

**CHAPTER-III**  
**BUDGETARY MANAGEMENT**



## CHAPTER – III

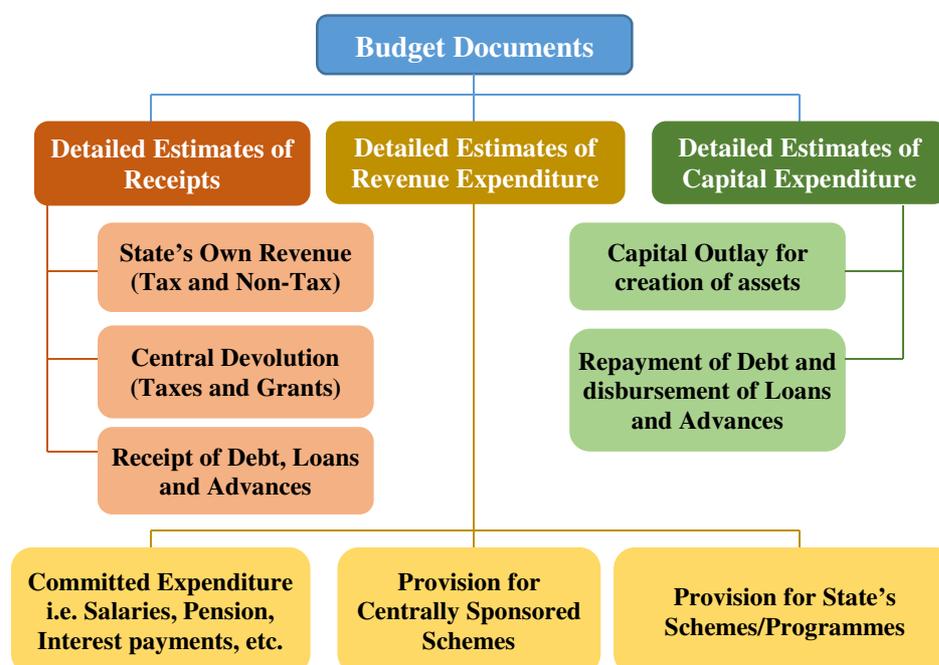
### BUDGETARY MANAGEMENT

#### 3.1 Budget Process

In compliance with Article 202 of the Constitution of India, in respect of every financial year, the Governor shall cause to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for that year, called “the Annual Financial Statement (Budget)”. The estimates of the expenditure show ‘charged’ and ‘voted’ items<sup>1</sup> of expenditure separately and distinguish expenditure on Revenue account from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the State Government. Glossary of important Budget related terms is given in **Appendix 3.1**.

As per the Himachal Pradesh Financial Rules, 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 the heads of 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 the following documents and components as given in **Chart 3.1**.

**Chart 3.1: Details of State Budget Documents and Components**



<sup>1</sup> **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.



100 per cent women-oriented schemes have been placed in Category-1 and schemes with less than 100 per cent women beneficiaries are in Category-2.

In Gender Budget document the Budget Estimate for Category-1 schemes was ₹ 415.05 crore. But in actual the total Budget allocated to these schemes was only ₹ 284.02 crore and expenditure on these schemes was ₹ 281.77 crore. Further there are total 33 schemes in Category-1, in which 12 schemes are central's schemes and 21 schemes are state's schemes. The details of these schemes are given in **Appendix 3.2**.

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

The total Budget provision for expenditure in 2023-24 was ₹ 66,991 crore. The actual expenditure during the year was ₹ 62,024 crore (92.59 per cent). This resulted in savings of ₹ 4,967 crore (7.41 per cent). The summarised position of actual expenditure vis-à-vis budgetary provisions during 2023-24 for all 32 grants/appropriations is given in **Table 3.1**.

**Table 3.1: Budget provision, actual disbursement and savings/excess during financial year 2023-24**

Total Budget provision		Disbursements		Saving (-)/ Excess (+)	
Voted	Charged	Voted	Charged	Voted	Charged
52,318	14,673	48,376	13,648	-3,942	-1,025

Source: Appropriation Accounts.

### 3.1.3 Charged and voted disbursements

The position of total Budget and disbursements categorised as charged and voted during the last five years (2019-24) is given in **Table 3.2**.

**Table 3.2: Disbursement and savings/excess during 2019-20 to 2023-24**

Year	Total Budget Provision		Disbursements		Saving (-)/ Excess (+)	
	Voted	Charged	Voted	Charged	Voted	Charged
2019-20	42,255	11,453	34,507	11,021	-7,748	-432
2020-21	45,157	16,440	37,440	15,699	-7,717	-741
2021-22	45,270	10,445	41,020	9,109	-4,250	-1,336
2022-23	51,164	16,569	48,390	15,073	-2,774	-1,496
2023-24	52,318	14,673	48,376	13,648	-3,942	-1,025

Source: Appropriation Accounts

It can be seen from **Table 3.2**, there were savings in both segments viz., voted and charged. There was a decreasing trend in savings (voted) from the year 2019-20 to 2022-23, but it increased in 2023-24 over the previous year, while there was an increasing trend in savings (charged) from the year 2019-20 to 2022-23, but it decreased during 2023-24. Cases of substantial and persistent savings have been highlighted in **Paragraph 3.3.7**.

### 3.1.4 Budget marksmanship

#### Aggregate Budget Outturn

Aggregate Budget Outturn measures the extent to which the aggregate Budget expenditure outturn/actual expenditure reflects the amount originally approved, both

in terms of less than approved and in excess of approved. For the year 2023-24 Aggregate Budget outturn is given in **Table 3.3**.

**Table 3.3: Aggregate Budget outturn**

(₹ in crore)

Description	Original Approved Budget (BE)	Actual Outturn	Difference between Actual and BE*
(1)	(2)	(3)	(4) (3-2)
Revenue	45,925.01	48,330.68	(+)2,405.67
Capital	10,758.68	13,693.28	(+)2,934.60
<b>Total</b>	<b>56,683.69</b>	<b>62,023.96</b>	<b>(+)5,340.27</b>

\* Excess of actual over original provision is denoted as (+) figures and shortage of actuals over original is denoted as (-) figures.

In the Revenue section, deviation in outturn compared with Budget Estimates was +5.24 per cent. This was due to the excess of actual over original provision in 18 Grants. In three grants deviation was more than + 100 per cent. In 14 grants there was a shortage of actual over original, where deviation ranged from -0.58 per cent to -28.87 per cent.

In the Capital section, deviation in outturn compared with Budget Estimates was + 27.28 per cent. This is due to the excess of actual over original provision in 19 Grants. In seven grants deviation was more than +100 per cent. In 11 grants there was a shortage of actual over original, where deviation ranged from -21.95 per cent to -100 per cent.

### Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main Budget categories during execution have contributed to variance in expenditure composition given in **Table 3.4**.

**Table 3.4: Expenditure Composition Outturn**

(₹ in crore)

Description	Original Approved Budget Estimate (BE)	Revised Estimate (RE)	Actual Outturn	Difference between RE & BE	Difference between Actual and RE*
(1)	(2)	(3)	(4)	(5) (3-2)	(6) (4-3)
Revenue	45,925.01	50,932.71	48,330.68	5,007.70	-2,602.03
Capital	10,758.68	16,058.58	13,693.28	5,299.90	-2,365.30
<b>Total</b>	<b>56,683.69</b>	<b>66,991.29</b>	<b>62,023.96</b>	<b>10,307.60</b>	<b>-4,967.33</b>

\* Excess of actual over revised estimate is denoted as (+) figures and shortage of actuals over revised estimate is denoted as (-) figures.

In the Revenue section, deviation in outturn compared with Revised Estimates was -5.11 per cent. This was due to shortage of actual over revised estimates in 29 grants, with the deviation ranging from -1.03 per cent to -32.08 per cent.

In the Capital section, deviation in outturn compared with Revised Estimates was -14.49 per cent. This was due to shortage of actual over revised estimates in 20 grants and in four grants deviation was more than -50 per cent.

## 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. 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, 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 of India (Article 202) is so charged. It also seeks to ascertain whether the expenditure incurred is in conformity with relevant laws, 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 of India. Further, expenditure should not be incurred on a scheme/service without provision of funds or after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

**Table 3.5** shows the summarised position of expenditure incurred without any Budget provision in seven cases covering four grants. This is breach of constitutional provisions. State Government must avoid these expenditures. If under any circumstance expenditure is inevitable, the Finance Department must follow the provisions under Article 205 and 206 of the Constitution of India.

**Table 3.5: Summary of expenditure without Budget Provision**

Grant/ Appropriation	Head of Accounts	Expenditure (amount in ₹)	Name of Schemes/Sub-Heads
<b>Voted</b>			
16	2406-02-110-11-C90N	19,61,000	Project Elephant
	2406-02-110-11-S10N	2,17,900	
18	4851-00-101-04-S00N	66,00,00,000	PM Gatishakti Scheme
28	2217-80-192-26-S00N	27,85,00,000	Grant to Municipalities for Capital Assets
32	2202-01-789-13-S10N	40,250	Pre - Matric Scholarship to Scheduled Caste students
	2202-03-789-04-C00N	27,00,000	Post Matric Scholarship to Scheduled Caste Students
	2401-00-789-76-S10N	1,33,000	Sub-Mission on Agro-Forestry (SMAF)
<b>Total</b>		<b>94,35,52,150</b> or <b>(₹ 94.36 crore)</b>	

Source: Appropriation Accounts.

### **3.3.2 Transfers not mandated by the Appropriation Act (into Bank Accounts)**

The withdrawal of funds and depositing of the same in bank accounts by DDOs is in violation of Rule 183(V) and Rule 184(1) of Himachal Pradesh Treasury Rules. This entails the risk of misappropriation as the funds remain outside the Government account without any monitoring and can be diverted or misused for unauthorised purposes.

The State Government has not provided information regarding funds transferred to/unutilised with DDOs.

