A decorative graphic of a horizontal scroll with a light gray background and a dark blue border. The scroll is partially unrolled at both ends, with the unrolled portions showing a light gray background. The text is centered on the scroll.

CHAPTER III

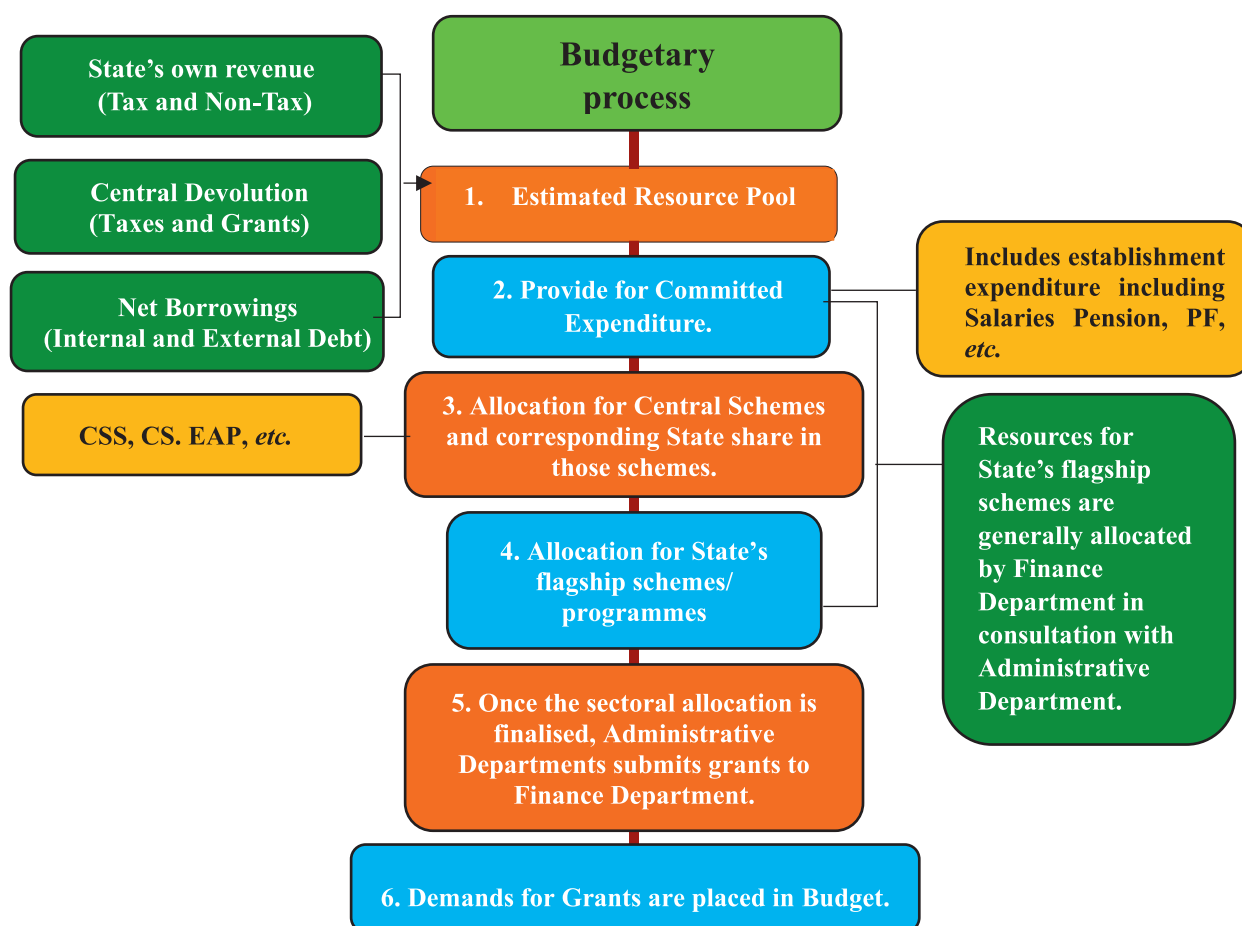
BUDGETARY MANAGEMENT

CHAPTER III

BUDGETARY MANAGEMENT

3.1 Budget Process

As per Article 202 of the Constitution of India, a statement of the estimated receipts and expenditure of the State for a financial year has to be laid before the Legislature. This statement is known as the 'Annual Financial Statement' and is commonly referred to as 'Budget'. A typical budget preparation process is given in the flow chart below:



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

The rules regarding the preparation, examination and consolidation of the budget estimates and their passage through the Legislature are contained in Kerala Budget Manual.

The preparation of budget for the year 2023-24 started with the issuance of circular (July 2022) by the Budget Wing of the Finance Department as prescribed in paragraph 3(1) of KBM. All the Heads of Departments and other Estimating Officers were directed to take immediate steps for the formulation of Budget Estimates as prescribed in paragraph 31 of KBM.

The proposals for the Budget Estimates have to be furnished through a web base application namely 'Budget Monitoring System'(BMS) to Finance Department and Administrative Department on the dates prescribed by the Finance Department.

The Administrative Department scrutinise (paragraph 3(2) of KBM) the proposal for Estimates and forward their comments to the Finance Department within ten days of the receipt of the Estimates.

As soon as the Departmental Estimates are received, they are scrutinised (paragraph 3(3) of KBM) by the Finance Department minutely, in the light of the comments of the Administrative Departments, the figures of actual expenditure made available by the Accountant General, and the information available with the Finance Department and modified, wherever necessary.

The procedure for obtaining supplementary appropriations are also contained in paragraph 89 of KBM. Paragraph 62 of KBM prescribes about the distribution of appropriations among controlling and disbursing officers.

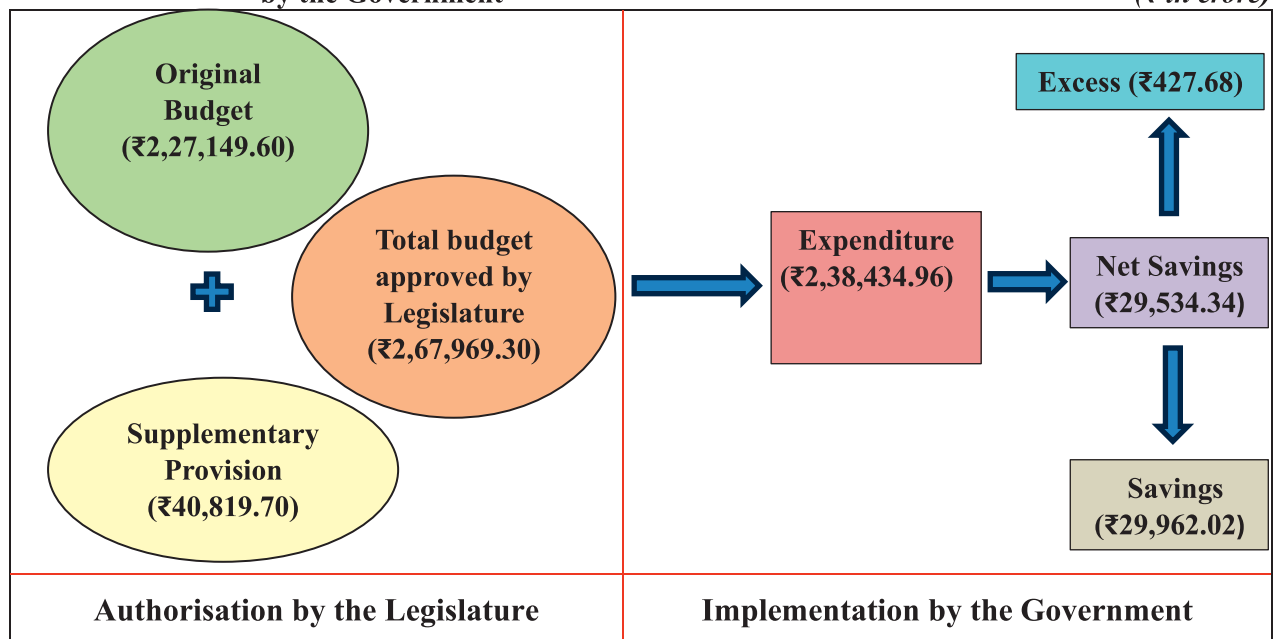
As per the provisions contained in paragraph 69 of the KBM, the control of expenditure is exercised by the Administrative Departments through the hierarchy consisting of the Chief Controlling Officer, the Subordinate Controlling Officer and the Disbursing Officer.

Apart from supplementary grant, re-appropriation can also be used to re-allocate funds within a Grant in accordance with the procedure mentioned in paragraph 86(3) of KBM.

The Annual Budget is tabled in the State Legislature by the Finance Minister each year. On 3rd February 2023, Kerala's Finance Minister presented the State Budget in the State Legislature for the financial year 2023-24.

The various components of expenditure authorised by the Legislature and implemented by the Government are depicted in **Chart 3.1**.

Chart 3.1: Expenditure authorised by the Legislature and actual implementation by the Government (₹ in crore)



Source: Compilation from VLC data

The Appropriation Accounts depicted an overall savings of ₹29,962.02 crore offset by excess of ₹427.68 crore during the year 2023-24 resulting in net savings of ₹29,534.34 crore. The Budget and the actual expenditure are shown in **Table 3.1** below:

Table 3.1: Budget vs Actuals*(₹ in crore)*

Sl No.	Budget		Actual Expenditure	Savings
	Original	Supplementary		
1	2,27,149.60	40,819.70	2,38,434.96	29,534.34

Source: Appropriation Accounts for the financial year 2023-24

The overall savings seen from above works out to ₹29,534.34 crore. It is also pertinent to mention here that the actual receipt in the Consolidated Fund was ₹2,29,603.32 crore and the actual expenditure (as per Finance Accounts 2023-24) was ₹2,33,872.35 crore during the year. This had led to deficit of ₹4,269.03 crore in the Consolidated Fund, which was met from the surplus in Public Account (₹4,361.70 crore). Thus, the savings as worked out here (₹29,534.34 crore) is actually a notional savings, which had happened due to overestimation of budget, indicating poor budgetary management.

3.2 Gender Budgeting in Kerala

Gender Budget of the State discloses the expenditure proposed to be incurred within the overall budget on schemes, which are designed to benefit women fully or partly. In Kerala, the Annual Gender Budget statements have been presented with general Budget documents every year since 2017-18. Gender Budget 2023-24 is the seventh in this sequence and is prepared by Kerala State Planning Board.

Gender Budget has two Parts: Part A includes 90 to 100 *per cent* women specific schemes and Part B includes less than 90 *per cent* women specific schemes. The total allocation earmarked for women across different departments for the period from 2019-20 to 2023-24 under Part A and Part B schemes along with their percentage to total budget allocation and State Plan outlay is shown in **Table 3.2**.

Table 3.2: Comparison of category wise Gender Budget allocation against Total State Plan outlay excluding allocation to Local Bodies from 2019-20 to 2023-24*(₹ in crore)*

Description		2019-20	2020-21	2021-22	2022-23	2023-24
Total Budget allocation (original)		1,60,613.01	1,70,431.18	2,15,813.79	2,30,278.70	2,27,149.60
Total Plan outlay*		23,110.00	20,707.00	20,607.00	22,322.00	22,112.00
Percentage of Plan outlay to Original Budget Provision		14.39	12.15	9.55	9.69	9.73
Total Part 'A' scheme allocation**	No. of Schemes	90	88	96	89	89
	Amount	1,420.15	1,509.33	1,346.91	1,619.82	1,479.53

Description		2019-20	2020-21	2021-22	2022-23	2023-24
Total Part 'B' scheme allocation	No. of Schemes	149	160	202	203	211
	Amount	2,461.48	2,300.54	2,678.49	3,045.38	3,190.69
Percentage of Part 'A' scheme to Total Plan outlay		6.15	7.29	6.54	7.26	6.69
Percentage of Part 'B' scheme to Total Plan outlay		10.65	11.11	13.00	13.64	14.43

Source: Gender and Child Budget document 2023-24

* Excludes allocation to Local Bodies

**Includes allocation for Transgenders: ₹6.4 crore in 2023-24, ₹5.8 crore in 2022-23 and ₹ five crore in 2019-20 to 2021-22

Gender Budget 2023-24 has an allocation of ₹4,670.22 crore within a total plan outlay of ₹22,112 crore. This constitutes 21.12 *per cent* of the total Plan outlay. Within this, the Part A (that covers 90 to 100 *per cent* women specific schemes) has an allocation of ₹1,479.53 crore (6.69 *per cent*) and the Part B (includes all the schemes in which the allocation of budgetary resources is less than 90 *per cent*) has an allocation of ₹3,190.69 crore (14.43 *per cent*). The percentage of Part A schemes to total plan outlay showed a fluctuating trend over the years with a decrease from 7.26 *per cent* in 2022-23 to 6.69 *per cent* in 2023-24. However, part B schemes showed an increased trend both in budgetary allocation and no. of schemes over the five-year period.

