

CHAPTER-3
BUDGETARY MANAGEMENT

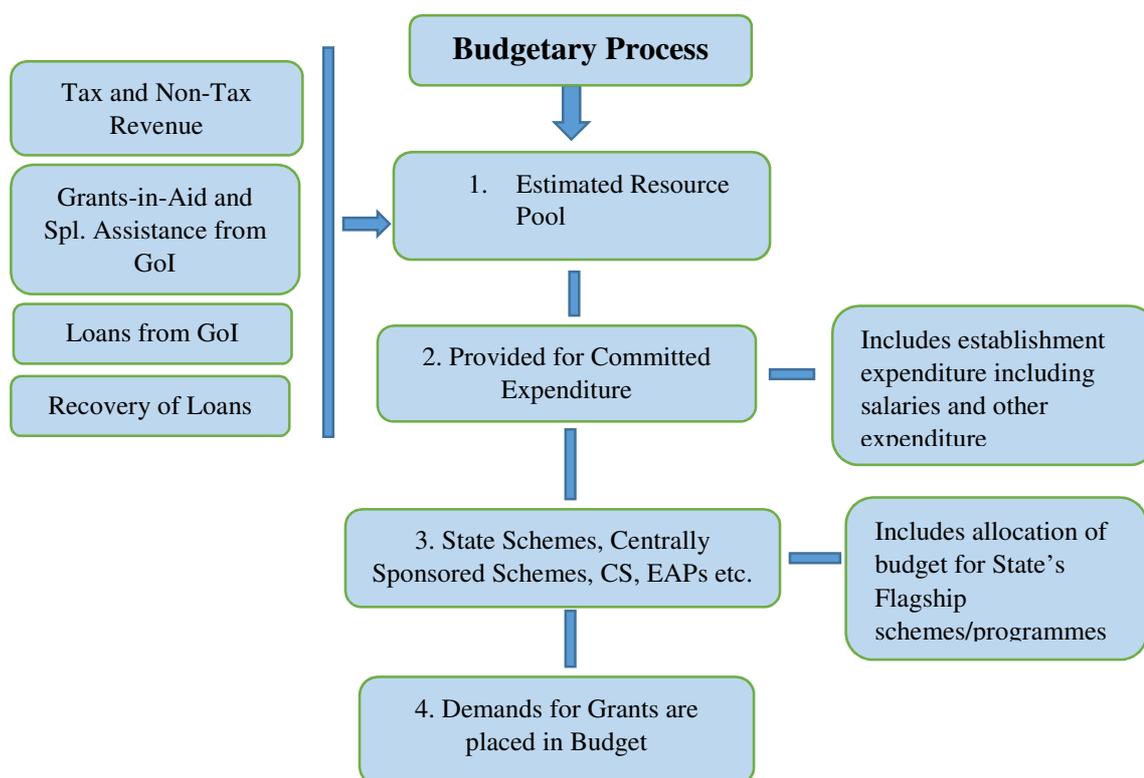
Budgetary Management

3.1 Budget Process

In terms of Section 27 of GNCTD Act, 1991, the Lieutenant Governor shall in respect of every financial year cause to be laid before the Legislative Assembly, a statement of the estimated receipts and expenditure of the GNCTD in respect of every financial year. The estimates of the expenditure show ‘charged’ and ‘voted’ items of expenditure separately and distinguish expenditure on revenue accounts from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the Government of National Capital Territory of Delhi (GNCTD).

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the Departments in framing their estimates, for the next financial year. A typical budget preparation process in NCT of Delhi is given in **Chart 3.1**:

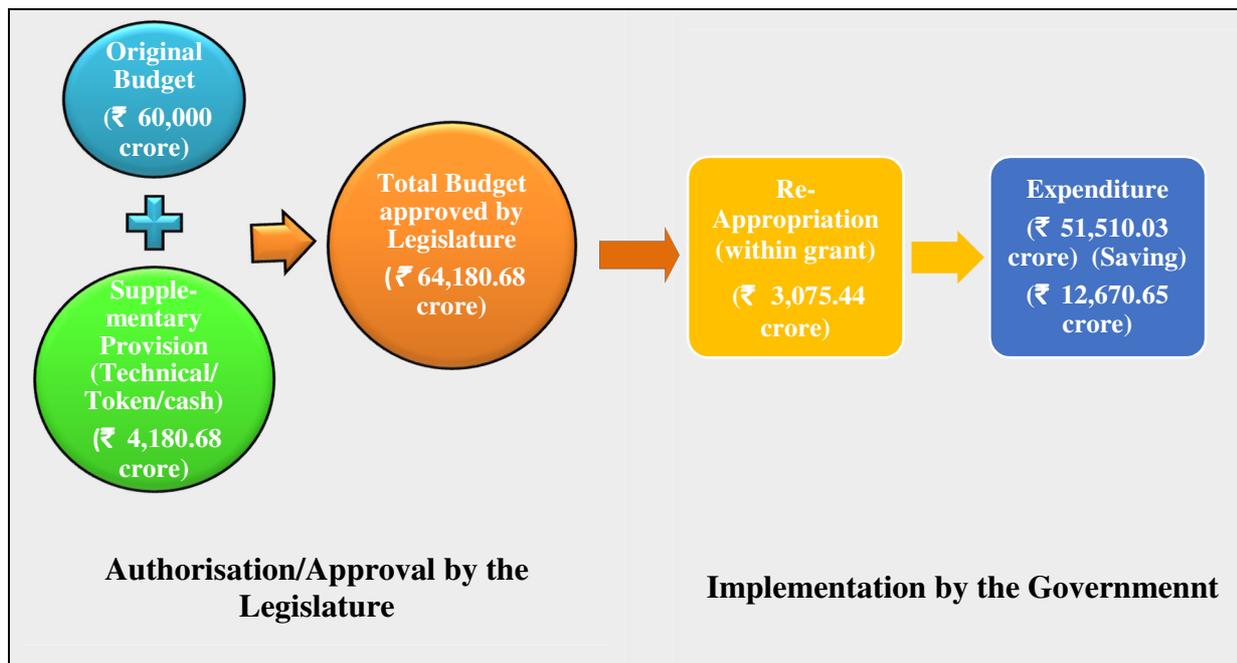
Chart 3.1: Flow chart of budget preparation process



CSS: Centrally Sponsored Schemes; CS: Central Schemes.

