the mark as overall utilisation of the budget was 74 *per cent* of total grants during 2021-22. Budgetary allocations were based on unrealistic proposals. ₹ 28,357.31 crore (70.59 *per cent* of total) were surrendered on 31 March 2022. Surrender of savings on the last day of the financial year indicated inadequate financial discipline. Supplementary provisions were also not on a realistic basis as the expenditure was 75.29 *per cent* of the original provision which indicates an inaccurate estimation of funds.

3.5.2 Grant No. 13-Health

3.5.2.1 Introduction

Health Department is headed by the Director General, Health Services and assisted by one Additional Director General, Seven Directors, one Additional Director (Administration), one Joint Director (Administration) and Deputy Directors at the Head Office.

The Head of Health Services at District level is Civil Surgeon while the Civil Hospitals are headed by Principal Medical Officers/Medical Superintendents/Senior Medical Officers. Community Health Centres and Primary Health Centres are headed by Senior Medical Officers and Medical Officer in-charge respectively.

The department's aim is to improve the quality of life of people by providing them better Health Services. The grants provided to the department are intended

to be used to provide adequate, accessible, equitable and quality healthcare services to all leading to the reduction of out-of-pocket expenditure on health of a common man.

A review of budgetary procedure and control over expenditure in respect of Grant No. 13¹⁴-Health was conducted during September 2022.

3.5.2.2 Sampling Methodology for selection of DDOs

After analysis of data obtained from VLC section of office of Principal Accountant General (A&E) Haryana, 11 DDOs¹⁵ were selected through stratified¹⁶ sampling using IDEA software. Out of the above selected 11 DDOs, six DDOs were selected from the first strata, three DDOs were selected from the second strata and two DDOs were selected from the third strata.

3.5.2.3 Audit findings

(i) Budget and Expenditure

The State Government provided a budget of ₹ 8545.32 crore for Grant No-13 to the Department of Health for the year 2021-22 as shown in *Table 3.5.2.1* given below:

Table 3.5.2.1: Detail of Budget and Expenditure during the year 2021-22

(₹ in crore)

Nature of Expenditure		Original Grant	Supplementary Grant	Total	Expenditure	Saving	Saving percentage
Voted	Revenue	6,177.82	947.70	7,125.52	6,001.77	1,123.75	15.77
	Capital	1,158.73	260.88	1,419.61	895.70	523.91	36.91
Charged	Revenue	0.20	0.00	0.20	0.06	0.14	70.00
Total		7,336.75	1,208.58	8,545.33	6,897.53	1,647.80	19.28

(ii) Gap between assumption and actual

Finance Department instructed (November 2020) for preparation of Budget Estimates for 2021-22. The Scheme wise budget proposals should be realistic and formulated based on actual expenditure of previous years keeping in view the tentative minimum requirement of the Department.

¹⁴ Comprising of Major Heads : 2210-Medical and Public Health, 2211-Family Welfare, 4059-Capital Outlay on Public Works, and 4210-Capital Outlay on Medical and Public Health

¹⁵ (i) Director/SAO Medical Education & Research Haryana Panchkula., (ii) Director/SMO Kalpana Chawla Government Medical College Karnal, (iii) Director General Health Services, Haryana Panchkula, (iv) Director, Sh. Atal Bihari Vajpayee Government Medical College, Chhainsa, Faridabad, (v) Senior Medical Officer, Civil Hospital, Sector 6, Panchkula, (vi) Chief Medical Officer, Bhiwani, (vii) Civil Surgeon, Kurukshetra, (viii) Sr. Medical Officer Civil Hospital, Panipat, (ix) Senior Medical Officer, Primary Health Centre, Gharaunda, (x) Senior Medical Officer, Community Health centre, Ratia, (xi) Budget officer, Director General, Health Services.

¹⁶ All DDOs were ranked in descending order of expenditure and categorized into three strata. First 10 DDOs (from rank 1 to 10) were taken in first strata, 60 DDOs (from rank 11 to 70) were taken in second strata and remaining DDOs were taken in third strata.

A budget of ₹ 8,545.33 crore was prepared by the State Government for Grant No.13 for the year 2021-22 against which expenditure was ₹ 6,897.53 crore. Detail of the original budget and expenditure for the period 2019-20 to 2021-22 is given in **Table 3.5.2.2**.

