
CHAPTER-III

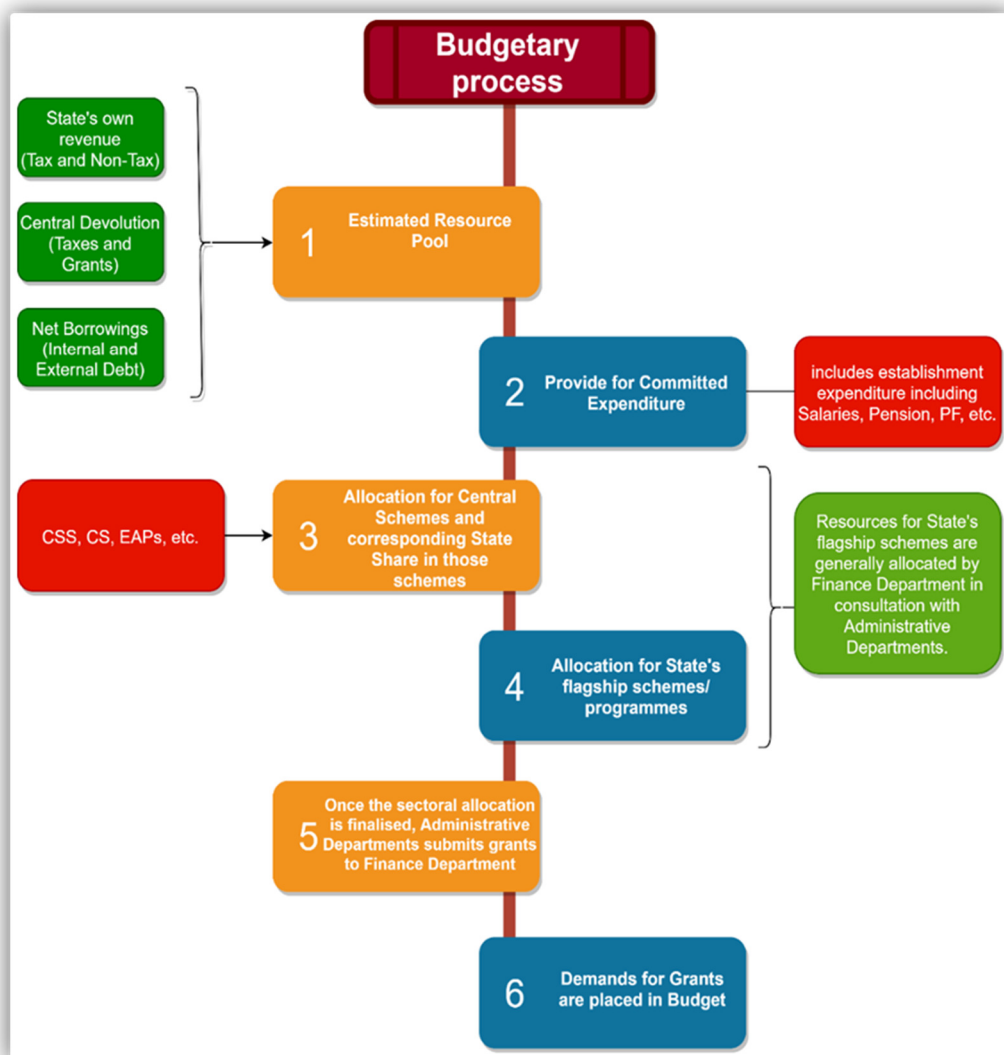
BUDGETARY MANAGEMENT

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**.

Chart-3.1



CSS: Centrally Sponsored Schemes; CS: Central Schemes.

The Finance Bill, Annual Financial Statement (Budget), and Demands for Grants are mandated by Articles 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.

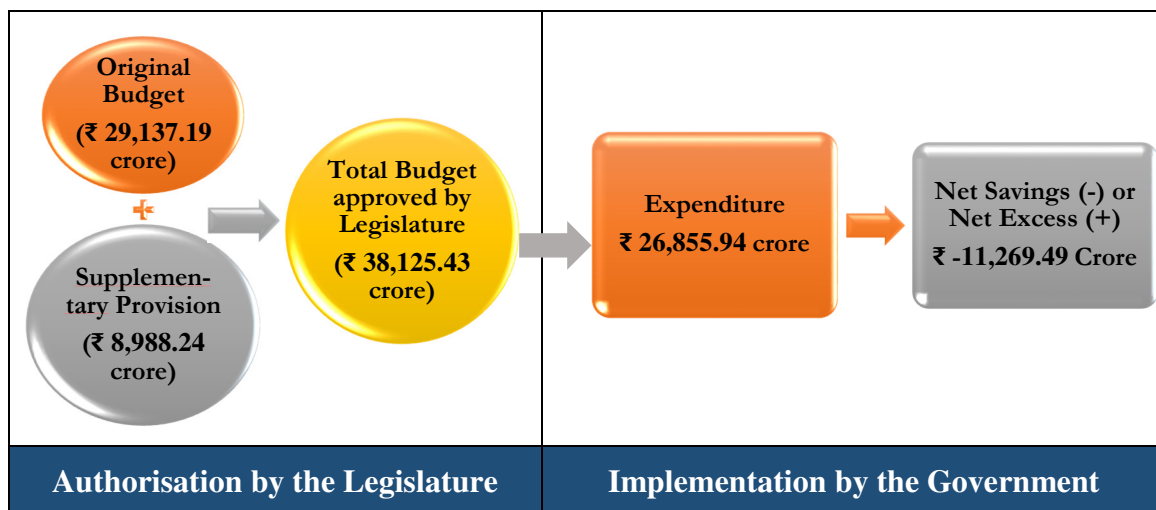
The Annual Financial Statement, also called general budget, is placed prior to the commencement of the financial year in the State Legislature, in accordance with Article 202 of the Constitution. The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the Demand 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No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution.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**.

Chart 3.2: Summary of Budget and Expenditure during 2021-22



Source: Appropriation Accounts.

Supplementary grants of ₹ 8,988.24 crore were obtained in March 2022. However, the actual expenditure up to the month of February 2022 was ₹ 21,412.77 crore against the original budget provision of ₹ 29,137.19 crore which was 73.49 per cent of the original provision.

The net savings of ₹ 11,269.49 crore was the result of gross savings of ₹ 14,585.89 crore offset by an excess expenditure of ₹ 3,316.41 crore during the year.

In view of savings of ₹ 11,269.49 crore, Supplementary Grant of ₹ 8,988.24 crore was not required as the gross expenditure (₹ 26,855.94 crore) was ₹ 2,281.25 crore less than the Original Provisions (₹ 29,137.19 crore). The cases of unnecessary/excessive supplementary grants (₹ 10 crore and above in each case) taken during the year have been discussed in detail under **Paragraph 3.3.5**.