### **3.3.3 Misclassification of expenditure**

Misclassification of expenditures and receipts has a great impact on the integrity of the financial statements. State financial rules categorise the primary units of appropriation. There are specific object heads meant for obtaining provision for acquisition of Capital Assets and other Capital Expenditure. These object heads pertaining to booking of expenditure of Capital nature should correspond with Capital major heads only. Classification of expenditure of Revenue nature as Capital expenditure or vice-versa, results in overstatement/understatement of Revenue expenditure and Revenue Deficit/Surplus.

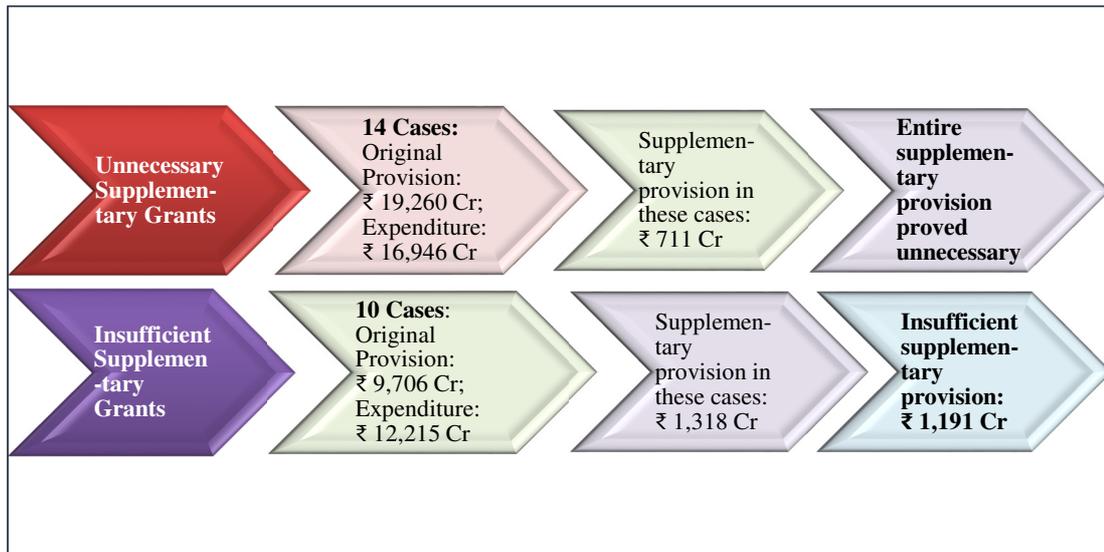
During the year 2023-24, no case of misclassification of expenditure was noticed.

### **3.3.4 Unnecessary or insufficient supplementary grants**

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year. When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the grant to cover the excess by re-appropriation, the Secretary in the Department concerned proposes to the Finance Department for supplementary or additional grant or appropriation.

During 2023-24, there were 14 cases (₹ one crore or more in each case) under 12 grants (Revenue/Capital-Voted) where supplementary provision of ₹ 711 crore proved unnecessary as expenditure did not reach the level of original provision (**Table 3.6**). In 10 cases (**Table 3.7**), supplementary provision of ₹ 1,318 crore proved insufficient as it was not adequate to meet the requirement, leaving aggregate uncovered excess expenditure of ₹ 1,191 crore (**Chart 3.3**).

Chart 3.3: Unnecessary and insufficient supplementary provisions



Source: Appropriation Accounts.

**Table 3.6: Details of cases where supplementary provision (₹ one crore or more in each case) proved unnecessary**

(₹ in crore)

Sr. No.	Name of the Grant	Original	Supplementary	Actual expenditure	Saving out of original provisions
<b>Revenue- Voted</b>					
1	04-General Administration	219.66	12.79	214.24	-5.42
2	06-Excise and Taxation	113.70	20.07	112.28	-1.42
3	08-Education	7,866.54	164.06	7,230.03	-636.51
4	11-Agriculture	405.88	7.64	326.81	-79.07
5	14-Animal Husbandry	514.11	6.89	511.12	-2.99
6	16-Forest and Wildlife	746.33	57.36	649.82	-96.51
7	19-Social Justice and Empowerment	1,712.86	46.27	1,615.10	-97.76
8	20-Rural Development	1,438.21	67.94	1,022.95	-415.26
9	22-Food and Civil Supply	188.12	36.45	163.43	-24.69
10	26-Tourism and Civil Aviation	29.37	4.60	25.69	-3.68
11	31-Tribal Development	1,823.81	40.24	1,535.42	-288.39
12	32-Schedule Caste Sub Plan	2,476.94	219.23	2,386.75	-90.19
<b>Capital- Voted</b>					
13	26-Tourism and Civil Aviation	484.44	5.99	274.48	-209.96
14	32-Schedule Caste Sub Plan	1,240.21	21.00	878.17	-362.05
<b>Total</b>		<b>19,260.18</b>	<b>710.53</b>	<b>16,946.29</b>	<b>-2,313.89</b>

Source: Appropriation Accounts.

Although the demand for supplementary grants was made by the State Government on the reasoning that additional expenditure was to be incurred in various schemes under the respective grants, but the final expenditure was less than even the original provisions in the 14 cases indicated as above.

**Table 3.7: Details of cases where supplementary provision (₹ one crore or more in each case) proved insufficient**

(₹ in crore)

Sr. No.	Name of the Grant	Original	Supplementary	Actual expenditure	Excess
<b>Revenue- Voted</b>					
1.	28-Urban Development	503.77	339.08	939.77	96.92
2.	29-Finance	8,792.89	635.29	10,408.82	980.64
<b>Capital- Voted</b>					
3	03-Administration of Justice	10.39	6.37	17.05	0.29
4	04-General Administration	5.93	35.82	41.77	0.02
5	05-Land Revenue	8.00	46.47	143.54	89.07
6	08-Education	98.73	12.74	113.96	2.49
7	09-Health and Family Welfare	95.02	138.89	236.68	2.77
8	23-Power Development	65.85	40.48	110.98	4.65
9	27-Labour Employment and Training	55.76	27.61	91.57	8.20
10	28-Urban Development	69.33	35.47	110.55	5.75
<b>Total</b>		<b>9,705.67</b>	<b>1,318.22</b>	<b>12,214.69</b>	<b>1,190.80</b>

As seen from the above, in 10 cases as indicated above, the supplementary provisions were insufficient as the actual expenditure was more than the total Budget provisions (original + supplementary).

Both the above type of cases (Tables 3.6 and 3.7) indicate that the Administrative Department could not realistically assess/estimate the actual requirement of funds for the remaining period of financial year due to poor monitoring of expenditure.

### 3.3.5 Re-appropriations requiring prior legislative authorisation

‘Re-appropriation’ refers to the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation. The Government is allowed to re-appropriate provisions from one unit of appropriation to another within the same Grant, thus altering the destination of an original provision for one purpose to another, subject to the limits and restrictions laid down. No re-appropriation should be made for any purpose whatsoever from Supplementary Grants voted by the Assembly for a definite purpose, so as to ensure that a Supplementary Grant shall be used for the purpose for which it is voted and for no other.

During the year 2023-24, there was no case of re-appropriation from one grant to another or from supplementary grants.

Cases of unnecessary / insufficient re-appropriation within grants are detailed below.

### 3.3.6 Unnecessary, Inappropriate and insufficient re-appropriations

Re-appropriation is the transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During the year 2023-24, there were 123 cases (Appendix 3.3) where re-appropriation proved unnecessary, as the expenditure did not reach the level of Budget provision. In 14 cases (Appendix 3.4), re-appropriations were made inappropriately from those accounts where actual expenditure resulted in excess. In 36 cases (Appendix 3.5) re-appropriation proved insufficient, as actual expenditure

resulted in excess after making re-appropriation. Substantial cases (saving/excess more than ₹ 10 crore) are depicted in the Tables 3.8, 3.9 and 3.10 given below.

**Table 3.8: Unnecessary re-appropriations resulting in savings**

(₹ in crore)

Sl. No.	Grant	Heads of account	Original	Supplementary	Re-appropriation	Total	Actual	Final Saving
<b>Revenue-Voted</b>								
1	07-Police and Allied Organisations	2055-00-108-05-S00N	335.97	2.58	0.08	338.63	319.34	-19.29
2	08-Education	2202-01-101-03-S00N	1,663.03	0.00	4.62	1,667.64	1,487.01	-180.63
3		2202-01-113-01-C90N	6.75	131.03	28.13	165.91	36.27	-129.64
4		2202-02-109-01-S00N	2,839.01	0.00	7.87	2,846.88	2,804.56	-42.32
5	09-Health and Family Welfare	2210-01-110-03-S00N	300.47	25.64	7.07	333.18	320.93	-12.25
6	10-Public Works - Roads, Bridges and Buildings	3054-04-105-19-S00N	187.94	0.00	1.50	189.44	179.20	-10.24
7	11-Agriculture	2401-00-108-17-S00N	0.00	0.00	16.48	16.48	0.00	-16.48
8	16-Forest and Wild Life	2406-01-001-02-S00N	369.19	0.00	0.73	369.92	339.62	-30.3
9	19-Social Justice and Empowerment	2235-02-102-05-S00N	104.71	0.00	0.23	104.94	68.85	-36.09
10	20-Rural Development	2515-00-196-08-S00N	14.58	0.00	0.11	14.69	0.02	-14.67
11		2515-00-197-08-S00N	14.58	0.00	0.11	14.69	0.12	-14.57
12		2515-00-198-07-S00N	68.05	0.00	0.51	68.56	0.10	-68.46
13	31-Tribal Development	2406-01-796-02-S00N	5.09	0.08	33.83	39.00	3.38	-35.62
14	32-Scheduled Caste Sub Plan	2202-01-789-21-C90N	2.58	40.28	23.23	66.09	19.07	-47.02
15		2406-02-789-02-S00N	3.21	0.00	15.11	18.32	2.41	-15.91
<b>Capital-Voted</b>								
16	13-Irrigation, Water Supply and Sanitation	4702-00-101-06-C90N	46.86	50.70	0.32	97.88	47.25	-50.63
17	15-Planning and Backward Area Sub Plan	5054-04-337-27-S00B	47.19	0.00	6.10	53.29	42.23	-11.06

Source: Appropriation Accounts.