Table 3.5.2.2: Detail of Gap between assumption and actuals

(₹ in crore)

Year	Budget Provision	Expenditure	Saving	Saving (Percentage)
2019-20	5,555.15	4,795.00	760.15	13.68
2020-21	7,595.10	5,849.34	1,745.76	22.99
2021-22	8,545.33	6,897.53	1,647.80	19.28

During scrutiny of the budget and expenditure of Grant No. 13-Health, it was observed that savings ranged between ₹ 760.15 crore and ₹ 1745.76 crore against the budget provisions during the financial years from 2019-20 to 2021-22. Percentage of the above savings ranged between 13.68 *per cent* and 22.99 *per cent* against budget provisions. It was further observed that a total budget provision of ₹ 426.07 crore was made for 21 schemes. Supplementary grants of ₹ 539.07 crore were also provided for these schemes. Thus, a total provision of ₹ 965.14 crore were made for these Schemes but no expenditure was incurred against this provision (detail shown in **Appendix 3.11**). It shows that the above schemes could not be implemented. Reasons of savings in some schemes were as follows (as stated by the departments):

- (a) **‘Construction work of DMER’**:- the savings of ₹ 10 crore was due to the fact that the executive agency allotted the work to civil contractor on 13 November 2020 and the construction work had been started on the site but executive agency did not submit the requirement of funds.
- (b) **‘Construction of work of AIIMS, Manethi’**- the savings were of ₹ 50 crore due to actual expenditure as per sanction received by the Govt./construction branch.
- (c) **‘Construction of work of Dental College, Nalhar’**- the savings were of ₹ five crore due to actual expenditure as per sanction received by the Govt./construction branch.
- (d) **‘Performance linked outlay’**-the savings were ₹ 360.88 crore due to non-implementation of the scheme (it is an incentive-based scheme).

During the scrutiny of record of selected DDOs, the savings of more than 10 *per cent* was observed in five field offices¹⁷. Audit observed that a maximum saving of ₹ 29.69 crore (34 *per cent*) was in Atal Bihari Vajpayee Government Medical

¹⁷ (i) Director Medical Education & Research, (ii) Director/SMO Kalpana Chawla Government Medical College Karnal, (iii) Sh. Atal Bihari Vajpayee Government Medical College, Chhainsa, Faridabad, (iv) Chief Medical Officer, Bhiwani, (v) Budget officer, Director General, Health Services.

College, Chhainsa, Faridabad mainly due to non-functioning of hospital and non-posting of staff. Further in Kalpana Chawla Government College and Hospital, Karnal (KCGMC) there was savings of ₹ 24.57 crore (15 per cent) which was due to non-payment of Salary, arrears of staff, non-purchase of vehicles and various pending claims. Savings in other Government Institutes like Hospital and CHCs were on account of less appointment of contractual staff etc. For instance, an amount of ₹ 4.86 crore of savings under contractual services was noticed in 'Civil Surgeon, Bhiwani' during the financial year 2021-22. This was because the budget of ₹ 4.86 crore was provided to Civil Surgeon, Bhiwani by Director General Health Services, Haryana on 30 March 2022. Bills of the above amount were submitted by Civil Surgeon, Bhiwani but were pending with Finance Department for approval on 31 March 2022. Non-clearing of bills/pending claims led to overstatement of savings to the same extent. Details of savings of selected 11 DDOs during the year 2021-22 are shown in **Appendix 3.12**.

(iii) Unnecessary or excessive supplementary grants

Supplementary grants are obtained to cover the excess that may be anticipated after mid-term review of the requirement of additional funds under the grants/appropriations during the financial year.

During scrutiny of the budget and expenditure of Grant No. 13-Health for the year 2021-22, it was observed that the supplementary budget provision aggregating ₹ 1,208.58 crore proved unnecessary/ excessive as the total expenditure was lesser than the original grant as shown in the **Table 3.5.2.3**.

Table No. 3.5.2.3: Showing the detail of Unnecessary or excessive supplementary grants

Head	Original	Supplementary	Expenditure	Percentage expenditure w.r.t. Original
2210	5,886.07	947.70	5,763.18	97.91
4210	1,138.73	260.88	895.70	78.66
Total	7,024.80	1,208.58	6,658.88	94.79

Further it was observed that in case of five schemes, supplementary grants amounting ₹ 559.08 crore was provided which was unnecessary as the supplementary grants were provided despite being no expenditure or less expenditure than original grant (as detailed in **Appendix 3.13**). The percentage expenditure remained between zero per cent and 97.93 per cent of Original Grant.