3.2 Budget Management and Financial Accountability

3.2.1 Summary of total provisions, disbursements and savings/excess

A summarised position of total budget provision, disbursement and savings/excess during 2017-22 with its further bifurcation into voted/charged is given in **Table 3.1**:

Table 3.1: Budget provision, disbursement and savings/excess during 2017-22

Year	Total Budget provision		Disbursements		Savings(-)/Excess(+)	
	Voted	Charged	Voted	Charged	Voted	Charged
2017-18	12,745.87	993.62	10,132.51	1,264.66	(-) 2,613.36	(+) 271.04
2018-19	15,118.26	2,035.05	10,888.59	3,701.63	(-) 4,229.67	(+) 1,666.58
2019-20	16,610.65	4,350.86	10,699.91	6,465.59	(-) 5,910.74	(+) 2,114.73
2020-21	22,345.92	4,411.60	14,058.06	8,447.92	(-) 8,287.86	(+) 4,036.32
2021-22	29,558.78	8,566.65	15,225.14	11,630.81	(-) 14,333.64	(+) 3,064.16

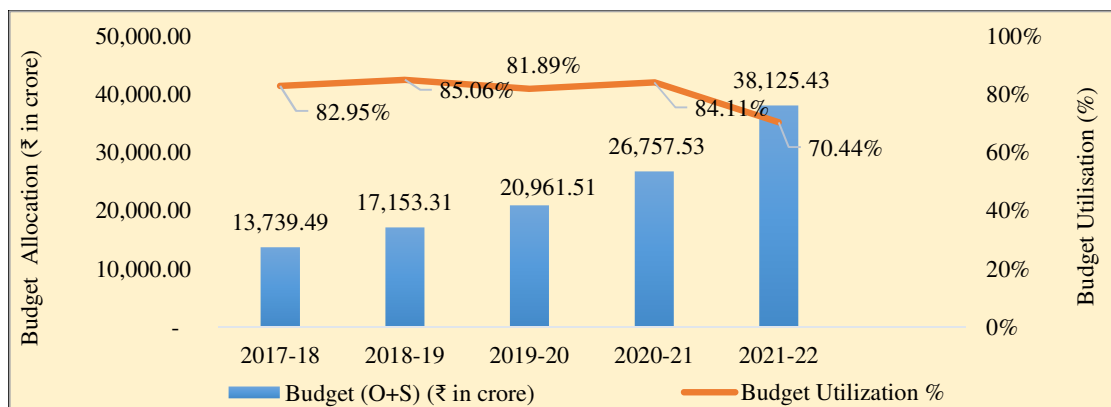
Source: Appropriation Accounts.

As can be seen from the above table, there were savings under voted expenditure during the last five years 2017-22 whereas, there were also excess under charged expenditure in all the years during the same period.

3.2.2 Utilisation of Budgeted Funds

The extent of utilisation of budget during the five-year period from 2017-22 is given in the Chart below:

Chart 3.3: Budget Utilisation during 2017-22



Source: Appropriation Accounts.

Review of overall utilisation of budget provisions relating to the period 2017-22 revealed that the Government could utilise only 70.44 per cent (202-22) to 85.06 per cent (2019-20) of the total allocation during this period. As compared to the previous year, budget utilisation in 2021-22 decreased to 70.44 per cent from 84.11 per cent in 2020-21. Large amount of savings in allocated funds indicated inaccurate assessment of Receipts.

Although the issue of persistent savings is being highlighted in the Reports of the CAG on State Finances every year, no corrective measure has been taken by the departments concerned. This shows that there is inadequate monitoring as well.

The savings are to be seen in the context of over estimation of expenditure as the State had planned to incur an expenditure of ₹ 38,125.43 crore against the total estimated receipts of ₹ 30,245.02 crore. As the actual receipts was limited to ₹ 26,745.76 crore, the actual expenditure too was restricted to ₹ 26,855.94 crore. This was indicative of poor estimation as well as poor financial management.

The Finance Department should take proactive measures to eliminate persistent savings.

3.2.3 Budget projections and gap between expectations and actuals

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprives other departments of the funds that they could have utilised.

The summarised position of actual expenditure during 2021-22 against 53 Grants/Appropriations is given in **Table 3.2**:

Table 3.2: Summarised position of Actual Expenditure vis-à-vis Budget provisions

(₹ in crore)

	Nature of Expenditure	Details of Grant/ Appropriation		Total	Actual Expenditure	Savings(-)/ Excess (+)	Surrender during March	
		Original	Supplementary				Amount	Per cent
Voted	I. Revenue	19560.47	1424.34	20984.81	11970.72	(-) 9014.09	4671.18	51.82
	II. Capital	5552.39	3017.38	8569.77	3252.80	(-) 5316.97	772.37	14.57
	III. Loans & Advances	4.20	0.00	4.20	1.62	(-) 2.58	2.10	0.00
	Total	25117.06	4441.72	29558.78	15225.14	(-) 14333.64	5445.65	37.99
Charged	IV. Revenue	709.08	271.69	980.77	728.52	(-) 252.26	0.00	0.00
	V. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	VI. Public Debt Repayment	3311.05	4274.83	7585.88	10902.29	(+) 3316.41	19.61	(-)0.59
	Total	4020.13	4546.52	8566.65	11630.81	(+) 3064.16	19.61	(-)0.64
	Appropriation to Contingency Fund (if any)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Grand Total	29137.19	8988.24	38125.43	26855.94	(-) 11269.49	5465.26	48.50

Source: Appropriation Accounts.

As can be seen from the above table, expenditure of ₹ 26,855.94 crore was incurred during 2021-22, against a total budget provision of ₹ 38,125.43 crore resulting in

overall savings of ₹ 11,269.49 crore. The overall savings of ₹ 11,269.49 crore was the net result of savings of ₹ 14,585.90 crore in 50 Grants and three Appropriations under Revenue section and 34 Grants under Capital section, offset by an excess of ₹ 3,316.41 crore under Appropriation No. 2 – Interest Payment and Debt Services in Capital section.

The trends in percentage of savings/excess against overall provision in the budget for the last five years from 2017-22 are shown in **Table 3.3**.

Table 3.3: Original Budget, Revised Estimate and Actual Expenditure during 2017-22

	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Original Budget	12,420.65	13,731.03	16,116.72	21,224.30	29,137.19
Supplementary Budget	1,318.84	3,422.27	4,844.79	5,533.23	8,988.24
Revised Estimate	13,173.74	16,650.80	20,222.09	24,986.36	32,547.60
Actual Expenditure	11,397.17	14,590.22	17,165.50	22,505.98	26,855.94
Savings (-) /Excess (+)	(-)2,342.32	(-)2,563.08	(-)3,796.01	(-) 4,251.55	(-) 11,269.49
Savings as per cent of total provision	17.05	14.94	18.11	15.89	29.56

Source: Appropriation Accounts.

It can be seen from the above table that there were overall savings during the period 2017-2022 ranging from 14.94 per cent to 29.56 per cent. The percentage of savings ranged between 14.94 per cent to 29.56 per cent during 2017-22.

3.3 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 Articles 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 Appropriation Accounts revealed that an expenditure of ₹ 281.45 crore was incurred in 22 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 regularization are given in **Appendix 3.1**.

There were 45 cases under 15 Grants/Appropriations, where expenditure of more than ₹ one crore in each case was incurred during the year without budgetary provision, of which, in six cases under four Grants, the amount involved in each case was more than ₹ 10 crore. However, Government did not furnish any specific reason for incurring expenditure without budgetary provision.

Further, Audit observed that in six cases, expenditure was incurred amounting to ₹ 1,081.02 crore without any budget provision through Original estimates, Supplementary demands and Re-Appropriation as detailed in **Table 3.4**.

Table 3.4: Summary of Expenditure without Budget Provision

Grant No.	Name of the Grant	Head of Account	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
22	Public Health Engineering	4215-01-102-40	1.60	1
		4215-01-101-45	6.60	1
		4552.10.102.12	2.14	1
		4552.10.102.13	0.75	1
Appropriation No. 2	Interest Payments & debt Services	2049-04-104-08	9.93	1
		6004-09-101-02	0.77	1
Total			21.79	6

Source: Detailed Appropriation Accounts.

Expenditure without budget violated financial regulations as well as the will of the Legislature.

3.3.2 Non-compliance with the Accounting Framework

As per Rule 79 of General Financial Rule, 2017 accounting of transactions are to be as per the list of Major and Minor Heads of Accounts as prepared by the Controller General of Accounts. In case of lower level of classification accounting, such heads of accounts are operated with due approval of the Principal Accountant General (A&E) of the State, including proposal of new scheme in budget.