**Table 3.9 Inappropriate re-appropriations resulting in excess**

(₹ in crore)

Sl. No.	Grant	Head of account	Original	Supplementary	Total Budget	Reappropriation	Actual	Excess
<b>Revenue-voted</b>								
1	29-Finance	2071-01-104-02-S00N	966.83	0.00	966.83	-66.83	1070.22	103.39
2	31-Tribal Development	3054-04-796-01-S00N	17.60	0.00	17.60	-0.52	137.20	119.60
<b>Capital-Voted</b>								
3	09-Health and Family Welfare	4210-03-105-12-C90N	0.02	0.00	0.02	-0.01	25.63	25.61

Source: Appropriation Accounts.

**Table 3.10 Insufficient re-appropriations resulting in excess**

(₹ in crore)

Sl. No.	Grant	Head of account	Original	Supplementary	Reappropriation	Total	Actual	Excess
<b>Revenue-voted</b>								
1	20-Rural Development	2216-03-102-07-C90N	10.41	9.20	28.02	47.63	64.36	16.73
2	28-Urban Development, Town and Country Planning and Housing	2217-80-191-51-S00N	1.00	0.00	4.09	5.09	33.05	27.96
3		2217-80-191-54-S00N	0.00	15.70	24.57	40.27	160.06	119.79
4	29-Finance	2071-01-101-03-S00N	4,967.68	181.80	17.70	5,167.18	5,844.72	677.55
5		2071-01-102-02-S00N	687.04	110.00	53.87	850.91	923.01	72.10
<b>Capital-Voted</b>								
6	18-Industries, Minerals, Supplies and Information Technology	4851-00-101-04-S00N	0.00	0.00	0.05	0.05	66.00	65.95

Source: Appropriation Accounts.

As per Rule 44 (2) of Himachal Pradesh Financial Rules, 2009, re-appropriation of funds may be made with approval of Finance Department only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full or that savings can be affected in the appropriation for the said unit.

### **3.3.7 Savings**

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

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

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

**(i) Savings vis-à-vis allocations**

Analysis of appropriations showed that savings occurred in 62 cases as detailed in **Appendix 3.6**. Against the total provisions of ₹ 66,991 crore there was an overall savings of ₹ 4,967.34 crore which was the net result of saving of ₹ 6,223.14 crore offset by excess of ₹ 1,255.80 crore in various grants. Out of overall savings of ₹ 4,967.34 crore, substantial savings (₹100 crore and more in each case) were observed in 15 cases relating to 12 grants, details of which are given in **Table 3.11**.

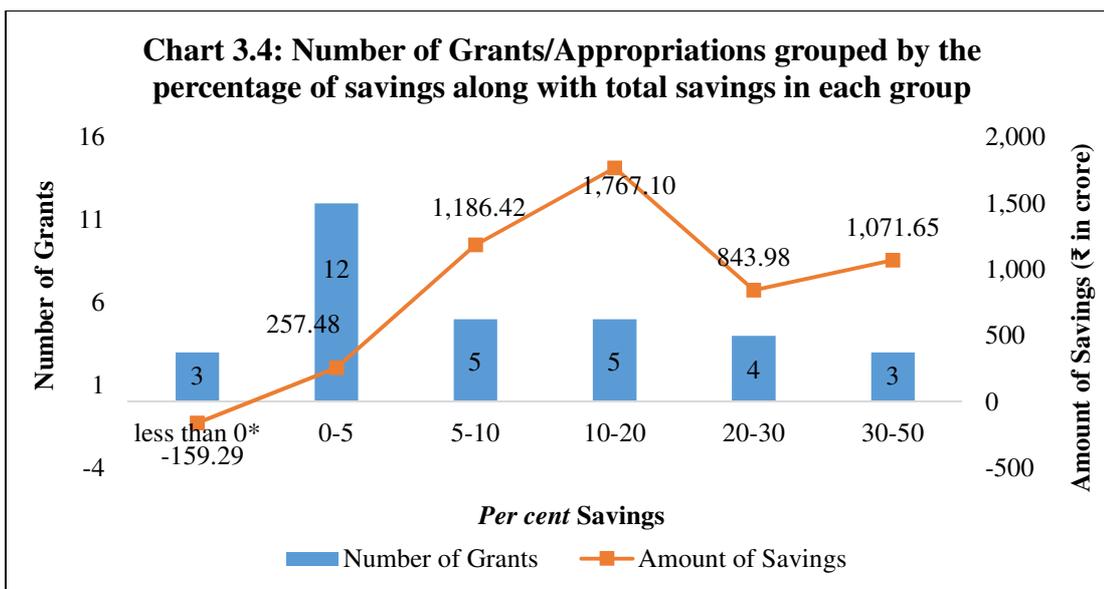
**Table 3.11: List of grants having savings of ₹ 100 crore or more during 2023-24***(₹ in crore)*

Sr. No.	Grant Number and Name	Original provision	Supplementary	Actual	Savings
<b>Revenue-Voted</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6 (5-4-3)</b>
1	05-Land Revenue and District Administration	1,447.58	1,742.96	3,069.07	-121.47
2	08-Education	7,866.54	164.06	7,230.03	-800.57
3	09-Health and Family Welfare	2,521.14	193.95	2,527.81	-187.28
4	10-Public Works - Roads, Bridges and Buildings	3,307.74	0.00	2,630.08	-677.67
5	16-Forest and Wildlife	746.33	57.36	649.82	-153.87
6	19-Social Justice and Empowerment	1,712.86	46.27	1,615.10	-144.03
7	20-Rural Development	1,438.21	67.94	1,022.95	-483.20
8	31-Tribal Development	1,823.81	40.24	1,535.42	-328.63
9	32-Scheduled Caste Sub Plan	2,476.94	219.23	2,386.75	-309.42
<b>Capital- Voted</b>					
10	10-Public Works - Roads, Bridges and Buildings	1,076.46	775.89	1,500.98	-351.37
11	15-Planning and Backward Area Sub Plan	681.61	0.00	336.41	-345.20
12	26-Tourism and Civil Aviation	484.44	5.99	274.48	-215.95
13	31-Tribal Development	498.14	0.00	309.16	-188.98
14	32-Scheduled Caste Sub Plan	1,240.21	21.00	878.17	-383.04
<b>Capital- Charged</b>					
15	29-Finance	5,486.64	3,369.98	7,895.87	-960.75

Source: Appropriation Accounts.

Major savings were noticed in Public Works, Education, Finance and Rural Development departments.

**Chart 3.4** categorises grants / appropriations according to percentage of savings against Budget allocations. It can be noted from the chart that in 10 grants, there were savings of ₹ 2,953.52 crore (five to 20 per cent in each grant) during the year.



\*Note: Amount shown less than zero (0) denotes excess.

No object is served by keeping back savings which should ideally be surrendered in time. For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. In the absence of surrender of savings, other spending departments are deprived of the funds which they could have utilised and thus demands for supplementary grants by such departments can be avoided. Surrenders are being made generally in the month of March, and a careful study of figures of expenditure incurred and keeping a watch over the progress of the previous month's expenditure can enable a Controlling Officer to arrive at his final requirements with a reasonable degree of exactness and accuracy.

## (ii) Persistent Savings

During the last five years, there were 25 cases (₹ one crore or more in each case) relating to 17 grants where persistent savings occurred (details given in **Appendix 3.7**), out of which seven cases (₹ 100 crore or more in each case) are depicted below in the **Table-3.12**.

**Table 3.12: Details of persistent savings cases (₹ 100 crore or more in each case)**

(₹ in crore)

Sr. No.	Grant Number	Name of Grant/ Appropriation	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Revenue- Voted</b>							
1	08	Education	-1,110.61	-1,362.09	-1,096.43	-121.60	-800.57
2	09	Health and Family Welfare	-377.72	-489.64	-243.85	-207.53	-187.28
3	10	Public Works - Roads, Bridges and Buildings	-736.83	-963.02	-1,194.46	-552.77	-677.67
4	20	Rural Development	-351.17	-163.47	-134.10	-120.02	-483.20
5	31	Tribal Development	-371.39	-415.69	-403.42	-206.93	-328.64
6	32	Scheduled Caste Sub Plan	-513.37	-264.69	-141.50	-193.90	-309.43
<b>Capital- Voted</b>							
7	32	Scheduled Caste Sub Plan	-231.62	-149.75	-390.46	-321.78	-383.05

Source: Appropriation Accounts.

The substantial persistent savings in the grants above indicated that budgetary controls in these departments were not effective as they are unable to spend the allocated funds. The departments need to improve their capacity to spend as these are all social sector departments and even the previous years' trends were not being taken into account when allocating funds. This had also been pointed out in the previous State Finance Audit Reports too.

**(iii) Details of surrenders of funds in excess of ₹ 10 crore**

Instances of surrender of funds in excess of ₹ 10 crore in each case at the end of March are given in **Table 3.13**.

**Table 3.13: Details of surrender of funds in excess of ₹ 10 crore during March 2024**

(₹ in crore)

Sr. No.	Grant Number	Original	Supplementary	Total Provisions	Actual expenditure	Savings	Amount Surrendered
<b>Revenue-Voted</b>							
1	4	219.66	12.79	232.45	214.24	-18.21	-10.48
2	6	113.70	20.07	133.77	112.28	-21.49	-16.28
3	7	1,634.64	56.78	1,691.42	1,636.70	-54.72	-46.79
4	8	7,866.54	164.06	8,030.60	7,230.03	-800.57	-251.41
5	9	2,521.14	193.95	2,715.09	2,527.81	-187.28	-63.62
6	10	3,307.74	0.00	3,307.74	2,630.08	-677.66	-350.67
7	11	405.88	7.64	413.52	326.81	-86.71	-49.81
8	16	746.33	57.36	803.69	649.82	-153.87	-61.69
9	19	1,712.86	46.27	1,759.13	1,615.10	-144.03	-105.04
10	31	1,823.81	40.24	1,864.05	1,535.42	-328.63	-85.34
11	32	2,476.94	219.23	2,696.17	2,386.75	-309.42	-33.43
<b>Capital -Voted</b>							
12	15	681.61	0.00	681.61	336.41	-345.20	-290.95
13	26	484.44	5.99	490.43	274.48	-215.95	-33.06
14	31	498.14	0.00	498.14	309.16	-188.98	-19.21
15	32	1,240.21	21.00	1,261.21	878.17	-383.04	-265.32
<b>Total</b>		<b>25,733.64</b>	<b>845.38</b>	<b>26,579.02</b>	<b>22,663.26</b>	<b>-3,915.76</b>	<b>-1,683.10</b>

Source: Appropriation Accounts.

