

CHAPTER III

BUDGETARY MANAGEMENT



CHAPTER III

BUDGETARY MANAGEMENT

3.1 Introduction

Effective financial Management ensures that the policy level decisions are successfully implemented at the administrative level preventing wastage or diversion of funds. This chapter is based on the audit of Appropriation Accounts of the State. It reviews allocative priorities of the Government, reports on deviations from Constitutional provisions and highlights issues affecting transparency.

3.2 Budget process

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

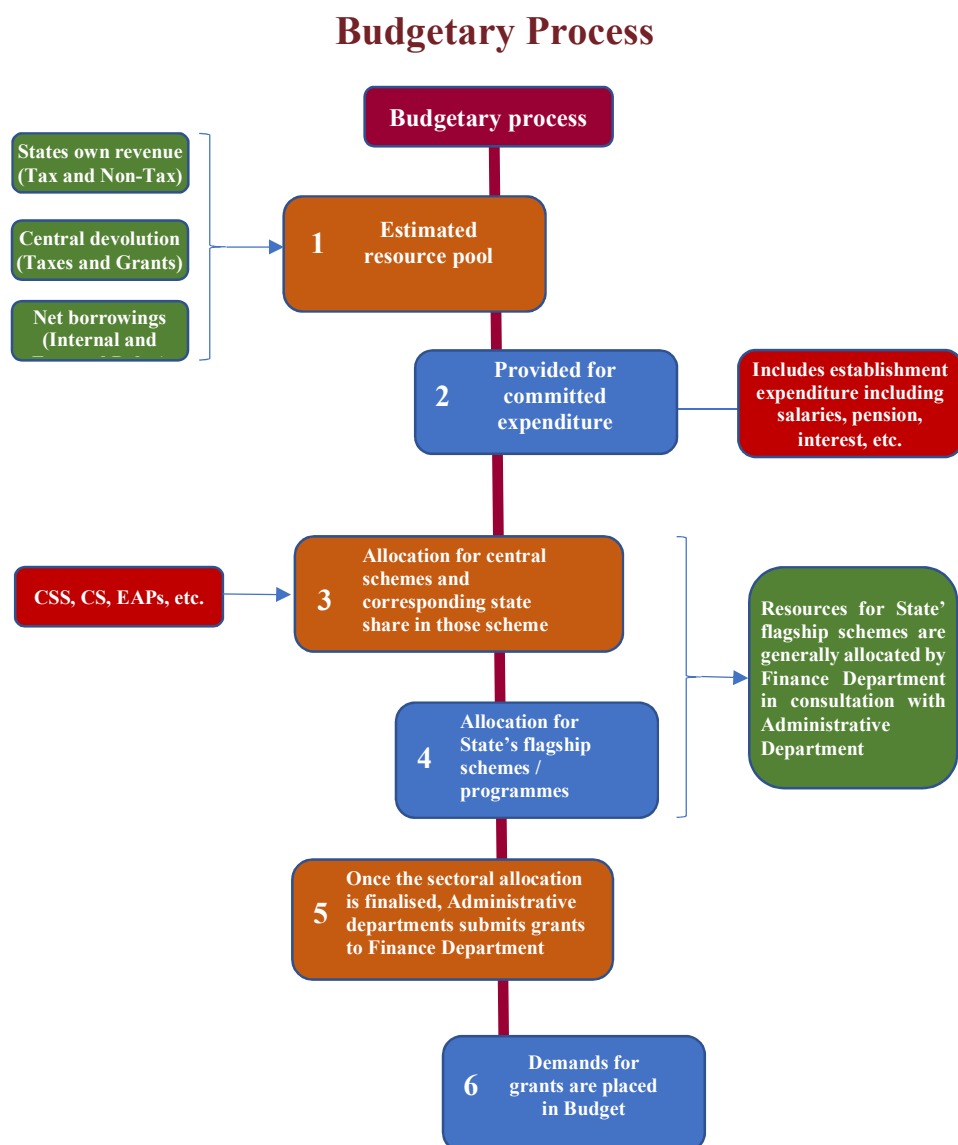
As per the Tamil Nadu Budget Manual, the Finance Department frames rules to guide Estimating Officers and departments of the Secretariat in preparation and examination of the budget estimates. These rules also ensure control over expenditure and it remains within the authorised grants.

The Finance Department consolidates the estimates embodying the decision of the Government and prepares the following:

- i) Summary statement of the financial position for the budgeted year;
- ii) Detailed Estimates of receipts; and
- iii) Statements of demands for grants followed by detailed estimates of expenditure.

These estimates, which include both voted and charged expenditure, to be met from the Consolidated Fund of the State. A typical budget preparation process in the State is given in the flow chart below:

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

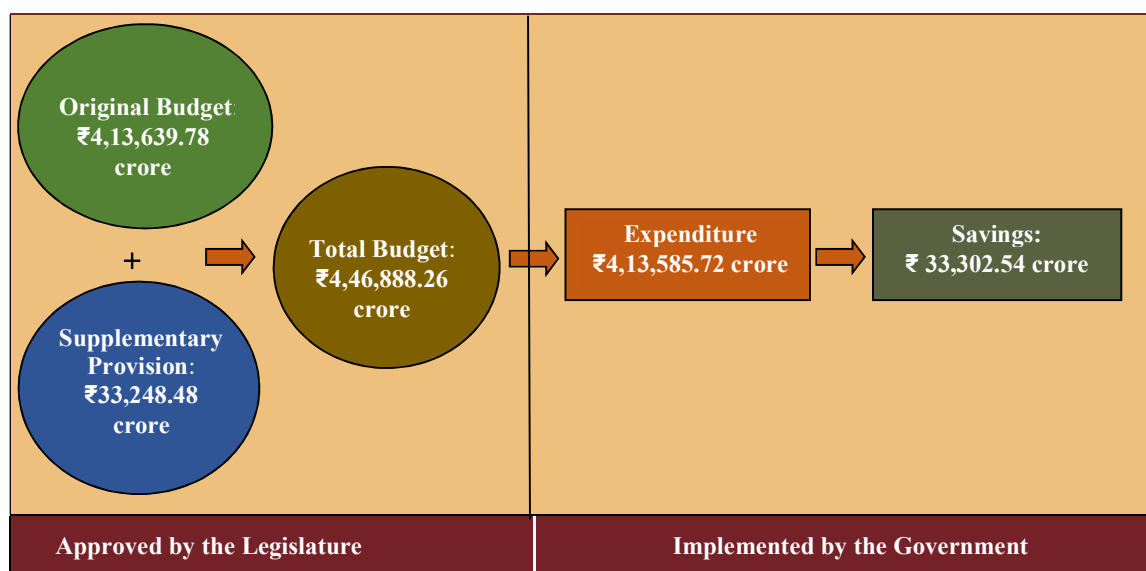


CSS: Centrally Sponsored Schemes; CS: Central Schemes; EAP: Externally Aided Projects

The annual budget is tabled in the house of the State Legislature by the Finance Minister each year.

The total amount approved by the State Legislature (including the original and supplementary budget), expenditure and savings during 2023-24 are depicted in **Exhibit 3.1**.

Exhibit 3.1: Summary of Budget and Expenditure



3.3 Gender Budgeting

The Gender Budgeting Statement (GBS) (Statement 13) serves as a tool for incorporating gender considerations into the budget, enabling a gender perspective throughout the policy process.

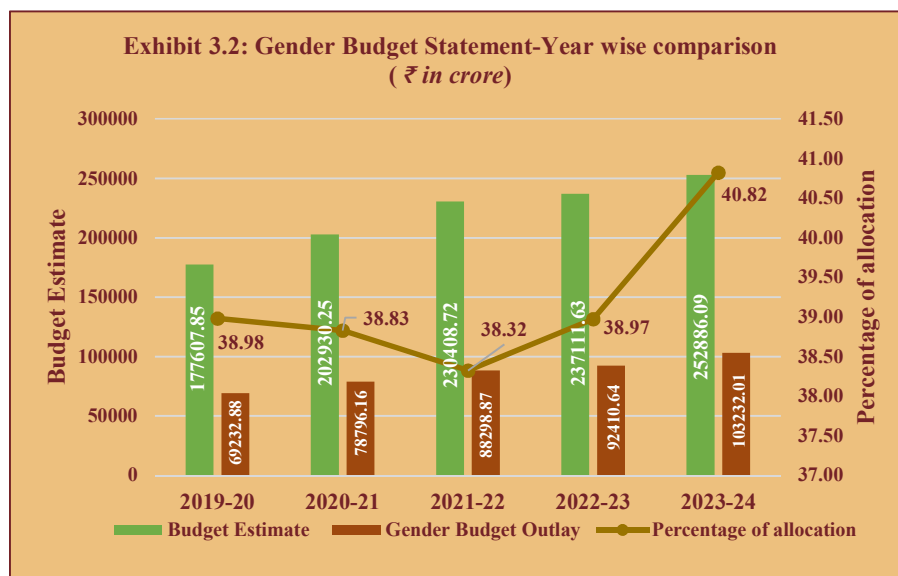
The Government of Tamil Nadu (GoTN) presents GBS as a part of annual budget document from the year 2018-19 onwards. However, the proposed Gender Budget Cells (GBC) to facilitate the integration of gender analysis into the Budget were not established in all departments.

The GBS presented by GoTN outlines the proposed budget allocation for women, is classified into three categories based on the percentage of funding directed towards schemes benefiting women:

- **Part A:** Schemes specifically targeted at women, with 100 *per cent* allocation.
- **Part B:** Beneficiary-oriented schemes where 40 to 99 *per cent* of the budget benefit women.
- **Part C:** Other schemes and expenditures where at least 30 *per cent* of the budget are expected to benefit women.

3.3.1 Overview of Gender Budget Statement 2023-24

The year wise comparison of Gender Budget Statement from 2019-20 to 2023-24 is given below in **Exhibit 3.2**.



(Source: Gender Budget Statement of the respective years)

During the last five years, from 2019-20 to 2023-24, the percentage of the gender budget outlay over the budget estimate has varied between 38.32 per cent in 2021-22 and 40.82 per cent in 2023-24. The gender budget outlay increased by 11.71 per cent in 2023-24 compared to the previous year. Additionally, the percentage of allocations under Parts A, B and C schemes has remained within the prescribed limits during these years.

3.3.2 Analysis of Gender Budget Statement 2023-24

The details of number of schemes and amount allocated under each part in the GBS are detailed below in **Table 3.1**.