3.3.2.1 Operation of unauthorized Sub-Major Head/Minor Head

During 2021-22, the State Government of Manipur provided budget provisions under four unauthorized Sub-Major Head/Minor Heads (three under the Revenue Section and one under Capital Section) and incurred an expenditure of ₹ 10.62 crore (₹ 6.99 crore under the Revenue Section and ₹ 3.63 crore under the Capital Section) in these heads. The details are shown in **Appendix 3.2**.

3.3.2.2 Opening of New Sub Head/Detailed Head of Accounts without advice of C&AG

During 2021-22, the State Government of Manipur opened 112 new Sub Heads/Detailed Heads (69 under the Revenue Section, 43 under Capital Section) in the budget, without seeking the advice of the Principal Accountant General (A&E), Manipur as required under the Constitution. The State Government provided budget provisions under these heads and incurred an expenditure of ₹ 1,439.76 crore (₹ 227.61 crore under the Revenue Section and ₹ 1,212.15 crore under the Capital Section) during 2021-22. Details are given in **Appendix 3.2**.

3.3.3 Parking of Funds in Public Account/Bank Accounts to avoid lapse of budgetary Grants

As per Rule 290 of Central Treasury Rules (CTR), no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants. Further, as per order of the Finance Department, Manipur, no part of the fund was to be deposited into Drawing and Disbursement Officer (DDO) account which is solely meant for transaction of salary payment.

3.3.3.1 Parking of Funds in Public Accounts

Audit noticed that during the year 2021-22, pay and allowances of ₹ 3.19 lakh was recovered from the pay bills of the State Government employees as excess payment and deposited into MH 8449–Other Deposits, Minor Head 120-Miscellaneous Deposits instead of deduct expenditure. Details are shown in *Appendix 3.3*.

3.3.3.2 Parking of Funds in Bank Accounts

A test check of records revealed that in respect of 217 Drawing and Disbursing Officers (DDOs) pertaining to ten Departments, funds amounting to ₹ 389.60 crore were parked in 272 bank accounts of Commercial/ Nationalized Banks in contravention of the order of Finance Department. Details are shown in *Appendix 3.4*.

Drawal of money from the Consolidated Fund and parking it in Public Accounts and DDOs' bank accounts which is outside the Government account for future utilisation is not only a violation of the Finance Department's order but also is fraught with the risk of misutilisation and fraudulent drawals. Booking of such drawals and parking it for future use as expenditure in the accounts only inflated the reported expenditure figures.

3.3.4 Misclassification of Revenue Expenditure as Capital Expenditure and vice versa

Misclassification of expenditures and receipts has a great impact on the integrity of the financial statements. Object Heads of capital nature (e.g. 53- Major Works) should be booked under Capital Major Heads and that of Object Heads of revenue nature (e.g. 27 - Minor Works) under Revenue Major Heads.

During 2021-22, expenditure of ₹ 0.32 crore under Object Heads 53 - Major Works was booked under Revenue Major Heads and ₹ 2.86 crore under Object Head 27 - Minor Works was booked under Capital Major Heads.

Misclassification of expenditure of revenue nature as Capital Expenditure results in understatement of revenue expenditure and overstatement of Revenue Surplus to the extent of ₹ 2.86 crore. Similarly, misclassification of Capital Expenditure as Revenue Expenditure results in overstatement of Revenue Expenditure and understatement of Revenue Surplus by ₹ 0.32 crore. Details are given in *Appendix 3.5*.

3.3.5 Unnecessary or excessive supplementary grants

Supplementary provision aggregating to ₹ 698.06 crore in 25 cases during the year 2021-22 proved unnecessary as the expenditure did not come up even to the level of original provision as detailed in **Appendix 3.6**. Out of these, in 11 cases, the supplementary provision was more than ₹ 10 crore in each case as given in table below:

Table 3.5: Cases where supplementary provision of ₹ 10 crore or more proved unnecessary
(₹ in crore)

Sl. No.	Number and name of Grant/Appropriation	Original provision	Supplementary	Expenditure	Savings out of Original provision
Revenue Voted					
1	17. Agriculture	316.63	15.04	138.01	178.62
2	21. Textiles Commerce and Industries	159.89	11.94	45.11	114.78
3	44. Social Welfare Department	518.86	159.09	441.84	77.02
4	47. Minorities and Other Backward Classes and Scheduled Castes Department	79.45	31.64	39.77	39.68
5	48. Relief and Disaster Management	78.14	79.91	34.67	43.47
Sub Total		1,152.97	297.62	699.40	453.57
Capital Voted					
6	7- Police	57.17	13.43	28.07	29.10
7	8. Public Works Department	588.93	245.41	467.91	121.02
8	10. Education	43.06	12.58	35.93	7.13
9	11. Medical Health and Family Welfare Services	133.86	51.14	72.75	61.11
10	12. Municipal Administration Housing and Urban Development	321.26	27.97	142.12	179.14
11	25. Youth Affairs and Sports Department	73.00	17.03	27.32	45.68
Sub Total		1,217.28	367.56	774.10	443.18
Grand Total		2,370.25	665.18	1,473.50	896.75

Source: Appropriation Accounts.

Provision of inflated supplementary grants despite savings against original grants had deprived the other departments that could have utilised the fund.

3.3.6 Unnecessary or Excessive Re-appropriation

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive, unnecessary or insufficient in 54 sub-heads and resulted in savings and excess (₹ 10 crore or more in each case) of ₹ 3890.32 crore and ₹ 385.79 crore respectively as detailed in **Appendix 3.7**. This indicates that the availability or requirement of funds was not properly assessed before re-appropriation and proved injudicious.

3.3.7 Savings/Surrenders in Grants/Appropriations

3.3.7.1 Substantial Savings

As per Rule 62 (1) of GFR, 2017 Grants/Appropriations, which are anticipated to remain unspent must be surrendered as early as possible before the close of the financial year.

Audit noticed that in 67 cases, savings exceeded by more than 25 per cent of the total provision as detailed in **Appendix 3.8**. Further, there were 41 cases¹ where savings were 50 per cent and above of the total provision in each case. Out of these, 100 per cent savings occurred in four Grants (2. Council of Ministers, 23. Power, 29. Sales Tax, Other Taxes/Duties on Commodities and Services and 48. Relief and Disaster Management) under Capital Voted.

There were savings amounting to ₹ 13,326.11 crore in 27 cases, where savings were more than ₹ 100 crore against total provision in each case as shown in table below:

Table 3.6: List of grants having savings above ₹ 100 crore during the year
(₹ in crore)