During 2023-24, an amount of ₹1,479.53 crore was allocated in Part A category for 89 schemes under 13 grants. Scrutiny of the performance of Part A schemes included in Gender Budget (2023-24) furnished by State Planning Board (October 2024) revealed that there were aggregate savings above 78.44 *per cent* of the total budget provision in 18 schemes under seven grants as shown in **Appendix 3.1**.

In seven women specific Part A schemes as shown in **Table 3.3**, the entire budget provision remained unutilised during 2023-24.

Table 3.3: Women specific Part A schemes in which entire budget provision remained unutilised

(₹ in crore)

Sl No.	Scheme	Budget Allocation	Objective of the Scheme
1	2204-00-104-97-V-P- Assistance to Kerala State sports Council (Women football academy)	0.20	To set up an academy to raise the standard of women's football in Kerala at the national level.
2	2204-00-104-97-V-P- Assistance to Kerala State sports Council (Women volleyball academy)	0.40	For the development and growth of women volleyball at the grassroot level.
3	4216-80-201-93-V-P-PG Hostel for Women	1.00	The scheme is for providing better, safe and secure accommodation facilities to the working women/ those pursuing higher studies at affordable rates.

Sl No.	Scheme	Budget Allocation	Objective of the Scheme
4	4250-00-201-91-V-P- Studio Apartment for working Women in urban Area	0.50	For providing single apartment unit which includes bed space, living space, kitchenette <i>etc.</i> for single and married women workers.
5	2225-01-102-91-V-P- Valsalyanidhi	10.00	The scheme is to provide an insurance linked social security scheme for SC girl child. The entire insurance premium is paid by State Government. The insurance schemes which attain maturity when the child attains 18 years of age can be used for higher education and for settling in life.
6	2225-02-102-76-V-P- Tribal Girl Child Endowment Scheme (Gothra Valsalyanidhi)	1.00	The scheme is to provide social and economic security to tribal girl child during various phases of her life. The insurance schemes which attain maturity when the child attains 18 years of age can be used for higher education and for settling in life.
7	5055-00-800-73 (02)-V-P- Vehicle Tracking platform for safety and enforcement under Nirbhaya framework (VLTPS Nirbhaya Scheme)	4.00	The scheme envisages enhancing the safety of the women and the girl children by equipping all the public passenger transport vehicles with Vehicle location Tracking device and emergency buttons for real time 24X7 monitoring and tracking of vehicles in case of emergency.

Source: Reply furnished by State Planning Board and Appropriation Accounts 2023-24

Table 3.3 indicates that the targeted beneficiaries were deprived of the intended benefits of the above women-specific schemes during 2023–2024 due to the lack of progress in their implementation during the year.

The Government should proactively look into schemes where the intended benefits could not be extended to the targeted women beneficiaries. Unless the provisions and allocations for gender budgeting are translated into effective implementation of the schemes followed by robust monitoring mechanism, the entire objective of gender budgeting would remain defeated.

3.3 Child Budget

The projects for the development and welfare of children (as per UN Convention-human beings below the age of 18 years) are compiled and included in the Gender Budget as Child Budget Statement. In order to achieve the same, focus is given to the four pillars (i) the right to survival, (ii) the right to protection, (iii) the right to development and (iv) the right to participation. The total allocation earmarked for child centric schemes across different departments for the period 2019-20 to 2023-24 are shown in the **Table 3.4**.

Table 3.4: Budget allocation for child centric schemes from 2019-20 to 2023-24
(₹ in crore)

Description		2019-20	2020-21	2021-22	2022-23	2023-24
Total Plan outlay*		23,110.00	20,707.00	20,607.00	22,322.00	22,112.00
Child Budget Schemes	No. of Schemes	83	88	89	99	90
	Amount	1,781.52	1,847.33	1,896.35	2,063.88	1,647.53
As a Percentage to Total Plan outlay		7.71	8.92	9.20	9.25	7.45

Source: Gender and Child Budget document 2023-24

* Excludes allocation to Local Bodies

The Child Budget 2023-24 has an allocation of ₹1,647.53 crore, which constitutes 7.45 per cent of the total allocation (excluding allocations under Local Self Government Institutions) and is spread across 90 schemes.

The percentage of allocation of child centric schemes to total plan outlay, which was on an increasing trend since 2019-20, decreased sharply in 2023-24 to 7.45 per cent of the total plan outlay. The number of child centric schemes also dropped to 90²⁴ in 2023-24 as compared to 99 schemes in 2022-23.

During 2023-24, an amount of ₹1,647.53 crore was allocated in child centric schemes for 90 schemes under nine grants. Scrutiny of the performance of child centric schemes included in Gender Budget (2023-24) furnished by State Planning Board (October 2024) revealed that there were aggregate savings above 53.80 per cent of the total budget provision in 18 schemes as shown in **Table 3.5** below. The details of Schemes are given in **Appendix 3.2**

Table 3.5: Savings under child centric schemes

(₹ in crore)

Sl No.	Grant	No. of Schemes	Budget Provision	Expenditure incurred	Savings	Percentage of savings
1	17-Education, Sports, Art and culture	9	76.54	37.37	39.17	51.18
2	18-Medical and Public Health	1	1.00	0.23	0.77	77.00
3	25-Welfare of Scheduled castes, scheduled tribes, other Backward classes and Minorities	4	23.00	4.34	18.66	81.13
4	46-Social Security and Welfare	4	85.50	44.01	41.49	48.53
	Total	18	186.04	85.95	100.09	53.80

Source: Reply furnished by State Planning Board and data from Appropriation Accounts 2023-24

²⁴ The major schemes which were removed during 2023-24 are Additional state assistance to post matric students; Other Eligible Communities (OEC) post matric assistance; Skill training; Reimbursement of fees to minority students in various training programmes; Post matric hostels for ST students; Post – Matric scholarships for students from economically weaker sections of Forward Communities.

The Child centric schemes having high percentage of savings are Jawahar Bala Bhavan (82 *per cent*), State Nutritional and Diet Related Intervention Programme (77 *per cent*), Special Projects (73 *per cent*), Assistance to Directorate of General Education (Department)(73 *per cent*) and Construction of Anganwadi buildings with LSGD (65 *per cent*).

3.4 Performance Budgeting

As per paragraph 53 of Kerala Budget Manual, Performance budgeting is essentially a technique of presenting the operations of Government in both financial and physical terms, thus enabling evaluation of the performance of each department. It provides a meaningful classification of the activities of Government, that serves to establish a proper relationship between inputs and outputs.

The Public Accounts Committee (PAC), in its 140th report for the period 2008-11, has recommended to introduce the Performance Budgeting in all the departments dealing with development activities in a time bound basis. Subsequently, the State Government as per orders of January 2014 decided to introduce the performance budgeting in six departments as an initial step and this was also included in the Statement of Action Taken on the recommendation of the PAC. However, it is seen that performance budget of only three departments, namely Agriculture Development & Farmers Welfare department, Forest & Wildlife department and Water Resources department is prepared and presented along with the budget papers as against the recommendation of 140th report of PAC.

The Finance Department replied (October 2024) that the recommendation in the 140th report of the PAC for the period 2008-11 to introduce performance budgeting in more departments that deal with developmental activities is under examination by the Government. State Government also replied (December 2024) that Performance Budgeting was limited to three departments as considerable volume of human resources was required to implement the performance budgeting in more departments. Finance Department is however preparing real time field evaluation report of important Government schemes in selected departments every year (Concurrent Evaluation and Monitoring of Schemes - CEMS) and placing it before the Legislative Assembly.

The reply is not tenable as even after a lapse of 14 years since the recommendations of the PAC, the State Government implemented the Performance Budgeting documents along with the Budget only for three Departments. There is a need to bring the budgets of more departments in line with performance budgets.

3.5 Summary of Appropriation Accounts 2023-24

At the end of the financial year, the office of the Accountant General (A&E) prepares Appropriation Accounts along with Finance Accounts. Appropriation Accounts are accounts of expenditure during a financial year compared with the sums specified in the schedules to Appropriation Act passed under Article 204 and 205 of the Constitution. Appropriation Accounts thus facilitate the understanding of utilization of funds, the management of finances and

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

This chapter is based on the audit of Appropriation Accounts of the State which compares the allocative priorities in the various schedules of the Appropriation Act with actual expenditure.

3.5.1 Reconciliation between Finance Accounts and Appropriation Accounts

As the grants and appropriation in Appropriation Accounts are for gross amounts required for expenditure, the expenditure figures shown against them do not include recoveries of overpayments (ROP) pertaining to previous years adjusted in the accounts in reduction of expenditure. However, ROPs are deducted from the Gross expenditure and only the net expenditure figures are shown in the Finance Accounts.

As per Para 3.10 and 4.3 of General Directions contained in List of Major and Minor Heads (LMMH) of Controller General of Accounts, Recoveries of Overpayments pertaining to previous year(s) under Revenue Expenditure are to be recorded under the distinct minor head 'Deduct Recoveries of Overpayments (code 911)', below the concerned Major/ Sub Major head and in the case of Capital Expenditure 'Deduct-Receipts and Recoveries on Capital Account' are to be opened, wherever necessary below the relevant minor head under various Capital Major/Sub Major heads where the expenditure was initially incurred.

The reconciliation between the total expenditure as per Appropriation accounts for the year 2023-24 and that shown in the Finance accounts for that year is given in **Table 3.6** below:

Table 3.6: Comparison of figures in Appropriation accounts and Finance Accounts

(₹ in crore)

Particulars	Revenue Voted	Capital Voted	Revenue Charged	Capital Charged	Total
Figures as per Appropriation Accounts	1,19,482.70	16,948.02	27,535.85	74,468.39	2,38,434.96
Deduct recoveries	4,388.03	169.23	4.18	1.17	4,562.61
Figures as per Finance Accounts	1,15,094.67	16,778.79	27,531.67	74,467.22	2,33,872.35

Source: Appropriation Account 2023-24

3.5.2 Summary of total budget provision, actual disbursements and savings/ excess during the financial year

The State was authorised to incur expenditure through 45 Grants and two Appropriations during 2023-24. Grants include either revenue or capital heads of expenditure or both. While 14 out of 45 Grants contain only voted items of expenditure, 31 Grants contained both voted and charged items of expenditure. Of the two charged appropriations, debt charges are revenue in nature whereas Public debt repayment are capital in nature. A summarised position of total budget provision and disbursement with its further bifurcation into voted/ charged during the year 2023-24 is given below in **Table 3.7**.

Table 3.7: Number of Grants/ Appropriations operated by the State in 2023-24
(₹ in crore)

Sl No.	Description	Total No. of Grants/ Appropriations	Items of Expenditure	Budget Provision			Disbursements		
			Voted/ Charged	Revenue	Capital	Total	Revenue	Capital	Total
A	Grants	45	Voted/ Charged	1,41,769.73	20,977.58	1,62,747.31	1,19,912.24	17,050.57	1,36,962.81
B	Appropriations	2	Charged	27,045.65	78,176.33	1,05,221.98	27,106.31	74,365.84	1,01,472.15
Total (A+B)		47		1,68,815.38	99,153.91	2,67,969.29	1,47,018.55	91,416.41	2,38,434.96

Source: Appropriation Accounts

There were variations of 11.02 per cent between the total budget provision under grants/appropriations and expenditure incurred, leading to a net savings of ₹29,534.34 crore as shown in Table 3.8 below.

Table 3.8: Grants and Appropriations with excesses and savings

(₹ in crore)

Sl No.	Description	Total No. of Grants/ Appropriations	Savings			Excess			Net savings
			Revenue	Capital	Total	Revenue	Capital	Total	
1	2	3	5	6	7	8	9	10	11
A	Grants	45	21,869.92	4,281.60	26,151.52	12.42	354.60	367.02	(-) 25,784.50
B	Appropriations	2	0	3,810.50	3,810.50	60.66	0	60.66	(-)3,749.84
Total (A+B)		47	21,869.92	8,092.10	29,962.02	73.08	354.60	427.68	(-)29,534.34

Source: Summary of Appropriation Accounts

3.5.3 Charged and Voted Disbursements

The summarised position of voted and charged disbursements for the period from 2019-20 to 2023-24 is shown in Table 3.9.