It shows that the supplementary provisions were made without assessing and evaluating the actual requirement. The matter was referred (September 2022) to the department for their comments but reply was awaited.

(iv) Surrender of the Budget Provision in eight schemes under Health grant

During scrutiny of the records of Grant No. 13-Health for the year 2021-22, it was observed that budget provision amounting to ₹ 965.14 crore made under 21 schemes remained un-utilized at the end of the year (as detail given in **Appendix 3.11**). The entire provision of the budget made for the schemes mentioned was finally reappropriated and no expenditure was incurred under the schemes.

(v) Surrender on the last day of the financial year

As per chapter 13.2 of the Punjab Budget Manual, all final savings must be surrendered to the Finance Department by 15 January.

During scrutiny of the budget and expenditure of Grant No. 13-Health for the year 2021-22, it was observed that ₹ 1,659.65 crore was surrendered (as details given in **Appendix 3.14**) by the department on the last day of financial year leaving no scope for utilisation in other development purposes. The instructions of Punjab Budget Manual were not followed.

The matter was referred (September 2022) to the department for their comments, but reply was awaited.

(vi) Non-submission of Utilisation Certificates

As per Rule 239 of GFR 2017, the State Government has to submit Utilisation Certificate (UC) in format GFR 12-C for Grants-in-aid received from Central Government for implementation of Central Scheme. Similar provisions are contained in Rule 238(1) applicable in respect of non-recurring Grants to an Institution or Organization where the utilisation has to be submitted in format 12-A. The UC should be submitted within 12 months of the closure of the financial year by the institution or the organisation concerned.

During scrutiny of records pertaining to Health Department for the year 2021-22, it was observed that funds on account of various schemes being implemented in the State were transferred to implementing units, for which the UCs were to be obtained from grantee office. A test check of records of funds and UCs revealed that UCs for ₹ 67.24 crore in five cases were pending to be submitted from grantee units as detailed in **Appendix 3.15**.

It was further observed that UCs for ₹ 116.47 crore were pending from one to three years, to be submitted by PWD department for construction work in Civil Surgeon, Kurukshetra and KCGM College Karnal as shown in **Appendix 3.16** due to work under progress and yet to be completed.

(vii) Non-remittance of interest earned out of Government grants

Government of India, Ministry of Finance instructed (March 2022) that the interest earned from the funds released should be mandatorily remitted to the respective Consolidated Funds on a pro-rata basis in terms of Rule 230(8) of GFR, 2017.

Scrutiny of the records and bank statements relating to Grant No. 13-Health, revealed that an interest amounting to ₹ 39.66 lakh was received in various bank accounts of two DDOs on account of Central Government Schemes and an amount of interest of ₹ 3.30 lakh was received in various bank accounts of seven DDOs¹⁸ on account of State Government Schemes during the year 2021-22 (as detail shown in **Appendix 3.17**). No amount of interest earned on Government Grants was remitted to respective Consolidated Fund by the implementing agencies as per instruction *ibid*.

(viii) Parking of Government funds in Bank accounts

Rule 2.10 (b) 5 of Punjab Financial Rules Volume-I provides that the authorities incurring expenditure should see that no money is withdrawn from the treasury unless it is required for immediate disbursement or has already been paid out of the permanent advance. It is not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take a considerable time.

Further, as per para 8 of Revised Haryana State Policy (April 2018) for dealing with banks, no organisation should withdraw funds to keep them idle in any bank account without the specific approval of the Finance Department.

During scrutiny of the records of selected DDOs, it had been observed that funds amounting to ₹ 18.23 crore were lying in bank accounts of two DDOs as on March, 2022 on account of Central Government Schemes and ₹ 1.03 crore were lying in bank accounts of seven DDOs on account of State Government Schemes in contravention to the instructions and policy *ibid* (as detailed in **Appendix 3.17**).