As given in the above table, in 15 cases, there was surrender of amounts (₹ 10 crore or more in each case) totaling ₹ 1,683.10 crore (6.54 per cent of original Budget allocation) during March 2024.

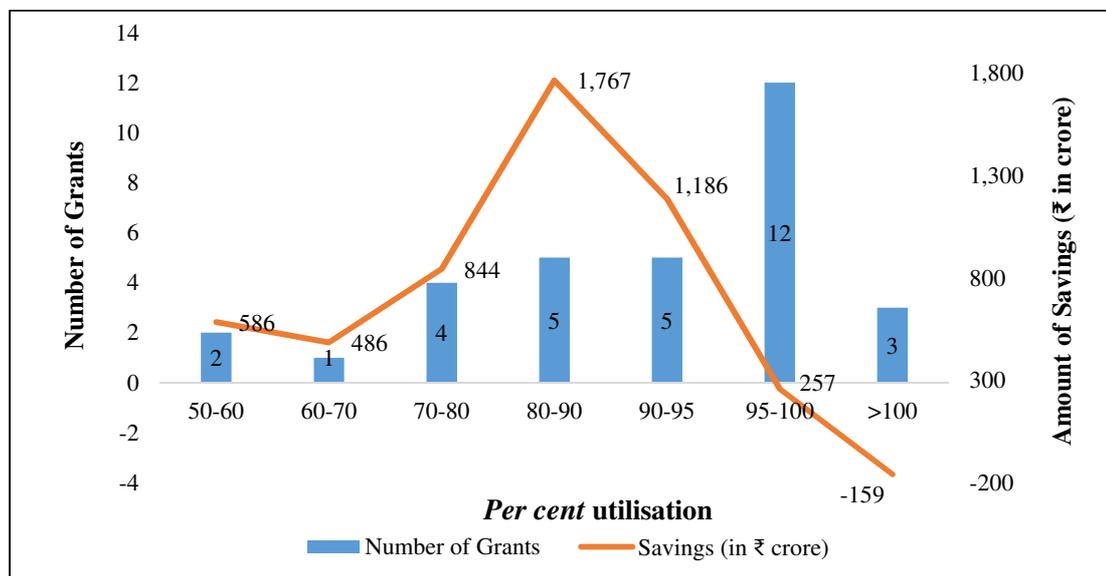
As per Rule 41 of Himachal Pradesh Financial Rule 2009, the saving as well as provisions that cannot be profitably utilised should be surrender to Government immediately when they are foreseen, without waiting till the end of the year. No savings should be held in reserve for possible future excesses.

During checking/scrutiny of surrender orders, it was noticed that all the surrender orders were made on the last day (i.e., 31<sup>st</sup> March) of the year. The surrender of funds at the end of the year indicated poor monitoring of expenditure, weak financial controls, and meant that funds could not be utilised for other purpose.

**(iv) Distribution of the number of Grants/ Appropriations grouped by percentage of utilisation.**

The distribution of the number of Grants/ Appropriations grouped by percentage of utilisation is given in the **Chart 3.5**.

**Chart 3.5: Distribution of the number of Grants/Appropriations grouped by percentage of utilisation**



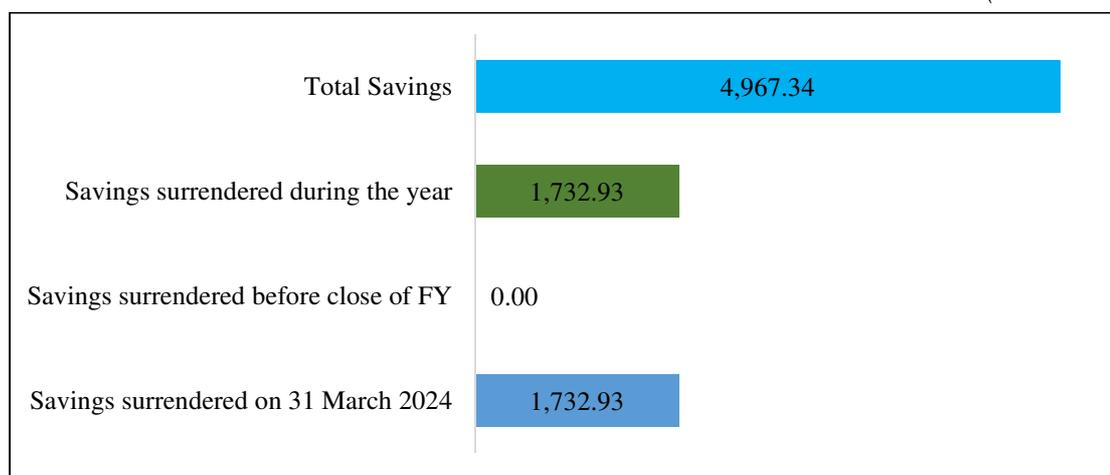
Note: Amount shown as less than zero (0) denotes excess.

In two grants (Grant No. 15-Planning and Backward Area Sub Plan and 26-Tourism and Civil Aviation), utilisation was below 60 per cent of the available funds, resulting in savings of ₹ 585.73 crore.

In three Grants (18, 28 and 29) utilisation was more than 100 per cent, resulting in excess of ₹ 159.29 crore.

**Chart 3.6: Savings and surrenders before close/ last day of financial year 2023-24**

(₹ in crore)



Analysis of **Chart 3.6** revealed that only 35 per cent of savings were surrendered. All the surrenders (₹ 1,732.93 crore) were made on 31<sup>st</sup> March 2024. This indicated poor management of funds resulting in sub-optimal utilisation of financial resources.

### 3.3.8 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 a 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.

#### 3.3.8.1 Excess expenditure

Excess expenditure over Budget provision is not only in contravention of provisions requiring legislative sanction but is also indicative of poor planning. It can be avoided by keeping track of expenditure progression with reference to budgetary outlays. Details of excess expenditure over the Budget provision for the financial year 2023-24 are given in **Table 3.14**.

**Table 3.14: Summary of excess disbursements over grants/ appropriation during 2023-24**  
(in ₹)

Sr. No.	Name of Grant	Voted		Charged	
		Revenue	Capital	Revenue	Capital
1	03-Administration of Justice	--	29,02,742	--	--
2	04-General Administration	--	1,56,705	--	--
3	05-Land Revenue and District Administration	--	89,07,31,500	--	--
4	08-Education	--	2,49,33,718	--	--
5	09-Health and Family Welfare	--	2,76,28,007	--	--
6	13-Irrigation, Water Supply and Sanitation	--	--	--	344
7	16-Forest and Wildlife	--	--	2,10,000	--
8	18-Industries, Minerals, Supplies and Information Technology	--	64,99,88,786	--	--
9	23-Power Development	--	4,65,29,000	--	--
10	27-Labour Employment and Training	--	8,20,06,000	--	--
11	28-Urban Development, Town and Country Planning and Housing	96,91,88,399	5,74,28,266	--	--
12	29-Finance	9,80,63,24,113	--	--	--
	<b>Total</b>	<b>10,77,55,12,512</b>	<b>1,78,23,04,724</b>	<b>2,10,000</b>	<b>344</b>
	<b>Grand Total</b>	<b>1255,80,27,580 or ₹ 1,255.80 crore</b>			

Source: Appropriation Accounts.

As seen from the above, in 13 cases (relating to 12 grants/appropriations), excess expenditure of ₹ 1,255.80 crore over Budget provision was incurred in 2023-24,

which requires regularisation by the State Legislature. Detail of Major Head-wise excess is given in **Appendix 3.8** and cases of more than ₹ 50 crore are given in **Table 3.15**.

**Table 3.15: Major-Head-wise disbursement over the authorisation during 2023-24**

(₹ in crore)

Sr. No.	Grant No.	Major Head	Original	Supplementary	Total Budget	Actual Expenditure	Excess
1	29-Finance	2071-Pensions and Other Retirement Benefits	8,693.78	598.71	9,292.49	10,294.46	1,001.98
2	13-Irrigation, Water Supply and Sanitation	2215-Water Supply and Sanitation	1,822.38	139.90	1,962.28	2,091.32	129.03
3	05- Land Revenue and District Administration	4059-Capital Outlay on Public Works	8.00	45.27	53.27	142.34	89.07
4	28-Urban Development, Town and Country Planning and Housing	2217-Urban Development	485.57	329.08	814.79	884.42	69.62
5	18- Industries, Minerals, Supplies and Information Technology	4851-Capital Outlay on Village and Small Industries	5.62	0.00	5.62	70.62	65.00
6	23-Power Development	6801-Loans for Power Projects	6.52	40.48	47.00	97.33	50.33

Source: Appropriation Accounts.

### 3.3.8.2 Persistent excesses in certain grants

During the five-year period from 2019-20 to 2023-24, there were no cases of persistent excesses in any grants.

### 3.3.8.3 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive.

As of January 2025, an excess expenditure of ₹ 11,262.78 crore incurred during the period 2014-15 to 2022-23 was pending for regularisation by the State Legislature. Out of which, an expenditure of ₹ 8,818.47 crore (pertained to the period 2014-15 to 2020-21) has been regularised by the State Legislature during February 2025. Thus, an excess expenditure of ₹ 2,444.31 crore for the year 2021-22 and 2022-23 is still pending for regularisation.