Table 3.9: Charged and Voted disbursements during the five-year period 2019-2024

(₹ in crore)

Sl No.	Year	Provisions		Disbursements		Savings(-)/ excess(+) (as a percentage of provision)	
		Voted	Charged	Voted	Charged	Voted	Charged
1	2019-20	1,31,064.55	63,398.06	1,00,174.27	63,641.53	(-) 30,890.28(24)	(+) 243.47(0.4)
2	2020-21	1,43,219.41	65,727.38	1,24,436.83	60,440.56	(-) 18,782.58(13)	(-) 5,286.82(8)
3	2021-22	1,60,240.49	76,775.63	1,45,510.41	59,940.99	(-) 14,730.08(9)	(-)16,834.64(22)
4	2022-23	1,65,469.06	82,159.71	1,40,942.23	61,929.70	(-) 24,526.83(15)	(-) 20,230.01(25)
5	2023-24	1,62,084.38	1,05,884.92	1,36,430.73	1,02,004.23	(-) 25,653.65(16)	(-) 3,880.69(4)

Source: Appropriation Accounts for the respective years

The percentage of unspent provision under voted section reduced sharply from 24 *per cent* in 2019-20 to nine *per cent* in 2021-22 and thereafter increased to 15 and 16 *per cent* during 2022-23 and 2023-24 respectively. The percentage of unspent provision in charged section, which was on an increasing trend from eight *per cent* in 2020-21 to 25 *per cent* in 2022-23, decreased to four *per cent* in 2023-24, indicating improved budget estimation in the charged expenditure.

3.5.4 Budget marksmanship

Budget Marksmanship is about examining the relations between the budget projections of revenue and expenditure against actual receipt and spending. The World Bank's Public Expenditure and Financial Accountability (PEFA) measures the Budget Reliability in terms of Aggregate Expenditure Outturn and Expenditure Composition Outturn.

3.5.4.1 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. During 2023-24, out of 45 Grants and two appropriations, the provision under revenue section was made in 44 grants and one appropriation and provision under Capital section was made in 29 grants and one appropriation. Summarised position of original provision and its deviation from the actual outturn during the year 2023-24 is shown in **Table 3.10**.

Table 3.10: Extent to which the actual expenditure reflects the original approved Budget

(₹ in crore)

Description	Original Approved Budget (BE)	Actual Outturn	Difference between Actual and BE*	Percentage of deviation in Actual Outturn with BE
Revenue	1,60,870.77	1,47,018.55	(-) 13,852.22	(-) 8.61
Capital	66,278.83	91,416.41	25,137.58	37.93
Total	2,27,149.60	2,38,434.96	11,285.36	4.97

Source: Appropriation Accounts

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

In the Revenue section, deviation in outturn compared with BE was 8.61 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 31 grants and one appropriation, between ± 25 to ± 50 *per cent* in nine grants, between ± 50 *per cent* and ± 75 *per cent* in one grant, between ± 75 *per cent* and ± 100 in one grant and more than 100 *per cent* in two grants.

In Capital section, deviation in outturn compared with BE was 37.93 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in five grants, between ± 25 and ± 50 *per cent* in 12 grants, between ± 50 *per cent* and ± 75 *per cent* in nine grants and one appropriation, between ± 75 *per cent* and ± 100 in one grant and more than 100 *per cent* in two grants.

3.5.4.2 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.

Summarised position of original provision and actual outturn and their deviation from the revised estimate is shown in **Table 3.11**.

Table 3.11 Extent to which the re-allocation (Revised Estimate) between the budget categories contributed to variance in Actual expenditure

(₹ in crore)

Description	Original Approved Budget (BE)	Revised Estimate (RE)	Actual	Difference between BE & RE	Difference between Actual and RE*	Percentage of deviation in Actual Outturn with RE
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue	1,60,870.77	1,52,451.43	1,47,018.55	(-) 8,419.34	(-) 5,432.88	(-) 3.56
Capital	66,278.83	95,176.13	91,416.41	28,897.30	(-) 3,759.72	(-) 3.95
Total	2,27,149.60	2,47,627.56	2,38,434.96	20,477.96	(-) 9,192.60	(-) 3.71

Source: Appropriation Accounts

*Excess of actuals over revised estimate is denoted as (+) figure and shortage of actuals over revised estimate is denoted as (-) figure

In Revenue section, deviation in outturn compared with RE was (-) 3.56 per cent. This was due to deviation between 0 and ± 25 per cent in 39 grants and one appropriation, and between ± 25 per cent and ± 50 per cent in five grants.

In Capital section, deviation in outturn compared with RE was (-) 3.95 per cent. This was due to deviation between 0 and ± 25 per cent in 11 grants and one appropriation, between ± 25 per cent and ± 50 per cent in 11 grants, between ± 50 per cent and ± 75 per cent in three grants, between ± 75 per cent and ± 100 per cent in three grants and more than 100 per cent in one grant. No provision in capital section, was made in respect of 16 grants²⁵ and one appropriation.

3.6 Appropriation Accounts 2023-24

Audit of Appropriations by the CAG of India seeks to ascertain

- Whether the expenditure actually incurred under various Grants is in accordance with the authorisation given in the Appropriation Act.
- Whether the expenditure required to be charged under the provisions of the Constitution is so charged.
- Whether the expenditure incurred is in confirmation with laws, relevant rules, regulations and instructions.

The results of audit scrutiny of Appropriation Accounts are detailed in the subsequent paragraphs.

²⁵ Grant no. 1 to 11, 13,16,19,26 & 43 and Appropriation 'Debt Charges'

3.7 Comments on integrity of Budgetary and Accounting process

3.7.1 Non-regularisation of expenditure incurred by way of additional authorisation

Paragraph 95(3) of the KBM provides for additional authorization of funds by the Administrative Department with the concurrence of the Finance Department in cases not involving 'new service' and where the requirement of funds is urgent and expenditure cannot be postponed till the supplementary grants of next batch are voted. But all such cases are required to be regularised before the close of the financial year by providing additional funds to cover the expenditure either through re-appropriation or by obtaining supplementary grant. Further, Article 205 of the Constitution also necessitate regularisation of the excess expenditure.

A scrutiny of Appropriation Accounts for the year 2023-24 has revealed that in seven schemes an expenditure of ₹303.84 crore was incurred in excess of the net budget which was not regularised either by Supplementary demands or by issuing re-appropriation orders as shown in **Table 3.12** below:

Table: 3.12: Expenditure incurred by way of additional authorisation pending regularisation

(₹ in crore)

Sl No	Grant name	Scheme	Original Grant	Supplementary Grant	Total Grant	Reappropriation Net	Net budget	Expend - iture	Final excess
1	09-Taxes On Vehicles	2041-00-001-96-V-NP-FAST (Fully Automated Services of Transport Department)	16.00	0.00	16.00	2.51	18.51	24.01	5.50
2	12-Police	4055-00-211-96-V-P-Housing for Police Personnel above or as part of Police Stations in Urban Areas	0.00	0.00	0.00	10.76	10.76	48.00	37.24
3	15-Public Works	3054-80-001-97-C-NP-Execution	0.01	0.00	0.01	0.09	0.10	0.15	0.05
4	25-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	2225-02-277-29-V-P-Post metric Scholarship for Scheduled Tribe Students (75 % CSS)	35.00	0.00	35.00	8.28	43.28	50.12	6.84

Sl No	Grant name	Scheme	Original Grant	Supplementary Grant	Total Grant	Reappropriation Net	Net budget	Expend - iture	Final excess
5	38-Irrigation	4711-02-103-93-C-P-Coastal Zone Management Works under Twelfth Finance Commission Award	0.00	0.00	0.00	1.59	1.59	1.93	0.34
6	40-Ports	5051-01-001-99-V-P-Development of Vizhinjam Deep Water International Transshipment Terminal	0.01	114.03	114.04	61.03	175.07	259.10	84.03
7	41-Transport	7055-00-190-99-V-P-Loans to Kerala State Road Transport Corporation	0	484.87	484.87	1410.85	1895.72	2065.57	169.84
Total			51.02	598.9	649.92	1,495.11	2,145.03	2,448.88	303.84

Source: Appropriation Accounts

The expenditure of ₹303.84 crore incurred against the strength of additional authorisation was not regularised during 2023-24 in above schemes leading to an excess expenditure of ₹303.84 crore.

State Government replied (December 2024) that as the expenditure was unavoidable, the Government had to incur expenditure through additional authorisation. As there were no savings under the grant, and the final Supplementary Demand for Grant for obtaining approval of Legislature was finalised prior to the incurrence of the expenditure, the excess expenditure could not be regularised.

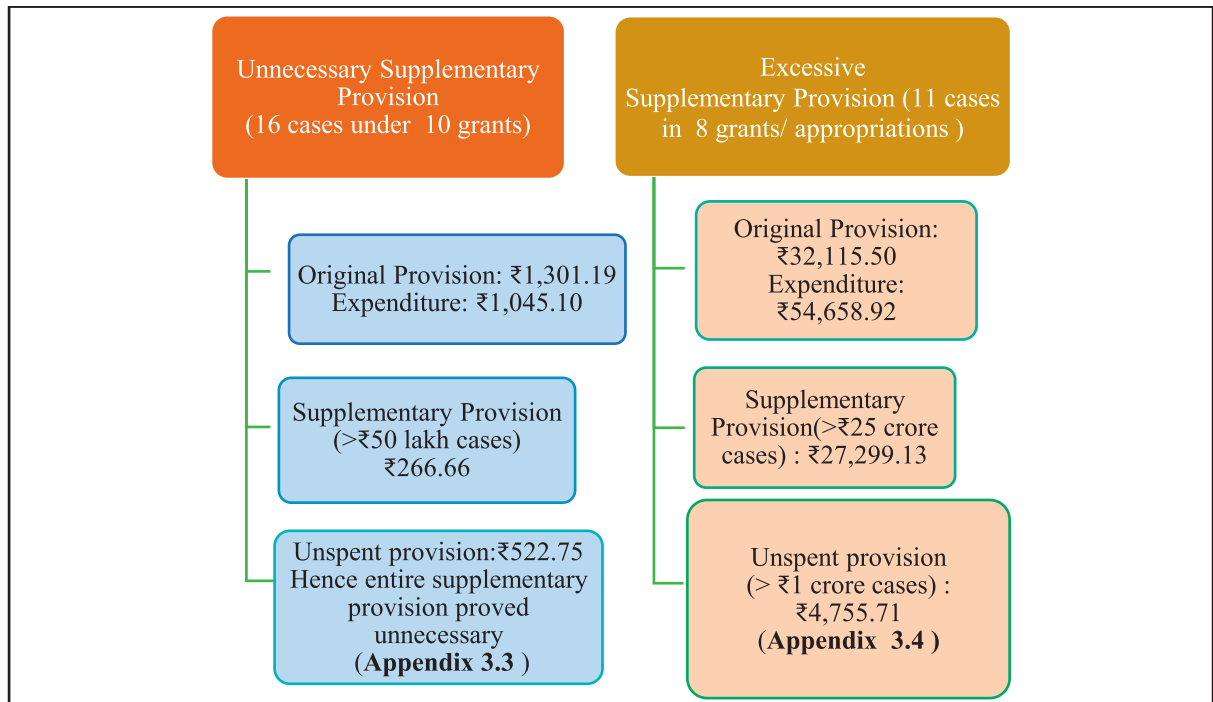
The reply is not tenable as incurring of expenditure by the department on the strength of additional authorisation without regularising it either through re-appropriation or by obtaining supplementary grant is in violation of the provision of paragraph 95(3) of the KBM. Also, the excess expenditure incurred above the grants approved by the State Legislature is in violation of the Article 205 of the Constitution of India.

3.7.2 Unnecessary /Excessive supplementary grants

Test checked cases of supplementary provisions showed instances of unnecessary and excessive provisions (**Appendix 3.3** and **Appendix 3.4**) as detailed in **Chart 3.2**.

Chart 3.2: Unnecessary/Excessive Supplementary provision

(₹ in crore)



Source: Compilation from VLC data

From the above, it was noticed that there were instances where supplementary provision provided were wholly unnecessary as the expenditure did not come up even to the level of original provision. There were also instances of excessive supplementary provision as the expenditure did not come up to the level of total budget (original provision plus supplementary provision) leading to net savings under the schemes.

Finance department replied (October 2024) that instances of unnecessary Supplementary Supplementary Grants point to the lapses on the part of the Controlling Officers, who are primarily responsible for furnishing proposal for Supplementary Grants/ appropriations that has to be prepared with utmost care and caution. The State Government stated that the borrowing consent for an amount of ₹13,608 crore was received in the mid of March 2024, which was expected during January 2024 . This resulted in lack of sufficient liquidity leading to curtailment of expenditure by the State Government and was the main reason for the savings in Supplementary provision.

The reply is not tenable as the Supplementary grant of ₹40,775.61 crore (99.89 per cent of the total supplementary grant for 2023-24) obtained through final Supplementary Demand for Grant was passed only on 24 February 2024 leaving only a limited period for utilisation of the funds.