Appropriation Accounts capture the data along the entire process of budget formulation and implementation (**Chart 3.2**).

Chart 3.2: Flow chart of budget implementation for the Financial Year 2019-20



Source: Appropriation Accounts for the year 2019-20

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

A summarised position of total budget provision, disbursement and saving/excess for the financial year 2019-20 with its further bifurcation into voted/charged is given in **Table 3.1**.

Table 3.1: Budget provision, disbursements and savings/excess during 2019-20

(₹ in crore)

Nature of expenditure	Total Budget provision		Disbursements		Savings	
	Voted	Charged	Voted	Charged	Voted	Charged
Revenue	43,850.31	3,540.90	36,872.80	3,063.65	6,977.51	477.25
Capital	10,186.50	2.94	5,493.81	2.37	4,692.69	0.57
Public Debt	0.00	3331.10	0.00	2811.10	0.00	520.00
Loans and Advances	3,268.93	0.00	3,266.30	0.00	2.63	0.00
Total	57,305.74	6,874.94	45,632.91	5,877.12	11,672.83	997.82

3.1.2 Charged and voted disbursement

Break-up of total disbursements into charged and voted for the years 2015-16 to 2019-20 is given in **Table 3.2**:

Table 3.2: Disbursements and savings/excess during 2015-16 to 2019-20

(₹ in crore)

Year	Disbursements		Saving/Excess	
	Voted	Charged	Voted	Charged
2015-16	30,997.42	4,427.44	6,598.43	776.10
2016-17	32,884.90	4,735.87	8,868.78	939.72
2017-18	36,369.86	4,789.56	7,789.57	253.09
2018-19	39,460.58	6,793.98	11,679.85	152.73
2019-20	45,632.91	5,877.12	11,672.83	997.82

3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Article 204 and 205 of the Constitution of India. Appropriation Accounts are on gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of Appropriation Accounts by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions. This chapter contains audit observations in respect of the Appropriation Accounts prepared by the Controller of Accounts, GNCTD for the year 2019-20.

3.3 Comments on integrity of budgetary and accounting process

3.3.1 Unnecessary or excessive supplementary grants

Supplementary demand should only be resorted to in exceptional and urgent cases. While obtaining a supplementary grant, the department has to keep in view the resources available or likely to be available during the year and exercise due caution while forecasting its additional budgetary requirement of funds.

Audit scrutiny of Appropriation Accounts for the year 2019-20 revealed that supplementary grants amounting to ₹ 810.86 crore in 11 cases, as detailed in **Table 3.3**, were obtained in anticipation of higher/additional expenditure. However, the final expenditure was even less than the original grant, thereby defeating the intended purpose of the supplementary grant.

Table 3.3: Details of cases where supplementary provision (₹ one crore or more) proved unnecessary

(₹ in crore)					
Sl. No.	Name and No. of the Grant	Original grant/ appropriation	Supplementary grant	Actual Provision	Saving out of Provision
	Revenue (Voted)				
1	Grant No. 3 Administration of Justice	1,300.78	91.50	1,392.28	306.01
2	Grant No. 4 Finance	362.30	1.79	364.09	118.72
3	Grant No. 5 Home	755.32	20.31	775.63	64.84
4	Grant No. 10 Development	3,105.42	132.77	3,238.19	610.59
	Total	5,523.82	246.37	5,770.19	1,100.16
	Revenue (Charged)				
5	Grant No. 3 Administration of Justice	308.15	23.49	331.64	37.32
6	Grant No. 7 Medical and Public Health	9.59	2.55	12.14	9.65
	Total	317.74	26.04	343.78	46.97
	Capital (Voted)				
7	Grant No. 4 Finance	8.00	94.78	102.78	99.80
8	Grant No. 6 Education	362.78	19.30	382.08	264.03
9	Grant No. 7 Medical and Public Health	276.28	25.95	302.23	192.82
10	Grant No. 8 Social Welfare	716.03	47.05	763.08	418.99
11	Grant No. 11 Urban Development and Public Works Department	7,491.46	351.37	7,842.83	3,383.39
	Total	8,854.55	538.45	9,393.00	4,359.03
	Grand Total	14,696.11	810.86	15,506.97	5,506.16

3.3.2 Unnecessary or excessive re-appropriation

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed.

Scrutiny of Appropriation Accounts for the year 2019-20 revealed that under 13 sub-heads spread across four grants, there were final savings of more than ₹ five crore as detailed in **Table 3.4**. Re-appropriations were made unnecessarily, as the departments were not able to even utilise their existing grants fully and there was a cumulative non-utilisation (savings) of ₹ 455.77 crore against the re-appropriation of ₹ 326.19 crore.

Table 3.4: Excess/unnecessary re-appropriation of funds where final savings were more than ₹ five crore

(₹ in crore)