Table 3.1: Category wise details of GBS 2023-24

(₹ in crore)

Parts of GBS	Financial Year 2023-24			
	No of Sectors	No of schemes	Budget Estimate 2023-24	Amount included in GBS 2023-24
Part A	11	140	15,528.78	15,528.78
Part B	16	316	72,853.28	38,352.04
Part C	--	23*	1,64,504.02	49,351.18
Total		479	2,52,886.08	1,03,232.00

* Number of departments implementing the schemes

(Source: Gender Budget Statement 2023-24)

Among 11 sectors under Part A, maximum allocation of 93.81 *per cent* was made to the Social Welfare and Nutrition sector (₹14,568.01 crore), with a maximum allocation of ₹7,000 crore for the 'Magalir Urimai Thogai' scheme. Among 16 sectors of Part B, maximum allocation of 23.08 *per cent* was made to the 'Education Sports and Culture' sector (₹8,850.76 crore). Additionally, among the schemes in Part B, the highest allocation of ₹8,190 crore was provided for the 'Social Security Net - Food Security - PDS Support' scheme.

3.3.3 Audit observations

Analysis of GBS for the year 2023-24 revealed the following.

- The GBS was not prepared as per the format prescribed by GoI in Statement No 13 of their budget document. The actuals of the year 2021-22, budget estimate and revised estimate of the previous year 2022-23 were not depicted in the GBS presented by GoTN. As a result, the probable outlay and actual expenditure on women-oriented schemes could not be analysed by Audit. This was also pointed out in the earlier report and the prescribed format was subsequently adopted by the State in GBS for 2024-25.
- Though the scheme 'Thanthai Periyar Award for Social Justice' which was included under Social Welfare and Nutrition Sector by the Backward, Most Backward and Minorities Department, was not a 100 *per cent* women-oriented scheme, it was included under Part A of GBS.
- Seven² 100 *per cent* women-oriented schemes with the budget allocation of ₹358.23 crore was included in the original budget but were omitted to include under Part A in GBS 2023-24.
- Out of 140 schemes under Part A, token provisions were given to only 17 schemes. Out of this, token provision was fully withdrawn for 15 schemes listed in **Appendix 3.1**. Out of the above 15 schemes, in one scheme '*Special Nutrition for children and Lactating mothers*', the token provisions were withdrawn without incurring any expenditure for the past nine years and in 12 schemes, the provisions were repeatedly withdrawn without incurring expenditure for the period ranging from three to seven years.
- In 11 schemes under Part A, the budget provision was fully withdrawn during re-appropriation as listed in **Appendix 3.2**.

² 1. 'Implementation of Swadhar Greh Scheme', 2. 'Moovalur Ramamirtham Ammaiyar Girl children Higher Education Guarantee Scheme', 3. 'Starting of Rehabilitation Home for the Adult Mentally Retarded Girls', 4. 'Wing for crime against Women and Children', 5. 'Creation and modernisation of women milk producer co-operative, 6. 'Women help line', 7. 'Industrial units attached to the After Care Home for Women, Vellore'

- The actual percentage of utilisation was less than 50 *per cent* of the budget outlay in six schemes under Part A is listed in **Appendix 3.3**.
- Out of 316 schemes included under Part B, Nil provisions were given for 60 schemes and only token provisions were given for 15 schemes, thereby escalating the number of schemes under GBS.
- The Handloom and Textiles sector where Women work force constitute 52 *per cent*, were not given any allocation under GBS. Similarly, less priority (around 1.51 *per cent* allocations) was given to Industry and Mining sector despite Tamil Nadu being one amongst the leading States deploying women in the manufacturing sector (42 *per cent* share of India's total women workforce).
- The percentage of allocation for 'Agriculture and Allied Activities' sector under Part A has been reduced considerably from 7.03 *per cent* to 0.41 *per cent* during 2019-20 to 2023-24, despite having the highest proportion of female workers with 62.90 *per cent* in this sector as per Annual Periodic Labour Force Survey Report 2021-22.
- The percentage of utilization under 'Menstrual Hygiene Programme' has declined to 26.92 *per cent* during the year compared to 69.26 *per cent* in 2022-23. It was also noticed that there were remittances amounting to ₹31.72 crore during the year pertaining to unspent balances of previous year in this scheme.

The GBS 2023-24 highlights substantial gaps in planning, prioritization, and execution of women-oriented schemes in the State. To make meaningful progress in gender budgeting, it is essential to strengthen the compliance with guidelines, improve the allocations and enhance the focus on women's empowerment.

3.4 Special Component Plan for Scheduled Castes and Tribal Sub Plan Statement

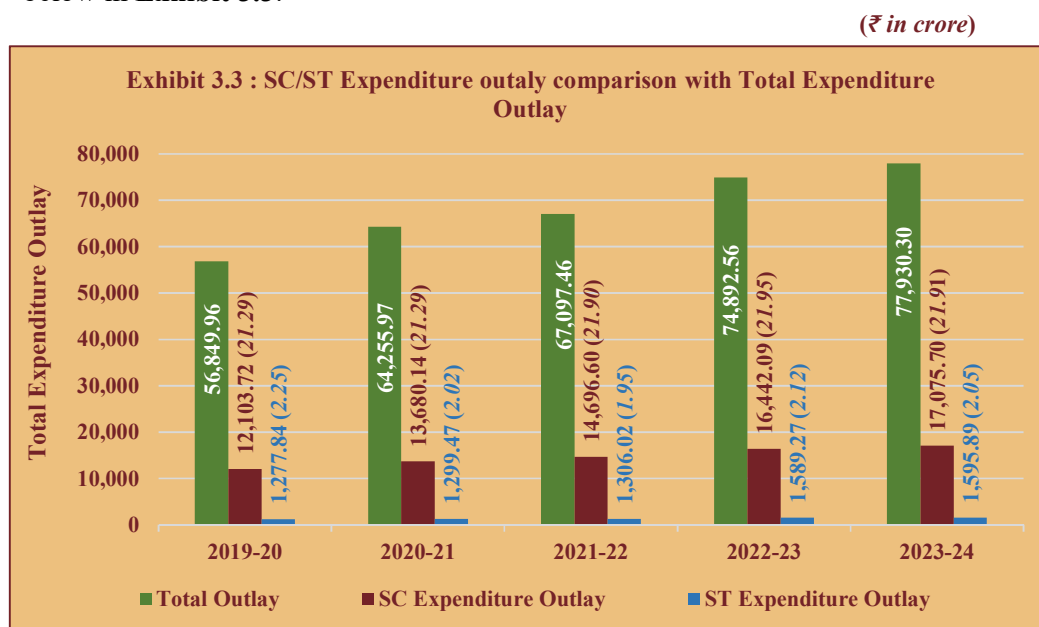
For the socio-economic and educational development of Adi Dravidar and Scheduled Tribes, the Scheduled Castes Sub Plan (SCSP) and Tribal Sub Plan (TSP) are being implemented in Tamil Nadu since 1980-81 and 1976-77 respectively. The basic objective of SCSP and TSP is to ensure flow of funds from the State Annual Plan Outlay at least in proportion to the population of the Scheduled Castes (20.01 *per cent*) and Scheduled Tribes (1.17 *per cent*) in the State and it should comprehensively cover the socio-economic and educational development of the Scheduled Castes and Scheduled Tribes in the State.

The Adi Dravidar and Tribal Welfare Department has been designated as the Nodal Department of both these Plans and the Secretary of the Department has

been appointed as the State Level Monitoring Officer for the formulation and implementation of SCSP and TSP at state level. The State Government allocations for SCSP and TSP are made in the Budget by operating the Minor Heads “789” and “796” respectively. Besides, the GoI allocations for CSS for SCSP and TSP are made in the Budget by operating the Minor Heads “793” and “794” respectively.

3.4.1 Overview of SCSP and TSP 2023-24

The year wise comparison of SCSP and TSP from 2019-20 to 2023-24 is given below in **Exhibit 3.3**.



(Source: Scheduled Caste Sub-plan and Tribal Sub-plan of the respective years)

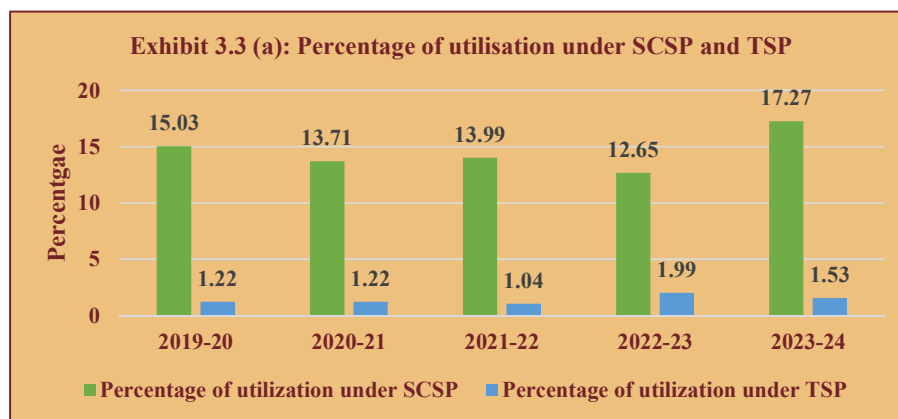
- Scrutiny of SCSP and TSP Statements of the budget documents for the last five years from 2019-20 to 2023-24 revealed that the percentage of SCSP and TSP budget outlay over the budget estimate was on an average of 21.67 per cent and 2.08 per cent respectively. In 2023-24, SCSP and TSP budget outlay increased by 3.85 per cent and 0.42 per cent over the previous year.
- There are 15 sectoral departments implementing 265 schemes under SCSP for the development of Adi Dravidars and 14 sectoral departments implementing 246 schemes under TSP for the development of tribes. Under SCSP, the maximum allocation of 22.84 per cent was provided to the Social Welfare and Nutrition sector (₹3,899.82 crore), with the ‘Magalir Urimai Thogai’ scheme receiving the highest allocation of ₹1,540 crore. Under TSP, the maximum allocation of 41.02 per cent was provided for the Welfare of Scheduled Castes and Scheduled Tribes

Sector (₹654.70 crore), with the ‘Schools’ scheme receiving the highest allocation of ₹155.80 crore.

3.4.2 Audit observations

Analysis of SCSP and TSP for the year 2023-24 revealed the following:

- Both SCSP and TSP were not prepared as per the format prescribed by GoI in Statement No.10-A and 10-B of their budget documents. Further, the actual expenditure for the year 2021-22, budget estimate and revised estimate for the year 2022-23 were not depicted in the respective plans.
- Token Provisions were given for 62 schemes and 61 schemes under SCSP and TSP respectively.
- The actual budget allocations for the last five years for SCs varied between 16.12 *per cent* in 2020-21 and 18.48 *per cent* in 2023-24 and for STs varied between 1.23 *per cent* in 2021-22 to 1.44 *per cent* in 2022-23. Thus, the original budget outlay for SCs was below the mandatory percentage of 20.01 *per cent* in the last five years. However, the percentage of budget allocation ranged between 21.29 *per cent* and 21.95 *per cent* in the Sustainable Development Goal data sheet, which is more than the mandatory percentage.
- The year wise percentage of actual expenditure on SCs and STs under SCSP and TSP from 2019-20 to 2023-24 is given below in **Exhibit 3.3 (a)**.