The State Government should ensure that supplementary estimates are made based on realistic requirements and obtained in time.

3.7.3 Unnecessary/ Excessive/ insufficient re-appropriation of Funds

As per Paragraph 83 of KBM, re-appropriation is transfer of funds within a Grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. 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.

Audit scrutiny of re-appropriations of above ₹one crore in schemes having final savings of above ₹25 crore disclosed unnecessary and excessive re-appropriations. There were cases of insufficient re-appropriations of above ₹one crore which resulted in final excess expenditure of above ₹one crore indicating inaccurate and unrealistic budgeting. The results of audit scrutiny are discussed below.

- In 16 schemes under seven grants, additional funds (cases above ₹one crore) of ₹638.68 crore provided by way of re-appropriations proved unnecessary (**Appendix 3.5**), as the expenditure did not come up to the level of original provision which resulted in savings (cases above ₹25 crore) of ₹1,440.69 crore.
- In six cases under six grants, additional funds (cases above ₹one crore) of ₹729.61 crore provided through re-appropriations were excessive (**Appendix 3.6**) resulting in unspent provision (cases above ₹25 crore) of ₹506.07 crore.
- In 15 cases under eight grants and two appropriations, additional funds of ₹1,614.29 crore provided through re-appropriation (cases above ₹one crore) were insufficient (**Appendix 3.7**) and resulted in excess expenditure of ₹535.19 crore.

3.7.4 Unspent provisions against budget allocation and large savings/surrenders

As per para 14 of KBM, the estimates should always receive the careful personal attention of the officers who submit them, who should ensure that they are neither inflated nor underpitched, but as accurate as practicable. This is possible only if the Estimating Officers keep themselves thoroughly acquainted with the flow of revenue and expenditure. While provision should be made for all items that can be foreseen, it is essential that it is restricted to the amount required for actual expenditure during the year. The general tendency to underestimate expenditure should be avoided, and a realistic picture of the finances of the department presented.

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation / 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 deprives other Departments of the funds which they could have utilised.

3.7.4.1 Grants having large savings (savings above ₹100 crore and above) during 2023-24

There were 27 cases of unspent provisions, each exceeding ₹100 crore and above under 21 grants and one appropriation, which aggregated ₹28,355.55 crore. Large unspent provisions, i.e., more than ₹2,000 crore were noticed in Revenue Voted under 'Grant No. 43-Compensation and Assignments' (₹5,099.16 crore), 'Grant No. 46-Social Security and Welfare' (₹4,209.75 crore), 'Grant No. 36-Rural Development' (₹3,408.16 crore), Grant No. 17-Education, Sports, Art and Culture' (₹2,236.59 crore) and Capital Charged under Public Debt Repayment (₹3,810.49 crore) as indicated in **Appendix 3.8**.

Details of grants grouped by the percentage of utilisation along with total savings during 2023-24 are shown in **Table 3.13**.

Table 3.13: Grants/appropriations grouped by the percentage of utilisation

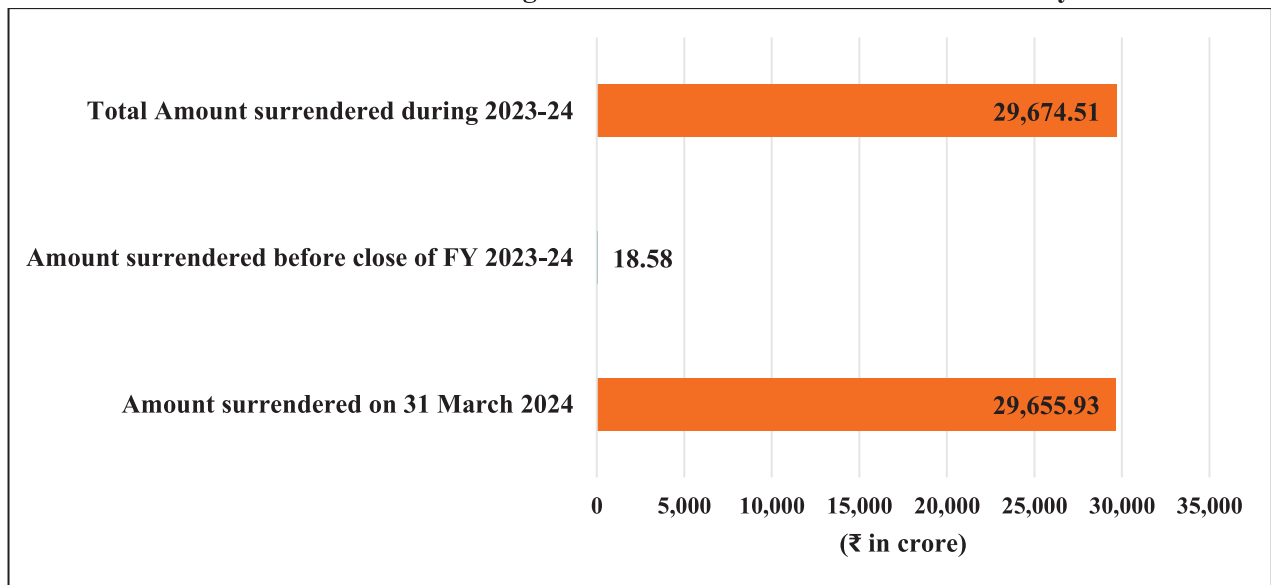
(₹ in crore)

Sl No.	Category (Budget Utilisation in percentage)	No. of Grant/ Appropriation	Provision	Expenditure	Savings(-) / Excess(+)
1	30-50	1	6,006.27	1,918.90	(-) 4,087.37
2	50-70	10	36,680.99	23,414.52	(-) 13,266.47
3	70-90	12	19,148.35	15,540.24	(-) 3,608.11
4	90-100	20	1,75,788.46	1,66,924.41	(-) 8,864.05
5	Above 100	4	30,345.23	30,636.89	291.66
	Total	47	2,67,969.30	2,38,434.96	(-) 29,534.34

Source: Compilation from VLC data

As per para 91 of KBM, all anticipated savings should be surrendered to the Finance Department, through the Administrative Department, explaining the reason thereof, immediately as they are foreseen, without waiting till the end of the year, unless they are required to meet excesses under other units, which are definitely foreseen at the time. In contravention to the above provision of KBM an amount of ₹18.58 crore only was surrendered before 31 March 2024 and a huge amount of ₹29,655.93 crore was surrendered on 31 March 2024 as shown in **Chart 3.3**.

Chart 3.3: Savings and surrenders before close of financial year 2023-24



Source: Appropriation accounts 2023-24

3.7.5 Excess expenditure and its regularisation

Article 204(3) of the Constitution provides that subject to the provisions of Articles 205 and 206, no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature.

Article 205(1) (b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess. This implies that, it is mandatory for a State Government to get excesses over Grants/ Appropriations regularised by the State Legislature for the financial year.

Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. Failure to do so is in contravention of constitutional provisions and defeats the objective of ensuring accountability by the Legislature over utilisation of public money by the Executive.

3.7.5.1 Excess expenditure relating to financial year 2023-24

As per para 97(1) of KBM, it is always the responsibility of the department administering a grant to ensure that the actual expenditure does not exceed the amount placed at its disposal by the Legislature. If expenditure over and above this amount becomes unavoidable, it is open to the department to obtain a supplementary grant before the close of the financial year. As such, excess expenditure which comes to notice after the expiry of the financial year is always looked upon as an irregularity.

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but also indicative of poor planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose.

A summary of excess disbursements over Grants/ Appropriations during 2023-24 are furnished in **Table 3.14**.

Table: 3.14: Summary of excess disbursements over Grants/ Appropriations during the year 2023-24 (₹ in crore)

Sl No.	Name of Department/Grant	Voted		Charged	
		Revenue	Capital	Revenue	Capital
1	9- Taxes on Vehicles	5.49			
2	12- Police		37.48		
3	15-Public Works			0.05	
4	25-- Welfare of Scheduled castes, scheduled tribes, other backward classes and minorities	6.89			
5	38-Irrigation				0.34
6	40-Ports		84.03		
7	41-Transport		232.74		
8	Debt Charges			60.66	
	Total Excess	12.38	354.25	60.71	0.34
	Grand Total	427.68			

Source: Summary of Appropriation Accounts

Excess expenditure incurred in seven grants and one appropriation amounting to a total of ₹427.68 crore requires regularisation.

Incurring expenditure in excess of Grants approved by the State Legislature is in violation of the Article 205 of the Constitution of India.

3.7.5.2 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining without regularisation for extended periods dilutes legislative control over the executive.

Year-wise details of excess expenditure to be regularised up to the year ending 31 March 2023 are shown in **Table 3.15**.

Table 3.15: Abstract of pendency of regularisation

(₹ in crore)

Sl No.	Year	Number of Grants/ Appropriations	Excess expenditure to be regularised
1	2016-17	3	45.54
2	2017-18	3	53.38
3	2018-19	3	40.97
4	2019-20	2	328.73
5	2020-21	14	1,462.79
6	2021-22	9	268.47
7	2022-23	3	2.23
Total		37	2,202.11

Source: Details collected from Public Accounts Committee (PAC) section

Excess expenditure of previous financial years amounting to ₹2,202.11 crore from the year 2016-17 to 2022-23 as detailed in **Appendix 3.9** are yet to be regularised. This is in violation of the Article 205 of the Constitution of India.

3.8 Comments on transparency of Budgetary and Accounting process

3.8.1 Unnecessary token provision in Original Grant

It was observed that from 2019-20 to 2023-24, token provisions were made in 30 subheads(schemes) persistently under various grants which remained token provisions without augmentation of the provisions through re-appropriations or Supplementary grant. The list of 30 schemes is detailed in **Appendix 3.10** and grant wise details are shown in **Table 3.16** below.

Table 3.16: Grants with the number of schemes where token provision was made repeatedly from 2019-20 to 2023-24 with no expenditure

Sl No.	Grant	No. of Subheads (Schemes)
1	17-Education, Sports, Art and Culture	4
2	15-Public Works	3
3	16-Pensions and Miscellaneous	3
4	25-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	3
5	37-Industries	3
6	12-Police	2
7	18-Medical and Public Health	2
8	28-Miscellaneous Economic Services	2
9	38-Irrigation	2
10	19- Family Welfare	1
11	24-Labour, Labour Welfare and Welfare of Non-Residents	1
12	29-Agriculture	1
13	41-Transport	1
14	46-Social Security and Welfare	1
15	Debt Charges	1
	Total	30

Source: Compilation from VLC data

The schemes were kept alive during the last five years without the budgetary implications being worked out or any expenditure being incurred over the years.

The State Government should review the schemes where repeated token provisions are made in the Budget estimates over the years.

State Government replied (December 2024) that maximum effort has been taken to avoid unnecessary token provision during preparation of Budget 2024-25.

3.9 Comments on effectiveness of Budgetary and Accounting process

3.9.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/ other receipts and public expenditure holds the balance for the achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprive other departments of the funds which they could have utilised. The total provision for expenditure in 2023-24 was ₹2,67,969.30 crore. The actual gross expenditure during the year was ₹2,38,434.96 crore. This resulted in total savings of ₹29,962.02 crore in 2023-24. An amount of ₹29,655.93 crore (99.94 *per cent*) was surrendered on 31 March 2024 and ₹18.58 crore (0.06 *per cent*) was surrendered before the close of the financial year.

Summarised position of Actual Expenditure *vis-a-vis* Budget (Original/ Supplementary) provisions during the financial year 2023-24 is given below in **Table 3.17**.