Sl. No.	Grant No. and Name	Head of Account (Sub-Head-wise)	Provisions				Actual Expenditure	Final saving	Reasons for excess release
			Original	Supplementary	Re-appropriation	Total			
Revenue-Voted									
1	06-Education	2202.01.112.99 Mid-Day Meal for Children (CSS)	35.38	0.01	16.15	51.54	34.30	17.24	Receipt of more bills and more grant from Govt. of India
2		2202.01.112.95 GIA to North Delhi Municipal Corporation for mid-day meal programme (CSS)	13.00	0.01	8.06	21.07	13.00	8.07	Release of more grants-in-aid
3		2202.01.112.94 GIA to South Delhi Municipal Corporation for mid-day meal programme (CSS)	12.00	0.01	5.51	17.52	12.00	5.52	Release of more grants-in-aid
4		2203.00.105.86 Direction and Administration	146.36	0.00	8.28	154.64	105.11	49.53	Filling up of vacant posts, receipt of more bills & more procurement
5	08-Social Welfare	2235.03.101.98 Indira Gandhi National Old Age Pension Scheme (IGNOAPS) (NSAP) (CSS) (Sub-Head)	34.00	0.00	10.00	44.00	30.68	13.32	Receipt of more grant from Govt. of India
6		3055.00.190.94 Subsidy to DTC for female commuters	0.00	90.01	39.99	130.00	70.17	59.83	Release of more subsidy
7	10-Development Department	2030.02.102.99 Secretary Revenue	25.00	0.00	6.00	31.00	24.13	6.87	Receipt of more bills
8		3604.00.102.98.96 GIA to South Delhi Municipal Corporation in lieu of shares in taxes	800.00	0.01	114.99	915.00	751.57	163.43	Release of more grant
9		3604.00.102.98.95 GIA to East Delhi Municipal Corporation in lieu of shares in taxes	175.00	0.01	17.99	193.00	167.55	25.45	Release of more grant
10	11- Urban Development and Public Works Department	2059.80.053.93 Court Buildings	32.00	18.00	10.00	60.00	49.10	10.90	Due to more repairs
Total			1,272.74	108.06	236.97	1617.77	1,257.61	360.16	
Capital-Voted									
11	06-Education	4202.04.800.85 Construction/Renovation of ACL Building	1.00	0.01	18.99	20.00	0.05	19.95	More progress of work
12		4202.01.203.96 Allotment of land and construction of building of Indraprastha Vishwavidyalaya	14.00	0.01	10.24	24.25	13.21	11.04	More progress of work
13	11- Urban Development and Public Works Department	4059.60.051.80.90 Infrastructural Facilities for Judiciary (CSS)	40.00	0.01	59.99	100.00	35.38	64.62	Due to good pace of work
Total			55.00	0.03	89.22	144.25	48.64	95.610	
Grand Total			1,327.74	108.09	326.19	1,762.02	1,306.25	455.77	

The above excessive/unnecessary re-appropriation of funds was indicative of deficient budgeting exercise.

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

There were overall savings of ₹ 12,670.65 crore. Out of this, in 13 cases there were savings of more than ₹ 100 crore in each case (Table 3.5). Against the total provision of ₹ 46,452.81 crore actual expenditure was ₹ 36,265.80 crore and savings were ₹ 10,187.01 crore.

Table 3.5: Details of grants having large savings (savings above ₹ 100 crore) during the year 2019-20

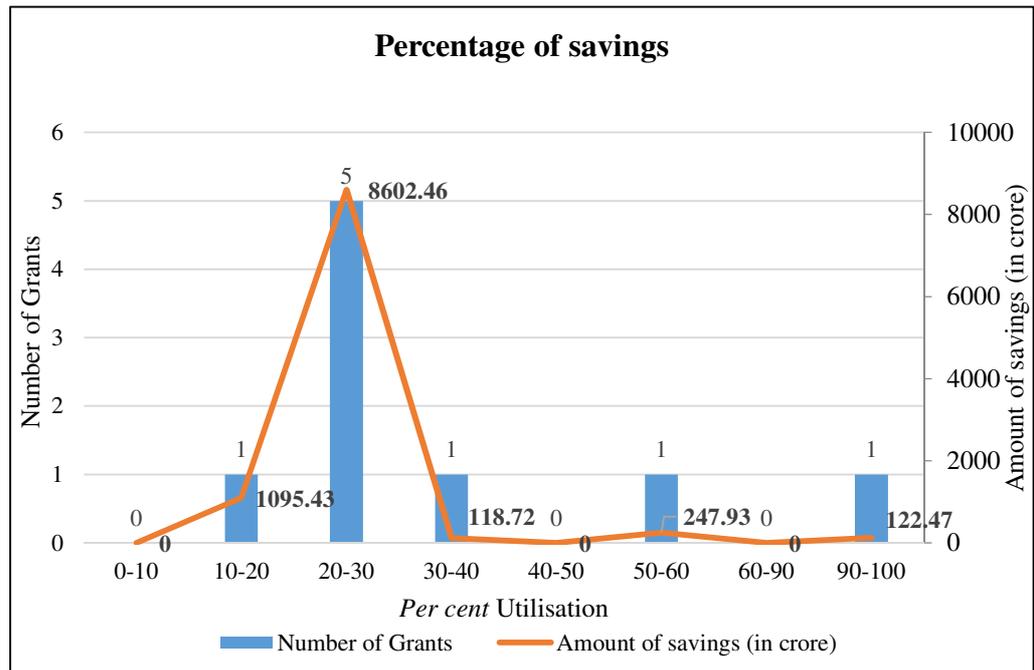
(₹ in crore)								
Sl. No.	Grant No. and Name	Original grant/Appropriation	Supplementary grant/Re-appropriation	Total grant/Appropriation	Actual expenditure	Savings	Surrender	Savings excluding surrender
Revenue-Voted								
1	2-General Administration	612.43	374.64	987.07	735.74	251.33	167.98	83.35
2	3-Administration of Justice	1,300.78	91.50	1,392.28	1,086.27	306.01	129.73	176.28
3	4-Finance	362.30	1.79	364.09	245.37	118.72	66.79	51.93
4	6-Education	13,491.65	0.87	13,492.52	10,626.98	2,865.54	2,293.88	571.66
5	8-Social Welfare	6,548.55	740.80	7,289.35	6,612.91	676.44	326.89	349.55
6	9-Industries	452.30	0.11	452.41	204.48	247.93	236.16	11.77
7	10-Development	3,105.42	132.77	3,238.19	2,627.60	610.59	66.98	543.61
8	11- Urban Development and Public Works Department	8,187.35	1,219.91	9,407.26	8,759.35	647.91	418.12	229.79
9	13-Pension	125.00	0.00	125.00	2.53	122.47	122.25	0.22
Total		34,185.78	2,562.39	36,748.17	30,901.23	5,846.94	3,828.78	2,018.16
Capital-Voted								
10	6-Education	362.78	19.30	382.08	118.05	264.03	167.94	96.09
11	8-Social Welfare	716.03	47.04	763.07	344.08	418.99	338.88	80.11
12	10-Development	716.63	0.03	716.66	443.00	273.66	205.83	67.83
13	11- Urban Development and Public Works Department	7,491.46	351.37	7,842.83	4,459.44	3,383.39	2,704.66	678.73
Total		9,286.90	417.74	9,704.64	5,364.57	4,340.07	3,417.31	922.76
Grand Total		43,472.68	2,980.13	46,452.81	36,265.80	10,187.01	7,246.09	2940.92

There were nine¹ instances of significant savings of more than ₹ 100 crore and above out of original budget provision and yet supplementary provisions were obtained.