(ix) Non-deposition of interest earned on surrender of Grant in aid (GIA) of ₹ 19.25 crore by HMSCL

Finance Department instructed vide U.O. no. 28/43/2010-1B&C dated 9th March 2011, that all such boards/corporations/Societies to whom various departments provide funds for works/purchases will pay an interest @ six *per cent* per annum to such departments on half yearly basis, till the funds are

¹⁸ (i) Sh. Atal Bihari Vajpayee Government Medical College, Chhainsa, Faridabad, (ii) Senior Medical officer, Government Civil Hospital, Sector 6, Panchkula, (iii) Chief Medical Officer, Bhiwani, (iv) Civil Surgeon, Kurukshetra, (v) Sr. Medical Officer General/Civil Hospital Panipat, (vi) Senior Medical Officer, Primary Health Centre, Gharaunda, (vii) Senior Medical Officer, Community Health centre, Ratia.

actually utilised by them. A margin of two weeks between date of receipt of fund and date of utilisation can be allowed as interest free period. The administrative department will be responsible for recovering the funds from such entities on half yearly basis and deposit the same in receipt head-0049 Interest Receipt for which a specific scheme will be created by the finance department with the approval of Accountant General, Haryana.

During test check of records of Budget Officer, Director General Health Services, Haryana (DGHS), it was noticed that Grant in aid of an amount of ₹ 64 crore under scheme 'Improvement and expansion of Hospitals' was sanctioned to DGHS Haryana by Government of Haryana (April 2021). DGHS transferred the total amount of ₹ 64 crore to Managing Director, Haryana Medical Services Corporation Limited (HMSCL) in four instalments during the year 2021-22. It was further observed that out of ₹ 64 crore, an amount of ₹ 44.75 crore was utilised by HMSCL during 2021-22 and the remaining unutilised amount i.e. ₹ 19.25 crore was surrendered without paying interest by HMSCL in June 2022. In this regard, a letter was sent to HMSCL by DGHS (August 2022) to deposit the interest amount. The interest amount was lying unpaid by HMSCL till the date of audit (August 2022). Interest on the above amount as per above instruction of Finance Department may be deposited in the government account by HMSCL.

(x) Non-adjustment of AC bills amounting ₹55.58 lakh

During test check of records of SMO, Ratiya, Fatehabad and Shri A. B. V. Govt. Medical College, Chhainsa, Faridabad, it was observed that following amount has been transferred to PWD (B&R) Fatehabad and HARTRON for the purpose as mentioned below.

- (a) An amount of ₹ 37.75 lakh was transferred to Public Works Department (PWD) (B&R) Fatehabad by Sr. Medical Officer, Ratiya, Fatehabad in November 2019.
- (b) An amount of ₹ 17.83 lakh was transferred to Haryana State Electronics Development Corporation Limited (HARTRON) on dated 22 September 2021 (₹ 14.08 lakh) and on 18 November 2021 (₹ 3.75 lakh) by Shri A. B. V. Government Medical College, Chhainsa, Faridabad as details given below:

Year	Name of Work	Advance given (₹ in lakh)
2019-20	Estimate for S/R to EI in 4 nos. Doctors residence in the campus of Civil Hospital at Ratiya in District Fatehabad	2.35
	Detailed estimate for special repair of PHC I/C residences at village Nagpur in District Fatehabad	22.42
	Special Repair estimate of doctor's residence in the campus of CHC in District Fatehabad	12.98
2021-22	Computer system (13) and multifunctional printer (20)	14.08
	multifunctional printer cum photocopier (04)	3.75
	Total	55.58

After utilisation of the above amount, the above advances were required to be adjusted within one month from the date of receipt, but the same were lying unadjusted as on 31 March 2022 even after the lapse of periods ranging from four months to two years. Further, it was also observed that the advance of ₹ 37.75 lakh had been adjusted by treasury, Fatehabad (July 2022) but it could not be verified by audit due to non-availability of copy of detailed bills.

3.5.2.4 Conclusion

The budgetary and financial system of the State Government was not up to the mark as overall utilisation of the budget was 80.72 per cent of total grants during 2021-22. The entire provision of budget amounting ₹ 965.14 crore for 21 schemes was surrendered which shows that budget provision for the above schemes could not be utilised by department and therefore the actual benefit of the schemes could not be percolated down to its beneficiaries. ₹ 1,659.65 crore was surrendered by the department on the last day of financial year leaving no scope for other development purposes which indicates the inadequate financial discipline of the department. Supplementary provisions were not made on a realistic basis as the expenditure was less than the original provision, which indicates an inaccurate estimation of funds.