Table 3.17: Summarised position of Actual expenditure and Budget

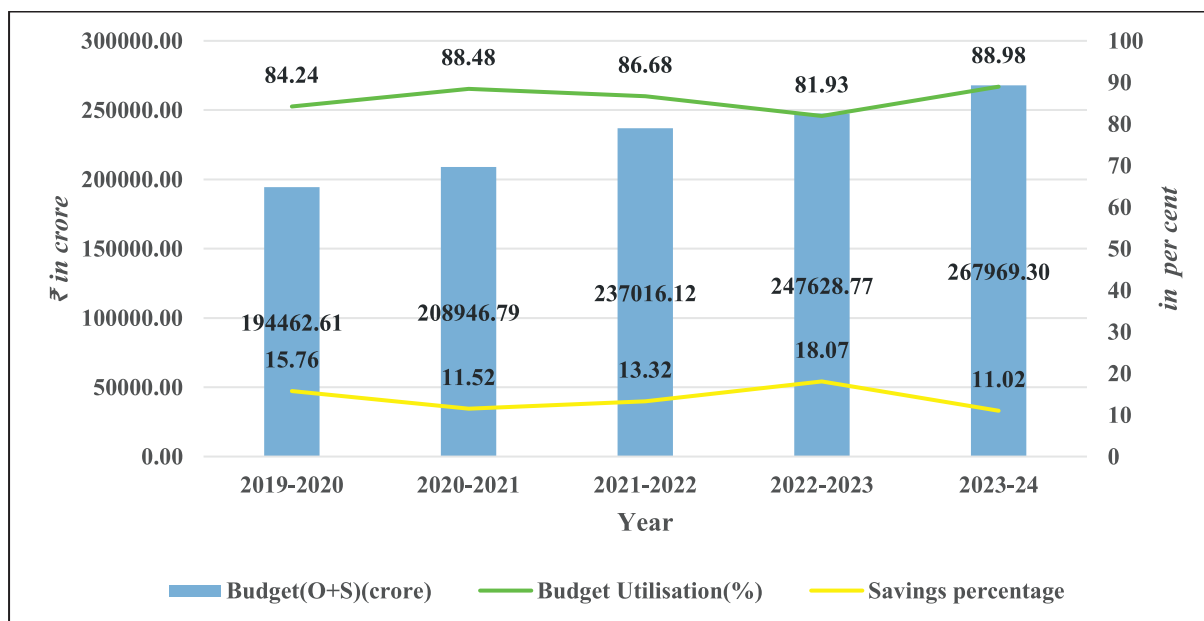
(₹ in crore)

Nature of expenditure		Original Grant/ Appropriation	Supple mentary Grant/Appropriation	Total	Actual expenditure	Savings (-)/ Excess (+)	percentage of expendi- ture to Provision
Voted	I. Revenue	1,33,992.46	7,250.32	1,41,242.78	1,19,482.70	(-)21,760.08	84.59
	II. Loans and Advances	2,122.51	630.68	2,753.19	3,295.70	542.51	119.70
	III. Capital	14,569.28	3,519.14	18,088.42	13,652.32	(-)4,436.10	75.48
Total		1,50,684.25	11,400.14	1,62,084.39	1,36,430.72	(-) 25,653.67	84.17
Charged	IV. Revenue	26,878.31	694.3	27,572.61	27,535.85	(-)36.76	99.87
	V. Public Debt	49,550.79	28,625.54	78,176.33	74,365.84	(-)3,810.49	95.13
	VI. Loans and Advances	0	7.57	7.57	0.02	(-)7.55	0.26
	VII. Capital	36.25	92.15	128.40	102.53	(-)25.87	79.85
Total		76,465.35	29,419.56	1,05,884.91	1,02,004.24	(-) 3,880.67	96.34
Appropriation to Contingency Fund (if any)		Nil	Nil	Nil	Nil	Nil	Nil
Grand Total		2,27,149.60	40,819.70	2,67,969.30	2,38,434.96	(-) 29,534.34	88.98

Source: Appropriation Accounts

The **Chart 3.4** displays the budget utilisation, the utilisation percentage in relation to budget allocation, and the percentage of savings for the period 2019–20 to 2023-24.

Chart 3.4: Budget Utilisation during 2019-20 to 2023-24



Source: Compilation from VLC data

From the **Chart 3.4** above, it is evident that the utilisation of budget provision ranged from 81.93 *per cent* to 88.98 *per cent* during the five-year period with the lowest recorded in 2022-23 and highest in 2023-24.

Trends in the original budget, revised estimate, and actual expenditure for the period 2019-20 to 2023-24 are given in **Table 3.18**.

Table 3.18: Trends in overall savings against overall provision

(₹ in crore)

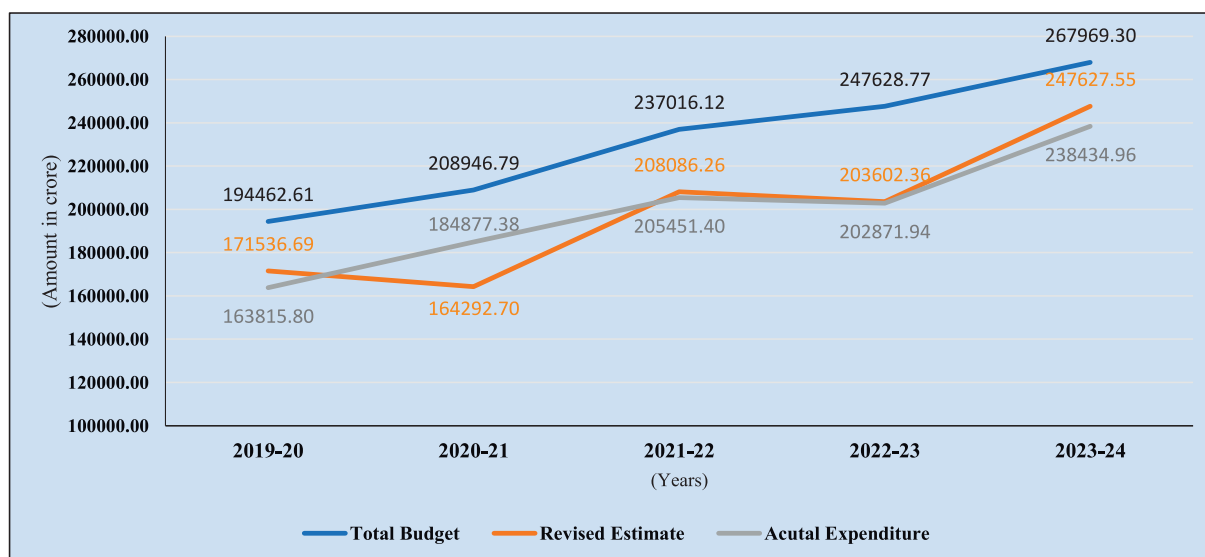
	2019-2020	2020-2021	2021-2022	2022-2023	2023-24
Original Budget	1,60,613.01	1,70,431.18	2,15,813.79	2,30,278.70	2,27,149.60
Supplementary Budget	33,849.60	38,515.61	21,202.33	17,350.07	40,819.70
Total Budget (TB)	1,94,462.61	2,08,946.79	2,37,016.12	2,47,628.77	2,67,969.30
Revised Estimate (RE)	1,71,536.69	1,64,292.70	2,08,086.26	2,03,612.36	2,47,627.56
Actual Expenditure (AE)	1,63,815.80	1,84,877.38	2,05,451.40	2,02,871.93	2,38,434.96
Savings	30,646.81	24,069.41	31,564.72	44,756.84	29,534.34
Percentage of Supplementary to the original provision	21.08	22.60	9.82	7.53	17.97
Percentage of overall Savings/excess to the overall provision	15.76	11.52	13.32	18.07	11.02
TB-RE	22,925.92	44,654.09	28,929.86	44,016.41	20,341.74
RE-AE	7,720.89	(-)20,584.68	2,634.86	740.43	9,192.60
(TB-RE) as per cent of TB	11.79	21.37	12.21	17.78	7.59
(RE-AE) as per cent of TB	3.97	(-)9.85	1.11	0.30	3.43

Source: Appropriation Accounts, VLC data and demands for grants

Table 3.18 shows that supplementary provision of ₹40,819.70 crore during 2023-24 constituted 17.97 *per cent* of the original provision as against 7.53 *per cent* in the previous year.

The trends of Total budget, Revised Estimate and Actuals during 2019-20 to 2023-24 are shown in **Chart 3.5**.

Chart 3.5: Trends of Total Budget, Revised Estimate and Actuals during 2019-20 to 2023-24



Source: Appropriation Accounts, VLC data and demands for grants

From the above **Chart 3.5**, it can be seen that during the period from 2019-20 to 2023-24 the Revised Estimate (RE) remained lower than the Total Budget (TB) of the State. The gap between the RE and the TB showed a fluctuating trend during the five year period with a maximum gap of 21 *per cent* in 2020-21 and a minimum gap of eight *per cent* in 2023-24.

The RE was more than the Actual Expenditure (AE) in all the years except in 2020-21. The gap between RE and AE showed a fluctuating trend during the five-year period with a highest gap of (-)₹20,584.68 crore in 2020-21 and the lowest gap of ₹740.43 crore in 2022-23.

3.9.2 Missing/ incomplete explanation for variation from the budget

Apart from showing the expenditure against the approved budget, Appropriation Accounts also provide explanation for cases where the expenditure varies significantly from the budgeted provision including supplementary provision.

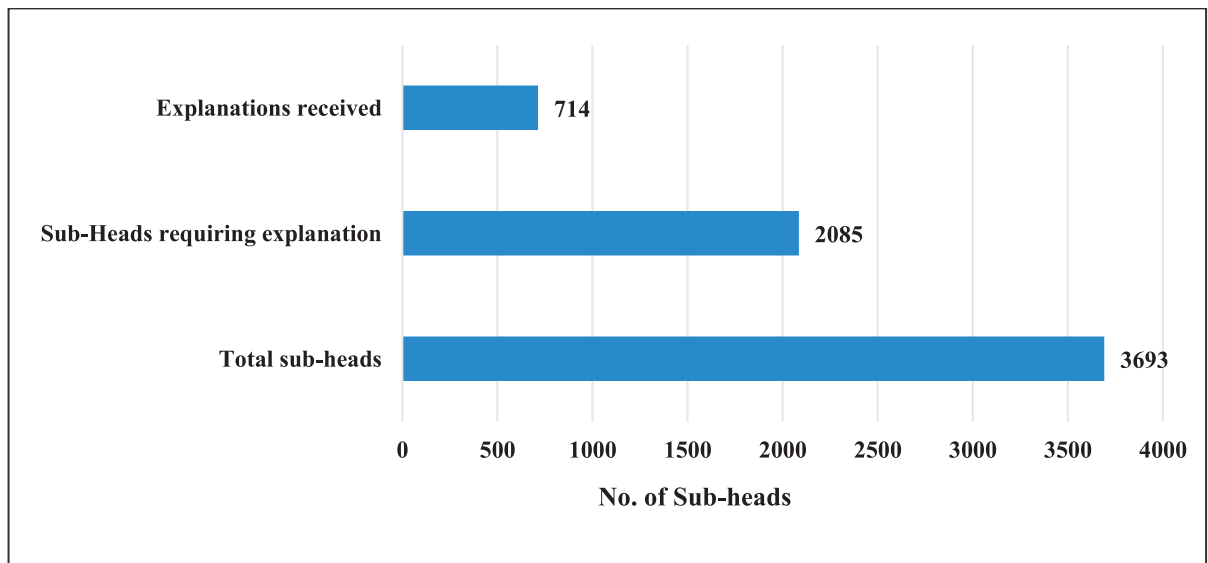
The threshold levels for inclusion of detailed comments in the Appropriation Accounts are as per the limits approved by the PAC. The norms for selection of sub-heads for comments and for detailed comments are given in the introductory portion of the Appropriation Account of the respective years.

In audit of Appropriation Accounts of 2023-24, it was noticed that the Controlling Officers have not provided explanation/specific reasons for the variations in the expenditure *vis-à-vis* budgeted allocation in about 66 *per cent* of the cases.

Out of the total 3,693 Sub-heads, explanation for variation were required in 2,085 Sub-heads. However, appropriate reasons for variations in 714 Sub-heads were only received, leaving 1,371 subheads for which the Controlling Officers of various State Government departments did not furnish any specific reasons.

The total number of Sub-heads in the accounts, those requiring explanation for variation, and the Sub-heads where explanation was received for variations from allocations, are given in **Chart 3.6**.

Chart 3.6: Summary of Explanation for Variation in Appropriation Accounts



Source: Appropriation Accounts

Absence of explanation for variation between the budgeted allocation and its utilisation, limits legislative control over budget as a means of ensuring financial accountability of the Government.

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

Every year, budget is placed before the Kerala Legislative Assembly. The Budget Speech by the State Finance Minister provides the broad framework of expenditure for the current financial year in different sectors and explains the priorities of the Government by way of pronouncement of new projects/schemes for the social and economic welfare of the people of the State.

As per information furnished by the Finance Department (August 2024), the State Government announced 26 new schemes in the State Budget for 2023–24. In majority of the schemes *i.e.*, 16 out of 26 schemes (above 60 *per cent* cases) no Head of Account was opened as no project proposals were submitted by the Administrative Department concerned. In three schemes, it was observed that though token provision were provided, neither the provision was further augmented nor any expenditure was incurred under the scheme. The details of the schemes are given in **Appendix 3.11**.

Failure to implement the new schemes announced in the Budget has resulted in the non-achievement of intended benefits of the scheme.

The State Government should back the schemes announced with timely submission of project proposals and adequate funds for its implementation, and also to ensure that the provisions and allocations are translated into effective implementation of the schemes followed by robust monitoring mechanism.