In addition to the above, excess expenditure of ₹ 1,255.80 crore incurred over authorisation made in 10 grants and two appropriations during the financial year 2023-24 also requires regularisation.

The year-wise summary of excess expenditure pending regularisation is given in **Table 3.16**.

**Table 3.16: Excess expenditure relating to previous years**

Year	Number of Grants/ Appropriations	Grant/ Appropriation numbers	Amount of excess required to be regularised as commented in the Appropriation Accounts (Figures in ₹)	Status of regularisation
2014-15	10 Grants 6 Appropriations	1, 2, 6, 11, 12, 13, 18, 19, 23 (Revenue) 23 (Capital) and 1, 10, 19, 29 (Revenue), 29 (Capital), 31	15,85,69,18,458	Regularised by the State Legislature (February 2025)
2015-16	7 Grants 4 Appropriations	5, 8, 10, 13, 19, 23, 28 (Revenue) and 13, 16, 29 (Revenue) 29 (Capital)	28,48,43,38,113	
2016-17	5 Grants 3 Appropriations	2, 13 (Revenue) 3, 10, 23 (Capital) and 1, 16 (Revenue) 29 (Capital)	30,37,60,82,471	
2017-18	2 Grants 1 Appropriation	5, 10 (Revenue) and 10 (Capital)	3,86,76,41,211	
2018-19	6 Grants 5 Appropriations	05, 13, 22 (Revenue), 03, 10, 12 (Capital) and 07, 20, 25 (Revenue), 10, 29 (Capital)	8,21,37,16,840	
2019-20	4 Grants 3 Appropriations	22 (Revenue), 13, 21, 28 (Capital) and 05 (Revenue), 13, 29 (Capital)	49,91,20,218	
2020-21	3 Grants 2 Appropriations	28 (Revenue), 10,25 (Capital) 13 (Revenue),31 (Capital)	88,69,12,706	
<b>Total (2014-15 to 2020-21):</b>			<b>88,18,47,30,017</b>	
2021-22	13 Grants 2 Appropriations	05,12,23 (Revenue), 05,06,07,08,09,17,18,20,23,25, 27,30 (Capital), 07(Revenue), 13 (Capital)	17,82,16,59,142	Under process
2022-23	16 Grants 2 Appropriations	14,17,18,22,25,28,29,30 (Revenue), 5,7,9,12,18,20,21,23,25,27,30 (Capital), 8 (Revenue), 13 (Capital)	6,62,14,42,051	
<b>Total (2021-22 and 2022-23):</b>			<b>24,44,31,01,193</b>	
<b>Grand Total</b>			<b>1,12,62,78,31,210</b>	

Source: Appropriation Accounts.

### 3.3.9 Grant-in-aid for creation of Capital assets

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

During 2023-24, an amount of ₹ 911.06 crore was extended as grants-in-aid for creation of Capital assets and the whole amount was booked under Revenue heads and classified as Revenue expenditure in the accounts in compliance with IGAS-2.

### 3.4 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 summarised position of original and supplementary provisions *vis-à-vis* actual expenditure during 2023-24 in respect of 32 grants/ appropriations is given in Table 3.17.

**Table 3.17: Summarised position of Budget (Original/ Supplementary) provisions *vis-à-vis* Actual Expenditure during 2023-24**

(₹ in crore)

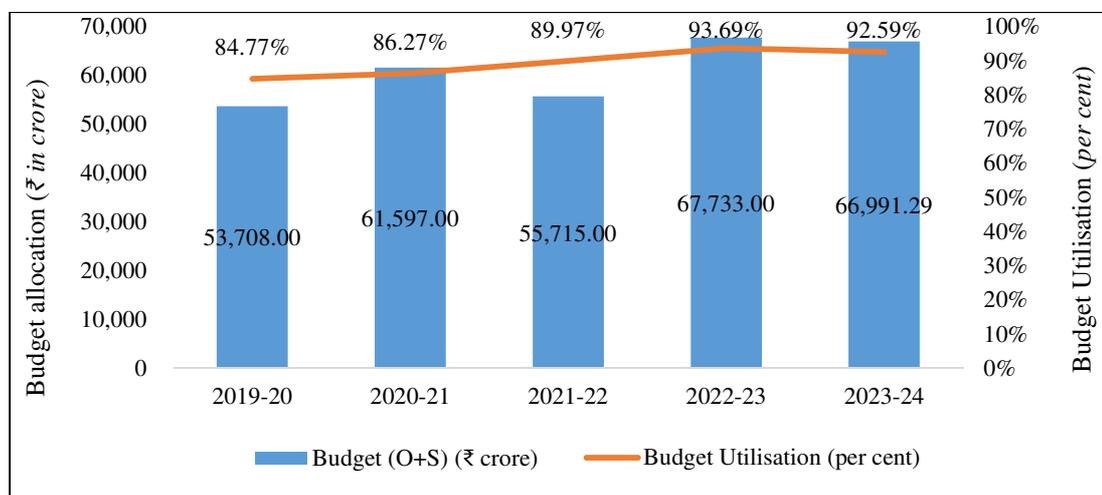
	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Budget	Actual Expenditure	Net Savings (-)/ Excess (+)	Surrender during March	
							Amount	per cent
<b>Voted</b>	I. Revenue	40,281.72	4,850.25	45,131.97	42,591.56	-2,540.41	1,109.27	2.46
	II. Capital	5,252.34	1,871.46	7,123.80	5,677.51	-1,446.29	617.40	8.67
	III. Loans and Advances	19.71	43.10	62.81	106.95	44.14	5.96	9.49
	<b>Total</b>	<b>45,553.77</b>	<b>6,764.81</b>	<b>52,318.58</b>	<b>48,376.02</b>	<b>-3,942.56</b>	<b>1,732.63</b>	<b>3.31</b>
<b>Charged</b>	I. Revenue	5,643.29	157.45	5,800.74	5,739.12	-61.62	0.30	0.01
	II. Capital	0	15.35	15.35	12.94	-2.41	0	0.00
	III. Public Debt repayments	5,486.64	3,369.98	8,856.62	7,895.87	-960.75	0	0.00
<b>Total</b>	<b>11,129.93</b>	<b>3,542.78</b>	<b>14,672.71</b>	<b>13,647.93</b>	<b>-1,024.78</b>	<b>0.30</b>	<b>0.01</b>	
<b>Grand Total</b>	<b>56,683.70</b>	<b>10,307.59</b>	<b>66,991.29</b>	<b>62,023.95</b>	<b>-4,967.34</b>	<b>1,732.93</b>	<b>2.59</b>	

Source: Appropriation Accounts.

As shown in the above table, the total provision for expenditure in 2023-24 was ₹ 66,991.29 crore. The actual gross expenditure during the year was ₹ 62,023.95 crore. There was an overall savings of ₹ 4,967.34 crore which was the net result of saving of ₹ 6,223.14 crore in 31 grants and 11 appropriations offset by excess of ₹ 1,255.80 crore in 12 grants/appropriations. Out of net savings of ₹ 4,967.34 crore, only ₹ 1,732.93 crore (35 per cent) were surrendered. All the surrenders were made on the last day of the financial year i.e., 31<sup>st</sup> March 2024.

The position of Budget utilisation during the five years is given in Chart 3.7.

**Chart 3.7: Trend of Budget utilisation**



As can be seen from the above table, the percentage of Budget utilisation against total allocation showed an increasing trend during 2019-20 to 2022-23, whereas it slightly decreased during 2023-24 over the previous year.

Details of original Budget, revised estimates, and actual expenditure during the five-year period from 2019-20 to 2023-24 are given in **Table 3.18**.

**Table 3.18: Original Budget, Revised Estimate and Actual Expenditure during 2019-24**

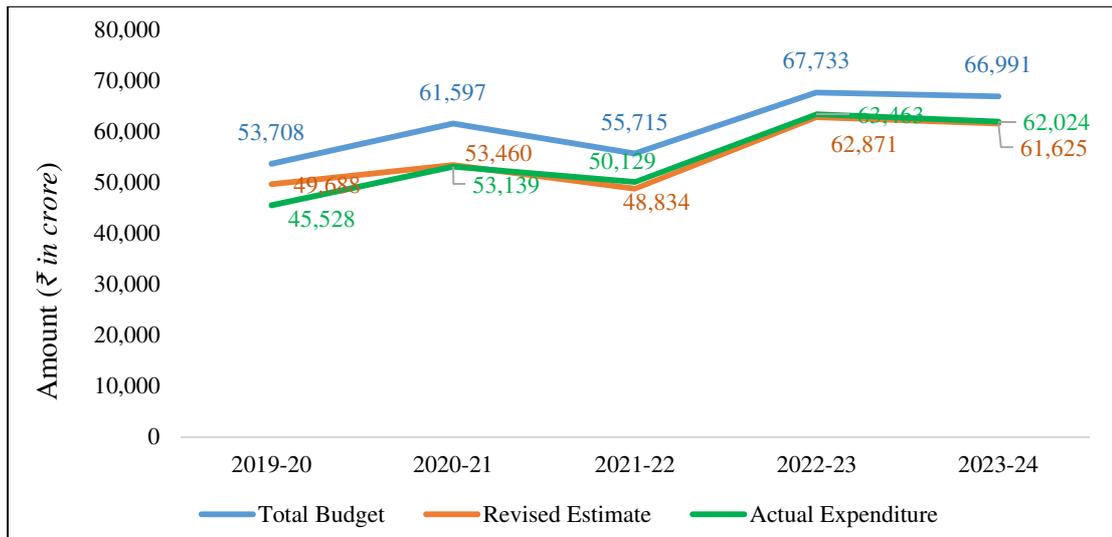
(₹ in crore)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Original Budget	46,971	52,472	53,485	54,592	56,684
Supplementary Budget	6,737	9,125	2,230	13,141	10,307
<b>Total Budget (TB)</b>	<b>53,708</b>	<b>61,597</b>	<b>55,715</b>	<b>67,733</b>	<b>66,991</b>
Revised Estimate (RE)	49,688	53,460	48,834	62,871	61,625
Actual Expenditure (AE)	45,528	53,139	50,129	63,463	62,024
Saving (-)/ Excess (+)	-8,180	-8,458	-5,586	-4,270	-4,967
Percentage of supplementary to the original provision	14.34	17.39	4.17	24.07	18.18
Percentage of overall saving/excess to the overall provision	-15.23	-13.73	-10.03	-6.30	-7.41
TB-RE	4,020	8,137	6,881	4,862	5,366
RE-AE	4,160	321	-1,295	-592	-399
(TB-RE) as a per cent of TB	7.48	13.21	12.35	7.18	8.01
(RE-AE) as a per cent of TB	7.75	0.52	-2.32	-0.87	-0.60

Source: Appropriation Accounts and Budget documents of respective years.