Sl. No.	Number and Name of Grant	Original	Supplementary	Total	Actuals	Savings	Surrender	Savings excluding surrender	Savings (per cent)
Revenue Voted									
1	5. Finance Department	1,939.24	693.04	2,632.28	2,435.85	196.43	0.00	196.43	7.46
2	7. Police	2,288.63	0.00	2,288.63	2,050.35	238.28	92.76	145.52	10.41
3	10. Education	2,512.22	0.00	2,512.22	1,689.29	822.93	322.54	500.39	32.76
4	11. Medical, Health and Family Welfare Services	961.70	336.24	1,297.94	1,000.72	297.22	0.00	297.22	22.90
5	12. Municipal Administration, Housing and Urban Development	400.50	0.00	400.50	101.34	299.16	4.80	294.36	74.70
6	13. Labour and Employment	367.79	0.44	368.23	36.93	331.30	0.00	331.30	89.97
7	14. Department of Tribal Affairs, Hills and Scheduled Caste Development	782.96	0.00	782.96	568.58	214.38	52.37	162.01	27.38
8	17. Agriculture	316.63	15.04	331.67	138.01	193.66	0.00	193.66	58.39
9	18. Animal Husbandry and Veterinary including Dairy Farming	215.70	6.88	222.58	89.33	133.25	0.00	133.25	59.87
10	19. Environment and Forest	646.27	0.00	646.27	182.98	463.29	236.52	226.77	71.69
11	20. Community and Rural Development	5,088.74	0.00	5,088.74	1,290.25	3,798.49	2,963.84	834.65	74.65
12	21. Textiles, Commerce and Industries	159.89	11.94	171.83	45.11	126.72	0.00	126.72	73.75
13	23. Power	546.63	0.00	546.63	426.54	120.09	72.64	47.45	21.97
14	30. Planning	780.27	0.00	780.27	28.90	751.37	664.76	86.61	96.30
15	44. Social Welfare Department	518.86	159.09	677.95	441.84	236.11	0.00	236.11	34.83
16	48. Relief and Disaster Management	78.14	79.91	158.05	34.67	123.38	0.00	123.38	78.06
	Sub Total	17,604.17	1,302.58	18,906.75	10,560.69	8,346.06	4,410.23	3,935.83	44.14
Capital Voted									
17	8. Public Works	588.93	245.41	834.34	467.91	366.43	0.00	366.43	43.92
18	11. Medical, Health and Family Welfare Services	133.86	51.14	185.00	72.75	112.25	0.00	112.25	60.68
19	12. Municipal Administration, Housing and Urban Development	321.26	27.96	349.22	142.12	207.10	0.00	207.10	59.30
20	20. Community and Rural Development	0.00	2,128.90	2,128.90	839.58	1,289.32	0.00	1,289.32	60.56
21	22. Public Health Engineering	1,727.45	0.00	1,727.45	788.18	939.27	74.01	865.26	54.37
22	30. Planning	110.01	512.87	622.88	231.85	391.03	0.00	391.03	62.78
23	36. Minor Irrigation	288.89	0.00	288.89	40.02	248.87	22.02	226.85	86.15

¹ Grant Nos. 6, 12, 13, 17, 18, 19, 20, 21, 30, 44, 47, 48 and 49 (Revenue Voted); Grant No. 26 (Revenue Charged) and Grant Nos. 1, 2, 3, 7, 11, 12, 14, 17, 18, 20, 21, 22, 23, 25, 26, 28, 29, 30, 36, 40, 42, 43, 44, 45, 47, 48, and 50 (Capital Voted).

Sl. No.	Number and Name of Grant	Original	Supplementary	Total	Actuals	Savings	Surrender	Savings excluding surrender	Savings (per cent)
Revenue Voted									
24	40. Water Resources Department	551.85	0.00	551.85	139.93	411.92	157.62	254.30	74.64
25	45. Tourism	358.59	0.00	358.59	73.74	284.85	171.44	113.41	79.44
26	47. Minorities and Other Backward Classes and Scheduled Castes Department	694.94	0.00	694.94	169.95	524.99	129.73	395.26	75.54
	Sub Total	4,775.78	2,966.28	7,742.06	2,966.03	4,776.03	554.82	4,221.21	61.69
Revenue Charged									
27	Appropriation No. 2 - Interest Payment and Debt Services	629.34	265.48	894.82	690.80	204.02	0.00	204.02	22.80
	Sub Total	629.34	265.48	894.82	690.80	204.02	0.00	204.02	22.80
	Grand Total	23,009.29	4,534.34	27,543.63	14,217.52	13,326.11	4,965.05	8,361.06	128.63

Source: Appropriation Accounts.

There were huge savings during 2021-22, with 21 out of 53 Grants/Appropriations showing utilisation of less than 50 per cent of the budget allocation (Revenue and Capital) as shown in **Appendix 3.9**. In five out of the 21 Grants/ Appropriations, there was a pattern of low utilisation in four out of the last five years 2017-21. This is indicative of systemic issues that necessitate closer review and corrective action by the Government.

The above low utilisation against grants mostly relate to developmental schemes such as Housing, Commerce and Industries, Planning and Minor Irrigation. Similarly, Audit also noticed low utilisation in Grant 12 - Municipal Administration, Housing and Urban Development, and 47 - Minorities and Other Backward Classes Department. Further, huge savings occurred under Grant No. 30 - Planning during last five years 2017-18 to 2021-22.

The matter needs special attention of the Government to review the reason for such repeated low utilisation of grants for corrective action.

3.3.7.2 Persistent Savings

During the last five years from 2017-18 to 2021-22, there were persistent savings of more than ₹ one crore in 54 cases (36 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 3.10**. During the five-year period 2017-18 to 2021-22, out of 54 cases of persistent savings of more than ₹ one crore, savings of more than ₹ 10 crore in each year occurred in 18 cases under revenue heads. In the Capital voted, there were persistent savings of more than ₹ 10 crore each year in 10 cases. In eight cases, the persistent savings were more than ₹ 100 crore (Five under Revenue voted and three under Capital voted). The Grant/Appropriation where persistent savings of more than ₹ 100 crore occurred during 2017-18 to 2021-22 are given in the following table:

Table: 3.7 Grant having persistent savings more than ₹100 crore during 2017-22

Sl. No	Grant No. and Name	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Voted						
1	7: Police	106.57	167.44	324.25	441.99	238.28
2	10: Education	198.13	141.60	526.04	819.97	822.93
3	12: Municipal Administration, Housing and Urban Development	127.08	134.23	103.40	226.40	299.16
4	20: Community and Rural Development	146.67	897.02	852.45	1491.41	3798.49
5	44: Social Welfare Department	123.53	134.63	231.80	270.89	236.11
Capital Voted						
6	8: Public Works Department	437.75	372.73	423.42	243.71	366.43
7	30: Planning	148.34	158.22	108.78	314.71	391.03
8	40: Water Resources Department	288.86	168.99	314.07	219.70	411.92

Source: Appropriation Accounts.

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. It is recommended that the Finance Department may issue specific directions to these Departments to improve their projection of budget requirements to avoid such persistent savings.

3.3.7.3 Anticipated savings not surrendered

Departments are required to surrender Grants/Appropriations or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2021-22, no part of savings in 40 cases (18 under Revenue voted, six under Revenue charged and 16 under Capital voted) was surrendered by the Departments concerned. The amount involved in these cases was ₹ 4,534.46 crore (31.09 per cent of the overall savings of ₹ 14,585.90 crore) (*Appendix 3.11*). It was observed that in 14² cases, savings exceeded ₹ 100 crore but were not surrendered.

Besides, in 40 Grants/Appropriations (53 cases), ₹ 5,465.28 crore (₹ 4,671.21 crore under Revenue Voted and ₹774.46 crore under Capital voted) was surrendered on 31 March 2022 (*Appendix 3.12*) indicating inadequate financial control. Moreover, these funds could not be utilised for the purpose it was sanctioned or for any other purpose.

3.3.7.4 Substantial surrenders

Substantial surrenders exceeding ₹ 10 crore were made at the end of March 2022 in 27 cases as given in **Table 3.8**. Substantial surrender of funds indicated improper budget

² Sl. No. (1, 3, 4, 5, 6, 7, 15 and 17 under Revenue Voted; 21 under Revenue Charged; 28, 31, 32, 35 and 38 under Capital Voted)

estimation and poor expenditure planning and monitoring by the departments concerned.