3.9.4 Rush of Expenditure

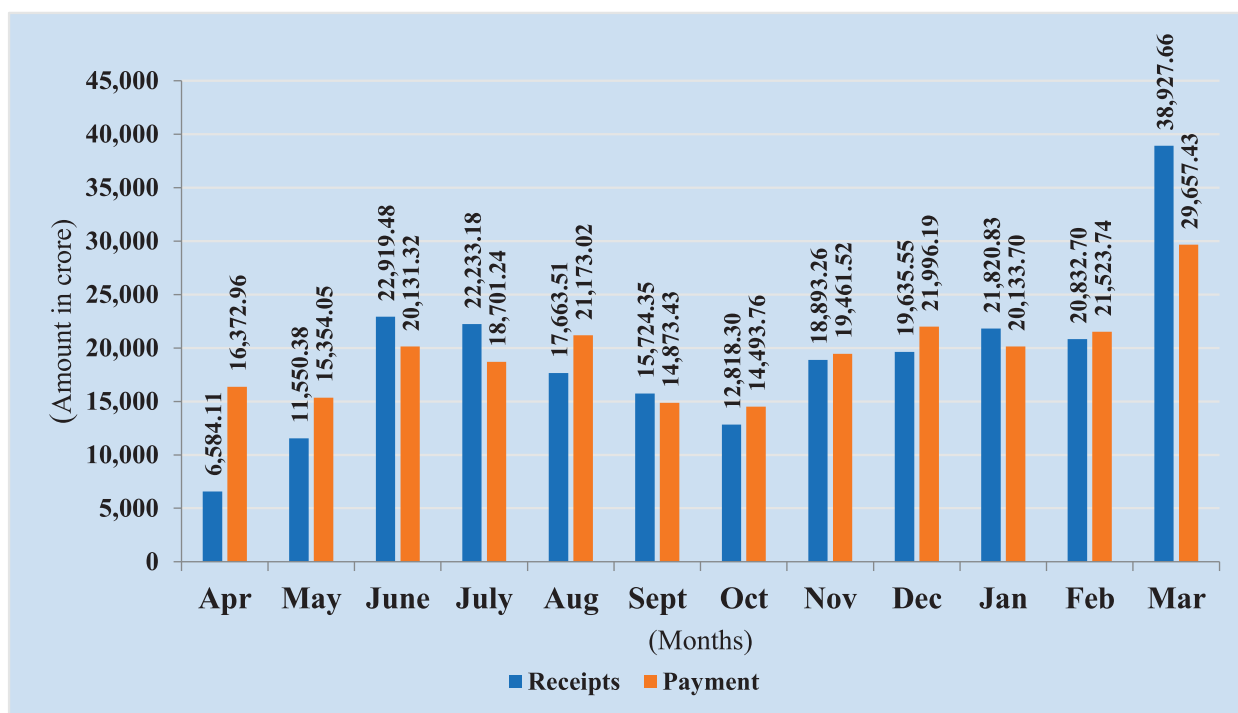
Government Funds should be spent evenly throughout the year. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure.

As per paragraph 91(2) of the KBM, the flow of expenditure should be so regulated throughout the year that there is no rush of expenditure, particularly during the closing months of the financial year.

The monthly receipts and expenditure of the State during 2023-24 are given in **Chart 3.7** shown below:

Chart 3.7: Monthly receipts and expenditure of the State during 2023-24

(₹ in crore)



Source: Monthly Civil Accounts 2023-24

Chart 3.7 shows that for 2023-24, the monthly spread of receipts and expenditure of the State were not generally even across all the months. It was further observed that in the fourth quarter of 2023-24, 48 *per cent* of the receipts were made in March itself and 42 *per cent* of the expenditure during the same month.

Major cases where more than 50 *per cent* of the total expenditure was incurred in March 2024 alone are detailed in **Table 3.19**.

Table 3.19: Quantum of Expenditure in March 2024

(₹ in crore)

Sl No.	Grant	Major Head/ Description	Expenditure				Total Expenditure	March Expenditure	Percentage of March Expenditure to Total
			1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr			
1	39	6810-Loans For New and Renewable Energy	0	0	0	15.74	15.74	15.74	100.00
2	28	5465-Investments in General Financial and Trading Institutions	0	0	0	19.59	19.59	19.59	100.00
3	37	6853-Loans For Non-Ferrous Mining and Metallurgical Industries	0	0	0	18.93	18.93	18.93	100.00
4	39	2801-Power	0	6.30	1.90	810.93	819.13	792.72	96.78
5	37	4885-Other Capital Outlay on Industries and Minerals	7.09	9.20	7.34	311.42	335.05	305.34	91.13
6	30	6408-Loans For Food, Storage and Warehousing	0	0.42	0.81	5.93	7.16	5.24	73.18
7	12	4055-Capital Outlay on Police	4.23	6.52	3.85	84.03	98.63	72.22	73.22
8	37	4851-Capital Outlay on Village and Small Industries	1.59	15.55	7.85	62.45	87.44	59.53	68.08

Sl No.	Grant	Major Head/ Description	Expenditure				Total Expenditure	March Expenditure	Percentage of March Expenditure to Total
			1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr			
9	39	4810-Capital Outlay on New and Renewable Energy	0.00	0.11	0.40	1.10	1.61	1.00	62.11
10	22	4217-Capital Outlay on Urban Development	20.96	9.11	7.21	109.05	146.33	80.28	54.86
11	Debt Charges	2048-Appropriation For Reduction or Avoidance of Debt	0	60.00	0	60.00	120.00	60.00	50.00

Source: Monthly Civil Accounts

Further, the scheme wise analysis of expenditure of rupee one crore or more, as mentioned in **Appendix 3.12**, has revealed that the entire expenditure was incurred in March during the year 2023-24 in 38 schemes, the incurrence of expenditure in March was very high in three schemes *i.e.* schemes in Grant No. 39 - Power (₹767.72 crore), Grant No. 37 - Industries (₹199.54 crore) and Grant No. 22- Urban Development (₹119.05 crore).

The State Government authorised additional expenditure of ₹48 crore under the head of Account ‘4055-00-211-96-Housing for Police Personnel above or as part of Police Stations in Urban Areas’ on 25 March 2024 to transfer credit the 1st instalment to the bank account of the Nodal Agency of the scheme ‘special Assistance for Capital investment’ for the year 2023-24 for increasing the housing facility for the Police personnel and their families in Urban Areas. The amount was subsequently transferred to the Single Nodal Account of the Implementing Agency on 30.03.2024 and was lying unutilised as on 31 March 2024.

Incurring substantial quantum of expenditure at the fag end of the financial year indicates inadequate control over expenditure which leads to unnecessary parking of funds.

3.10 Review of selected Grants

A review of budgetary procedure and control over expenditure in respect to two selected grants *i.e.* Grant No 29- Agriculture and 36- Rural Development was conducted wherein the magnitude of variations in original grants, supplementary demands and actual expenditure were analysed. The two grants were selected based on the highest percentage of savings in both revenue and capital heads over a three year period from 2021-22 to 2023-24, which had not been reviewed in previous five years. Audit findings are detailed in the subsequent paragraphs.

3.10.1 Grant No. 29- Agriculture

3.10.1.1 Introduction

The Agriculture Development and Farmers Welfare Department is responsible for the effective implementation of various programs and schemes under this grant. The department manages the agriculture development through promoting scientific methods of cultivation to increase the production of food crops and cash crops in the State. It also undertakes welfare of farmers of the State of Kerala through various policies and programmes.

The budget provisions under Grant No. 29 are disbursed among twenty Controlling Officers (CO's) under the following functional Major heads,

- 2401 - Crop Husbandry**
- 2402 - Soil and Water Conservation**
- 2415 - Agricultural Research and Education**
- 2435 - Other Agricultural Programme**
- 2551 - Hills Areas**
- 2575 - Other Special Area Programmes**
- 2702 - Minor Irrigation**
- 4401 - Capital Outlay on Crop Husbandry**
- 4402 - Capital Outlay on Soil and Water Conservation**
- 4435 - Capital Outlay on Other Agricultural Programmes**
- 4551 - Capital Outlay on Hills Areas**
- 4702 - Capital Outlay on Minor Irrigation**
- 6401 - Loans For Crop Husbandry**

3.10.1.2 Budget provision, Expenditure and Savings from 2021-22 to 2023-24

Budget allocation and expenditure under revenue and capital sections under the grant during 2021-22 to 2023-24 are given in **Table 3.20**.

Table 3.20: Budget and Expenditure during 2021-22 to 2023-24

(₹ in crore)

Year	Section	Budget Provision	Expenditure	Unutilised provision	Percentage of Savings
2021-22	Revenue	3,518.83	2,771.69	(-)747.14	21.23
	Capital	301.22	248.62	(-)52.6	17.46
	Total	3,820.05	3,020.31	(-)799.74	20.94
2022-23	Revenue	3,272.20	2301.60	(-)970.6	29.66
	Capital	343.47	243.52	(-)99.95	29.10
	Total	3,615.67	2545.12	(-) 1,070.55	29.61
2023-24	Revenue	3,081.25	2,162.30	(-)918.95	29.82
	Capital	309.03	211.94	(-)97.09	31.42
	Total	3,390.28	2,374.24	(-) 1,016.04	29.97

Source: Appropriation Accounts of respective years

During 2021-22 to 2023-24, the unutilised provision ranged between 21 per cent to 30 per cent and 17 per cent to 31 per cent under revenue section and capital section respectively.

The high percentage of savings indicates over-estimation of actual requirements and poor control over expenditure during the respective years.

3.10.1.3 Management of Budget and Expenditure

(a) Lapses in preparation of Budget Estimates

As per paragraph 48 of KBM, during the preparation of Budget, the Finance department has to scrutiny the departmental estimates with the actuals of the previous financial year and first five months of the current year and also

examine the estimates in the light of the remarks of estimating officers and the Administrative Department.

Scrutiny of the Appropriation accounts during 2021-22 to 2023-24 revealed that in three schemes, expenditure was incurred without any original/supplementary budget provision, as shown in **Table 3.21** below.

Table 3.21 : Schemes implemented without Budget provision

(₹ in crore)

Sl No	Scheme	Year	Expenditure incurred
1	4702-00-101-87-Renovation of Ponds	2022-23	3.11
		2023-24	2.69
2	4702-00-101-64-Renovation of Tanks and Ponds - Revival, Conservation and Upgradation of Local Water Resources	2022-23	1.2
		2023-24	0.87
3	4702-00-101-79-Check Dams and Regulators	2021-22	1.18
		2022-23	0.05

Source: Appropriation Accounts of respective years

The funds for expenditure for the above schemes were brought through re-appropriation orders without original budget provision, which could have been foreseen while proposing budget estimates.

(b) Schemes in which entire Budget provision remained unutilised

It was observed that the entire budget provision remained unutilized under eight schemes during the period from 2021-22 to 2023-24, indicating non-implementation of schemes during the years as shown in the **Table 3.22**.

Table 3.22: Schemes where entire Budget provision remained unutilised

(₹ in crore)

Sl No	Head of Account and Schemes	Year	Budget Provision
1	2575-60-800-91-Wayanad Development Package	2022-23	75.00
		2023-24	75.00
2	2575-60-800-92-Idukki Development Package	2022-23	75.00
		2023-24	75.00
3	4702-00-101-61-Micro irrigation Scheme - NABARD RIDF Assistance	2021-22	1.51
		2022-23	2.00
		2023-24	2.00
4	4702-00-101-68-Pradhan Manthri Krishi Sinchayee Yojana (60% CSS)	2021-22	25.00
		2022-23	10.00
		2023-24	5.00
5	2401-00-789-86Umbrella Scheme on Krishi Unnathi Yojana and other CSS (60% CSS)	2022-23	5.00
		2023-24	5.00

Sl No	Head of Account and Schemes	Year	Budget Provision
6	4402-00-800-71-Infrastructural Works of Illumury Thekkethollayiram Padashekharam in Ramankary, Edathuva, Chambakkulam and Kochial North Padasekharam in Neelamperoor and Infrastructural Works of various Padasekharams	2022-23	20.00
		2023-24	5.00
7	2401-00-800-80-Scheme for attracting Youths for Commercial Agriculture	2023-24	4.85
8	4402-00-203-91-KLDC Project assisted under RIDF	2023-24	1.50

Source: Appropriation Accounts of respective years

The Planning and Economic Affairs (A) department (October 2024) replied that the schemes Wayanad development package (Sl No. 1) and Idukki development package (Sl No. 2) could not be implemented during 2022-23 and 2023-24 due to delay in issuing guidelines for the implementation of the scheme and delay in appointing District Collectors as CCOs.

Idukki and Wayanad development packages were introduced in 2022-23 with the objective of comprehensive development of Idukki and Wayanad Districts to enhance agricultural income through production enhancement and value-added processing industries and tourism development with an aim to eradicate poverty and to restore ecological balance.