(Source: Appropriation Accounts of the respective years)

It could be seen from the above that the actual expenditure for SCs for the last five years varied between 12.65 *per cent* (2022-23) and 17.27 *per cent* (2023-24) and was under-utilised in all these years.

- In the original budget of Labour Welfare and Skill Development Department for the year 2023-24, ₹10.06 crore and ₹0.25 crore were allocated for SCs and STs respectively under the scheme ‘Unemployment relief scheme- Payment of relief to the Unemployed

Youth for scheduled caste and scheduled tribes’. However, it was omitted to be included in both SCSP and TSP.

- Government announced ‘Magalir Urimai Thogai’ scheme with total budget outlay of ₹7,000 crore, in which the entire outlay was allocated between General Component Plan for ₹5,460 crore and Scheduled Caste Component Plan for ₹1,540 crore. However, budget provision for STs was initially omitted under TSP, which was later released in supplementary estimate (February 2024). As a result, there were delays in release of ‘Magalir Urimai Thogai’ grants to the Tribal beneficiaries.
- The Government provided a budget of ₹5.72 crore towards State share for the scheme “Tamil Nadu Government Inter Caste Marriage Assistance”. The entire provision was spent during the year but was not included under SCSP.

An analysis of SCSP schemes with provisions exceeding ₹100 crore revealed that the utilisation of funds was less than 50 *per cent* of the budget in two schemes, detailed in **Table 3.2** below.

Table 3.2: Percentage of utilization where provision more than ₹100 crore

(₹ in crore)

Sl No.	Schemes	Budget Estimate	Actual Expenditure	Percentage of utilization
1	Implementation of Swatch Bharat Mission 2.0 in Corporation/Municipalities	273.00	27.70	10.15
2	State's Share towards premium subsidy under Pradhan Mantri Fasal Bima Yojana (PMFBY)	575.64	212.98	37.00

(Source: Appendix -XX of Appendices to Budget Memorandum and Appropriation Accounts for the year 2023-24)

In 12 schemes where the budget provision was more than ₹one crore, the entire amount was withdrawn without incurring expenditure, detailed in **Table 3.3**.

Table 3.3: Provision more than ₹one crore fully withdrawn under Scheduled Caste schemes

(₹ in crore)

Sl No.	Grant No.	Head of account	Description	Budget Estimate
1	42	2501.06.793.UH	Startup Village Entrepreneurship Programme (SVEP) - State Share	1.67
2	42	2501.06.793.UD	Startup Village Entrepreneurship Programme (SVEP)	2.51
3	42	2501.06.793.UG	Mahila Kisan Sashaktikaran Pariyojana (MKSP) - State Share	4.50
4	42	2501.06.793.UC	Mahila Kisan Sashaktikaran Pariyojana (MKSP)	6.75
5	53	2230.03.793.AA	Two-tier Skill Development Centres under TNIPP Phase-2	9.36
6	43	2202.02.789.JO	Information and Communication Technology (ICT) in Schools	9.70

(₹ in crore)

Sl No.	Grant No.	Head of account	Description	Budget Estimate
7	19	2211.00.793.UF	National Urban Health Mission Schemes under Special Component Plan - State Share	13.55
8	42	2515.00.793.UB	Rashtriya Gram Swaraj Abhiyan (RGSA) - State Share	14.86
9	19	2211.00.793.UC	National Urban Health Mission Schemes under Special Component Plan	20.32
10	42	2515.00.793.UA	Rashtriya Gram Swaraj Abhiyan (RGSA)	22.29
11	42	2235.02.789.PC	World Bank aided Tamil Nadu Rural Transformation Project (TNPVP Phase-II) under Special Component Plan	51.41
12	42	2216.03.789.JB	Roofing cost for construction of Concrete Houses for Scheduled Castes	354.00

(Source: Appropriation Accounts for the year 2023-24)

An analysis of TSP schemes with provisions more than ₹100 crore revealed that the utilisation of funds was less than 50 per cent of the budget in two schemes, detailed in **Table 3.4** below:

Table 3.4: Percentage of utilization where provision more than ₹100 crore

(₹ in crore)

Sl No	Scheme Description	Budget Estimate	Actual Expenditure	Percent of utilization
1	Aajeevika (NRLM)	133.51	5.75	4.31
2	Implementation of Swachh Bharat Mission 2.0 in Corporation/Municipalities	117.00	11.87	10.15

(Source: Appendix -XIII of Appendices to Budget Memorandum and Appropriation Accounts for the year 2023-24)

In four schemes with provisions more than ₹one crore, the entire amount was withdrawn without incurring expenditure, detailed in **Table 3.5**.

Table 3.5: Provision of more than ₹one crore fully withdrawn under Scheduled Tribe schemes
(₹ in crore)

Grant No	Head of Account	Description	Budget Provision
04	2225.02.796.KC	Schemes for economic development of Scheduled tribes	12.40
04	4225.02.794.SA	Development of Particularly Vulnerable Tribal Group (PVTGs)	27.23
42	2515.00.794.UA	Rashtriya Gram Swaraj Abhiyan (RGSA)	8.26
42	2515.00.794.UB	Rashtriya Gram Swaraj Abhiyan (RGSA)-State Share	5.51

(Source: Appropriation Accounts for the year 2023-24)

The SCSP and TSP for 2023-24 exhibit gaps in compliance, allocation, and implementation. There is a need to enhance adherence to prescribed formats, ensure adequate budgeting, prioritizing its budgeting process and improve the

execution of schemes. This is essential for achieving progress towards social equity and empowerment for marginalized groups.

3.5 Appropriation Accounts

Appropriation Accounts provide a comprehensive account of expenditure of the Government for each financial year, compared with the amounts of voted³ grants and charged⁴ appropriations for different purposes as specified in the schedules appended to the Appropriation Act. These Accounts depict the original budget, supplementary grants, surrenders and re-appropriations and highlighting 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. The Appropriation Accounts thus facilitate understanding of utilisation of funds and are, therefore, complementary to the Finance Accounts.

3.5.1 Summary of total provisions, actual disbursement and savings/excess during 2023-24

The summarised position of total budget provision and disbursements into 54 Grants and two Appropriations is given in **Table 3.6**.

Table 3.6: Number of Grants/Appropriations operated by the State in 2023-24

(₹ in crore)

Sl No.	Description	Total No. of Grants/Appropriations	Items of Voted/Charged Expenditure	Revenue	Capital	Budget Provision	Disbursements
A	Grants	54	Voted/ Charged	54	43*	3,44,739.99	3,15,164.91
B	Appropriations	2	Charged	1	1	1,02,148.26	98,420.81
Total (A+B)						4,46,888.25	4,13,585.72

* Under four grants only token provisions were given
(Source: Appropriation Accounts for the year 2023-24)

3.5.2 Charged and Voted disbursements

The details of total voted and charged disbursement and savings/excess for the five-year period from 2019-20 to 2023-24 are given below in **Table 3.7**.

³ Amounts voted by the State Legislature in respect of demands for grants for specific purposes.

⁴ Amounts directly charged to the Consolidated Fund of the State, which are not subject to the vote of the State Legislature.

Table 3.7: Trend of Savings/Excess

(₹ in crore)

Year	Provisions			Disbursements			Net savings (-)	
	Voted	Charged	Total	Voted	Charged	Total	Voted	Charged
2019-20	2,36,358	51,995	2,88,353	2,10,349 (89)	50,910 (98)	2,61,259 (90.60)	(-) 26,009 (11)	(-) 1,084 (2)
2020-21	2,82,839	56,133	3,38,972	2,40,033 (85)	53,720 (96)	2,93,753 (86.66)	(-) 42,806 (15)	(-) 2,413 (4)
2021-22	2,84,539	65,201	3,49,740	2,56,920 (90)	62,442 (96)	3,19,362 (91.31)	(-) 27,619 (10)	(-) 2,759 (4)
2022-23	3,15,645	78,611	3,94,256	2,83,715 (90)	75,451 (96)	3,59,166 (91.10)	(-) 31,930 (10)	(-) 3,160 (4)
2023-24	3,43,615	1,03,273	4,46,888	3,14,095 (91)	99,491 (96)	4,13,586 (92.55)	(-)29,520 (9)	(-)3,782 (4)

Figures in parenthesis indicate *per cent* of utilisation

(Source: Appropriation Accounts of the respective years)

In the last five years, the Government utilised 86.66 *per cent* to 92.55 *per cent* of the budget provisions. During the year, the total utilisation of Voted grants was 91 *per cent* and Charged appropriation was 96 *per cent* of the provision, with one *per cent* increase in voted expenditure whereas the charged expenditure remained the same over the previous year.

3.5.3 Budget marksmanship

Budget Marksmanship involves analysing the relationship between the budget projections of revenue and expenditure against actual receipt and disbursement. The World Bank's Public Expenditure and Financial Accountability (PEFA) measures the Budget Reliability in terms of Aggregate Expenditure Outturn and Expenditure Composition Outturn.

3.5.3.1 Aggregate Expenditure Outturn

Aggregate Expenditure Outturn indicates how closely actual expenditures match the budget that was initially approved. This reflects the fiscal marksmanship or the accuracy of the forecast of revenue and expenditure during the year.

Table 3.8: Comparison between Original Budget and Actual expenditure

(₹ in crore)

Section	Original Budget	Actual Expenditure	Difference between the Actual Expenditure and Original Budget*	Percentage of deviation in actual expenditure with Original Budget
Revenue	3,12,534.42	3,18,666.48	(+) 6,132.06	(+) 1.96
Capital	44,379.67	42,509.34	(-) 1,870.33	(-) 4.21

* Excess of actuals over the original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure

(Source: Appropriation Accounts 2023-24)

In Revenue section, the overall deviation in Actual expenditure compared with Original Budget was 1.96 *per cent*. This was due to deviation up to 25 *per cent* in 47 grants; more than 25 *per cent* and up to 50 *per cent* in two grants; more than 50 *per cent* and up to 100 *per cent* in four grants and more than 100 *per cent* in two grants.