Table 3.8: Details of surrender of funds in excess of ₹ 10 crore at the end of March 2022

(₹ in crore)							
Sl. No.	Grant/Appropriation	Original	Supple-mentary	Total provisions	Actual expenditure	Savings (-)/ Excess (+)	Amount Surrendered
Revenue Voted							
1	3. Secretariat	145.92	0.00	145.92	99.00	46.92	30.92
2	4. Land Revenue Stamps & Registration and District Administration	187.65	0.00	187.65	102.12	85.53	60.45
3	6. Transport	32.33	0.00	32.33	11.60	20.73	16.45
4	7. Police	2,288.63	0.00	2,288.63	2,050.35	238.28	92.76
5	8. Public Works Department	172.06	0.00	172.06	105.12	66.94	54.07
6	10. Education	2,512.22	0.00	2,512.22	1,689.29	822.93	322.54
7	14. Tribal Affairs and Hills Development	782.96	0.00	782.96	568.58	214.38	52.37
8	19. Environment and Forest	646.27	0.00	646.27	182.98	463.29	236.52
9	20. Community and Rural Development	5,088.74	0.00	5,088.74	1,290.25	3,798.49	2,963.84
10	23. Power	546.63	0.00	546.63	426.54	120.09	72.64
11	30. Planning	780.27	0.00	780.27	28.90	751.38	664.76
12	39. Sericulture	45.99	0.00	45.99	23.06	22.92	18.37
13	40. Water Resources Department	66.54	0.00	66.54	45.65	20.88	14.34
14	43. Horticulture and Soil Conservation	95.44	0.00	95.44	48.72	46.72	14.31
15	45. Tourism	23.16	0.00	23.16	6.64	16.51	14.20
	Sub Total	13,414.81	0.00	13,414.81	6,678.80	6,735.99	4,628.54
Capital Voted							
16	3. Secretariat	40.80	0.00	40.80	2.19	38.61	34.77
17	14. Tribal Affairs and Hills Development	19.18	0.00	19.18	5.31	13.87	13.00
18	17. Agriculture	60.97	0.00	60.97	4.51	56.47	11.19
19	22. Public Health Engineering	1,727.45	0.00	1,727.45	788.18	939.27	74.01
20	26. Administration of Justice	72.07	0.00	72.07	5.29	66.78	40.90
21	36. Minor Irrigation	288.89	0.00	288.89	40.01	248.87	22.02
22	40. Water Resources Department	551.85	0.00	551.85	139.93	411.92	157.62
23	44. Social Welfare Department	70.65	0.00	70.65	9.35	61.30	17.53
24	45. Tourism	358.59	0.00	358.59	73.73	284.85	171.44
25	47. Minorities and Other Backward Classes and Scheduled Castes Department	694.94	0.00	694.94	169.95	524.99	129.73
26	50. Information Technology	113.00	0.00	113.00	27.55	85.45	78.83
	Sub Total	3,998.39	0.00	3,998.39	1,266.00	2,732.38	751.04
Revenue Charged							
27	26. Administration of Justice	61.38	0.00	61.38	18.75	42.63	19.60
	Sub Total	61.38	0.00	61.38	18.75	42.63	19.60
	Grand Total	17,474.58	0.00	17,474.58	7,963.55	9,511.00	5,399.18

Source: Appropriation Accounts.

Out of the total savings of ₹ 14,585.89 crore during the year 2021-22, only ₹ 5,465.28 crore (37.47 per cent) was surrendered before the close of the financial year and the amount was surrendered on the last day of the year i.e. 31 March 2022. This indicates poor financial management.

3.3.8 Excess expenditure and its regularisation

3.3.8.1 Excess expenditure during 2021-22

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). During 2021-22, there was excess over provisions in one case under one Appropriation, amounting to ₹ 3,316.41 crore which required regularisation by the State Legislature. Details are shown in the table below:

Table 3.9: Excess over provision during 2021-22 requiring regularisation

Sl. No.	Number and title of Grant/Appropriation	Total provision	Expenditure	Excess
1	Appropriation No. 2-Interest Payment and Debt Services (Capital Charged)	7,585.87	10,902.29	3,316.41
Total		7,585.87	10,902.29	3,316.41

(₹ in crore)

Source: Appropriation Accounts.

In one case, viz. Appropriation No. 2 – Interest Payment and Debt Services under Capital Charged, expenditure in excess of the budget provision has been observed consistently for the last five years from 2017-22 which is reflective of poor budgeting especially as the interest payments and debt servicing can be calculated well in advance. Details are given in **Table 3.10**:

Table 3.10: Persistent excess expenditure during 2017-22

Sl. No.	Description of Grant/Appropriation	2017-18	2018-19	2019-20	2020-21	2021-22
1	Appropriation No. 2 – Interest Payment and Debt Services (Capital Charged)	280.12	1,729.50	2,121.77	3,876.27	3,316.41

(₹ in crore)

Source: Appropriation Accounts.

This is in violation of Article 204 of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.3.8.2 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining unregularised for extended periods dilutes legislative control over the executive. Excess expenditure amounting to ₹ 1,729.49 crore in 2018-19, ₹ 2,129.93 crore in 2019-20 and ₹ 4,085.07 crore in 2020-21 were yet to be examined (December 2022) by PAC. The details of excess expenditure during the period 2018-21 are shown in **Appendix 3.13**.

All such cases of excess expenditure over Grants/Appropriations need to be regularised at the earliest. The responsibility of the executive on account of persistent excess expenditure over Grants/Appropriations needs to be fixed as this is contrary to the legislative intent and defeats the objective of ensuring accountability of the executive over utilisation of public funds.

3.4 Effectiveness of budgetary and accounting process

3.4.1 Supplementary budget and opportunity cost

During the year 2021-22, in 27 grants, (savings exceeding ₹ 50 crore or more in each grant), the departments could not use either the original budget provision or the entire supplementary provision resulting in un-utilised funds of ₹ 13,882.63 crore as per details given in **Table 3.11**.

Table 3.11: List of grants with unutilised fund during 2021-22

(₹ in crore)						
Sl. No.	Grant/Appropriation	Original	Supplementary	Total provisions	Actual	Savings (-)/ Excess (+)
Revenue Voted						
1	4. Land Revenue Stamps & Registration and District Administration	187.65	0.00	187.65	102.12	85.53
2	5. Finance Department	1,939.24	693.04	2,632.28	2,435.85	196.43
3	7. Police	2,288.63	0.00	2,288.63	2,050.35	238.28
4	8. Public Works Department	172.06	0.00	172.06	105.12	66.94
5	10. Education	2,512.22	0.00	2,512.22	1,689.29	822.93
6	11. Medical Health and Family Welfare Services	961.70	336.24	1,297.94	1,000.72	297.22
7	12. Municipal Administration Housing and Urban Development	400.50	0.00	400.50	101.34	299.16
8	13. Labour and Employment	367.79	0.43	368.22	36.93	331.29
9	14. Department of Tribal Affairs and Hills Development	782.96	0.00	782.96	568.58	214.38
10	17. Agriculture	316.63	15.04	331.67	138.01	193.66
11	18. Animal Husbandry and Veterinary including Dairy Farming	215.70	6.89	222.59	89.33	133.26
12	19. Environment and Forest	646.27	0.00	646.27	182.98	463.29
13	20. Community and Rural Development	5,088.74	0.00	5,088.74	1,290.25	3,798.49
14	21. Textiles Commerce and Industries	159.89	11.94	171.83	45.11	126.72
15	23. Power	546.63	0.00	546.63	426.54	120.09
16	30. Planning	780.27	0.00	780.27	28.90	751.37
17	44. Social Welfare Department	518.86	159.09	677.95	441.84	236.11
18	47. Minorities and Other Backward Classes and Scheduled Castes Department	79.45	31.64	111.09	39.77	71.32
19	48. Relief and Disaster Management	78.14	79.91	158.05	34.67	123.38
	Sub Total	18,043.33	1,334.22	19,377.55	10,807.70	8,569.85
Capital Voted						
20	8. Public Works Department	588.93	245.41	834.34	467.91	366.43
21	11. Medical Health and Family Welfare Services	133.86	51.14	185.00	72.75	112.25
Capital Voted						