3.5.3 Grant No. 32-Rural Development and Community

3.5.3.1 Introduction

The State Government enacted the Haryana Panchayati Raj Act, 1994. The resource base of PRIs consists of Own Revenue, State Finance Commission (SFC) grants, Central Finance Commission (CFC) grants, State Government grants and Central Government grants. The Grants provided are intended to be used to support and strengthen the delivery of basic services including water supply, sanitation, maintenance of roads and streets, etc.

A review of budgetary procedure and control over expenditure in respect of Grant No. 32¹⁹-Rural Development and Community was conducted (July 2022).

3.5.3.2 Audit findings

(i) Budget and Expenditure

The State Government provided a budget of ₹ 6278.95 crore for Grant No 32 to the Departments (Development and Panchayat Department and Rural

¹⁹ Comprising of Major Heads: 2501-Special Programmes for Rural Development, 2505-Rural Employment, 2515-Other Rural Development Programmes, 2553-MPs Local Area Development Scheme, 3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions, 4515- Capital Outlay on other Rural Development Programmes

Development Department) during 2021-22. Details of budget provision and its utilisation for the year 2021-22 are given in the **Table 3.5.3.1**.

Table 3.5.3.1: Detail of Budget and Expenditure during the year 2021-22

(₹ in crore)

Nature of Expenditure		Original grant	Supplementary Grants	Total	Expenditure	Savings (In per cent)
Voted	Revenue	5,836.17	292.37	6,128.54	1,956.82	4,171.72 (68.07)
	Capital	150.01	0.00	150.01	100.04	49.97 (33.31)
Charged	Revenue	0.40	0.00	0.40	0.02	0.38 (95)
Total		5,986.58	292.37	6,278.95	2,056.88	4,222.07 (67.24)

(ii) **Gap between assumption and actuals**

As per instructions issued vide letter no 2/5/2020-1B&C dated 4th November 2020 for preparation of Budget Estimates for 2021-22 the Scheme wise budget proposals should be realistic and formulated based on actual expenditure of previous years keeping in view the tentative minimum requirement of the Department.

A budget of ₹ 6278.95 crores was prepared by the State Government for Grant No 32 for the year 2021-22 against which expenditure was ₹ 2056.88 crore was incurred. Details of the original budget, supplementary budgetary provisions and expenditure for the period 2019-20 to 2021-22 are given in **Table 3.5.3.2**.

Table 3.5.3.2: Detail of Gap between assumption and actuals

(₹ in crore)

Year	Original provision	Supplementary	Total	Expenditure	Savings (per cent)
2019-20	5,199.00	383.14	5,582.14	3,969.05	1,613.09 (29)
2020-21	6,301.00	921.70	7,222.70	4,581.10	2,641.60 (37)
2021-22	5,986.58	292.37	6,278.95	2,056.88	4,222.07 (67)

During scrutiny of the budgetary provisions and expenditure of Grant No. 32-Rural Development and Community, it had been observed that savings were between 29 per cent and 67 per cent of the budgetary provision during the period from 2019-20 to 2021-22. There were savings ranging between 50 per cent and 100 per cent of budgetary provisions in 34 schemes out of 49 schemes during 2021-22 as detailed in **Appendix 3.18**.

The short utilisation was brought to notice of the department (July 2022) and the Department was requested to provide reasons for the short utilisation. Development and Panchayats Department stated (August 2022) that most of the schemes/projects were ongoing and time-consuming, and technicalities like site problems, non-feasibility of projects etc. resulted in short utilisation of funds. Rural Development Department stated (August 2022) that the Vidhayak Adarsh Gram Yojna was on hold from April 2020 and Center and State Schemes shares were spent as per the Schemes guidelines.

It is assessed in audit that nature of schemes/project was known to the department and budget formulation could have been framed accordingly. The budget provision in Vidhayak Adarsh Gram Yojna scheme was made

(November 2020) after the scheme was put on hold (June 2020). The above is assessed to reflect inflated budgetary provisioning on part of the department.

(iii) Unnecessary or excessive supplementary grants

Supplementary grants are obtained to cover the excess that may be anticipated after mid-term review of the requirement of additional funds under the grants/appropriations during the financial year.