In Capital section, the overall deviation in Actual expenditure compared with Original Budget was (-) 4.21 *per cent*. This was due to deviation up to 25 *per cent* in 11 grants; more than 25 *per cent* and up to 50 *per cent* in eight grants; more than 50 *per cent* and up to 100 *per cent* in 18 grants and more than or equal to 100 *per cent* in six grants. Original provision was not given under eight grants and entire budget provision was withdrawn in two grants (**Grant No.15-Environment and Climate Change Department** and **Grant No.24-Prisons and Correctional Services**).

3.5.3.2 Expenditure Composition Outturn

Expenditure Composition outturn measures the extent to which the re-allocations between the main budget categories during execution have contributed to variance in expenditure composition.

Table 3.9: Comparison between Revised Estimate and Actual expenditure

(₹ in crore)

Section	Original Budget	Revised Estimate	Actual Expenditure	Difference between the Actual Expenditure and Revised Estimate*	Percentage of deviation in Actual expenditure with Revised Estimate
Revenue	3,12,534.42	3,17,483.64	3,18,666.48	(+) 1,182.84	(+) 0.37
Capital	44,379.67	42,531.68	42,509.34	(-) 22.34	(-) 0.05

* Excess of actuals over the original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure

(Source: Appropriation Accounts 2023-24 and Demand for Grants 2024-25 of the respective grants)

In Revenue section, deviation in Actual expenditure compared with the Revised Estimate was 0.37 *per cent*. This was due to deviation up to 25 *per cent* in 50 grants; more than 25 *per cent* and up to 50 *per cent* in three grants; more than 50 *per cent* and up to 100 *per cent* in one grant and more than 100 *per cent* in one grant.

In Capital section, deviation in Actual expenditure compared with the Revised Estimate was (-) 0.05 *per cent*. This was due to deviation up to 25 *per cent* in 22 grants; more than 25 *per cent* and up to 50 *per cent* in ten grants; more than 50 *per cent* and up to 100 *per cent* in three grants and more than 100 *per cent* in one grant. Revised estimate was not provided in seven grants and out of this,

one grant was given original provision. Further, expenditure was incurred without provision either in Original or Revised Estimate in Grant No.17.

3.6 Audit of Appropriation

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

3.6.1 Comments on integrity of budgetary and accounting process

3.6.1.1 Drawal of funds to avoid lapse of budget grant

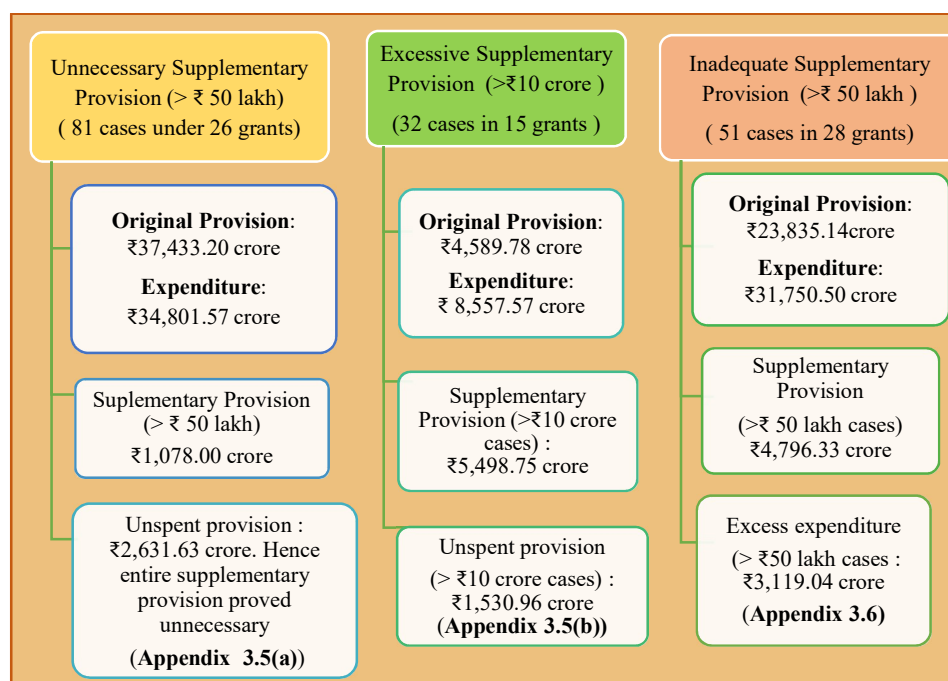
According to Para 178 of the Tamil Nadu Budget Manual, it is irregular to draw funds from Government account without immediate requirement. Further, as per Article 39 of the Tamil Nadu Financial Code Volume-I, all appropriations lapse at the close of the financial year and no funds should be drawn from the treasury to avoid lapsing and to utilise them for expenditure after the end of the year.

During the year, it was noticed that the amounts transferred to the DDO's bank account were recorded as expenditure in the Appropriation Accounts as detailed in **Appendix 3.4**. However, an unspent amount of ₹8.26 crore remained in the DDO's bank account despite the incurrence of actual expenditures, violating codal provisions and inflating revenue expenditure of the Department to that extent. This indicates that the funds were drawn unnecessarily to avoid lapsing at the end of the financial year.

3.6.1.2 Unnecessary or excessive Supplementary grant

During 2023-24, against the original budget provision of ₹4,13,639.78 crore and supplementary provision of ₹33,248.48 crore, an expenditure of ₹4,13,585.72 crore was incurred, leading to a net savings of ₹33,302.54 crore.

Test checked cases of supplementary provisions showed instances of unnecessary/excessive/inadequate provisions (**Appendix 3.5 (a), Appendix 3.5 (b) and Appendix 3.6**) as detailed in **Exhibit 3.4**.

Exhibit 3.4: Unnecessary/excessive/inadequate supplementary provision

From the above, it was observed that there were instances where supplementary provisions were unnecessary, as the original provisions were sufficient to cover the expenditure. Additionally, it was noticed that the total provision including supplementary provision was inadequate in certain heads of accounts resulting in excess expenditure. In spite of implementation of IFHRMS, monitoring mechanism of progress of expenditure is inadequate.

3.6.1.3 Unnecessary/excess/insufficient re-appropriation of funds

Apart from supplementary grant, re-appropriation can 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 of another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the Grant or Charged Appropriation.

However, considerable re-appropriation from one sub-head to another must always be avoided and the process of re-appropriation should not be merely used to rectify omissions and lack of foresight.

There were unnecessary / excess / insufficient re-appropriations indicating inaccurate and unrealistic budgeting, thereby depriving funds for the other needy Schemes as detailed in **Table 3.10**.

Table 3.10: Injudicious re-appropriations made during 2023-24

Sl No	Description	No. of HoA	Original	Supplementary	Re-appropriation	FMA (O+S+R)	Amount	Reference – Appendix No.
(₹ in crore)								
I	Excessive/Insufficient re-appropriation of funds							
1	Excess greater than ₹2 crore	29	45,541.49	192.82	4,476.26	50,210.57	1,003.14	3.7
2	Savings greater than ₹2 crore	33	36,148.11	369.92	(-) 761.53	35,756.51	(-) 918.26	3.8
II	Unnecessary re-appropriation of funds							
3	Provision made in re-appropriation, where expenditure was either nil or within the original and supplementary provisions	22	1,059.60	42.57	89.07	1,191.24	1,005.38	3.9
III	Injudicious re-appropriation of funds							
4	Provision of more than ₹ 100 crore fully withdrawn through re-appropriation	28	12,489.10	0.68	(-) 12,489.78	0.00	12,489.78	3.10
5	Withdrawal of entire provision of interest liability (2049-60-101) on deposits under MH 8342	10	9.46	0.00*	(-) 9.46	0.00	0.00	3.11
6	Expenditure incurred without Final Modified Appropriation	6	105.35	38.03	(-) 143.38	0.00	154.43	3.12

*Token provision of ₹1,000

(Source: Appropriation Accounts for the year 2023-24)

There are 64 instances where provisions totalling ₹255.34 crore were made through the first re-appropriation, but an amount of ₹293.95 crore including provisions from the original and supplementary estimates was subsequently withdrawn in the second re-appropriation, resulting in ‘nil’ expenditure, as detailed in **Appendix 3.13**.

This clearly indicates a lack of proper procedures to ascertain the necessity and extent of re-appropriations, leading to unnecessary re-appropriations and resulting in surplus funds or surrenders at the end of the year.

Furthermore, a detailed review of all re-appropriation orders issued by the Finance Department, valid reasons were not provided for additional provisions or withdrawals in 4,932 items out of 24,097 items (20.47 per cent). Instead, vague terms such as ‘actual requirement,’ ‘lesser/higher requirement,’ and ‘based on actuals’ were used, violating Paragraph 151 (ii) of the Tamil Nadu Budget Manual.

Thus, the injudicious re-appropriations at various stages and the incurring of expenditures without proper provisions indicate the weak internal controls and

monitoring mechanisms at both the budget allocation and re-appropriation stages. The lack of procedures to ascertain the necessity and quantum of re-appropriation has resulted in unnecessary re-appropriations, contributing to unrealistic budgeting leading to savings/surrender of funds at the end of the fiscal year.

3.6.1.4 Expenditure incurred without authority of law

In nine Heads of account, expenditure was incurred without provision either in the Original Budget or in the Supplementary estimates, which led to incurring of expenditure on the schemes without the authority of the Legislature.

Table 3.11: Provision only by re-appropriation

(₹ in lakh)

Sl. No.	Grant No.	Head of Account	Provision made through Re-appropriation	Actual Expenditure
1	05	3054.80.797.JD	15.20	15.20
2	06	2403.00.794.SB	2.76	2.76
3	07	4405.00.104.JK	1.30	1.30
4	19	2210.01.001.AB (C)	2.09	2.09
5	19	2210.01.110.AA (C)	0.15	0.15
6	21	5054.04.800.JC	11.10	11.10
7	35	2062.00.105.AC	0.90	0.90
8	54	4406.02.793.UF	6.84	6.84
9	56	2049.03.117.AN (C)	2.08	2.08
Total			42.42	42.42

(Source: Appropriation Accounts 2023-24)

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

The golden rule for all the Estimating Officers should be to provide in the budget, everything that can be foreseen and to provide only as much as is necessary. For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. If this is not done, other spending Departments are deprived of the funds which they could have utilised. Surrenders are being made generally in the month of March and a careful study of figures of the expenditure incurred and watch over previous month's expenditure should enable the Controlling Officer to fix upon his final requirements with a reasonable degree of exactness. No savings shall be held in reserve for possible future excesses.

The instances of huge savings and surrenders are discussed in the following paragraphs.

(a) Grants having large savings during 2023-24

In 41 cases there were savings of above ₹100 crore totalling ₹31,217.00 crore across various grants as detailed in **Appendix 3.14**. In case of Grants/Appropriations, where provision is more than ₹10 crore, budget utilisation was less than 50 per cent in 11 grants and less than 20 per cent in two Grants as detailed in **Table 3.12**.