The distribution of the number of grants/appropriations grouped by the percentage of savings (Chart 3.3) shows that in five grants savings were 20 to 30 per cent amounting to ₹ 8,602.46 crore. However, in one grant (Grant no. 13-Pension) there was saving of ₹ 122.47 crore (97.98 per cent).

¹ Revenue – voted section of Grant number 3, 4, 9, 10 and 13 and Capital – voted sections of Grant number 6, 8, 10 and 11

Chart 3.3: Number of Grants/Appropriations grouped by the percentage of savings along with total savings in each group



Audit noted that in 11 grants there were total savings of ₹ 10,414.90 crore, out of which an amount of ₹ 7,402.22 crore (more than ₹ 10 crore) was surrendered as detailed in **Table 3.6**:

Table 3.6: Details of surrender of funds in excess of ₹ 10 crore at the end of March

(₹ in crore)							
Sl. No.	Grant No. and Name	Original grant/Appropriation	Supplementary grant/Re-appropriation	Total grant/Appropriation	Actual expenditure	Savings	Surrender
Revenue-Voted							
1	1-Legislative Assembly	56.92	0.00	56.92	28.82	28.10	26.52
2	2-General Administration	612.43	374.64	987.07	735.74	251.33	167.98
3	3-Administration of Justice	1,300.78	91.50	1,392.28	1,086.27	306.01	129.73
4	4-Finance	362.30	1.79	364.09	245.37	118.72	66.79
5	5-Home	755.32	20.31	775.63	710.79	64.84	28.03
6	6-Education	13,491.65	0.87	13,492.52	10,626.98	2,865.54	2,293.88
7	8-Social Welfare	6,548.55	740.80	7,289.35	6,612.91	676.44	326.89
8	9-Industries	452.30	0.11	452.41	204.48	247.93	236.16
9	10-Development	3,105.42	132.77	3,238.19	2,627.60	610.59	66.98
10	11- Urban Development and Public Works Department	8,187.35	1,219.91	9,407.26	8,759.35	647.91	418.12
11	13-Pension	125.00	0.00	125.00	2.53	122.47	122.25
Total		34,998.02	2,582.70	37,580.72	31,640.84	5,939.88	3,883.33
Capital-Voted							
12	4-Finance	8.00	94.78	102.78	2.98	99.80	91.28
13	5-Home	43.50	0.30	43.80	8.65	35.15	10.30
14	6-Education	362.78	19.30	382.08	118.05	264.03	167.94
15	8-Social Welfare	716.03	47.04	763.07	344.08	418.99	338.88
16	10-Development	716.63	0.03	716.66	443.00	273.66	205.83
17	11- Urban Development and Public Works Department	7,491.46	351.37	7,842.83	4,459.44	3,383.39	2,704.66
Total		9,338.40	512.82	9,851.22	5,376.20	4,475.02	3,518.89
Grand Total		44,336.42	3,095.52	47,431.94	37,017.04	10,414.90	7,402.22

The grants where less than 50 per cent of the budget was utilised are shown in **Table 3.7**.

Table 3.7: Original Grants/Appropriations (more than ₹ 200 crore) in which budget utilisation was less than 50 per cent

(in per cent)									
Sl. No.	Grant No and Name	2015-16	2016-17	2017-18	2018-19	2019-20	Number of years	Budget 2019-20	Total Budget for 5 years
1.	2-General Administration Department	25.50	54.70	67.51	38.85	74.74	2	1,002.84	3,109.92
2.	4-Finance	59.02	70.81	39.81	24.00	53.19	2	467.01	3,918.47
3.	9-Industries	84.59	63.09	54.18	35.69	45.01	2	454.76	1,864.27

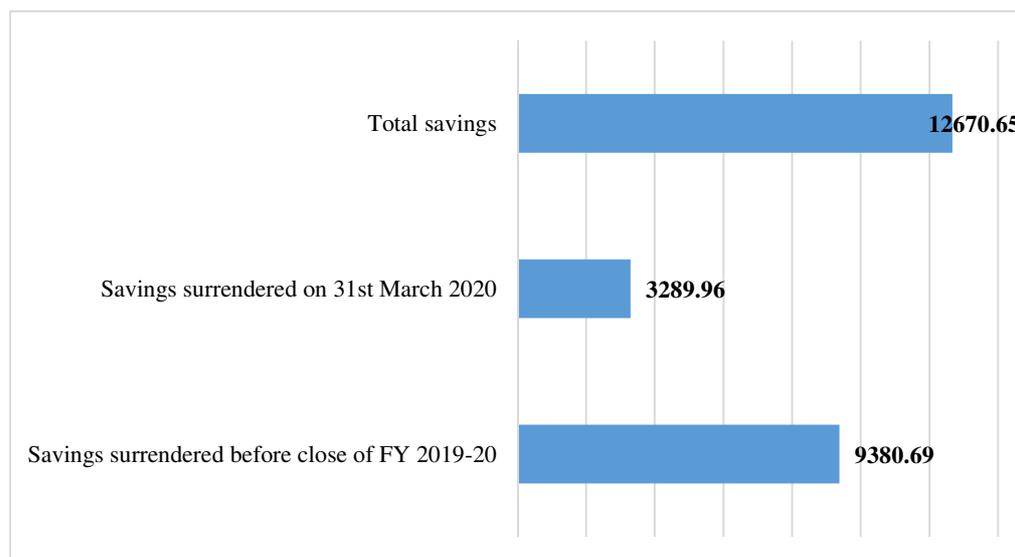
During the last five years i.e. 2015-16 to 2019-20, there were three grants (2-General Administration Department, 4-Finance and 9-Industries) wherein two years' budget utilisation was less than 50 per cent.