Non-implementation of Idukki and Wayanad development packages during 2022-23 and 2023-24 had resulted in non-achievement of the intended benefits of the schemes.

The non-implementation of infrastructural works of *padashekharams* (Sl No. 6) were attributed to non- receipt of Administrative sanction from the State Government.

(c) Persistent savings in schemes

It was observed that a substantial portion of the Budget Provision remained unutilized under 11 schemes where savings exceeded ₹ two crore during 2021-22 to 2023-24 persistently. The details are given in **Table 3.23** shown below:

Table 3.23: Persistent Savings (exceeding ₹ two crore)

(₹ in crore)

Sl No	Head Of Account and Scheme	2021-22	2022-23	2023-24
1	2401-00-103-87-Coconut Development	10.15 (13.44)	26.04 (35.24)	29.21 (42.36)
2	2401-00-115-99-Free supply of Electricity to Small and Marginal Paddy Growers	6.75 (19)	13.26 (35.92)	13.63 (36.92)
3	2401-00-119-78-Development of Agriculture Sector in Kuttanad	2.92(21.63)	8.78 (51.65)	9.49 (55.82)

Sl No	Head Of Account and Scheme	2021-22	2022-23	2023-24
4	2401-00-119-79-Development of Fruits, Flowers and Medicinal Plants	3.13 (12.45)	4.06 (21.46)	7.12 (37.63)
5	2401-00-198-50-Block Grants for Revenue Expenditure	5.96 (45.02)	4.45 (33.61)	5.30 (40)
6	2402-00-001-94-Kerala State Remote Sensing and Environment Centre (Grant-in-aid) Plan	2.16 (86.4)	2.08 (69.49)	7.00 (100)
7	2402-00-102-77-Development of Micro Watersheds	2.52 (84.1)	2.05 (68.39)	3.03 (75.71)
8	2435-01-101-80-Rubber production incentive scheme	450.00 (90)	460.00 (92)	320.00 (64)
9	2551-60-101-97-Kasaragod Package	13.51 (17.25)	24.77 (33.03)	3.49 (4.65)
10	4702-00-101-66-Minor Irrigation Class I - Schemes under Haritha Keralam	11.64 (58.20)	15.64 (78.2)	15.66 (78.30)
11	4702-00-101-93-Minor Irrigation Class I Works-NABARD Assisted Scheme	12.35 (33.37)	24.94 (62.34)	26.35 (65.88)

Source: Appropriation Accounts of respective years

*Figures in parenthesis indicate percentage of savings to budget provision

The cases of persistent savings indicate that the budget allocations were made without considering the previous year's expenditure as required under Paragraph 48 of KBM resulting in persistent savings under the schemes.

(d) Unnecessary/ Excessive Reappropriation of funds

As per paragraph 84 of KBM, Finance department can re-appropriate between minor heads within a grant and the Administrative department/ Chief Controlling Officers can re-appropriate between heads subordinate to a minor head within a grant (Paragraph 84 of KBM). Paragraph 86(3) of KBM specifies that the sanctioning authority should explain clearly the reasons for the variations(excess/savings) in the re-appropriation statements. Thus, augmentation of provision through re-appropriation should be resorted by the sanctioning authority only if the funds provided under a unit of appropriation is found insufficient and savings are available under another unit of appropriation within a grant. However, scrutiny of Appropriation Accounts for the period from 2021-22 to 2023-24 revealed that in three schemes (re-appropriation above ₹10 crore and final savings above ₹25 crore) the re-appropriation was wholly unnecessary as the expenditure did not come up even to the level of original provision. In two schemes (re-appropriation above ₹10 crore and final savings above ₹10 crore), though reappropriation were made to meet the expenditure, the reappropriated amount was not fully utilized resulting in excess re-appropriation in the schemes. Details of unnecessary and excessive re-appropriation are shown in **Table 3.24** below:

Table 3.24: Unnecessary/ excessive re-appropriation

(₹ in crore)

Sl No.	Financial Year	scheme	Total Grant	Reappro - priation Net	Net Budget	Expend- iture	final savings
Unnecessary reappropriation (above ₹10 crore and final savings above ₹25 crore)							
1.	2021-22	2401-00-109-65-V-P-Umbrella Scheme on Krishi Unnathi Yojana and other CSS (60% CSS)	87.25	20.25	107.50	59.66	47.84
2.	2021-22	2702-01-001-99-V-NP-Establishment	143.54	14.80	158.34	131.66	26.69
3.	2022-23	2401-00-001-96-V-NP-Strengthening of Agricultural Administration and introduction of Training and Visiting System of Extension	388.34	13.19	401.53	376.08	25.45
Excessive reappropriation (above ₹10 crore and final savings above ₹10 crore)							
1	2021-22	2401-00-001-96-V-NP-Strengthening of Agricultural Administration and introduction of Training and Visiting System of Extension	415.61	46.69	462.30	436.01	26.28
2	2021-22	2702-02-005-99-V-NP-Ground Water Investigation and Development	48.41	13.13	61.54	49.02	12.52

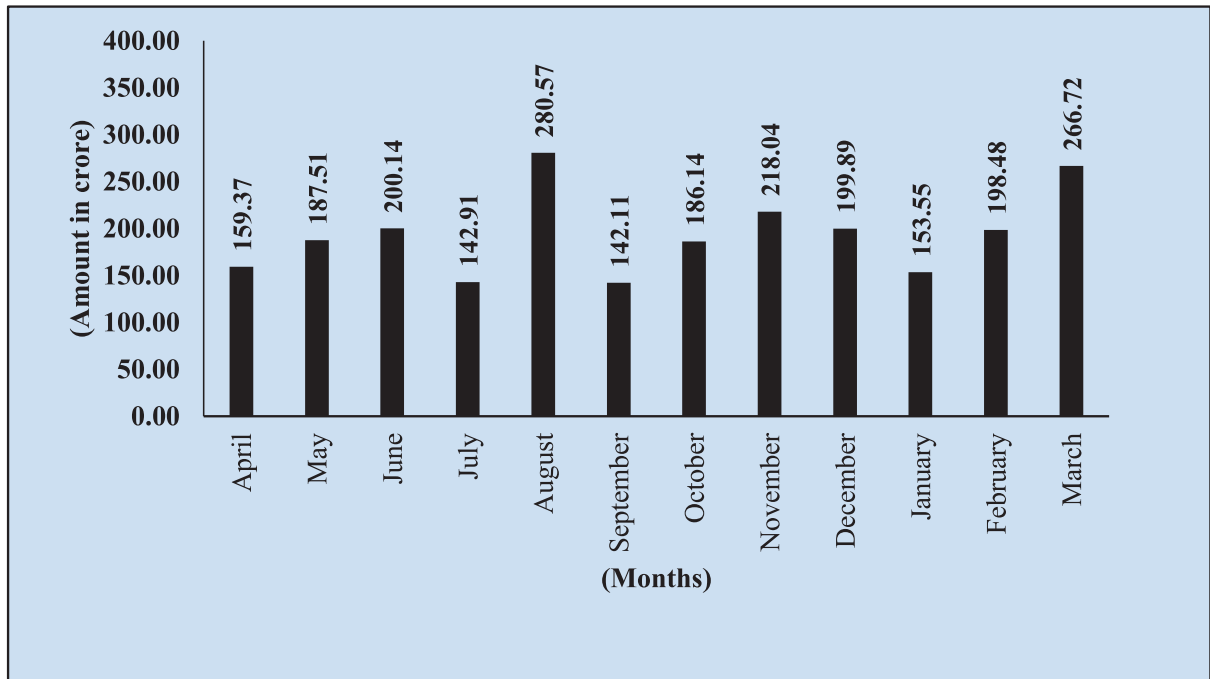
Source: Appropriation Accounts of respective years

(d) Rush of expenditure

As per paragraph 91 (2) of KBM, the flow of expenditure should be so regulated throughout year that there is no rush of expenditure, particularly during the closing month of the financial year. The month wise expenditure incurred under the Grant No. 29 shows a fluctuating trend as depicted in **Chart 3.8**.

Chart 3.8 Month wise expenditure under Grant 29 during 2023-24

(₹ in crore)



Source: Monthly Civil Accounts 2023-24

Chart 3.8 shows that for 2023-24, the monthly spread of expenditure was not generally even across all the months with the highest percentage of expenditure in the months of August and March.

The quarter wise expenditure and the expenditure incurred during the month of March in various schemes under the Grant is depicted in **Table 3.25**.

Table 3.25: Quarter wise expenditure and expenditure incurred during the month of March 2024

(₹ in crore)

Sl No.	Scheme	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Expenditure in March	Total Expenditure	Percentage of March Expenditure to Total expenditure
1	2401-00-109-56-Scheme on Development of Production Organisations and Technolgy Support	0	0.12	1.05	2.34	1.98	3.51	56
2	2402-00-102-87-Stabilisation of Land Slide Areas	0.03	0.31	0.38	1.13	0.87	1.85	47
3	2402-00-102-76-NABARD Infrastructure Development Assistance (NIDA) - Participatory and Sustainable Micro Watershed Projects in Thaliparamba Constituency	0	0.61	0.05	1.01	1.00	1.67	60
4	4401-00-113-98-Setting up of Agro Service Centres	- 0.02	0	0.08	1.22	0.97	1.28	76
5	4402-00-800-70-Renovation/Maintenance Works	0	0	0	0.99	0.99	0.99	100
6	2702-02-103-99-Ground Water based Drinking Water Scheme	0.08	0	0.02	0.60	0.57	0.70	81
7	2401-00-102-76-Per Drop More Crop (PDMC) Component of Pradhan Manthri Krishi Sinchayee Yojana (PMKSY)	0	0	0	0.30	0.30	0.30	100
8	2402-00-101-83-Soil Museum	0.03	0.02	0.02	0.12	0.12	0.19	63
9	2402-00-101-82-Creation of Data Bank for classification of land	0	0	0	0.04	0.04	0.04	100
10	2702-02-005-92-Scheme for Training Personnel	0	0	0	0.03	0.01	0.03	33
11	2551-01-104-99-Integrated Development of Western Ghats-Eco-Preservation and Restoration of Biodiversity and Natural Resources Management	0	0	0	0.01	0.01	0.01	100

Source: Monthly Civil Accounts 2023-24

The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety and poor public financial management.

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.

3.10.2 Grant No. 36 - Rural Development

3.10.2.1 Introduction

The Rural Development Department is a major allied department under Local Self Government Department responsible for the effective implementation primarily concerned with addressing the needs of the rural people in matters of sustainable economic activity, shelter & hygiene concerns, rural infrastructure & connectivity. The Rural Development Programmes undertaken by the department focuses mainly on eradication of poverty, providing wage employment opportunity to the rural poor during the agricultural off season, creation of rural infrastructure by constructing roads, houses, public buildings, sanitary toilets and creating awareness among rural poor on the importance of sanitation and to maintain real hygiene by providing sanitation facilities.

The budget provisions under Grant No. 36 are disbursed among five Controlling Officers (CO's) under the following functional Major heads,

2501 - Special Programmes for Rural Development

2505 - Rural Employment

2515 - Other Rural Development Programmes

4515 - Capital Outlay on Other Rural Development Programmes

3.10.2.2 Budget provision, Expenditure and Savings from 2021-22 to 2023-24

Budget allocation and expenditure under revenue and capital sections under the grant during 2021-22 to 2023-24 are given in **Table 3.26**.

Table 3.26: Budget and Expenditure during 2021-22 to 2023-24

(₹ in crore)

Year	Category	Budget Provision	Expenditure	Unutilised provision	Percentage of Savings
2021-22	Revenue	4,252.69	1,068.60	(-)3,184.09	74.87
	Capital	1,387.81	760.14	(-)627.67	45.23
	Total	5,640.50	1,828.74	(-)3,811.76	67.58
2022-23	Revenue	4326.01	1242.81	(-)3083.20	71.27
	Capital	1442.40	1072.94	(-)369.46	25.61
	Total	5,768.41	2,315.75	(-)3,452.66	59.85
2023-24	Revenue	4523.87	1115.71	(-)3408.16	75.34
	Capital	1482.40	803.19	(-)679.21	45.82
	Total	6,006.27	1,918.90	(-)4,087.37	68.05

Source: Appropriation Accounts

Table 3.26 shows that the savings under Revenue Section ranged between 71 per cent to 75 per cent and Capital Section ranged between 26 per cent to 46 per cent during 2021-22 to 2023-24. The high percentage of savings indicates

over-estimation of actual requirements and poor control over expenditure during the respective years. It also shows that more than 60 per cent of the budget allocation remained unutilised during the last three years.

3.10.2.3 Management of Budget and Expenditure

(a) Schemes in which Entire Budget provision remained unutilized

It was observed that the entire budget provision remained unutilized under eight schemes during the period from 2021-22 to 2023-24, indicating non-implementation of schemes during the years as shown in Table 3.27.