Table 3.12: Grants/ Appropriations greater than ₹10 crore where utilisation of budget was less than or equal to 50 per cent

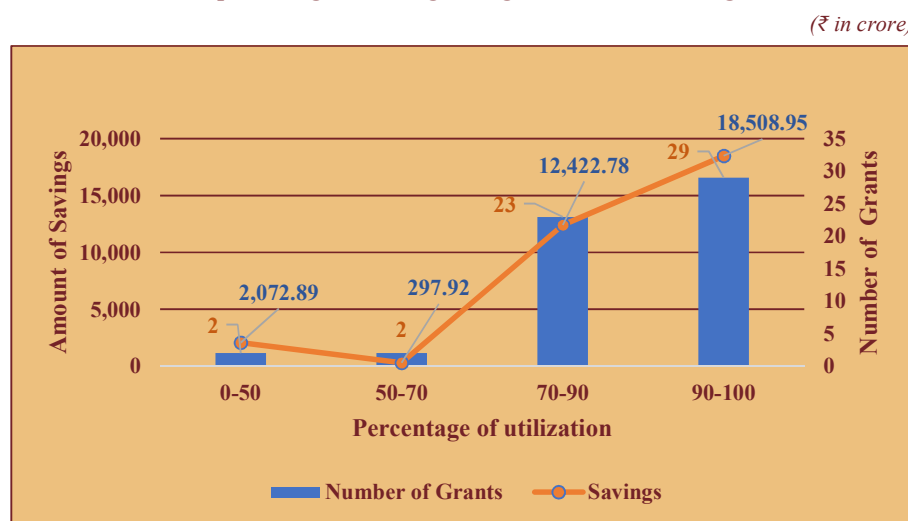
(₹ in crore)

Sl No.	Grant No.	Description	Total Provision	Actual Expenditure	Percentage of utilization
Revenue					
1	15	Environment and Climate change (Environment, Climate Change and Forests Department)	128.77	53.26	41.36
2	27	Industries, Investment promotion and Commerce Department	2,063.79	819.19	39.69
3	36	Planning, Development and Special Initiatives Department	408.08	155.57	38.12
Capital					
4	06	Animal Husbandry (Animal Husbandry, Dairying, Fisheries and Fishermen Welfare Department)	141.08	66.17	46.90
5	09	Backward Classes, Most Backward Classes and Minorities Welfare Department	352.33	44.70	12.69
6	13	Food and Consumer Protection (Co-operation, Food and Consumer Protection Department)	301.14	103.61	34.41
7	16	Finance Department	390.03	151.60	38.87
8	23	Fire and Rescue Services (Home, Prohibition and Excise Department)	80.00	27.41	34.26
9	44	Micro, Small and Medium Enterprises Department	10.00	5.00	50.00
Loan					
10	14	Energy Department	2,241.95	955.78	42.63
11	22	Police (Home, Prohibition and Excise Department)	21.55	3.88	18.00
12	27	Industries, Investment Promotion and Commerce Department	700.63	242.33	34.59
13	44	Micro, Small and Medium Enterprises Department	150.00	69.36	46.24

(Source: Appropriation Accounts 2023-24)

Details of grants categorised by the percentage of utilization along with the total savings during 2023-24 are shown in **Exhibit 3.5**.

Exhibit 3.5: The distribution of the number of Grants/Appropriations grouped by the percentage of Savings along with the total savings



Thus, substantial saving is indicative of defective budgeting process as well as shortfall in performance of Grant or Appropriation.

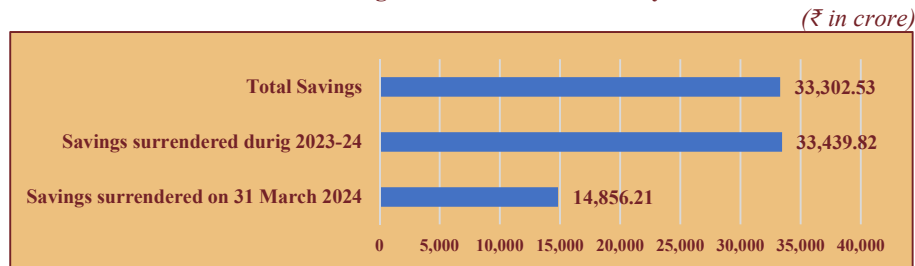
(b) Surrender of savings

As per Paragraph 140 of the Tamil Nadu Budget Manual, the spending departments are required to surrender the grants/appropriations or a portion thereof to the Finance Department as and when savings are anticipated.

During the year, out of the total savings of ₹33,302.54 crore, surrendered was ₹33,439.82 crore. An amount of ₹14,856.21 crore (net) was surrendered on the last day (31 March 2024) as detailed in **Exhibit 3.6**. This includes 101 cases, each exceeding ₹10 crore, with a total surrender of ₹15,543.60 crore (**Appendix 3.15**), highlighting inadequate financial controls.

Furthermore, in cases where surrenders exceeded savings, departments were unable to ascertain the exact amount to be surrendered at the end of the financial year during re-appropriation. In 14 voted grants under Revenue section and three voted grants under loan section, savings of ₹429.08 crore were not surrendered, as shown in **Appendix 3.16**. In nine grants/appropriations under the Revenue section, 11 grants under Capital section, and two grants under Loan section, surrenders were more than savings as listed in **Appendix 3.17**. This emphasizes the insufficient oversight of the state's finances, despite the implementation of IFHRMS.

Exhibit 3.6: Savings and surrenders for the year 2023-24



(c) Budget Utilisation

The distribution of the number of grants / appropriations categorised by percentage of utilisation and total savings is given in **Table 3.13** below:

Table 3.13: Utilisation of Grants / Appropriations

Percentage utilisation	0 to 50 per cent	50 to 70 per cent	70 to 90 per cent	90 to 100 per cent
Number of Grants	2	2	23	29
Saving (₹ in crore)	2,072.89	297.92	12,422.78	18,508.95

(Source: Appropriation Accounts 2023-24)

Thus, substantial savings is indicative of defective budgeting process as well as shortfall in utilisation of Grant or Appropriation.

(d) Persistent Savings

Under 24 Grants/Appropriations, there were persistent savings of more than five *per cent* of the total grant during the last five years as indicated in **Appendix 3.18**. During 2023-24, the percentage of savings under Revenue Section ranged from 5.40 *per cent* to 100 *per cent* and Capital Section ranged from 7.21 *per cent* to 65.60 *per cent*.

As indicated in **Appendix 3.18**, there were persistent savings in grants over the last five years. These issues have continued despite being highlighted in previous audit reports.

Consequently, inadequate budgeting, without analysis of actual requirements, has resulted in excess provisions. This has led to subsequent withdrawals through re-appropriation, depriving other schemes/departments of the opportunity to utilize those funds during the year.

3.6.1.6 Excess expenditure and its regularisation

As per Article 205 (1) (b) 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 above Article, the regularisation of excess expenditure is

done after the completion of discussion of the Appropriation Accounts by the Committee on Public Accounts (PAC).

(a) Expenditure exceeded the provision

Expenditure beyond the allocated provisions not only violates the requirement for legislative approval but also reflects poor planning. This situation could be mitigated by closely monitoring expenditure against the budget. During the year, expenditures exceeded the overall grant provisions in four grants, necessitating regularization. The details are presented in **Table 3.14** below.

Table 3.14: Grants where expenditure exceeded the provision

(₹ in lakh)

Sl No.	Grant No and Grant Description	Original Provision	Supplementary Provision	Total Provision	Actual Expenditure	Excess
Revenue						
1	17 - Handlooms and Textiles (Handlooms, Handicrafts, Textiles and Khadi Department) (V)	1,15,144.05	28,971.44	1,44,115.49	1,44,190.63	75.14
2	19 - Health and Family Welfare Department (C)	46.43	14.76	61.19	62.43	1.24
Loans						
3	10 - Commercial Taxes (Commercial Tax and Registration Department) (V)	40.00	60.00	100.00	103.22	3.22
4	43 - School Education Department (V)	40.00	0.00	40.00	56.73	16.73

(b) Regularisation of excess expenditure

Excess expenditure of ₹968.12 crore relating to the period from 2019-20 to 2022-23 was yet to be regularised (August 2024) by the State Legislature as detailed below in **Table 3.15**.

Table 3.15: Regularisation of excess expenditure of previous years

Year	Grant No./ Appropriation	Amount of excess required to be regularised (₹ in crore)	Status of regularization
(1)	(2)	(3)	(4)
2019-20	13, 40, 41, 43, 48	942.00	Explanatory notes for two grants (13 & 43) have not been received.
2020-21	27	20.87	Explanatory Notes has been received for the Grant and yet to be taken up for consideration by PAC.
2021-22	34, 35, 44, 51	5.24	Explanatory Notes for three Grants (ie. No.34, 35 & 51) have not been received and yet to be taken up for consideration by PAC
2022-23	51	0.01*	Pending to be regularized
Total		968.12	

* ₹50,000

(Source: Appropriation Accounts of the respective years)

The State should initiate action to get the excess expenditures made in Grants regularised by the Legislature Assembly at the earliest.

3.6.2 Comments on effectiveness of budgetary and accounting process

3.6.2.1 Budgetary projection and gap between expectations and actuals

Efficient management of tax administration/other receipts and public expenditure is crucial for achieving various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism and weak scheme implementation capacities/ weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprive the funds to other departments, which could have been utilised.

Summarised position of actual expenditure *vis-à-vis* Budget provision (Original/ Supplementary) during 2023-24 is given below in **Table 3.16**.