During scrutiny of the budget and expenditure of Grant No. 32-Rural Development and Community for the year 2021-22, it had been observed that the supplementary budget provision aggregating ₹ 292.37 crore obtained under Head of Account P-02-32-2515-51-102-93-99 Scheme for Sanitation under Swachh Bharat Mission (Gramin) -Normal Plan during the year, which proved unnecessary as the expenditure was 41.59 *per cent* of the original provision. Thus, unnecessary provision as made without assessing the actual requirement of funds.

The matter was referred (July 2022) to the department for their comments. Development and Panchayat Department stated (August 2022) that supplementary grant was demanded by Chief Engineer Panchayati Raj. Funds were less utilised due to expiry of contract of cement and revision of estimates of new Haryana Schedule of Rates. The above are reflective of departmental inefficiency. Besides assumptions for supplementary grant are not realistic as the department incurred only ₹ 99.82 crore (41.59 *per cent*) out of the original grant of ₹ 240 crore.

(iv) Persistent savings

During scrutiny of the budget and expenditure for the three years (2019-20 to 2021-22) of Grant No. 32-Rural Development and Community, it had been observed that the department had savings of more than 100 crore in nine schemes and less than hundred crore but more than 10 crore in 20 Schemes during 2021-22. Out of these 29 Schemes, in 16 Schemes, department had savings of more than 10 crore during 2019-20 and in 17 Schemes during 2020-21 as detailed in the enclosed **Appendix 3.19**.

The matter was referred (July 2022) to the department for their comments. Development and Panchayats Department stated (August 2022) that most of the schemes/projects were ongoing and time-consuming processes and some technicalities like site problems, non-feasibility of projects etc. resulted less utilisation of funds. It is assessed that nature of schemes was known to the department and budgetary estimations could have been made accordingly. Rural Development Department stated (August 2022) that savings were due to non-release of Central Share. It is seen that savings were there in Central Sponsored Schemes and State Scheme and estimates were inflated.

(v) ***Surrender of the entire provision***

During scrutiny of the records of Grant No. 32-Rural Development and Community for the year 2021-22, it had been observed that budget provision amounting to ₹ 1965.24 crore made under 14 Schemes remained un-utilised at the end of the year as detailed in ***Appendix 3.20***.

The matter was referred (July 2022) to the department for their comments. Seventy five *per cent* of funds of Shyama Prasad Mukherjee Rurban Mission (SPMRM) Scheme were not utilised and hence the ministry had not released any funds. In respect of other Schemes, the Finance Department had not released funds as per the provision made in the budget. Development and Panchayats Department stated (August 2022) that nil expenditure was due to non-receipt of demand from field offices and non-existence of elected Gram Panchayat. The above reflects deficiencies in Fund management and implementation by the Government.

(vi) ***Non-remittance of interest earned out of Central grants***

Government of India, Ministry of Finance issued instructions vide F. No. 1(13) PFMS/FCD/2020 dated 23 March 2021 that the interest earned from the funds released should be mandatorily remitted to the respective Consolidated Funds(Centre and State) on a pro-rata basis in terms of Rule 230(8) of GFR, 2017.

During scrutiny of the records and bank statements relating to Grant No. 32-Rural Development and Community, it had been observed that during 2021-22 interest amounting to ₹ 3.55 crore (Central share ₹ 2.14 crore and State Share ₹ 1.42 crore) was received in five bank accounts as detailed in ***Appendix 3.21***. Interest earned amounting to ₹ 2.14 crore on Central Government funds had not been remitted to respective Consolidated Fund as per instructions *ibid*.

Further during scrutiny of records of test checked 10²⁰ implementing Agencies audit observed that interest amounting to ₹ 83.88 lakh was received in 18 bank accounts of nine Implementing Agencies (IAs), as detailed in ***Appendix 3.22***, on Central Government funds which had not been remitted to respective Consolidated Fund as per instructions *ibid*.

The matter was referred (July and September 2022) to the department for their comments. Rural Development Department stated (August 2022) that interest earned under MNREGA & Rurban scheme had been refunded. Interest earned in six Central Sponsored Schemes remains to be remitted to the respective Consolidated Funds. Reply of IAs is awaited.

²⁰ Block Development and Panchayat Office Ambala-2, Barwala, Bhuna, Fatehabad Hisar-I and Jagadhri, Secretary. Zila Parishad Karnal and Kurukshetra, Distt. Rural Development Agency Panipat and Executive Engineer Panchayati Raj Division Fatehabad.