**Table 3.17** shows that supplementary provisions of ₹ 10,307 crore during the year 2023-24 constituted 18.18 per cent of the original provision as against 24.07 per cent in the previous year.

The trend of Budget Estimates, Revised Estimates and utilisation there against is depicted in **Chart 3.8**.

**Chart 3.8: Trend showing BE, RE and Actuals**



Source: Appropriation Accounts.

From the above chart, it can be seen that Total Budget (TB) was always higher than the Revised Estimate (RE) and Actual Expenditure (AE) in these five years (2019-20

to 2023-24). The Revised Estimates were closer to Actual Expenditure, except in the year 2019-20.

In terms of percentage, the RE was lower than TB in the range between 7.18 *per cent* to 13.21 *per cent* during 2019-24. Further, the percentage of AE was lower than the RE during 2019-20 and 2020-21 by 7.75 *per cent* and 0.52 *per cent* respectively whereas in the last three years (2021-22 to 2023-24) RE was lower than the AE by 2.32 *per cent*, 0.87 *per cent* and 0.60 *per cent* respectively (as shown in **Table 3.18**). As such, the supplementary provisions during 2019-20 and 2021-22 proved unnecessary since the actual expenditure did not come up even to the level of original budget provisions.

This reflects that budgetary allocations were based on unrealistic proposals as Budget Estimates of the State were always inflated, and the actual expenditure was less than the budgetary provisions.

### **3.4.2 Supplementary Budget**

While obtaining legislative authorisation for supplementary provisions, departments sometimes report large additional requirements for different purposes under various schemes/activities but are unable to spend not only the entire supplementary provision or parts thereof but also the original Budget provision. Detail of unutilised funds under ‘Capital-Voted’ section is given in **Table 3.19** below:

**Table 3.19: Detail of unutilised funds under ‘Capital-Voted’ section**

*(₹ in crore)*

Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
1	01-Vidhan Sabha	3.05	2.62	5.67	5.55	0.12
2	06-Excise and Taxation	2.00	0.00	2.00	0.00	2.00
3	07-Police and Allied Organisations	57.74	30.74	88.48	79.16	9.32
4	10-Public Works - Roads, Bridges and Buildings	1,076.46	775.89	1,852.35	1,500.98	351.37
5	11-Agriculture	47.33	0.00	47.33	33.74	13.59
6	12-Horticulture	7.69	7.00	14.69	14.40	0.29
7	13-Irrigation, Water Supply and Sanitation	538.05	571.11	1,109.16	1,079.18	29.98
8	14-Animal Husbandry, Dairy Development and Fisheries	9.62	0.54	10.16	7.51	2.65
9	15-Planning and Backward Area Sub Plan	681.61	0.00	681.61	336.41	345.20
10	16-Forest and Wildlife	13.99	0.00	13.99	2.96	11.03
11	19-Social Justice and Empowerment	26.23	2.21	28.44	27.02	1.42
12	20-Rural Development	12.25	0.00	12.25	9.52	2.73
13	22-Food and Civil Supplies	0.11	0.00	0.11	0.06	0.05
14	24-Printing and Stationery	0.30	0.00	0.30	0.00	0.30
15	25-Road and Water Transport	127.35	141.51	268.86	256.47	12.39
16	26-Tourism and Civil Aviation	484.44	5.99	490.43	274.48	215.95
17	29-Finance	6.68	2.50	9.17	7.32	1.85
18	30-Miscellaneous General Services	23.40	9.43	32.83	24.74	8.09
19	31-Tribal Development	498.14	0.00	498.14	309.16	188.98
20	32-Scheduled Caste Sub Plan	1,240.21	21.00	1,261.22	878.17	383.05
	<b>Total</b>	<b>4,856.65</b>	<b>1,570.54</b>	<b>6,427.19</b>	<b>4,846.83</b>	<b>1,580.36</b>

Source: Appropriation Accounts.

### 3.4.3 Major policy pronouncements in Budget and actual expenditure

The Government announces several new policies/ schemes for implementation through the Budget Speech and other Budget documents which are either for that particular financial year (one-time activity) or the subsequent financial years (of recurring nature).

Some of the major policies were pronounced in the Budget for 2023-24 but no Budget provisions were provided thereagainst. Details are given in **Table 3.20**.

**Table 3.20: Major policy pronouncements in Budget and actual expenditure during 2023-24**

Sr. No.	Name of the Scheme	Budget Provision
1	Mukhya Mantri Vidhwa Evam Ekal Nari Awas Yojna	Nil
2	Mukhya Mantri Surakshit Bachpan Abhiyaan	
3	Nasha Evam Maadak Padarth Mukh Himachal Abhiyaan	
4	Him Ganga	
5	Mukhya Mantri Laghu Dukandaar Kalyan Yojna	

Source: Budget Document.

### 3.4.4 Schemes and their actual funding for ensuring implementation

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

During 2023-24, there were 40 schemes where Budget provision (₹ one crore and above) was made but no expenditure was incurred (details given in **Appendix 3.9**). Details of eight major schemes (₹ 10 crore and above provision in each case) are depicted in **Table 3.21**.

**Table 3.21: Detail of some schemes for which substantial provision (₹ 10 crore and above provision in each case) was made but no expenditure was incurred**

(₹ in crore)

Sr. No.	Grant No.	Scheme name	Approved outlay	Remarks
1	20	Performance Grant to Gram Panchayats under Finance Commission	129.52	No expenditure was incurred on these schemes during the year.
2	20	Tied Grant to Zila Parishads under Central Finance Commission	28.24	
3	20	Tied Grant to Panchayat Samitis under Central Finance Commission	27.75	
4	19	Pradhan Mantri Jan Vikas Karyakram	20.14	
5	20	Basic Grant to Zila Parishads under Central Finance Commission	18.82	
6	11	Him Unnati	16.48	
7	08	Srinivasa Ramanujan Student Digital Yojna	16.45	
8	29	Atal Pension Yojna	15.00	

Source: Appropriation Accounts.

Non-utilisation of funds on sanctioned schemes shows that the State Government departments had either not adequately planned for such schemes or did not have the

capacity for their implementation. Poor scheme implementation capacities increase the tendency of departments to retain cash balances outside the Government Account in bank accounts or surrender funds at the end of the year, thereby depriving other departments of funds which could have been utilised.

### **3.4.5 Rush of expenditure**

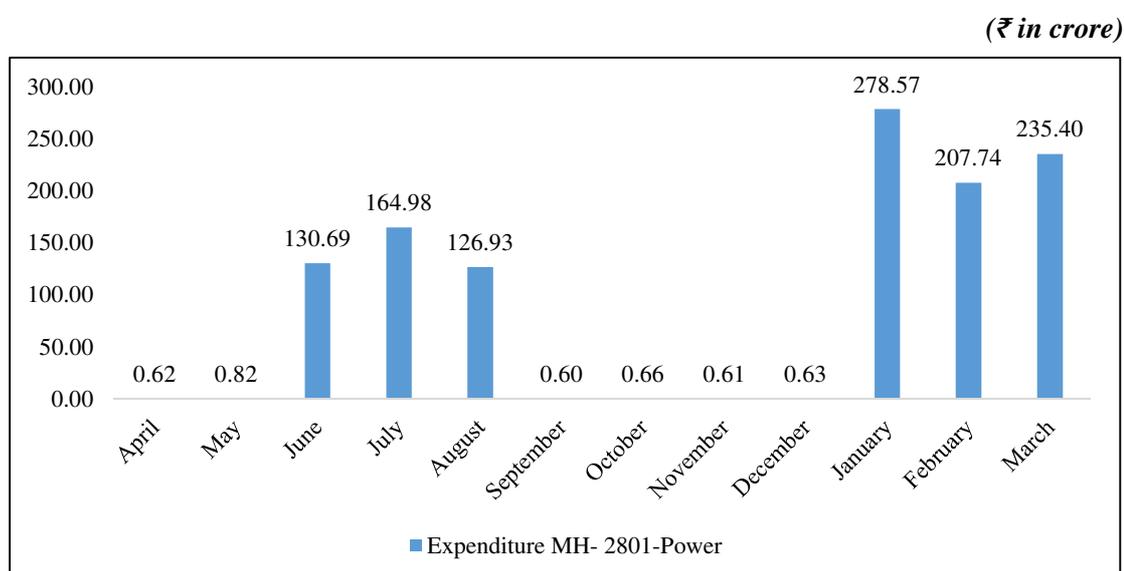
Government funds should be spent evenly throughout the year. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates Fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure.

The State Government prescribed (September 1995) quarter-wise percentages (1<sup>st</sup> Quarter-20 per cent; 2<sup>nd</sup> Quarter-25 per cent; 3<sup>rd</sup> Quarter-30 per cent; 4<sup>th</sup> Quarter-25 per cent) for incurring expenditure during the year, with the aim of regulating the expenditure in a phased manner.

During scrutiny, it was found that during 2023-24, under 19 Major Heads, more than 50 per cent of expenditure was incurred in the last quarter of the year against the target of 25 per cent. In four cases, more than 50 per cent of total expenditure was incurred in March alone. The details are given in **Appendix 3.10**.