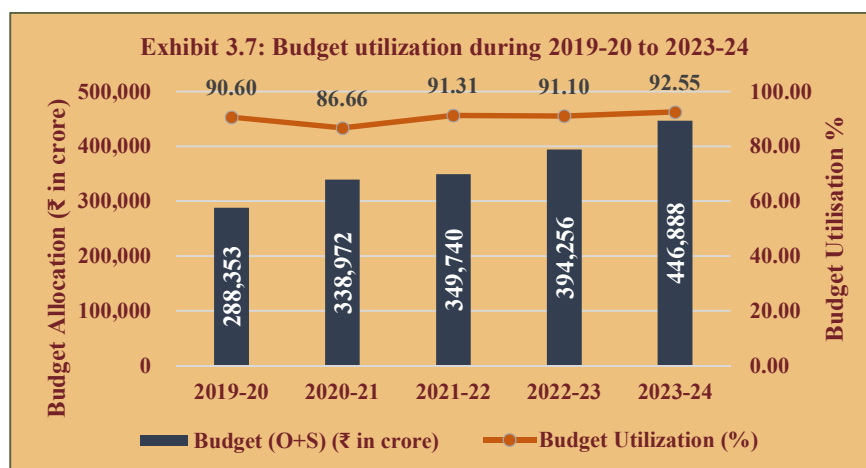
Table 3.16: Actual expenditure *vis-à-vis* original/supplementary provisions

(₹ in crore)

Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Net Saving (-)	Amount surrendered	Amount surrendered on 31 March	Percentage of savings surrendered
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = ((7)/(6)) x 100
Voted								
I Revenue	2,53,664.83	27,740.69	2,81,405.52	2,63,146.48	(-) 18,259.04	(-) 18,133.86	(-) 10,228.89	99.31
II Capital	44,355.53	4,382.18	48,737.71	42,103.26	(-) 6,634.45	(-) 6,859.72	(-) 3,709.92	103.40
III Loans and Advances	12,899.98	571.64	13,471.62	8,845.11	(-) 4,626.51	(-) 4,616.63	(-) 263.65	99.79
Total Voted	3,10,920.34	32,694.51	3,43,614.85	3,14,094.85	(-) 29,520.00	(-) 29,610.21	(-) 14,202.46	100.31
Charged								
IV Revenue	58,869.59	170.11	59,039.70	55,520.00	(-) 3,519.70	(-) 3,566.78	(-) 619.21	101.34
V Capital	24.14	383.70	407.84	406.08	(-) 1.76	(-) 1.76	(-) 1.76	100.00
VI Public Debt-Repayment	43,825.71	0.15	43,825.86	43,564.79	(-) 261.07	(-) 261.07	(-) 32.78	100.00
Total - Charged	1,02,719.44	553.96	1,03,273.40	99,490.87	(-) 3,782.53	(-) 3,829.61	(-) 653.75	101.24
Appropriation to Contingency Fund (if any)	..	..	..	..	..	..	..	..
Grand Total	4,13,639.78	33,248.47	4,46,888.25	4,13,585.72	(-) 33,302.53	(-) 33,439.82	(-) 14,856.21	100.41

(Source: Appropriation Accounts for the year 2023-24)

The following **Exhibit 3.7** shows the Budget utilisation for the period from 2019-20 to 2023-24.



(Source: Appropriation Accounts of the respective years)

The percentage of utilisation was increased by 1.45 *per cent* during the current year and stood at 92.55 *per cent*.

A summarised position of total budget provision, disbursement and savings/excess in 54 Grants and two appropriations with its further bifurcation into voted and charged during the year 2023-24 is given below in **Table 3.17**.

Table 3.17: Summarised position of Budget

(₹ in crore)

Total Budget Provision		Disbursements		Savings (-)		Excess (+)	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
3,43,614.85	1,03,273.40	3,14,094.85	99,490.87	(-) 29,520.00	(-) 3,782.54	0.95	0.01

(Source: Appropriation Accounts 2023-24)

The total savings of ₹33,302.54 crore exceeded the supplementary provision of ₹33,248.48 crore. The additional provisions made through re-appropriation which were not utilised reflect poor budget management system.

Trends in expenditure over the past five years, based on the Original Budget and Revised Estimates, are presented in **Table 3.18**.

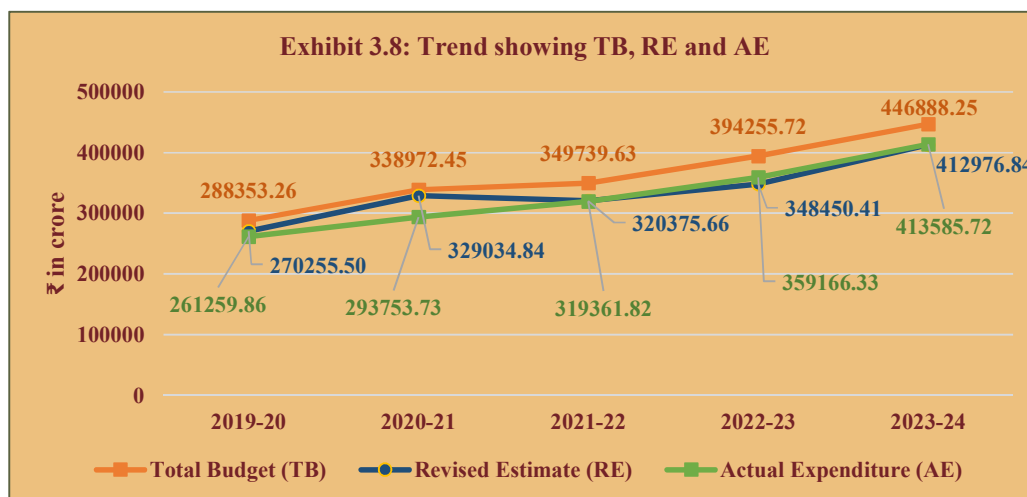
Table: 3.18: Trend of Total Budget, Revised Estimate and Actual Expenditure during 2019-24

(₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24
Original budget	2,68,501.58	3,04,954.44	3,35,288.14	3,64,107.02	4,13,639.78
Supplementary budget	19,851.68	34,018.02	14,451.49	30,148.70	33,248.48
Total Budget (TB)	2,88,353.26	3,38,972.45	3,49,739.63	3,94,255.72	4,46,888.26
Revised Estimate (RE)	2,70,255.50	3,29,034.84	3,20,375.66	3,48,450.41	4,12,976.84
Actual Expenditure (AE)	2,61,259.87	2,93,753.73	3,19,361.82	3,59,166.33	4,13,585.72
Savings	(-) 27,093.40	(-) 45,218.72	(-) 30,377.81	(-) 35,089.39	(-) 33,302.54
Percentage of supplementary to the original budget	7.39	11.16	4.31	8.28	8.04
Percentage of overall savings/excess to the overall provision	9.40	13.34	8.69	8.90	7.45
TB-RE	18,097.76	9,937.61	29,363.97	45,805.31	33,911.42
RE-AE	8,995.64	35,281.11	1,013.84	(-) 10,715.92	(-) 608.88
(TB-RE) as % of TB	6.28	2.93	8.40	11.62	7.59
(RE-AE) as % of TB	3.12	10.41	0.29	(-) 2.72	(-) 0.14

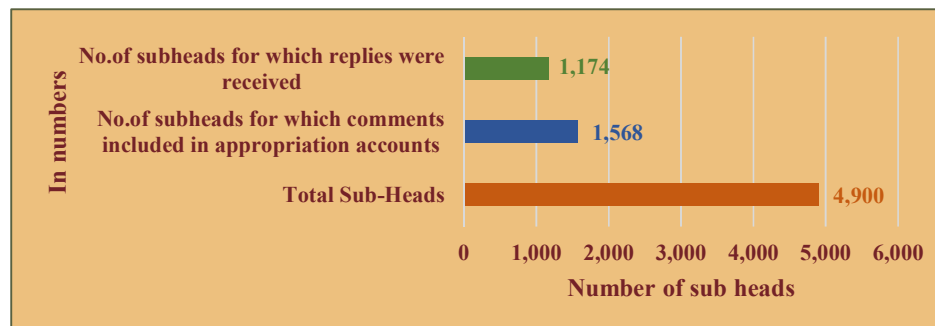
(Source: Appropriation Accounts and Annual Financial Statements of the respective years)

The variation between the revised estimate and the actual expenditure incurred has fluctuated over the years and it has reduced during the year compared to the previous year. Meanwhile, the percentage of overall savings to the total budget provision has slightly decreased compared to previous year. The table indicates that the revised estimate remained consistently lower than the total budget provision, while the actual expenditure exceeded the revised estimate in the year 2022-23. Additionally, actual expenditures were less than the original budget allocation and the supplementary provisions were unwarranted. The gap between the total budget provision and the actual expenditure is clearly visible during the years 2019-20 to 2023-24 as shown in **Exhibit 3.8**. These recurring discrepancies highlights the deficiencies in budget preparation.



Out of 4,900 Sub-Heads, the comments for excess/savings were included for 1,568 Sub-Heads and the reasons for variation in excess/savings were furnished for 1,174 Sub-Heads in the Appropriation Accounts as detailed in **Exhibit 3.9**.

Exhibit 3.9: Explanation for variation in Appropriation Accounts



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

During the Budget speech 2023-24, the State Government announced several policy initiatives. Analysis revealed that many schemes have not been implemented and numerous announcements failed to translate into actual budget provisions. Most of these announcements were continuations or extensions of existing schemes. A few flagship initiatives such as the "Magalir Urimai Thogai" providing ₹1,000 per month to women heads of eligible households and the "Chief Minister's Breakfast Scheme" for students in Classes I to V captured public attention and nearly utilized the budget provision.

Even the key policy announcements in the education sector, including the "Perasiriyar Anbazhagan School Development Scheme", "Ennum Ezhuthum" and "Naan Mudhalvan" were not reflected in the budget provisions. Additionally, the budget allocation of ₹20 crore for the "Tamil Nadu World Innovation and Skill Training Hub (TN-WISH)" was entirely withdrawn during re-appropriation without expenditure being incurred despite an announced outlay of ₹120 crore.

It was observed that an approved budget provision of ₹14,808.44 crore across 1,540 schemes was fully withdrawn during re-appropriation. This includes 116 schemes under Revenue (voted) and 59 schemes under Capital (voted), with approved provisions exceeding one crore, totalling ₹5,748.28 crore and ₹2,136.26 crore respectively as given in **Appendix 3.19 (a)** and **(b)**. This reflects that budgetary allocations were done based on unrealistic proposals.

3.6.2.3 Rush of expenditure

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

According to Article 39 of the Tamil Nadu Financial Code, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, an amount of ₹7,280 crore under 142 sub-heads for which total provision more than one crore was fully expended during the month of March 2024, as listed in **Appendix 3.20**. In two grants, more than 50 *per cent* of total expenditure was incurred in the month of March 2024, as listed in **Table 3.19**. Rush of expenditure at the end of the year shows poor management and control of expenditure against budget provision.