Sl. No.	Grant/Appropriation	Original	Supplementary	Total provisions	Actual	Savings (-)/ Excess (+)
22	12. Municipal Administration Housing and Urban Development	321.26	27.97	349.23	142.12	207.11
23	17. Agriculture	60.97	0.00	60.97	4.51	56.46
24	20. Community and Rural Development	0.00	2,128.90	2,128.90	839.58	1,289.32
25	22. Public Health Engineering	1,727.45	0.00	1,727.45	788.18	939.27
26	25. Youth Affairs and Sports Department	73.00	17.03	90.03	27.32	62.71
27	26. Administration of Justice	72.07	0.00	72.07	5.29	66.78
28	30. Planning	110.01	512.87	622.88	231.85	391.03
29	36. Minor Irrigation	288.89	0.00	288.89	40.01	248.88
30	40. Water Resources Department	551.85	0.00	551.85	139.93	411.92
31	44. Social Welfare Department	70.65	0.00	70.65	9.35	61.30
32	45. Tourism	358.59	0.00	358.59	73.73	284.86
33	47. Minorities and Other Backward Classes and Scheduled Castes Department	694.94	0.00	694.94	169.95	524.99
34	50. Information Technology	113.00	0.00	113.00	27.55	85.45
	Sub Total	5,165.47	2,983.32	8,148.79	3,040.03	5,108.76
Revenue Charged						
35	Appropriation No. 2 - Interest Payment and Debt Services	629.34	265.48	894.82	690.80	204.02
	Sub Total	629.34	265.48	894.82	690.80	204.02
	Grand Total	23,838.14	4,583.02	28,421.16	14,538.53	13,882.63

Source: Appropriation Accounts.

Though there was such a huge unutilised funds, 115 projects/schemes remained incomplete for lack of fund allocation as discussed in paragraph no. 2.7.6.2.A in Chapter II of this Report.

3.4.2 Missing/Incomplete Explanation for Variation from Budget

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

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

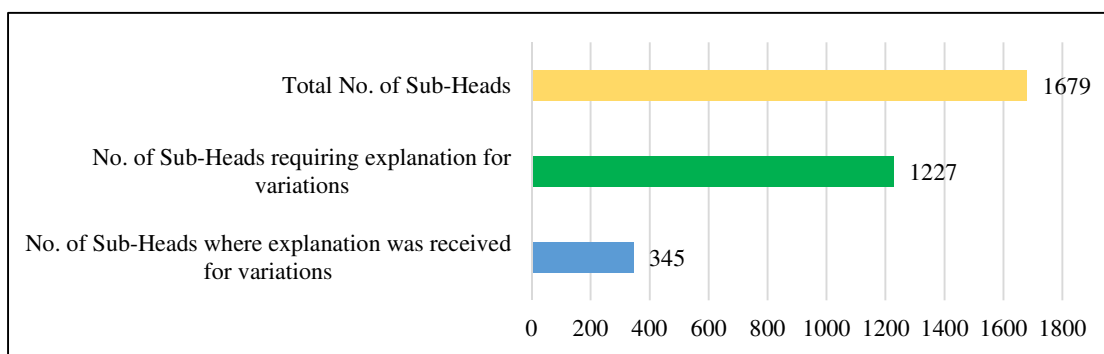
The current limits, approved by the PAC are as follows:

Savings	<ul style="list-style-type: none"> • Comments are to be made for overall savings exceeding ₹ 5 lakh of the total provision (Original plus Supplementary). • Comments are to be made in individual sub-heads for savings exceeding ₹ 5 lakh in all the Grants/Charged Appropriation.
Excess	<ul style="list-style-type: none"> • General comments are to be made for regularisation of excess over the provision in all cases where there is an overall excess (irrespective of the amount) • Comments are to be made in individuals sub-heads for excess exceeding ₹ 2.5 lakh in all the Grants.
<i>Under Charged Appropriation comments are to be made in all sub-heads where the variation is more than ₹ 2.5 lakh</i>	

Audit of Appropriation Accounts of 2021-22 and an analysis of the underlying accounting data revealed that the Controlling Officers have provided explanation for the variations in the expenditure *vis-à-vis* budgeted allocation in about 28 per cent of cases. Of the 53 Grants/ Appropriations, reasons for variation were called for in respect of 1,227 cases under 53 Grants/ Appropriations. However, reasons for variations in respect of only 345 cases covering savings of ₹ 1,513.67 crore (333 cases) and excess of ₹ 2.30 crore (12 cases) were furnished by the Controlling Officers of Government Departments. For the remaining 882 cases covering savings of ₹116.56 crore (829 cases) and excess of ₹6,515.94 crore (53 cases), the Controlling Officers of Government Departments did not furnish reasons for variations to Accountant General (A&E).

Summary of unexplained variations over budget provision is given in the following chart.

Chart 3.4 Summary of unexplained variations *vis-à-vis* budget



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

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

3.4.3 Rush of expenditure

As per Rule 62 (3) of the GFR, 2017, rush of expenditure in the closing month of the financial year is regarded as a breach of financial propriety. In contravention of this

rule, in 22 cases under 16 grants as shown in **Appendix 3.14**, expenditure of more than ₹ 10 crore and 25 per cent of the total expenditure for the year was incurred in March 2022. The grants where more than 50 per cent of the total expenditure under the grant was incurred in March 2022 alone are detailed in **Table 3.12**.

Table 3.12: Grants with more than 50 per cent of expenditure in March alone

(₹ in crore)					
Sl. No.	Grant No.	Description	Expenditure in March	Total Expenditure (TE)	Expenditure in March as percentage of TE
1	12	Municipal Administration, Housing and Urban Development	135.79	243.46	55.78
2	47	Minorities and other Backward Classes Department	152.68	209.73	72.80
Total			301.26	453.19	66.57

Source: VLC data of O/o the PAG (A&E), Manipur.

Thus, contrary to the spirit of financial regulation, a substantial quantum of expenditure was incurred by the Government at the fag end of the year, indicating inadequate control over expenditure and poor budgetary management.

3.4.4 Review of selected grant

A review of budgetary procedure and control over expenditure was conducted in respect of Grant No. 17– Agriculture and 47-Minorities and Other Backward Classes and Scheduled Castes Department to review compliance with prescribed budgetary procedures, monitoring of funds, control mechanisms and implementation of schemes within the grant. The following were noticed in Audit:

3.4.4.1 Budget and Expenditure

The summarised position of Budget Provision and Actual Expenditure during 2017-22 of the Grants is given in **Table 3.13** and **3.14**.

Table 3.13: Summarised position of Budget Provision and Actual Expenditure

(₹ in crore)					
Grant No. 17	2017-18	2018-19	2019-20	2020-21	2021-22
Total Budget Provision	223.22	314.99	331.86	407.60	392.64
Expenditure	134.98	134.48	170.77	234.29	142.52
Savings	88.24	180.51	161.09	173.31	250.12
Savings (in per cent)	39.53	57.31	48.54	42.52	63.70
i) Revenue Provision	170.42	242.38	244.67	295.61	331.67
Expenditure	114.64	131.97	154.56	195.42	138.01
Savings	55.78	110.41	90.11	100.19	193.66
Savings (in per cent)	32.73	45.55	36.83	33.89	58.39
ii) Capital Provision	52.80	72.61	87.19	111.99	60.97
Expenditure	20.34	2.51	16.21	38.87	4.51
Savings	32.46	70.10	70.98	73.12	56.46
Savings (in per cent)	61.48	96.54	81.41	65.29	92.60

Source: Appropriation Accounts.