(vii) Parking of government funds in Bank accounts

Rule 2.10 (b) 5 of Punjab Financial Rules Volume-1 provides that the authorities incurring expenditure should see that no money is withdrawn from the treasury unless it is required for immediate disbursement or has already been paid out of the permanent advance. It is not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take a considerable time. The Finance Department also issued specific instructions (February 2009) that parking of funds drawn on the strength of budgetary allocation out of the Consolidated Fund is not allowed and amounts to grave financial irregularity. It emphasised that the budgetary allocations made for the current financial year are not allowed to be drawn out of Consolidated Fund and retained beyond the closure of the financial year in any manner and without any justification/merit/assumption supporting it and amounts to grave irregularity.

Further, as per para 8 of Revised Haryana State Policy (April 2018) for dealing with banks, no organisation should withdraw funds to keep them idle in any bank account without the specific approval of the Finance Department.

During scrutiny of the records of the Office of the Director Rural Development, Development & Panchayats and ten test checked, implementing agencies, an amount of ₹ 296.05 crore (₹ 272.24 crore + ₹ 23.81 crore) crores was lying in nine bank accounts of the Director Rural Development, Development & Panchayats and test checked nine implementing Agencies as on 31 March 2022 in contravention to the instructions and policy *ibid* as detailed in **Appendix 3.23**. The placing of funds out of the Government account was extending favour to the banks as well as resulted in loss of interest of ₹ 4.95 crore as per **Appendix 3.24**.

Drawal and retention of funds in bank account result in deferment/deprivation of the expenditure on priority items that were linked with development activities. Such drawals give an inaccurate picture of public expenditure as the funds provided in the Budget were not actually put to use for the purpose it was provided.

The matter was referred (July and September 2022) to the department for their comments. Rural Development Department replied (August 2022) that in one scheme²¹ unspent balances were received from implementing agencies, in another²² scheme funds had been utilised on need basis, in three²³ cases Single Nodal Accounts were not notified and the amount kept in bank account for

²¹ Pardhan Mantri Jan Vikas Karyakaram

²² DRDA Administration

²³ Pardhan Mantri Adarsh Gram Yojana (PMAGY), Pardhan Mantri Jan Vikas Karyakaram, DRDA Administration

transfer to SNA. The unspent amount of one scheme²⁴ was refunded to the Ministry of Rural Development in June 2022.

Reply is not tenable in view of Financial Rules and Government policy. Withdrawal of funds from treasury and keeping them idle in any bank account is financially irregular. Reply of Director Development and Panchayats and IAs is awaited.

(viii) Closure of in-Operative Personal Deposit (PD) Accounts

As per Punjab Financial Rules Volume-1 Rule 12.16 Special banking accounts are sometimes kept for certain classes of Deposit transactions of a public or quasi-public nature (such as receipts and payments of account of wards and attached estates under Government Management) for which it is not necessary to treat each disbursement as made against a particular receipt. The account kept of them in the treasury is of the nature of banking deposit account. These accounts are called Personal Deposit Accounts.

Ordinarily the opening of a banking deposit account or of a Personal Ledger Account is sanctioned by Government after consultation with the Accountant General. It is generally recognised that Government should not agree to the opening of such an account unless it is satisfied that the initial accounts of moneys in the Personal Ledger Account are properly maintained and are subject to audit.

Besides, except where by law or rules having the force of law Personal Deposit Accounts are created by transferring funds from the Consolidated Fund for discharging liabilities of the Government arising out of special enactments, Personal Deposit Accounts, created by debit to the Consolidated Funds are required to be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund, the Personal Deposit Accounts being opened next year again, if necessary in the usual manner.

A PD Account under MH -8443 Civil Deposits-106 Personal Deposits in Block Development and Panchayat Officer, Fatehabad was pending for closure amounting to ₹ 20,11,322 and is non-operational for last three years (August 2022).

The matter was referred (September 2022) to the department for their comments. The department (September 2022) intimated that the account was opened as per the instructions of the Government. It was also informed that amount could not be drawn due to non-availability of accounting classification in the IT application. Since the department has a non-operational PD account for last three years and the same has not been closed as prescribed.