During scrutiny of the Appropriation Accounts it was observed that there was a total saving of ₹ 12,670.65 crore (19.74 per cent of total budget of ₹ 64,180.68 crore) and an amount of ₹ 9,380.69 crore (74.03 per cent) was surrendered. 25.97 per cent of total saving lapsed due to not surrendering the savings on time and ₹ 3,289.96 crore was surrendered on 31 March.

Savings and surrenders before close of the financial year 2019-20 is given in **Chart 3.4:**

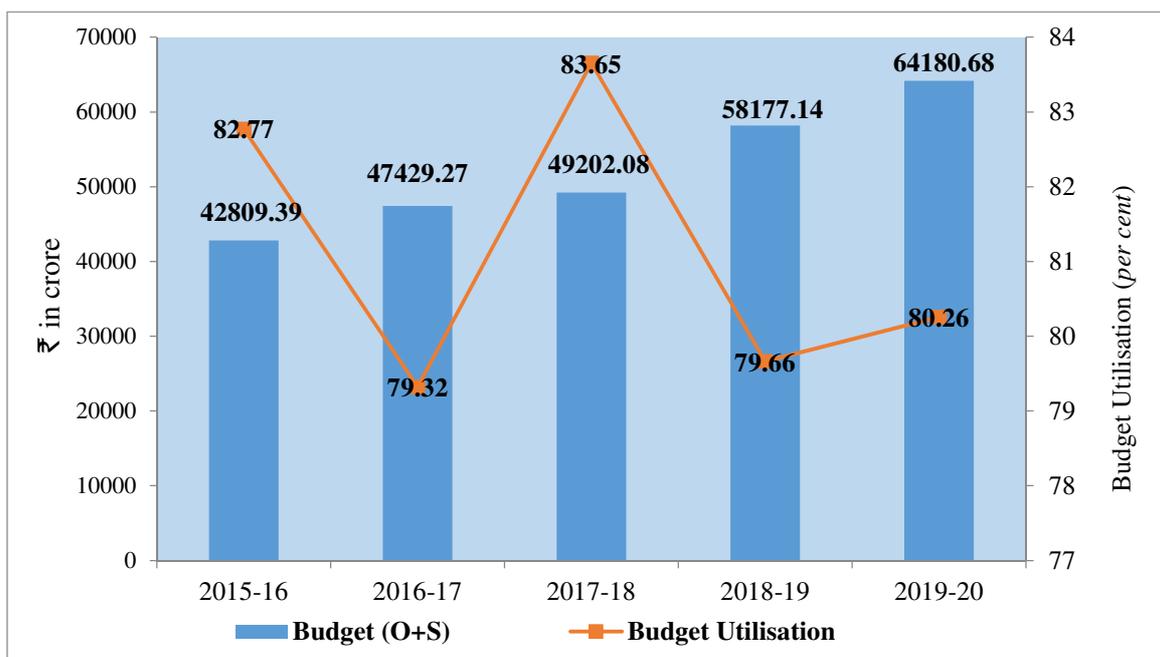
Chart 3.4: Savings and Surrenders before close of financial year 2019-20

(₹ in crore)



The overall budget utilisation during 2015-16 to 2019-20 is given in **Chart 3.5.**

Chart 3.5: Budget utilisation during 2015-16 to 2019-20



3.4 Comments on transparency of budgetary and accounting process

3.4.1 Lump-sum budgetary provisions

The financial rules/budget manuals prohibit lump-sum provision in estimates except in cases where urgent measures are to be provided for meeting emergent situations or for meeting preliminary expenses on a project/scheme which has been accepted in principle for being taken up in the financial year. Detailed explanations justifying provision proposed are required to be given in the budget note accompanying the lump-sum estimates.

It was observed that GNCTD made total lump-sum budgetary provision of ₹ 422.46 crore under three grants against which expenditure of ₹ 317.82 crore was made. Lump-sum provisions without identifying the exact object of expenditure vitiates transparency. The percentage of lump-sum provision against the total provision was between 0.08 *per cent* to 4.20 *per cent* as detailed in **Table 3.8**: Further, as per sub rule 6 of Rule 3 of Delegation of Financial Power Rules, 1978 no lump-sum provision shall ordinarily be made in the budget except for works costing less than ₹ 10 lakh. Audit noted that in all the cases where lump-sum provision was made, the amount had exceeded the prescribed limit of ₹ 10 lakh.

Table 3.8: Details of lump sum provisions made during the year 2019-20

(₹ in crore)

Sl. No	Grant No and Name	Head of Account	Lump sum provision	Expenditure from lump sum provision
1.	3-Administration of Justice	2014.00.102.92.00.42 (Charged)	3.26	3.04
2.		2014.00.105.97.00.42	1.50	0.00
3.	10-Development	5425.00.208.84.00.42	0.60	0.10
4.	11-Urban Development and Public Works Department	4055.00.212.90.00.42	4.00	3.13
5.		4059.60.051.80.90.42	100.00	35.38
6.		4070.00.800.89.00.42	168.00	154.57
7.		4202.01.800.97.00.42	20.00	15.94
8.		4202.02.105.85.00.42	0.50	0.30
9.		4202.02.105.87.00.42	0.50	0.35
10.		4202.02.105.88.00.42	2.00	1.27
11.		4202.03.800.89.00.42	40.00	32.91
12.		4202.04.101.99.00.42	1.90	1.31
13.		4202.04.104.96.00.42	1.50	0.69
14.		4210.03.102.98.00.42	2.70	2.03
15.		4235.02.101.87.00.42	1.00	0.51
16.		4235.02.104.94.00.42	8.00	4.67
17.		4235.02.800.90.00.42	10.00	4.79
18.	5054.04.800.99.00.42	57.00	56.83	
19.		Total Grant no 11	417.10	314.68
Grand Total			422.46	317.82

Source: Principal Accounts Office, GNCTD

3.5 Comments on effectiveness of budgetary and accounting process

3.5.1 Budget projection and gap between expectation and actual

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

Scrutiny of Appropriation Accounts for the year 2019-20 revealed that the departments could utilise ₹ 51,510.03 crore against the total provision of ₹ 64,180.68 crore and savings of ₹ 3,289.96 crore (25.97 per cent) were surrendered in March out of total saving of ₹ 12,670.65 crore. The details are given in **Table 3.9**.