Table 3.27: Schemes in which the entire budget provision remained unutilised

(₹ in crore)

Sl. No.	Head of Account and Schemes	Year	Budget Provision
1	2501-01-196-48 Block Grants for CSS	2022-23	10.00
2	2501-06-197-48 Block Grants for CSS	2023-24	25.00
3	2501-06-789-98 (Special Component Plan for SC) Pradhan Mantri Awas Yojana (PMAY-GRAMIN)(60%)	2021-22	12.50
		2023-24	12.50
4	2501-06-789-99 National Rural Livelihoods Mission (NRLM)-Deendayal Antyodaya Yojana Deendayal Upadhyaya Grameen Kaushalya Yojana SVEP and MKSP (60%CSS)	2022-23	82.50
		2023-24	62.50
5	2501-06-796-98 (Tribal Area Sub Plan) Pradhan Mantri Awas Yojana (PMAY-GRAMIN)(60%)	2021-22	5.00
		2023-24	5.00
6	2501-06-796-99 National Rural Livelihoods Mission (NRLM)-Deendayal Antyodaya Yojana Deendayal Upadhyaya Grameen Kaushalya Yojana SVEP and MKSP (60%CSS)	2022-23	27.08
		2023-24	27.08
7	2515-00-102-28 State Support For Integrated Scheme For Development Of Silk Industry(Silk Samagra)	2022-23	1.50
8	2515-00-102-31 Incentivising District Plans-(Rural)	2021-22	20.00
		2022-23	15.00
		2023-24	15.00

Source: Appropriation Accounts

- The entire provision under the umbrella scheme ‘2501-06-789-99 National Rural Livelihoods Mission (NRLM)-Deendayal Antyodaya Yojana, Deendayal Upadhyaya Grameen Kaushalya Yojana, SVEP and MKSP (60%CSS)’ was withdrawn by way of reappropriation to reallocate funds to distinct heads of accounts opened for the various components of the umbrella scheme in accordance with the change in implementing tier of Local Self Government from Block Panchayat to Grama Panchayat with effect from financial year 2023-24.
- Under two schemes viz. 2501-06-789-98-Special Component Plan for SC-PMAY and 2501-06-796-98-Tribal Area Sub Plan-PMAY, even though Budget Allocation was provided, Central share was not received during 2021-22 and 2023-24. Hence the corresponding State share was also not released resulting in non-utilisation of entire budget provision.

(b) Persistent Savings in schemes

Scrutiny revealed that there were persistent savings under 11 schemes during 2021-22 to 2023-24 as detailed in **Table 3.28**.

Table 3.28 : Persistent savings

(₹ in crore)

Sl No.	Head of Account	Savings*		
		2021-22	2022-23	2023-24
1	2501-01-196-48 Block Grants for CSS	6.16 (49.27)	10.00 (100)	4.70 (47)
2	2501-06-789-98 Pradhan Mantri Awas Yojana (PMAY - Gramin) (60% CSS)	12.50 (100)	5.10(40.78)	12.50 (100)
3	2501-06-789-99 National Rural Livelihoods Mission (NRLM) - Deendayal Antyodaya Yojana, Deen Dayal Upadhyaya Grameen Kaushalya Yojana, SVEP and MKSP (60% CSS)	26.49(32.60)	82.50 (100)	62.50 (100)
4	2505-02-101-99 Mahatma Gandhi National Rural Employment Guarantee Programme (90% CSS)	3,026.18 (96.36)	2,942.89 (93.71)	3,119.59 (93.06)
5	2515-00-001-44 Modernisation and Strengthening of E-Governance initiatives in Rural Development Department	0.16 (31.38)	0.81 (58.16)	0.89 (52.21)
6	2515-00-102-29 Kudumbashree - Ongoing Programmes	1.12 (0.56)	93.92 (36.12)	72.10 (32.77)
7	2515-00-102-31 Incentivising District Plans - Rural	20.00 (100)	15.00 (100)	15.00 (100)
8	2515-00-102-37 Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) - Water Shed Component (60% CSS)	6.58 (29.56)	10.00 (44.94)	13.48 (60.60)
9	2515-00-102-62 Information Centres in Blocks	0.04 (19)	0.23 (45.40)	0.77 (76.55)
10	2515-00-197-36 Construction of Building of newly formed Blocks	0.73 (24.28)	1.66 (82.96)	0.68 (67.61)
11	4515-00-102-49 Total Housing Scheme - Rural (LIFE - Parppida Mission)	364.16 (88.73)	468.96(89.33)	238.04(45.34)

Source: Appropriation Accounts

*Figures in parenthesis indicate percentage of savings to budget provision

It can be seen that savings as a percentage of budget provision ranged between 0.56 per cent to 100 per cent during 2021-22 to 2023-24. Persistent huge savings is indicative of incorrect assessment of actual needs and requires critical review of the budget preparation exercise of the department.

(c) Unnecessary/ Excessive Reappropriation of funds

Augmentation of provision through re-appropriation is resorted by the sanctioning authority, if the funds provided under a unit of appropriation is found insufficient and savings are available under another unit of appropriation within a grant.

However, scrutiny of Appropriation Accounts for the period from 2021-22 to 2023-24 revealed that in four schemes (re-appropriation above ₹10 crore and final savings above ₹25 crore) the re-appropriation was wholly unnecessary as the expenditure did not come up even to the level of original provision. In four schemes (re-appropriation above ₹ one crore and final savings above ₹25 crore), though reappropriation were made to meet the expenditure, the reappropriated amount was not fully utilized resulting in excess re-appropriation in the schemes. Details of unnecessary and excessive re-appropriation are shown in **Table 3.29** below:

Table 3.29: Unnecessary/ excessive re-appropriation*(₹ in crore)*

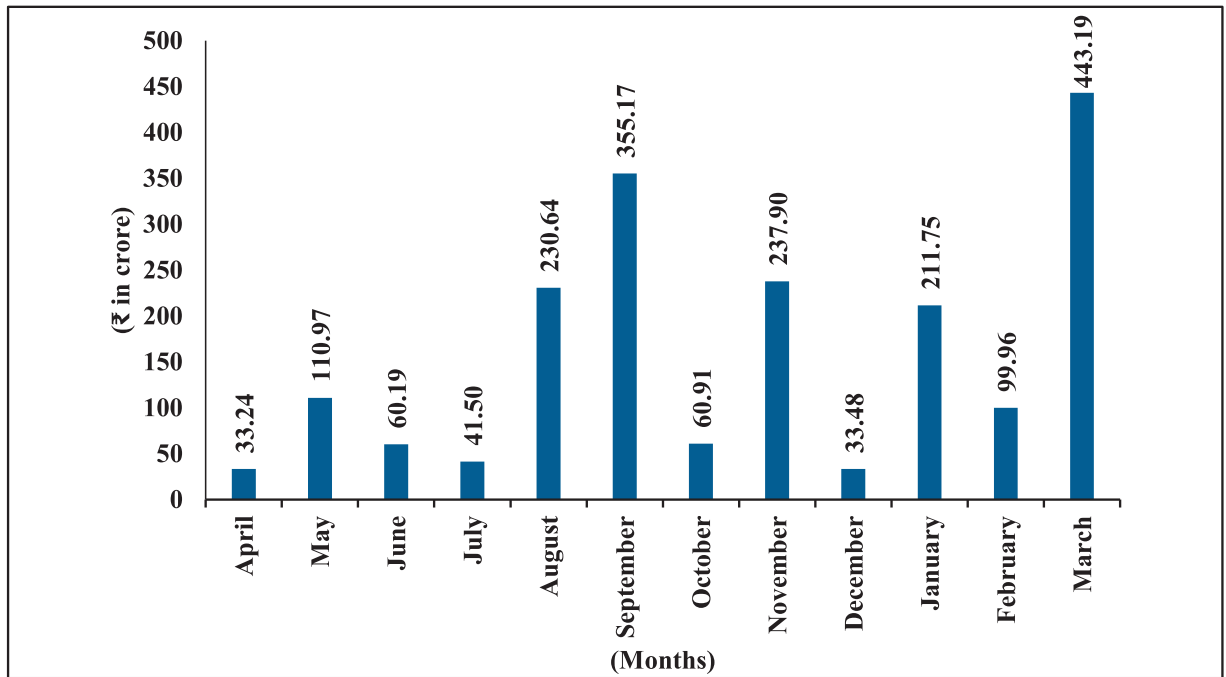
Sl No.	Financial Year	Scheme	Total Grant	Re-appropriation Net	Net Budget	Expenditure	Final savings
Unnecessary reappropriation (above ₹ one crore and final savings above ₹ one crore)							
1	2021-22	2515-00-001-48-V-NP-Strengthening of Block Administration	20.99	1.69	22.69	20.50	2.18
2	2021-22	2515-00-102-35-V-P-National Rurban Mission (NRuM) (60% CSS)	50.00	11.28	61.28	31.63	29.65
3	2022-23	2515-00-001-49-V-NP-Recurring expenditure on personnel retained on N.E.S. pattern	248.44	1.23	249.67	229.23	20.44
Excessive reappropriation (above ₹10 crore and final savings above ₹25 crore)							
4	2021-22	2515-00-001-49-V-NP-Recurring expenditure on personnel retained on N.E.S. pattern	266.65	26.97	293.62	270.44	23.18
5	2022-23	2501-06-197-48-V-P-Block Grants for CSS	187.50	169.09	356.59	270.94	85.65
6	2023-24	2501-06-198-48-V-P-Block Grants for Centrally Sponsored Schemes	162.50	97.11	259.61	201.14	58.47

Source: Appropriation Accounts

(d) Rush of expenditure

As per paragraph 91 (2) of KBM, the flow of expenditure should be so regulated throughout year that there is no rush of expenditure, particularly during the closing month of the financial year. The month wise expenditure incurred under Grant No. 36 shows a fluctuating trend as depicted in the **Chart 3.9**.

Chart 3.9: Month wise expenditure incurred under Grant 36



Source: Monthly Civil Accounts 2023-24

Chart 3.9 shows that for 2023-24, the monthly spread of expenditure was not generally even across all the months with the highest percentage of expenditure in March

Audit scrutiny revealed that in six schemes the entire expenditure was incurred in March during 2023-24 as shown in **Table 3.30**.

Table 3.30: Schemes where entire expenditure incurred in March 2024

(₹ in crore)		
Sl No.	Scheme	100 per cent expenditure incurred in March 2024
1	2515-00-102-62-Information Centres in Blocks	0.23
2	2515-00-102-28-State Support for Integrated Scheme for Development of Silk Industry (Silk Samagra)	0.48
3	2501-06-796-95-Housing Scheme under Pradhan Manthri Janjati Adivasi Nyaya Maha Abhiyan (PM-JANMAN)- Particularly Vulnerable Tribal Groups (60% CSS)	3.52
4	4515-00-102-47-Revolving Fund for Neighbourhood Groups of Kudumbasree	20.00
5	2515-00-102-26-One Time State Support for National Rurban Mission	0.19
6	2515-00-102-25-Eradication of Extreme Poverty	16.43

Source: Appropriation Accounts

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.

3.11 Conclusions

1. Variations between the total Grants/Appropriation and expenditure incurred led to savings which indicates improper scrutiny of budget estimates at various levels of Government and poor budget management. These savings may also be seen in the context that the actual receipt in the Consolidated Fund was ₹2,29,603.32 crore and the actual expenditure (as per Finance Accounts 2023-24) was ₹2,33,872.35 crore during the year. This had led to an excess expenditure of ₹4,269.03 crore, which was met from the surplus in Public Account (₹4,361.70 crore). Thus, the savings as worked out here (₹29,543.34 crore) are actually a notional savings, which had happened due to overestimation of budget, indicating poor budgetary management.
2. The supplementary demands for grants obtained in cases where the final expenditure either did not come up to the level of original grants or no expenditure was incurred even after obtaining supplementary demands for grants shows laxity on the part of departmental officers in assessing actual requirement of funds.
3. Excess, unnecessary or insufficient re-appropriation indicated that departmental officers failed in assessing actual requirement of funds in heads of accounts under their control.
4. Excess expenditure requiring regularisation indicates inadequate expenditure control.

3.12 Recommendations

1. *State Government should assess and formulate to the extent possible a realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources.*
2. *An appropriate budget monitoring and control mechanism needs to be instituted to ensure that anticipated savings are identified and surrendered within the specified time and demands for supplementary grants made as per actual requirements depending on the remaining budgetary positions of the departments.*
3. *Expenditure exceeding the limits approved by the Legislature is in contravention to Article 205 of the Constitution and need to be regularised at the earliest.*
4. *The State Government should review the schemes where repeated token provisions are made in the Budget estimates over the years.*