²⁴ Integrated Wasteland Development/Management Project

(ix) Operation of bank account

Government of India, Ministry of Finance Department of Expenditure vide letter F. No. 1(13) PFMS/FCD/2020 dated 23 March 2021 issued instruction that with effect from 1st July 2021 every State Government will designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The SNA will open a Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorized to conduct government business by the State Government. After opening of Single Nodal Account of the scheme and before opening zero balance subsidiary account of IAs or assigning them drawing rights from SNA's account, the IAs at all levels shall return all unspent amounts lying in their accounts to the Single Nodal Account of the SNA and it will be the responsibility of the State Government concerned to ensure that the entire unspent amount is returned by all the IAs to the Single Nodal Account of the SNA concerned. The above instructions enable transfer of money from Consolidated Fund of State to bank accounts without immediate requirement and assessed to be irregular leading to parking of funds outside Consolidated Fund of State.

During scrutiny of the record in 10 test checked implementing agencies audit observed that accounts of central sponsored schemes in nine Implementing Agencies had not been closed or converted to zero balance account and balance amount of ₹ 18.66 crore in 19 bank accounts (as detailed in **Appendix 3.25**) had not been returned to the Single Nodal Account of the Scheme. It was seen that this included operation of three bank accounts, where the reason for opening of bank account was non-operationalisation of Single Nodal Agency (SNA) in three schemes as per details in **Table 3.5.3.3**.

Table 3.5.3.3: Details of Fund transferred to Bank Account for transfer to Single Nodal Account due to non-operationalisation of Single Nodal Accounts in 2021-22

(Amount in ₹)

Sr. No.	Name of Scheme/ Classification	Amount Transferred	Closing Balance of Account on 31 March 2022	Remarks
1	2	3	4	5
1.	Pradhan Mantri Jan Vikas Karyakarm P-02-32-2515-51-106-96-51	9,52,04,975	62,42,77,476	Expenditure depicts in column 3 only State Share as per Detailed Appropriation Account 2021-22
2.	Pradhan Mantri Adarsh Gram Yojana P-03-32-2515-51-106-98-51	Nil	38,17,251	
3.	DRDA Administration P-02-32-2501-06-800-87-51	29,13,68,000	16,60,80,149	

The matter was referred (September 2022) to the department for their comments. Reply is awaited.

(x) Non-receipt of Utilisation Certificate (UC)

As per sanction letter of grant, the Utilisation Certificate should be submitted by grantee in the prescribed format within 12 month or the 100 per cent expenditure of the released amount.

As per information supplied by the Department the total grant amounting to ₹ 1525.18 crore was released for the financial year 2020-21. It was seen in audit that out of the total grant of ₹ 1525.18 crore UCs for only ₹ 37.09 crore (2.43 per cent) was received and UCs were pending for an amount of ₹ 1,488.09 crore (97.57 per cent) (detailed in **Appendix 3.26**) for the financial year 2020-21.

The matter was referred (September 2022) to the department for their comments. Reply is awaited.

(xi) Surrender on the last day of the financial year

As per chapter 13.2 of the Punjab Budget Manual all final savings must be surrendered to the Finance Department by 15th January.

During scrutiny of the budget and expenditure of Grant No. 32-Rural Development and Community for the year 2021-22, it has been seen that the Departments surrendered ₹ 3,649.61 crore (detailed in **Appendix 3.27**) on 31 March 2022 leaving no scope for use of the surrendered funds for other purposes.

The matter was referred (July 2022) to the department for their comments. Development and Panchayats Department stated (August 2022) that due to fewer estimates received from field offices and funds were kept in hand for urgent announcement made by Chief Minister and Deputy Chief Minister.

Reply is not tenable as all final savings were to be surrendered to the Finance Department by 15th January as per the Punjab Budget Manual.

3.5.3.3 Conclusion

The budgetary and financial system of the State Government requires improvement as overall utilisation of the budget was 33 per cent of total grants during 2021-22. Budgetary allocations were based on unrealistic proposals as out of total of 49 Schemes, in 34 Schemes savings were more than 50 per cent. Out of the savings, ₹ 3,649.61 crore (86.44 per cent of total savings) were surrendered on 31st March 2022. Supplementary provisions were also not made on realistic basis as the expenditure was 41.59 per cent of the original provision, which indicates an inaccurate estimation of funds. Parking of funds drawn on the strength of budgetary allocation out of the Consolidated Fund and Booking them as an expenditure resulted in incorrect depiction in Financial Statements. Surrender of savings on the last day of the financial year indicated inadequate financial discipline.