Table 3.9: Summarised position of actual expenditure vis-à-vis original/ supplementary provisions

(₹ in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary Grant/ appropriation	Total	Actual expenditure	Net of Saving(-)	Surrender during March	
							Amount	Percentage
Voted	I. Revenue	41,267.39	2,582.92	43,850.31	36,872.80	(-)6,977.51	2,235.78	32.04
	II. Capital	9,646.68	539.82	10,186.50	5,493.81	(-)4,692.69	1,017.75	21.69
	III. Loans and Advances	2,240.41	1,028.52	3,268.93	3,266.30	(-)2.63	0 ²	0
Total voted		53,154.48	4,151.26	57,305.74	45,632.91	(-)11,672.83	3,253.53	27.87
Charged	I. Revenue	3,513.92	26.98	3,540.90	3,063.65	(-)477.25	35.86	7.51
	II. Capital	0.50	2.44	2.94	2.37	(-)0.57	0.57	100.00
	Public Debt	3,331.10	0.00	3,331.10	2,811.10	(-)520.00	0	0
	III. Loans and Advances	0	0	0	0	0	0	0
Total charged		6,845.52	29.42	6,874.94	5,877.12	(-)997.82	36.43	3.65
Appropriation to Contingency Fund (if any)		0	0	0	0	0	0	0
Grand Total		60,000.00	4,180.68	64,180.68	51,510.03	(-)12,670.65	3,289.96	25.97

Source: Appropriation Accounts.

The original budget of ₹ 60,000 crore prepared by GNCTD for the year 2019-20 was revised to ₹ 64,180.68 crore against which actual expenditure was ₹ 51,510.03 crore. Details of original budget, revised budget estimates and actual expenditure for the period 2015-16 to 2019-20 are given in **Table 3.10**.

² Surrenders of loan and advances included in capital section.

Table 3.10: Original budget, revised estimate and actual expenditure during 2015-2020

	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Original Budget	41,128.99	46,600.00	48,000.00	53,000.01	60,000.00
Supplementary Budget	1,680.40	829.27	1,202.08	5,177.13	4,180.68
Revised Estimate	42,809.39	47,429.27	49,202.08	58,177.14	64,180.68
Actual Expenditure	35,434.86	37,620.77	41,159.42	46,344.56	51,510.03
Saving /excess	7,374.53	9,808.50	8,042.66	11,832.58	12,670.65
Percentage of Saving	17.23	20.68	16.35	20.34	19.74
Percentage of supplementary to the original provision	4.09	1.78	2.50	9.77	6.97

Source: Budget at glance and Appropriation Accounts of the respective years.

3.5.2 Major policy pronouncement in the budget and their actual funding for ensuring implementation

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

It was observed that in 39 sub-heads under seven Grants (₹ one crore or above in each case), the entire provision of ₹ 196.76 crore remained unutilised by the departments or was remitted back to Government before the closure of the financial year 2019-20 (**Appendix-3.1**).

Savings of the entire provision was indicative of the fact that the estimates were not prepared after adequate scrutiny of the projects/schemes. Schemes which did not take off due to non-utilisation of the entire provision were – Chief Minister Advocate Welfare Scheme (₹ 25.00 crore), DNA Test Lab- Nirbhaya Fund (CSS) (₹ 3.30 crore), Pre-Matric scholarship scheme for minority students (CSS) (₹ 6.50 crore), Swacch Bharat Mission (CSS) (₹ 24.00 crore), and Regional Rapid Transit System (RRTS) Corridor (₹ 47.00 crore).

Further, it was observed that in 44 sub-heads of seven grants (₹ one crore or above in each case), provision of ₹ 2,744.61 crore was made in the original budget (**Appendix 3.2**) but the amount was withdrawn in the revised outlay for the financial year 2019-20.

3.5.3 Financial powers being flouted in relation to re-appropriation

Audit noted that re-appropriation orders were not issued in the prescribed format. Scrutiny of re-appropriation/surrender/supplementary grant orders revealed the following deficiencies:

- i) The reasons given in the orders were not specific and were generic in nature i.e. due to non-submission of bills, less receipt of claims/bills, due to less procurement, non-finalisation of LTC bills, non-filling of post etc.
- ii) In five cases it was observed that the funds were re-appropriated from supplementary grant which was voted for a definite purpose. As a result the objective of supplementary grant was defeated (**Appendix 3.3**).

3.5.4 Rush of expenditure

i) Rule 62(3) of GFR, 2017 provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided. As per the guidelines of the Finance Ministry GoI dated 24th January 2020, expenditure in the last quarter of the financial year should be restricted to 25 *per cent* of the budget and 10 *per cent* in the last month i.e. March.

It was noticed that out of the total expenditure of ₹ 51,186.26³ crore during 2019-20, expenditure of ₹ 16,207.83 crore (31.66 *per cent*) was incurred in the last quarter whereas ₹ 2,355.21 crore (14.53 *per cent*) of the last quarter was incurred during the month of March, 2020 in 30 sub-heads under five grants ranging between 50 *per cent* and 100 *per cent* of the total expenditure.