Grant No. 47	2017-18	2018-19	2019-20	2020-21	2021-22
Total Budget Provision	145.56	293.82	275.99	744.30	806.02
Expenditure	89.33	178.14	111.04	267.32	209.72
Savings	56.23	115.68	164.95	476.98	596.30
Savings (in per cent)	38.63	39.37	59.77	64.08	73.98
i) Revenue Provision	57.42	48.44	53.10	78.20	111.08
Expenditure	25.81	39.82	40.88	23.04	39.77
Savings	31.61	8.62	12.22	55.16	71.31
Savings (in per cent)	55.05	17.80	23.01	70.54	64.20
ii) Capital Provision	88.14	245.38	222.89	666.10	694.94
Expenditure	63.52	138.32	70.16	244.28	169.95
Savings	24.62	107.06	152.73	421.82	524.99
Savings (in per cent)	27.93	43.63	68.52	63.33	75.54

Source: Appropriation Accounts

As can be seen from the above tables, there were overall persistent savings during the period 2017-22 ranging from 39.53 to 63.70 *per cent* of the total budget provision under Grant 17 and 38.63 to 73.98 *per cent* under Grant 47 during the same period. The savings under Grant 47 shows an increasing trend during the period from 2017-22.

Persistently large savings is an indicative of incorrect assessment of actual needs and calls for a critical review of budget preparation exercise of the Department.

3.4.4.2 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.

Scrutiny of Appropriation Accounts revealed that an expenditure of ₹ 16.95 crore was incurred in the selected two Grants 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 expenditure on the new service ranges from ₹ 30.77 lakh to ₹ 1,386.87 lakh. The details are given in the following table.

Table 3.14: Expenditure incurred through re-appropriation on new services

(₹ in lakh)

Grant No.	Head of Account	Description of Sub-Head	Original + Supplementary	Re-Appropriation	Expenditure
17	4401-0-800-01	Construction of Agro Market complex at Mayang Imphal Bazar (State Share)	0	30.77	30.77
Sub Total			0	30.77	30.77
47	2225-01-102-02	Economic and Skill Development Programme (ESDP)	0	17.10	16.81
47	2225-03-102-19	Economic and Skill Development Programme (ESDP)	0	59.00	58.98
47	2225-04-102-06	Economic and Skill Development Programme (ESDP)	0	69.90	69.88
47	4225-04-800-25	Civil Works in areas covered by Minority Community	0	300.00	1386.87
47	4225-04-800-26	State Component of PMJVK	0	131.97	131.97
Sub Total			0	577.97	1,664.51
Grand Total			0	608.74	1695.28

As can be seen from the above table that during 2021-22, an expenditure of ₹ 30.77 lakh was incurred by creating provision through re-appropriation under grant No. 17. Similarly, an expenditure of ₹ 1,664.51 lakh was incurred by creating provision of ₹ 577.97 crore through re-appropriation under grant No. 47 even though the provision fell short by ₹ 1,086.54 lakh.

3.4.4.3 Entire provision under sub-heads remained unutilised during the year

In 14 cases, the budget provisions remained unutilised as expenditure were not incurred during the year which resulted in savings. The details are given in the following table:

Table 3.15: Budget Provision remained unutilized

(₹ in lakh)

Sl. No.	Head of Account	Description	Original	Supplementary	Re-Appropriation	Total
1	2401-00-800-24	State Matching Share for National Food Security Mission	50.00	0.00	58.33	108.33
2	2401-00-800-27	National Mission on oil seed and oil palm (Central Share)	400.89	0.00	0.00	400.89
3	2401-00-800-56	25 % State Matching share of National Mission on oil seed & oil palm	44.55	0.00	0.00	44.55
4	2401-00-800-70	Paramparagat Krishi Vikas Yojana (Central Share)	8.72	0.00	0.00	8.72
5	2415-01-004-03	All India Coordinated rice improvement Project (Central Share)	26.07	0.00	1.05	27.12
6	4705-0-103-01	Command Area Development and Water Management (Central Share)	1000.00	0.00	0.00	1000.00
7	4705-0-103-01	Command Area Development and Water Management (Central Share)	1039.00	0.00	0.00	1039.00
8	4705-0-800-03	State Matching share of AIBP	180.00	0.00	0.00	180.00
9	4705-0-800-04	State Matching share (Loan from NABARD under LTIF)	2028.45	0.00	0.00	2028.45

Sl. No.	Head of Account	Description	Original	Supplementary	Re-Appropriation	Total
10	2225-01-793-16	Pradhan Mantri Adarsh Gram Yojana (PMAGY)	168.00	0.00	0.00	168.00
11	2225-01-793-17	Special Central Assistance to Scheduled Castes Sub Plan (SCA to SCSP) Central Share	1250.00	175.10	0.00	1425.10
12	2225-03-277-06	State Share of CSS for Pre-Matric Scholarship (OBC)	10.00	0.00	0.00	10.00
13	2225-04-102-05	Welfare of Minorities	96.00	0.00	48.00	48.00
14	4225-03-800-21	Construction of Hostel for OBC Boys	350.00	0.00	0.00	350.00
TOTAL			6651.68	175.1	107.38	6838.16

3.4.4.4 Withdrawal of entire provision by Re-Appropriation:

Scrutiny of Appropriation Accounts for the year 2021-22 revealed that, in five cases, the entire original budget provisions was reduced by surrendered /re-appropriation during the year. The reasons for the surrender by re-appropriation were not stated by the concerned department. The details are given in the following table:

Table 3.16: Withdrawal of entire provision

(₹ in lakh)

Sl. No.	Grant No.	Head of Account	Original Provision	Re-Appropriation/ Surrender	Reasons furnished by Department
1.	17	4552-800-01	1150.00	1150.00	Not furnished
2.	47	2225-01-102-01	32.40	32.40	Not furnished
3.		2225-03-102-04	100.00	100.00	Not furnished
4.		2225-03-800-16	18.00	18.00	Not furnished
5.		2225-04-800-16	19.80	19.80	Not furnished

3.4.4.5 Rush of Expenditure

According to Rule 62(3) of GFR 2017, rush of expenditure, particularly in the closing months of the financial year shall be regarded as breach of financial propriety and should be avoided. The details of quarter-wise expenditure of the Major Heads under the Grant during the year is given below:

Table 3.17: Expenditure pattern during 2021-22

(₹ in lakh)

Grant No. and Description	Expenditure incurred in each quarter						Expenditure in March as percentage of TE
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total Expenditure (TE)	Expenditure during March	
17 -Crop Husbandry/2401	7.04	56.66	14.37	51.56	129.63	35.35	27.27
47-Capital Outlay of Welfare of Scheduled Castes, Schedule Tribes, Other Backward Classes and Minorities/4225	0	13.87	7.02	148.58	169.47	148.58	87.67
Total	7.04	70.53	21.39	200.14	299.10	183.93	61.49

As can be seen from above, in Grant No. 47 out of the Total Expenditure of ₹ 169.47 crore during the year 2021-22, an amount of ₹ 148.58 crore (87.43 per cent) was incurred in March 2022.