It was also observed that under Major Head- 2801 (Power), out of total expenditure ₹ 1,148.23 crore, ₹ 721.71 crore (62.85 per cent) was incurred in the last quarter while ₹ 235.40 crore (21 per cent) was incurred in March 2024. Month-wise expenditure under Major Head 2801 – Power during 2023-24 is depicted in **Chart 3.9**.

**Chart 3.9: Month-wise expenditure under “2801-Power” during 2023-24**



The rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules. Government funds should be spent evenly throughout the year. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates Fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure. The quarterly details of expenditures incurred across all Grants are shown in **Appendix 3.11**.

It is evident from the appendix that in case of 28 grants, compliance to the quarterly expenditure limits could not be ensured during the year. The details of grants where expenditure incurred was more than 40 per cent in the last quarter are given in **Table 3.22**.

**Table 3.22: Details of grants where expenditure incurred more than 40 per cent in the last quarter during 2023-24**

(₹ in crore)

Sr. No.	Description	Allocation during 2023-24	Expenditure					Total expenditure during 2023-24	Expenditure in 4 <sup>th</sup> Quarter as percentage of total expenditure	Expenditure in March 2024 as percentage of total expenditure
			1 <sup>st</sup> qtr.	2 <sup>nd</sup> qtr.	3 <sup>rd</sup> qtr.	4 <sup>th</sup> qtr.	in March			
1	10 Public Works - Roads, Bridges and Buildings	5,163.41	579.62	924.52	926.98	1,700.77	1,063.56	4,131.88	41.16	25.74
2	13 Irrigation, Water Supply and Sanitation	3,867.63	731.69	645.95	706.52	1,725.07	1,101.32	3,809.24	45.29	28.91
3	23 Power Development	917.74	88.61	228.37	4.86	553.69	156.66	875.54	63.24	17.89
4	26 Tourism and Civil Aviation	524.40	34.55	19.32	27.22	219.08	198.86	300.17	72.99	66.25
5	28 Urban Development, Town and Country Planning and Housing	948.03	128.23	372.51	68.25	481.69	304.15	1,050.69	45.84	28.95

Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules. The State Government may consider devising suitable mechanism to avoid rush of expenditure in the last quarter/month of the financial year.

### 3.5 Review of Selected Grants

A review of budgetary procedure and control over expenditure in respect of two grants viz., Grant No. 08 - 'Education' and Grant No. 20- 'Rural Development' for the year 2023-24 revealed the following:

#### 3.5.1 Grant No. 08 – Education

The Grant is administered by Education Department and includes Major Heads: 2059-Public Works, 2202-General Education, 2216-Housing, 4202-Capital Outlay on Education, Sports, Art and Culture.

##### (i) Budget and Expenditure

The overall position of funds allotted, and expenditure incurred under Grant No. 08 during the financial years 2021-22 to 2023-24, as detailed in **Table 3.23**.

**Table 3.23: Budget provision, expenditure, excess/savings**

(₹ in crore)

Year	Section	Budget		Expenditure		Savings (-)/ Excess (+)	
		Voted	Charged	Voted	Charged	Voted	Charged
2021-22	Revenue	7,087.45	0.10	5,991.02	0.10	-1,096.43	0
	Capital	224.69	0.13	239.73	0.13	15.04	0
2022-23	Revenue	7,891.90	0.23	7,770.30	0.43	-121.60	0.20
	Capital	164.40	0	163.79	0	-0.62	0
2023-24	Revenue	8,030.60	2.69	7,230.03	2.69	-800.57	0.0
	Capital	111.47	0	113.96	0	2.49	0

Source: Appropriation Accounts.

It can be seen from the above table that there were huge savings of ₹ 800.57 crore under Revenue-voted section and an excess of ₹ 2.49 crore under Capital-voted section in 2023-24.

### (ii) Unnecessary Re-appropriation

During 2023-24, there were 8 cases (Table 3.24), where re-appropriation proved unnecessary, as the expenditure did not reach the level of budget provision.

**Table 3.24: Details of cases where Re-appropriation proved unnecessary**

(₹ in crore)

Sr. No.	Heads of account	Budget	Re-appropriation	Actual Expenditure	Savings
1	2202-01-101-03-S00N	1,663.03	4.62	1,487.01	-180.64
2	2202-01-104-01-S00N	21.05	0.17	19.12	-2.10
3	2202-01-104-02-S00N	73.44	0.71	71.09	-3.05
4	2202-01-107-04-S00N	24.99	0.89	21.96	-3.92
5	2202-01-112-01-C90N	82.23	5.01	79.58	-7.67
6	2202-01-113-01-C90N	137.78	28.13	36.27	-129.64
7	2202-02-001-01-S00N	22.34	0.22	21.84	-0.72
8	2202-02-109-01-S00N	2,839.01	7.87	2,804.56	-42.32

Re-appropriation is the transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Savings in many heads could have been re-appropriated to meet the excess in cases where re-appropriation proved insufficient.

### (iii) Savings under Centrally Sponsored Schemes

Scrutiny of records revealed that four Centrally Sponsored schemes viz. (i) Mid-Day Meal, (ii) New India Literacy Programme, (iii) Smagra Shiksha Abhiyan and (iv) Strengthening Teaching Learning and Results for States, etc., are being implemented by the Elementary Education Department in the State. The major objectives of these schemes are to ensure quality education and enhancing learning outcomes of students; strengthening early-years education, learning assessment systems, teacher performance and classroom practice, school-to-work transition and governance and decentralised management for improved service delivery, enhancing teacher training programs, implementing effective learning methods in classrooms, and promoting inclusive education. The total Budget allocated under these schemes was ₹ 668.15 crore, against which only 53 per cent Budget was utilised. Details are given in the Table 3.25.

**Table 3.25: Details of savings under Centrally Sponsored Schemes**

(₹ in crore)

Schemes	Heads of account	Original Budget	Supplementary	Reappropriation	Total	Expenditure	Savings
Mid-Day Meal	2202-01-112-01	139.35	0.00	7.67	147.02	120.50	26.52
New India Literacy Programme	2202-01-105-01	0.02	0.00	1.42	1.44	0.36	1.08
Smagra Shiksha Abhiyan	2202-01-113-02	334.59	0.00	0.00	334.59	193.50	141.09
Strengthening Teaching Learning and Result for State (STAR)	2202-01-113-01	6.76	150.21	28.13	185.10	40.30	144.80
<b>Total</b>		<b>480.72</b>	<b>150.21</b>	<b>37.22</b>	<b>668.15</b>	<b>354.66</b>	<b>313.49</b>

As we can see from the above table that huge savings under these schemes show insensitivity towards quality education by the State Government/Department. While confirming the facts and figures the Department stated that savings under these schemes were due to non-release of funds from Government of India. The Department's reply was not acceptable as expenditure was not incurred even when the Budget provision was available. This deprives beneficiaries of the intended benefits. Savings in such schemes deprive other departments of funds which could have been utilised.

**(iv) Entire Budget provisions remained unutilised**

Scrutiny of the records revealed that during the year 2023-24, under six schemes total Budget provision of ₹ 31.85 crore was made but no expenditure was incurred by the Department. The details are given in the **Table 3.26**.

**Table 3.26: Details of some schemes for which provision was made but no expenditure was incurred**

Sr. No.	Heads of Account	Schemes	Budget provision (₹ in crore)	Expenditure
1	2202-02-109-38-S00N	Rajiv Gandhi Day Boarding school	9.74	No expenditure was incurred on these schemes during the year.
2	2202-02-107-03-S10N	PM Young Achiever Scholarship award scheme for Vibrant India for OBC and Other Post Matric	0.66	
3	2202-02-109-15-S00N	Srinivasa Ramanujan Student Digital Yojna	16.45	
4	2202-80-107-18-S00N	Kalpana Chawla Chatravriti Yojna	2.47	
5	2202-02-109-30-S00N	Khel se Swasthya Yojna	1.82	
6	2202-02-109-21-S00N	Mukhya Mantri Gyandeeep Yojna	0.71	
<b>Total</b>			<b>31.85</b>	

Non-utilisation of funds on sanctioned schemes shows that the State Government departments had either not adequately planned for launching such schemes or did not have the capacity for their implementation.

In response, Director, Higher Education, Shimla stated that the bills were not passed by the treasury hence these schemes were not implemented by the Department. Further, previous years' liabilities were met out of these funds during the current financial year. The reply of the Department was not satisfactory as the Department did not produce any document as evidence for non-passing of bills by the treasury.

**(v) Excess expenditure over and above the Budget provision**

As per Rule 37 (3) of HPFR 2009, no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorised by State legislature by law for a financial year except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund.

During test-check of the records of the Department it was noticed that during 2023-24, under Head 4202-01-202-01 against the total provision of ₹ 22.89 crore, ₹ 44.86 crore was incurred, resulting in excess expenditure over the approved Budget provision by ₹ 21.97 crore.

In response, Director of Higher Education, Shimla stated that additional funds amounting to ₹ 33.90 crore were received from the Government and same were withdrawn from the treasury but the same was not mentioned by the Finance Department in excess and surrender statement as well as re-appropriation order. The reply is not satisfactory as the same should have been included in supplementary grant or in re-appropriation orders.

#### **(vi) Delay in submission of excess and surrender statements**

As per Himachal Pradesh Budget Manual, the Head of Department is required to submit Budget Estimates and the statement of excesses and surrenders to the Finance Department by 1<sup>st</sup> October and 15<sup>th</sup> January or well before the close of the financial year respectively.

Further, the Finance Department, Government of Himachal Pradesh issued (9<sup>th</sup> August 2023) instructions stipulating the dates of submission - first statements of excess and surrender was required to be submitted to the Finance Department on 31.10.2023 and second excess and surrender was required to be submitted on 31.12.2023 and the third is to be submitted before 15.03.2024.

Scrutiny of excess and surrender statements for the year 2023-24 revealed that the Department of Higher Education submitted the first and second statement of excess and surrender to Finance Department on 15<sup>th</sup> November 2023 and 5<sup>th</sup> January 2024 with delays of 15 days and 5 days respectively.