Rush of expenditure during the last quarter, especially during the month of March, indicates non-adherence to financial rules.

ii) Sub-heads where entire expenditure was incurred in March 2020

Audit noted that in eight sub-heads under two grants the entire expenditure of ₹ 428.53 crore was incurred in March 2020 as detailed in **Table 3.11**:

Table 3.11: Entire expenditure incurred in the month of March

Sl. No.	Grant No. and name	Head of Account (up to Sub-Head)	Expenditure during March (₹ in crore)	Expenditure during March (in per cent)
1	8 - Social Welfare	222501277450050	67.68	100
2		222501789780050	30.00	100
3		305500190930033	44.52	100
4		305500190940033	70.17	100
5		305500190990033	90.68	100
6		545201102920053	25.48	100
7	11 - Urban Development and Public Works	221502191790033	50.00	100
8		680100190940055	50.00	100
Total			428.53	

Source: Principal Accounts Office, GNCTD

³ Excluding recoveries of ₹ 323.77 crore

iii) Grants with more than 50 per cent of expenditure in March alone

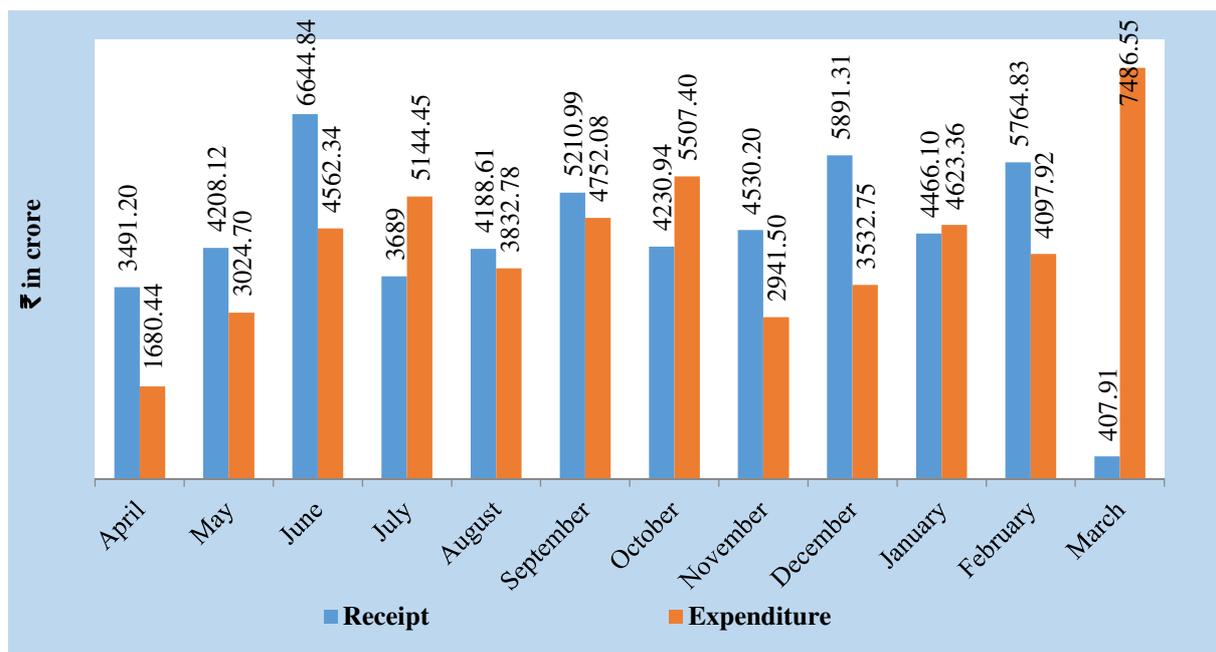
Audit noted that in 22 sub-heads under five grants, an expenditure of ₹ 1,926.68 crore ranging between 50 to 99.78 per cent of the total expenditure was incurred in March 2020 as depicted in **Table 3.12:**

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

Sl. No.	Grant No.	Description (Head of Account)	Total expenditure					Total expenditure in March 2020	
			1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	Amount	Percentage
1	Grant No. 6	220400103780005	0.00	0.00	0.03	13.91	13.94	13.91	99.78
2	Grant No. 8	223502789960050	1.84	3.48	2.26	69.42	77.00	66.92	86.91
3	Grant No. 11	407000800890042	7.24	5.00	5.06	137.27	154.57	133.58	86.42
4	Grant No. 11	221780191229831	0.00	9.43	0.00	28.30	37.73	28.30	75.01
5	Grant No. 6	220300112510036	0.00	3.75	0.00	11.25	15.00	11.25	75.00
6	Grant No. 11	221780191229631	0.00	20.55	0.00	61.66	82.21	61.66	75.00
7	Grant No. 11	221780191229735	0.00	7.20	0.00	21.60	28.80	21.60	75.00
8	Grant No. 11	621760800980055	0.00	0.00	3.75	11.25	15.00	11.25	75.00
9	Grant No. 11	221780191229731	0.00	14.80	0.00	44.40	59.20	44.40	75.00
10	Grant No. 11	221780191229635	0.00	5.29	0.00	15.86	21.15	15.86	74.99
11	Grant No. 6	220202109870021	0.16	1.36	1.66	14.09	17.27	12.73	73.71
12	Grant No. 8	705500190960055	0.00	300.00	0.00	823.60	1,123.60	823.60	73.30
13	Grant No. 11	505404101770053	0.00	3.39	1.21	30.03	34.63	24.29	70.14
14	Grant No. 8	505500050920053	2.41	2.31	3.12	14.84	22.68	14.76	65.08
15	Grant No. 10	36040010298983	9.76	34.47	12.58	106.46	163.27	103.77	63.56
16	Grant No. 8	223502789990050	22.08	37.86	0.00	99.75	159.69	99.75	62.46
17	Grant No. 10	224502101979850	0.10	0.20	12.61	20.14	33.05	20.13	60.91
18	Grant No. 10	205200090480036	0.00	9.25	0.00	13.25	22.50	13.25	58.89
19	Grant No. 6	220202113980031	0.00	0.00	0.00	56.42	56.42	29.42	52.14
20	Grant No. 2	222001001990026	16.89	20.33	20.06	142.72	200.00	103.76	51.88
21	Grant No. 11	421001110650053	2.85	10.60	6.05	24.20	43.70	22.49	51.46
22	Grant No. 11	761500200750055	0.00	0.00	0.00	500.00	500.00	250.00	50.00
Total			63.33	489.27	68.39	2,260.42	2,881.41	1,926.68	