3.4.4.6 Insufficient/Excessive Re-Appropriation of Funds

During the year 2021-22, Re-appropriation of Funds proved insufficient/excessive resulting in savings of ₹ one crore or more in each case in 21 Sub-head as per details given in the following table:

Table 3.18: List of Sub Heads with excess/savings during 2020-21

(₹ in crore)

Sl. No.	Grant No.	Head of Account	Original	Supplementary	Re-appropriation	Total	Expenditure	Excess (+)/ Savings (-)
1	17	2401.00.001.01 (H)	7.76	0.00	(-)2.52	5.24	3.19	(-)2.05
2		2401.00.001.01 (V)	17.16	0.00	(-)4.87	12.29	7.44	(-)4.85
3		2401.00.001.25 (H)	3.58	0.00	(-)1.01	2.57	1.35	(-)1.22
4		2401.00.001.25 (V)	12.34	0.00	(-)4.78	7.56	4.16	(-)3.40
5		2401.00.102.10 (V)	2.60	0.00	(-)0.62	1.98	0.95	(-)1.03
6		2401.00.104.07 (V)	3.09	0.00	(-)0.63	2.46	1.41	(-)1.05
7		2401.00.107.17 (V)	3.70	0.00	(-)0.89	2.81	1.68	(-)1.13
8		2401.00.109.08 (H)	2.36	0.00	0.38	2.74	1.49	(-)1.25
9		2401.00.113.12 (V)	2.59	0.00	0.22	2.81	1.61	(-)1.20
10		2401.00.800.01 (V)	46.00	15.04	2.66	63.70	28.66	(-)35.04
11		2401.00.800.21 (V)	7.03	0.00	(-)0.36	6.67	4.00	(-)2.67
12		2401.00.800.22 (V)	46.00	0.00	11.00	57.00	10.65	(-)46.35
13		2401.00.800.24 (V)	0.50	0.00	0.58	1.08	0.00	(-)1.08
14		2401.00.800.58 (V)	2.00	0.00	2.00	4.00	0.57	(-)3.43
15		2401.00.800.76 (V)	0.00	0.00	5.00	5.00	0.00	(-)5.00
16		2401.00.800.78 (V)	0.00	0.00	0.10	0.10	0.00	(-)0.10
Total			156.71	15.04	6.26	178.01	67.16	(-)110.85
17	47	2225.01.277.02 (V)	1.00	0.00	0.32	1.32	0.18	(-)1.14
18		2225.03.277.05 (V)	6.50	0.61	0.34	7.45	0.31	(-)7.14
19		4225.03.800.22 (V)	9.80	0.00	0.35	10.15	0.17	(-)9.98
20		4225.04.800.24 (V)	670.00	0.00	(-)135.00	535.00	142.95	(-)392.05
21		4225.04.800.25 (H)	0.00	0.00	3.00	3.00	13.87	10.87
Total			687.30	0.61	(-)130.99	556.92	157.48	(-)399.44

Source: Detailed Appropriation Accounts.

3.4.4.7 Surrender of Savings

As per Rule 62 (1) of GFR, 2017 Grants/Appropriations, which are anticipated to remain unspent must be surrendered as early as possible before the close of the financial year. The position of savings and surrenders under the grants was as per details shown in **Table 3.19**.

Table 3.19: Details of Savings during 2017-22

(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
Grant No. 17					
Total Budget Provision	223.22	314.99	331.86	407.60	392.64
Expenditure	134.98	134.48	170.77	234.29	142.52
Savings	88.24	180.51	161.09	173.31	250.12
Total Surrender	0.00	0.00	2.55	45.40	11.19
Surrender as a percentage of Savings	0.00	0.00	1.58	26.20	4.47
i) Revenue Provision	170.42	242.38	244.67	295.61	331.67
Expenditure	114.64	131.97	154.56	195.42	138.01
Savings	55.78	110.41	90.11	100.19	193.66
Surrender	0.00	0.00	2.55	0.00	0.00
Surrender as a percentage of Savings	0.00	0.00	2.83	0.00	0.00
ii) Capital Provision	52.80	72.61	87.19	111.99	60.97
Expenditure	20.34	2.51	16.21	38.87	4.51
Savings	32.46	70.10	70.98	73.12	56.46
Surrender	0.00	0.00	0.00	45.40	11.19
Surrender as a percentage of Savings	0.00	0.00	0.00	62.09	19.82
Grant No. 47					
Total Budget Provision	145.56	293.82	275.99	744.30	806.02
Expenditure	89.33	178.14	111.04	267.32	209.72
Savings	56.23	115.68	164.95	476.98	596.30
Total Surrender	0.13	0.00	0.00	0.00	129.73
Surrender as a percentage of Savings	0.23	0.00	0.00	0.00	21.76
i) Revenue Provision	57.42	48.44	53.10	78.20	111.08
Expenditure	25.81	39.82	40.88	23.04	39.77
Savings	31.61	8.62	12.22	55.16	71.31
Surrender	0.13	0.00	0.00	0.00	0.00
Surrender as a percentage of Savings	0.41	0.00	0.00	0.00	0.00
ii) Capital Provision	88.14	245.38	222.89	666.10	694.94
Expenditure	63.52	138.32	70.16	244.28	169.95
Savings	24.62	107.06	152.73	421.82	524.99
Surrender	0.00	0.00	0.00	0.00	129.73
Surrender as a percentage of Savings	0.00	0.00	0.00	0.00	24.71

Source: Appropriation Accounts.

For the Grant 17, out of the total budget provision of ₹ 1,670.31 crore during 2017-22, there were savings of ₹ 853.28 crore (51.09 per cent). However, only ₹ 59.14 crore constituting 6.93 per cent of the total savings was surrendered.

Similarly, for Grant 47, out of the total budget provision of ₹ 2,265.69 crore during 2017-22, there were savings of ₹ 1,410.14 crore (62.24 per cent). However, only ₹ 129.86 crore constituting 9.21 per cent of the total savings was surrendered.

During 2021-22, there was no surrender under revenue voted in both the grants.

3.5 Conclusion

- Against the total budget provision of ₹ 38,125.43 crore, State Departments incurred an expenditure of ₹ 26,855.94 crore during 2021-22, resulting in net savings of

₹ 11,269.49 crore. The overall savings was the net result of gross savings of ₹ 14,585.89 crore offset by an excess of ₹ 3316.41 crore.

- In six cases, expenditure of ₹ 1,081.02 crore was incurred during 2021-22 in one Grant and one Appropriation without budget provision, in violation of financial regulations and without the knowledge of the State Legislature.
- During 2021-22, an expenditure of ₹ 281.45 crore was incurred under 22 grants/Appropriations by creating provision through re-appropriation in violation of financial regulation as well as the will of the State legislature.
- During 2021-22, Supplementary grants of ₹ 698.06 crore provided in 25 cases proved unnecessary as the expenditure did not come up to the level of original provision, indicating that Supplementary grants were provided in an *ad hoc* manner without adequate review.
- In 67 cases, savings exceeded more than 25 *per cent* of total provision during 2021-22. Out of these, 100 *per cent* savings occurred in four Grants (2. Council of Ministers, 23. Power, 29. Sales Tax, Other Taxes/Duties on Commodities and Services and 48. Relief and Disaster Management) under Capital voted.
- During 2021-22, there was excess expenditure over provisions in one case under one Appropriation, amounting to ₹ 3,316.41 crore which requires regularisation by the State Legislature. There was persistent excess expenditure during the last five years from 2017-22 under this Appropriation, which reflects improper budgeting.
- Under two grants, more than 50 *per cent* of the total expenditure under the grant was incurred in March 2022 indicating breach of financial propriety.

3.6 Recommendations

- *Excess of expenditure over budgetary provisions under different grants is a serious lapse of budget rules and dilutes legislative approval over budgets. Departments which had incurred excess expenditure persistently should be identified to closely monitor their progressive expenditure and to seek supplementary grants/re-appropriations in time.*
- *Supplementary grants should be provided in such grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments to avoid under or over spending by them.*
- *Rush of expenditure during the closing months of the financial year is a breach of financial propriety leading to unplanned expenditure. The Government should strengthen monitoring mechanism in each Department to regulate fund flow and its utilisation on quarterly basis.*