Table 3.19: Grant with more than 50 *per cent* of expenditure in March alone

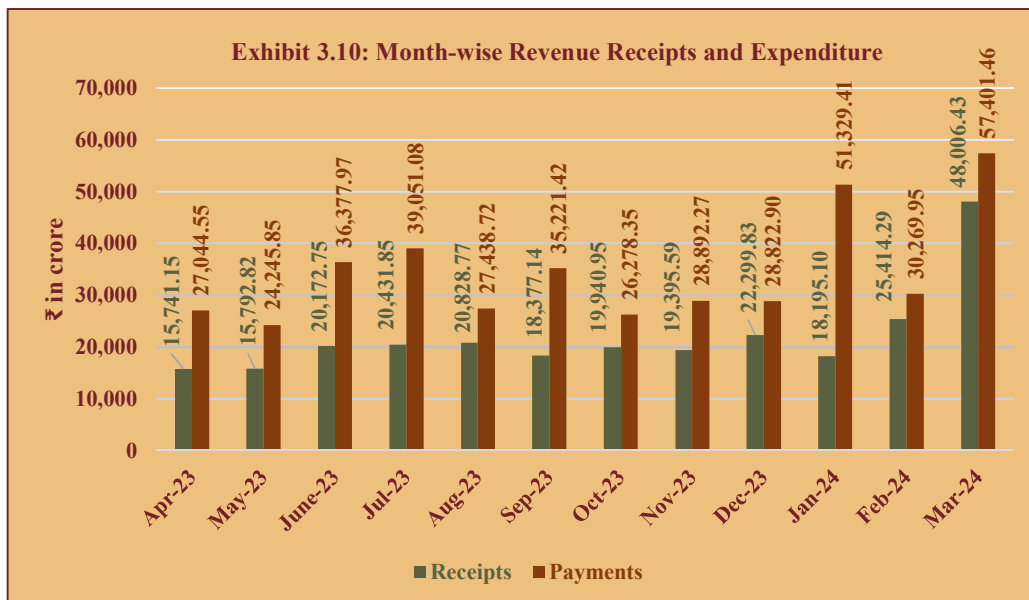
(₹ in crore)

Sl No.	Grant	Grant Description	1 st Qr	2 nd Qr	3 rd Qr	4 th Qr	Expenditure in March	Total Expenditure	Expenditure in March as percentage of Total Expenditure
1	27	Industries, Investment promotion and Commerce Department	157.14	168.13	200.03	963.74	926.35	1,489.02	62.21
2	47	Hindu Religious and Charitable Endowments (Tourism, Culture and Religious Endowments Department)	35.92	71.10	48.22	282.20	238.73	437.44	54.57

(Source: Compilation from VLC data)

In Grant No. 43 - School Education Department - MH 2202, expenditure was incurred under 31 schemes exclusively in the month of March 2024.

The monthly receipts and expenditure during the year 2023-24 is given in **Exhibit 3.10** below:



(Source: Compilation from VLC data)

3.7 Advances from the Contingency Fund

The Contingency Fund (CF) of the State was established under the Tamil Nadu Contingency Fund Act, 1954 in terms of provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature, would be undesirable. The Fund is in the nature of an imprest and its corpus is ₹150 crore.

Details of sanctions accorded for drawal of CF advance and actually utilised during the period 2019-20 to 2023-24 are given in **Table 3.20** below.

Table 3.20: Details of Contingency Fund advances sanctioned (2019-20 to 2023-24)

Year	Sanction of CFA		Utilisation of CFA		Percentage of utilisation	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Percentage
2019-20	30	40.01	27	33.69	90	84
2020-21	20	55.10	16	31.61	80	57
2021-22	04	17.15	03	12.26	75	71
2022-23	23	75.34	22	70.42	96	93
2023-24	11	47.84	10	47.44	91	99

(Source: Government Orders)

The details of CF orders issued and the expenditure incurred for the year are given in **Appendix 3.21**. It is noticed that one CF was fully unutilised, seven CFs were fully utilised, and remaining three CFs were almost utilised

(utilisation ranged between 87.94 *per cent* and 99.97 *per cent*). Out of the sanctioned amount of ₹47.84 crore under 11 CFs during the year, ₹47.44 crore was spent, resulting in an unspent balance of ₹0.41 crore.

Government instructed (November 2019) that the request for CF Advance should only be considered for very critical and urgent nature of expenditure, which cannot be postponed till the next Supplementary Estimates. However, it was noticed that ₹0.43 crore was drawn (August 2023) from CF for meeting the initial expenditure for conducting speech competitions for college students at State and District levels by the State Minority Commission under the Backward Classes, Most Backward Classes and Minority Welfare Department. The above scheme was neither a new service nor an urgent expenditure, as similar competitions had already been organized (June 2022) in many colleges by the same department through sponsorship arrangements.

3.8 Outcome of review of selected grants

As per Paragraph 3.20 of the Financial Attest Audit Manual, Audit should conduct a comprehensive review of at least two Grants every year. The Grants for such review were selected on the basis of substantial persistent savings/excesses/other irregularities disclosed in previous appropriation accounts. Grants which have persistent savings for the past five years were considered, with those having huge savings were selected for review. Audit selected **Grant No.43- School Education Department and Grant No.47-Hindu Religious and Charitable Endowments (Tourism, Culture and Religious Endowments Department)** to examine the quality of budgeting and budget execution during 2023-24.

3.8.1 School Education Department

Audit selected three directorates – the Directorate of Elementary Education, the Directorate of School Education and the State Council for Educational and Research Training for budget review. The ‘Grant No.43-School Education Department’ had the highest budget provision of ₹41,212.96 crore during the year 2023-24.

3.8.1.1 Allocation and Expenditure

A summary of actual expenditure *vis-à-vis* original/supplementary provisions made during the year 2023-24 is given in **Table 3.21** below.

Table 3.21: Details of Budget Provision and Actual Expenditure under Grant No. 43

(₹ in crore)

Nature of expenditure		Original	Supple- mentary	Total	Expendi- ture	Savings(-) /Excess (+)	Percentage of savings(-) /excess (+)	Amount surrendered
Voted	I Revenue	39,700.51	913.88	40,614.39	38,680.44	(-) 1,933.95	(-) 4.76	(-) 1,826.98
	II Capital	598.41	0.00	598.41	351.98	(-) 246.43	(-) 41.18	(-) 246.43
	III Loan	0.40	0.00	0.40	0.57	0.17	42.50	(-) 0.10
Total Voted (A)		40,299.32	913.88	41,213.20	39,032.99	(-) 2,180.21	(-) 5.29	(-) 2,073.51
Charged	IV Revenue	0.00*	0.00	0.00	0.00	0.00	100.00	0.00
	V Capital	0.00	0.14	0.14	0.14	0.00	0.00	0.00
Total Charged (B)		0.00	0.14	0.14	0.14	0.00	100.00	0.00
Grand Total (A+B)		40,299.32	914.02	41,213.34	39,033.13	(-) 2,180.21	5.29	(-) 2,073.51

*Token provision of ₹13,000

(Source: Appropriation Accounts for the year 2023-24)

In respect of voted expenditure, there were savings of ₹1,933.96 crore in revenue and ₹246.43 crore in capital (listed in **Appendix 3.14** under Sl No.16 and 34 respectively), while there was an excess expenditure of ₹0.17 crore under loans. Further, the ultimate savings in the grant during the year was ₹2,180.21 crore, however the amount surrendered was only ₹2,073.51 crore. The overall savings represents 5.29 *per cent* of the total budget during the current year as shown in the **Table 3.22**.

Table: 3.22 Last four years allocation and savings

(₹ in crore)

Year	Total grant	Expenditure	Savings/Excess	Percentage of savings
2020-21	34,293.26	30,415.93	(-) 3,877.33	11.31
2021-22	33,453.10	32,367.66	(-) 1,058.44	3.24
2022-23	37,942.64	37,339.24	(-) 603.40	1.59
2023-24	41,213.34	39,033.13	(-) 2,180.21	5.29

(Source: Appropriation Accounts of the respective years)

The savings has increased from ₹603.40 crore in 2022-23 to ₹2,180.23 crore in 2023-24.

The unutilised budget provisions for capital works in School Education Department during 2019-20 to 2023-24 was ₹910.58 crore as given in **Table 3.23**.

Table 3.23: Year-wise allocation and savings under Capital section

(₹ in crore)

Year	Total Grant	Expenditure incurred	Savings	Amount Surrendered	Percentage of savings
2019-20	384.31	220.63	(-) 163.68	(-) 164.17	42.59
2020-21	335.10	189.51	(-) 145.59	(-) 145.53	43.45
2021-22	174.15	147.63	(-) 26.53	(-) 27.03	15.23
2022-23	544.96	217.54	(-) 327.42	(-) 327.42	60.08
2023-24	598.56	352.12	(-) 246.43	(-) 246.44	41.17

(Source: Appropriation Accounts of the respective years)

Out of the total grant of ₹598.56 crore, the savings was ₹246.44 crore which was 41.17 per cent. There were persistent savings of more than 40 per cent of total grant in the last five years except 2021-22 (Covid-19) in the capital head which was mainly due to delays in construction of school buildings. This trend indicates shortcomings in budgeting process and ineffective/non implementation of the schemes.

3.8.1.2 Rush of expenditure under School Education Department

There were 14 instances of rush of expenditure as indicated in **Appendix 3.20** (Sl. No.91 to 104).

3.8.1.3 Other Audit observations

- Unnecessary Supplementary provisions amounting to ₹123.70 crore were provided for 9 schemes listed in **Appendix 3.5 (a)** from Sl. No.43 to 51. The department replied that the decision of including supplementary provision is the discretion of the Finance Department.
- Excess supplementary provisions amounting to ₹225.29 crore were provided for eight schemes listed in **Appendix 3.5 (b)** from Sl. No.15 to 22.
- Inadequate supplementary provisions amounting to ₹49.71 crore were noticed in two schemes listed in **Appendix 3.6** from Sl. No. 28 and 29.
- Huge surrender of ₹1,861.59 crore was noticed in three Major Heads – (i) 2202- General Education (₹1,741.29 crore), (ii) 2225- Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities (₹70.04 crore) and (iii) 4202- Capital Outlay on Education, Sports, Art and Culture (₹50.26 crore) in **Appendix 3.15** from Sl. No. 82 to 84
- Huge budget provision was made but no expenditure was incurred in the following two schemes:

- i. 2202.01.101.AF- Honorarium of Special Educators supplementary grants under Samagra Shiksha (₹3.99 crore)
 - ii. 2202.02.105.UA- Setting up of District Institute of Education and Training (₹45.68 crore)
- Under the scheme ‘2202.02.800.AT- Rajya Puraskar Award for the Scouts’, the original budget provision of ₹5.00 lakh was fully withdrawn without incurring any expenditure during 2023-24. The Department replied that no proposal was received from the Tamil Nadu Bharat Sarana Saraniya Movement in the respective financial year. The reply is not tenable as the department had included the budget provision without requirements.
- In State Council of Educational Research and Training (SCERT), the percentage of budget utilisation was less than one *per cent* for the past three years. In 2023-24, out of ₹32.19 crore budget, ₹14.70 lakh was utilised which was 0.46 *per cent*. The department replied that the budget allocation was based on number statement and nearly 199 posts have been surrendered during restructuring of SCERT in October 2023, resulted in huge surrender. The reply is not tenable as the department should have sought less budget provision anticipating the surrender proposal of the post.
- Excess expenditure of ₹5.02 crore has been incurred in 10 heads of account, listed in below **Table 3.24**.