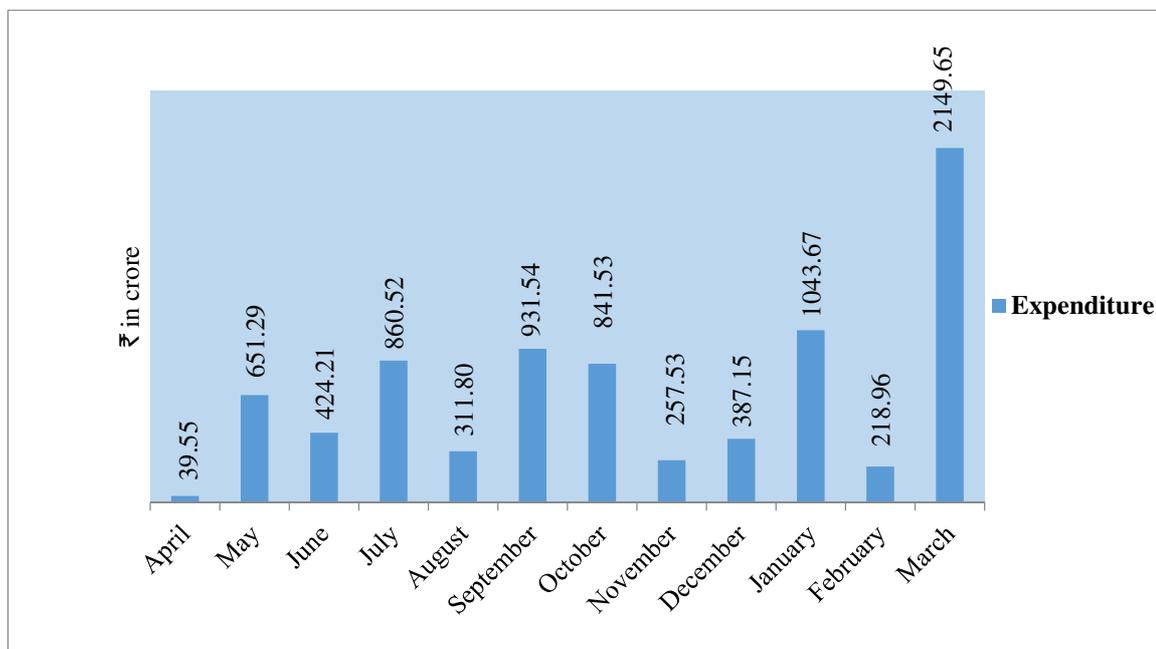
Source: Principal Accounts Office, GNCTD

Chart 3.6: Monthly receipts and expenditure during the FY 2019-20



It may be observed from the above table/graph that month-wise receipts of GNCTD ranged between 0.77 *per cent* to 12.60 *per cent* of the total receipt of ₹ 52,724.05 crore while month-wise expenditure of GNCTD ranged between 3.28 *per cent* to 14.63 *per cent* of the total expenditure of ₹ 51,186.26 during the year 2019-20.

Chart 3.7: Month wise expenditure of Grant No. 08 Social Welfare with very high percentage of expenditure in March 2020



Audit observed that the Social Welfare department (Grant No. 08) incurred 26 *per cent* of total expenditure in the last month of the financial year 2019-20.

The rush of expenditure at the fag end of the financial year reflects poor budgeting and financial control.

3.5.5 Outcome of Grant no. 7 – ‘Medical and Public Health’

A review of budgetary procedure and control over expenditure in respect of grant no. 7 - ‘Medical and Public Health’ for the period 2017-18 to 2019-20 was conducted to ascertain compliances with budgeting processes, monitoring of funds and control mechanism within the grant. The grant was assigned to ‘Health and Family Welfare Department’ which includes ‘Department of Food Safety’, ‘Drug Control Department’ etc. During the review the following issues were noticed.

- (i) The overall position of budget provision, expenditure incurred and savings under the grant for the last three years is given in **Table 3.13**:

Table: 3.13: Budget and Expenditure

(₹ in crore)

Year	Provision		Expenditure incurred		Savings	
	Voted	Charged	Voted	Charged	Voted	Charged
2017-18	5,033.05	1.68	4,383.98	0.93	649.07	0.75
2018-19	6,048.16	16.25	5,228.23	12.43	819.93	3.82
2019-20	6,571.83	14.08	5,341.36	4.42	1,230.47	9.66

- (ii) There were persistent savings of ₹ one crore or more in 21 cases/sub-heads under the grant during the period 2017-18 to 2019-20 which indicates unrealistic budgeting and deficient financial management. The savings were due to non-filling of vacant posts, less claims/bills, less advertisements, non-finalisation of LTC bills and contingency bills, less procurement, non-finalisation of tenders; non submission of bills by vendors etc.
- (iii) Re-appropriation in 39 cases proved unnecessary as the departments were not able to utilise fully their original grant. As a result, there was cumulative non-utilisation of a sum of ₹ 62.89 crore in these cases during 2017-18 to 2019-20 against cumulative re-appropriation of ₹ 32.30 crore during the said period.
- (iv) Scrutiny of section-wise Appropriation Accounts of the grant revealed persistent savings of 11 to 17 *per cent* in revenue voted section and 24 to 80 *per cent* in revenue charged section while savings in capital voted section were 35 to 64 *per cent* of the total grant indicating unrealistic budgeting and deficient financial provision.
- (v) In 48, 51 and 41 sub-heads the entire provision remained unutilised during the years 2017-18, 2018-19 and 2019-20 respectively, due to non-implementation/partial implementation of schemes, administrative reasons, procurement proposals not finalised, approval of competent authority not received etc. Saving of the entire provisions was indicative

of the fact that estimates were prepared without adequately assessing the actual requirement and improper scrutiny of relevant projects/schemes.

- (vi) Rule 62(3) of GFR, 2017 provides that rush of expenditure, particularly in the closing months of the financial year, is regarded as a breach of financial propriety and should be avoided. Contrary to this, expenditure was incurred in 6, 4 and 13 sub-heads by the departments in the last quarter of the financial years 2017-18, 2018-19 and 2019-20 and ranged between 50.47 per cent to 100 per cent, 53.34 per cent to 95.28 per cent and 50 per cent to 100 per cent respectively of the total expenditure.

3.6 Recommendations

1. Government needs to formulate a realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources;
2. An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of the budget to ensure that savings are curtailed, large savings within the grant/appropriation are controlled, and anticipated savings are identified and surrendered within the specified timeframe.