In reply, the Directorate of Higher Education, Shimla stated that the delay in submission of Budget Estimates and returns was due to delays in receipt of data from the field offices and its consolidation at headquarters level. The reply is not satisfactory because instructions issued by the Finance Department are to be mandatorily followed and the Department should have instructed its regional/field offices to adhere to the timelines.

### **3.5.2 Grant No. 20 – Rural Development**

The Grant is administered by Rural Development Department and includes Major Heads: 2216- Housing, 2230- Labour Employment and Skill Development, 2501- Special Programme for Rural Development, 2505- Rural Employment, 2515- Other Rural Development Programmes and 4515- Capital Outlay on Other Rural Development Programmes.

#### **(i) Budget and Expenditure**

The overall position of funds allotted, and expenditure incurred under Grant No. 20 during the financial years 2021-22 to 2023-24, as detailed in **Table 3.27**.

**Table 3.27: Budget provision, expenditure, excess/savings***(₹ in crore)*

Year	Section	Budget		Expenditure		Savings (-)/ Excess (+)	
		Voted	Charged	Voted	Charged	Voted	Charged
2021-22	Revenue	1,229.11	0.07	1,095.01	0.07	-134.10	0.00
	Capital	14.01	0.00	18.85	0.00	4.84	0.00
2022-23	Revenue	1,771.88	0.06	1,651.86	0.06	-120.02	0.00
	Capital	15.16	0.00	15.51	0.00	0.35	0.00
2023-24	Revenue	1,506.15	0.00	1,022.95	0.00	-483.20	0.00
	Capital	12.25	0.00	9.52	0.00	-2.73	0.00

Source: Appropriation Accounts

It can be seen from the above table that there were persistent savings in Revenue section from 2021-22 to 2023-24 ranging from seven *per cent* to 32 *per cent*.

**(ii) Entire Budget provision remained unutilised**

Scrutiny of the records revealed that during the year 2023-24, in eight cases total Budget provision of ₹ 246.45 crore was made but no expenditure was incurred by the Department. The details are given in the **Table 3.28**.

**Table 3.28: Details of some schemes for which provision was made but no expenditure was incurred***(₹ in crore)*

Sr. No.	Heads of Account	Original	Supplementary	Re-appropriation	Expenditure
1	2501-06-101-08-C90N	3.29	0.00	-3.29	No expenditure was incurred during the year.
2	2501-06-800-09-S00N	2.63	0.00	0.00	
3	2505-01-702-06-S00N	32.90	0.00	-32.90	
4	2515-00-102-24-S00N	3.30	0.00	-3.30	
5	2515-00-196-06-S00N	18.82	0.00	0.00	
6	2515-00-196-07-S00N	28.24	0.00	0.00	
7	2515-00-197-07-S00N	27.75	0.00	0.00	
8	2515-00-198-06-S00N	129.52	0.00	0.00	
<b>Total</b>		<b>246.45</b>	<b>0</b>	<b>-39.49</b>	

Non-utilisation of funds on sanctioned schemes shows that the State Government departments had either not adequately planned for launching such schemes or did not have the capacity for their implementation.

In reply, Department stated that the non-utilisation is due to vacant posts in different categories, non-release of dearness allowance, revised pay arrears and non-release of fund form State Government.

**(iii) Budget reduced under Centrally Sponsored Schemes (CSS)**

Scrutiny of the records revealed that during 2023-24, in three schemes, original Budget provision of ₹ 132.84 crore was reduced to ₹ 51.63 crore by re-appropriation even then there was a savings of ₹ 12.09 crore. This shows the Department either made unrealistic Budget provisions or did not disburse/surrendered the amount of

Centrally Sponsored Schemes as per prescribed procedure/rule. The details of these schemes are given in **Table 3.29**.

**Table 3.29: Budget under Centrally Sponsored Schemes**

(₹ in crore)

Name of Schemes	Heads of account	Original Budget	Re-appropriation	Total	Expenditure	Savings
Deen Dayal	2501-06-101-07-C90N	45.52	-28.02	17.50	13.16	-4.34
Upadhyay Grameen Kaushal Yojana	2501-06-101-07-S10N	5.06	-3.34	1.72	0.03	-1.69
Shyama Prasad Mukherji Rurban Mission	2501-06-101-08-C90N	3.29	-3.29	0.00	0.00	0.00
Swachh Bharat Mission (Gramin)	2515-00-102-23-C90N	78.97	-46.56	32.41	26.35	-6.06
<b>Total</b>		<b>132.84</b>	<b>81.21</b>	<b>51.63</b>	<b>39.54</b>	<b>12.09</b>

In reply, the Department confirmed the facts and figures as correct and stated that during the drafting process of Annual Action Plan, considerable emphasis was given to integrating targets that remained unmet in the preceding year. However, all the unachieved targets for the year 2023-24 will be encompassed and addressed in the upcoming year.

**(iv) Excess expenditure over and above the Budget provision**

Excess expenditure over Budget provision is not only in contravention of provisions requiring legislative sanction, but also indicative of poor planning. It can be avoided by keeping track of expenditure progression with reference to Budgetary outlays. Details of excess expenditure over the Budget provision for the financial year 2023-24 are given in **Table 3.30**.

**Table 3.30: Details of excess expenditure over Budget provision**

(₹ in crore)

Sr. No.	Heads of Account	Original provision	Supplementary	Re-appropriation	Total Budget provision	Actual Expenditure	Excess
1	2216-03-102-07-C90N	10.41	9.20	28.02	47.63	64.36	16.73
2	2216-03-102-07-S10N	0.71	1.24	3.34	5.29	7.15	1.86
3	2501-06-101-05-C90N	27.64	0.00	0.00	27.64	28.14	0.50
4	2501-06-101-05-S10N	1.97	0.37	0.00	2.34	3.13	0.79
5	2505-02-101-01-S25N	59.23	0.00	0.00	59.23	81.21	21.98
6	2515-00-102-23-S10N	0.12	1.38	0.70	2.20	2.93	0.73
7	4515-00-103-02-S00N	0.40	0.00	0.00	0.40	0.70	0.30
<b>Total</b>		<b>100.48</b>	<b>12.19</b>	<b>32.06</b>	<b>144.73</b>	<b>187.62</b>	<b>42.89</b>

Scrutiny of the records revealed that under seven cases, the Department incurred ₹ 42.89 crore excess over and above the Budget provision, which shows that the formulation of Budget by the Department was not on realistic basis and there was laxity to control the expenditure.

**(v) Delay in submission of excess and surrender statements**

As per Himachal Pradesh Budget Manual, the Head of Department is required to submit Budget estimates and the statement of excesses and surrenders to the Finance Department by 1<sup>st</sup> October and 15<sup>th</sup> January or well before the close of the financial year respectively.

Further, the Finance Department, Government of Himachal Pradesh issued (9<sup>th</sup> August 2023) instructions stipulating the dates of submission - first statements of excess and surrender was required to be submitted to the Finance Department on 31.10.2023 and second excess and surrender was required to be submitted on 31.12.2023 and the third is to be submitted before 15.03.2024. The details of submission of the statements are given in **Table 3.31**.

**Table 3.31: Delay in submission of excess and surrender statements**

Sr. No.	Particular	Due date	Submission date	Delay (in days)
1	First excess and surrender statement	31.10.2023	10.01.2024	71
2	Second excess and surrender statement	31.12.2023	10.01.2024	10
3	Final excess and surrender statement	15.03.2024	30.03.2024	15

Scrutiny of excess and surrender statements for the year 2023-24 revealed that the Rural Development Department submitted the first, second and third statement of excess and surrender to Finance Department on 10<sup>th</sup> January 2024 and 30<sup>th</sup> March 2024 with delays of 10 days and 71 days.

In reply, the Department stated that there are 91 blocks under the jurisdiction of the Department and the delay in submission of budgetary estimates and returns were due to delays in receipt of data from the field offices and its consolidation at headquarters level. The reply is not acceptable because instructions issued by the Finance Department are to be mandatorily followed and the Department should have instructed its regional/field offices to adhere to the timelines.

**3.6 Conclusions**

The overall utilisation of Budget was 92.59 *per cent* of total grants and appropriations during 2023-24.

Expenditure of ₹ 94.36 crore was incurred in seven cases under four grants during the year 2023-24 without having any provision in the original Budget Estimates/ supplementary demands and without issuing any re-appropriation orders to this effect.

Supplementary provisions were also not on a realistic basis as in 14 cases, the supplementary provisions of ₹ 710.55 crore proved unnecessary as the expenditure

did not come up even to the level of the original provisions. Budgetary allocations were based on unrealistic proposals as in 15 cases pertaining to 12 grants, savings excluding surrenders were more than ₹ 100 crore.

During 2023-24, there were 40 schemes where Budget provision (₹ one crore and above in each cases) was made but no expenditure was incurred.

The excess expenditure of ₹ 2,444.31 crore for the period 2021-23 and ₹ 1,255.80 crore for the current year 2023-24 was required to be regularised by the State Legislature.

There was rush of expenditure at fag end of the year. In 19 major heads, more than 50 *per cent* of the expenditure under each major head was incurred in the last quarter and in four cases more than 50 *per cent* of the expenditure incurred in the month of March 2024. All surrenders were made on the last day i.e. 31<sup>st</sup> March 2024.

### **3.7 Recommendations**

- 1. The State Government should be accurate in its assumptions for preparing Budget Estimates.*
- 2. Government should ensure strict compliance with Budget Manual in preparation of supplementary provisions and ensure transparency in estimation for avoiding unnecessary supplementary provisions.*
- 3. Government should consider formulating strategies for actual execution of major policy decisions in the State at the time of preparing budgetary estimates.*
- 4. The State Government should ensure regular monitoring to ascertain the progress of expenditure with reference to the stipulated quarterly targets and assess anticipated savings/ excess. Surrenders of anticipated savings should be made well before the close of the financial year so that they can be utilised for other schemes.*
- 5. Excess expenditure over authorisation approved by the Legislature must be avoided and all the excesses should be regularised in time bound manner.*