Table 3.24: Excess expenditure incurred under Grant No.43

(₹ in crore)				
Sl No.	Head of Account	Final Modified Grant	Actual Expenditure	Excess
1	2051.00.103.AC	22.04	22.05	0.01
2	2202.01.101.AA	720.17	720.24	0.07
3	2202.02.004.JJ	0.78	0.83	0.05
4	2202.02.101.AA	154.66	154.76	0.10
5	2202.02.105.AA	2.12	2.28	0.16
6	2202.02.109.KI	65.75	65.76	0.01
7	2202.02.110.AA	4,014.98	4,019.53	4.55
8	2202.05.200.AA	11.91	11.95	0.04
9	2205.00.105.AY	8.11	8.13	0.02
10	2205.00.105.BA	43.94	43.95	0.01
Total		5,044.46	5,049.48	5.02

The department replied that the additional expenditure was incurred towards arrears of wages, court cases etc. Further, the department assured that incurring of excess expenditure will be avoided in future.

- An excess expenditure of ₹0.27 crore was incurred under Loan head ‘7610.00.201.BH- Loans to Secretariat Employees for construction of houses - School Education Department’ against the final modified grant of ₹0.30 crore.

3.8.2 Hindu Religious and Charitable Endowments

3.8.2.1 Allocation and Expenditure

A summary of actual expenditure incurred under Grant No.47 vis-à-vis original/ supplementary provisions made during the year 2023-24, is given in **Table 3.25** below:

Table 3.25: Details of Budget Provision and Actual Expenditure under Grant No. 47

(₹ in crore)

	Nature of expenditure	Original	Supplementary	Total	Expenditure	Savings(-)/ Excess (+)	Percentage of savings	Amount surrendered
Voted	I Revenue	571.27	42.57	613.84	580.71	(-) 33.13	5.40	(-) 9.68
	II Capital	0.00*	3.65	3.65	3.65	0.00	0.00	0.00*
Total Voted (A)		571.27	46.22	617.49	584.36	(-)33.13	5.37	(-) 9.68
Charged	IV Revenue	6.00	2.00	8.00	8.00	0.00	0.00	0.00
Total Charged (B)		6.00	2.00	8.00	8.00	0.00	0.00	0.00
Grand Total (A+B)		577.27	48.22	625.49	592.36	(-)33.13	5.30	(-) 9.68

* ₹1,000 token provision

(Source: Appropriation Accounts for the year 2023-24)

The ultimate savings in the Grant during the year was ₹33.13 crore, however the amount surrendered was only ₹9.68 crore. The overall savings was 5.30 per cent of the provision.

Overall savings in the Grant as compared to budget provision during the past five years is shown in **Table 3.26**:

Table: 3.26: Last 5 years allocation and savings

(₹ in crore)

Year	Total grant	Expenditure	Savings	Percentage of savings
2019-20	282.14	252.23	(-) 29.61	10.49
2020-21	294.66	169.36	(-) 125.30	42.52
2021-22	414.58	375.92	(-) 38.66	9.33
2022-23	524.88	492.26	(-) 32.62	6.21
2023-24	625.49	592.36	(-) 33.13	5.30

(Source: Appropriation Accounts of the respective years)

3.8.2.2 Persistent Savings under Revenue heads

During the five-year period from 2019-20 to 2023-24, the Department had persistent savings under revenue heads ranging between 5.33 per cent and 42.52 per cent is shown in **Table 3.27**.

Table 3.27: Year-wise allocation and savings under Revenue section

(₹in crore)

Year	Total Grant	Expenditure incurred	Savings	Amount Surrendered	Percentage of savings
2019-20	282.14	252.53	(-) 29.61	(-) 29.96	10.49
2020-21	294.66	169.36	(-) 125.30	(-) 129.50	42.52
2021-22	414.58	375.92	(-) 38.66	(-) 22.96	9.33
2022-23	505.70	473.08	(-) 32.62	(-) 30.52	6.45
2023-24	621.84	588.71	(-) 33.13	(-) 9.68	5.33

(Source: Appropriation Accounts of the respective years)

3.8.2.3 Audit observations on withdrawal of provision and huge savings under revenue heads

- A provision of ₹20.00 lakh for each year under the scheme 2235.02.102.BM- Grants to 'Karunai Illangal' for children controlled by commissioner of Hindu Religious and Charitable Endowments was fully withdrawn during re-appropriation in the years 2022-23 and 2023-24 without incurring any expenditure. Also, the provision was partially surrendered during the period from 2019-20 to 2021-22. The department replied that an amount of ₹3.56 lakh was surrendered during 2022-23 due to non-receipt of Government permission for incurring prior period expenditure relating to 2021-22. The reply is not tenable as the amount sanctioned was intended to meet expenses for 2022-23 and not for meeting prior period expenses.
- In 2023-24, an amount of ₹17.00 lakh provided to the scheme '2250.00.102.AH-Village Pujaries Welfare Board' was fully withdrawn during re-appropriation. The department replied that the amount was sanctioned to meet the salary of an Assistant Commissioner in charge of the Board and the post was vacant for the entire year 2023-24. The reply furnished is not tenable as the tenure of the board has expired in December 2015, yet the department continued to make the budget provision thereafter. Further, it is pertinent to point out that an expenditure was incurred under this head during the years 2017-18 and 2018-19.
- The scheme '2250.00.103.AE-Services to incorporated and unincorporated Devasthanams' was introduced in the year 2022-23 and a provision of ₹56.00 crore was fully withdrawn due to lack of administrative sanction. During the year 2023-24, ₹60.00 crore was earmarked for the renovation of a 1,000-year-old temple, however only

₹18.15 crore (30.25 *per cent*) was utilized for the work which indicates excessive budget forecast.

- The budget provision for the scheme ‘2250.00.102.AK- Grants to Hindus of Tamil Nadu performing pilgrimage to Manasarovar and Mukthinath’ was ₹2.50 crore against which the utilisation was very meagre i.e. 0.64 *per cent* in 2021-22, increased to 4.08 *per cent* and 24.16 *per cent* in 2022-23 and 2023-24 respectively. It indicates that excess budget provisions were made each year despite very meagre expenditure incurred in previous years.

3.9 Conclusion

Gender Budgeting

Gender Budget Statement was not prepared in prescribed format. Non-formation of Gender Budget Cell in all departments results in non-preparation of Gender Budget Statement in a holistic manner.

(Paragraph 3.3)

Special Component plan for Scheduled Castes and Tribal Sub Plan Statement

Both SCSP and TSP were neither prepared in the prescribed format nor in a holistic manner by including all schemes without any omissions and commissions.

(Paragraph 3.4)

Unnecessary or excessive Supplementary grant/re-appropriation

Supplementary provision amounting to ₹1,078 crore was proved unnecessary under 81 cases, since the original provision was not fully exhausted.

In respect of 22 Heads of Account, though a provision (Original and Supplementary) of ₹1,102.17 crore was available, an additional provision of ₹89.07 crore provided in re-appropriation proved unnecessary as the total expenditure in these cases was only ₹1,005.38 crore and remained within the earlier provision made.

In respect of nine Heads of account, an expenditure of ₹42.42 lakh was incurred without provision in either the Original Budget or the Supplementary estimates.

In 64 instances, an amount of ₹38.62 crore provided in the Original/Supplementary estimates and an amount of ₹255.34 crore provided through the first re-appropriation was entirely withdrawn through second re-appropriation, which resulted in ‘Nil’ expenditure.

In respect of 28 Heads of Account, the entire Original provision of ₹12,489.10 crore was fully withdrawn through re-appropriation.

(Paragraphs 3.6.1.3 to 3.6.1.5)

Expenditure incurred without authority of law

In nine heads of account, an expenditure ₹42.42 crore was incurred without provision either in the Original Budget or in the Supplementary estimates.

(Paragraph 3.6.1.4)

Unspent amount, surrendered appropriations and persistent savings

In 41 cases, there were savings more than ₹100 crore amounting to ₹31,217.00 crore across various grants.

Out of the total surrendered amount of ₹33,439.82 crore, ₹14,856.21 crore (Net) was surrendered on the last day (31 March 2024), with 101 cases more than ₹10 crore amounting to ₹15,543.60 crore indicating inadequate financial controls.

In 14 voted grants under Revenue section and three voted grants under loan section, savings amounting to ₹429.08 crore were not surrendered.

In 24 Grants/Appropriations, there were persistent savings of more than five *per cent* of the total grant during the last five years.

(Paragraph 3.6.1.5)

Expenditure exceeded the provision

During 2023-24, expenditure exceeded the overall grant provision under four Grants and it requires regularisation.

(Paragraph 3.6.1.6 (a))

Regularisation of excess expenditure of previous years

Excess expenditure of ₹968.12 crore relating to 2019-20 to 2023-24 was yet to be regularised.

(Paragraph 3.6.1.6 (b))

Major Policy announcements in budget and their actual funding for ensuring implementation

Analysis of Budget speech 2023-24 revealed that some of the announcements made during the budget failed to translate into budget provision and in respect of some schemes, the provisions were fully or partially remained unutilised. Most of the announcements were continuations or extensions of existing schemes.

(Paragraph 3.6.2.2)

Rush of Expenditure

An amount of ₹7,280 crore under 142 sub-heads for which total provision more than ₹ one crore was fully expended during the month of March 2024. Further, in two grants more than 50 *per cent* of expenditure was incurred in the month of March 2024. This violates the provisions of Article 39 of the Tamil Nadu Financial Code.

(Paragraph 3.6.2.3)

3.10 Recommendations

- (i) Gender Budget Cells should be formed in all departments so as to identify all women-oriented schemes and to prepare Gender Budget Statement in a holistic manner.*
- (ii) Scheduled Castes Sub Plan and Tribal Sub Plan should be provided adequate provision in proportion to the population of Scheduled Caste and Scheduled Tribes in the State and should ensure that the funds are fully utilised.*
- (iii) Government should establish a proper control mechanism to ensure that expenditure should not be incurred without provisions and unnecessary supplementary provisions should not be made.*
- (iv) To enforce proper implementation and monitoring of the budget mechanism, ensuring the identification of anticipated savings and their surrender within the specified timeframe, so that the funds can be utilized for other development purposes.*
- (v) Government should ensure that adequate provisions were made for major policies /schemes announced in the Budget.*
- (vi) Government should institute appropriate control mechanism to avoid last minute surrender as well as rush of expenditure. It should ensure continuous monitoring of the progress of expenditure through the Business Intelligence module of IFHRMS.*