

CHAPTER-III

BUDGETARY MANAGEMENT

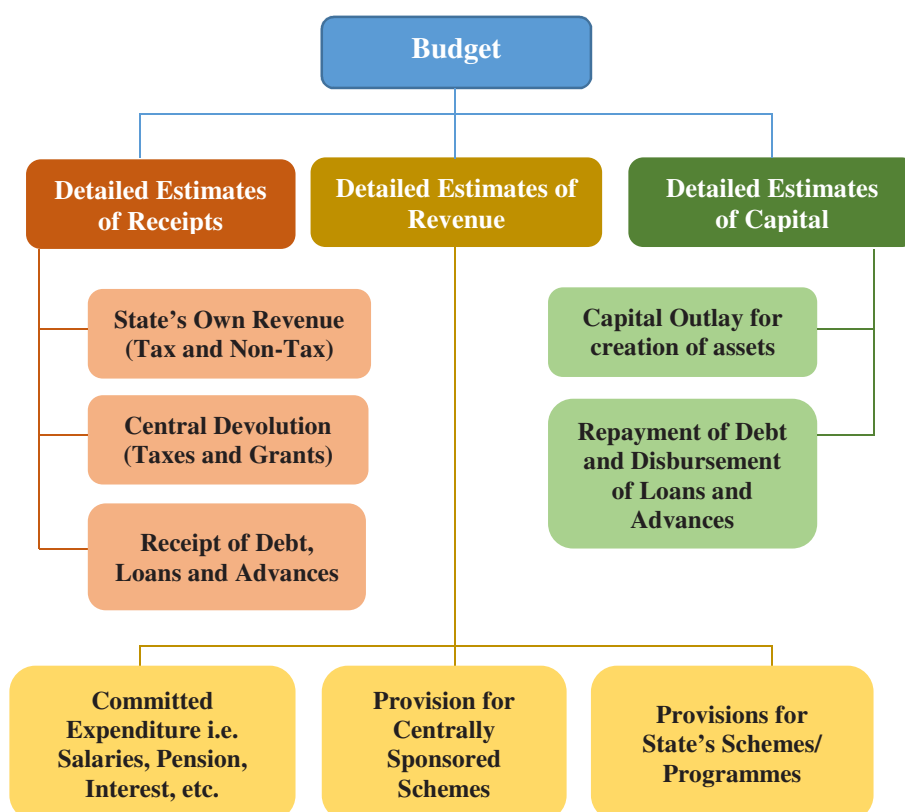
Chapter 3: Budgetary Management

3.1 Budget Process

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

As per the Punjab Budget Manual, as adopted by Haryana, the Finance Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of heads of the departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called ‘Demand for Grants’. The State budget comprises following documents as given in *Chart 3.1*.

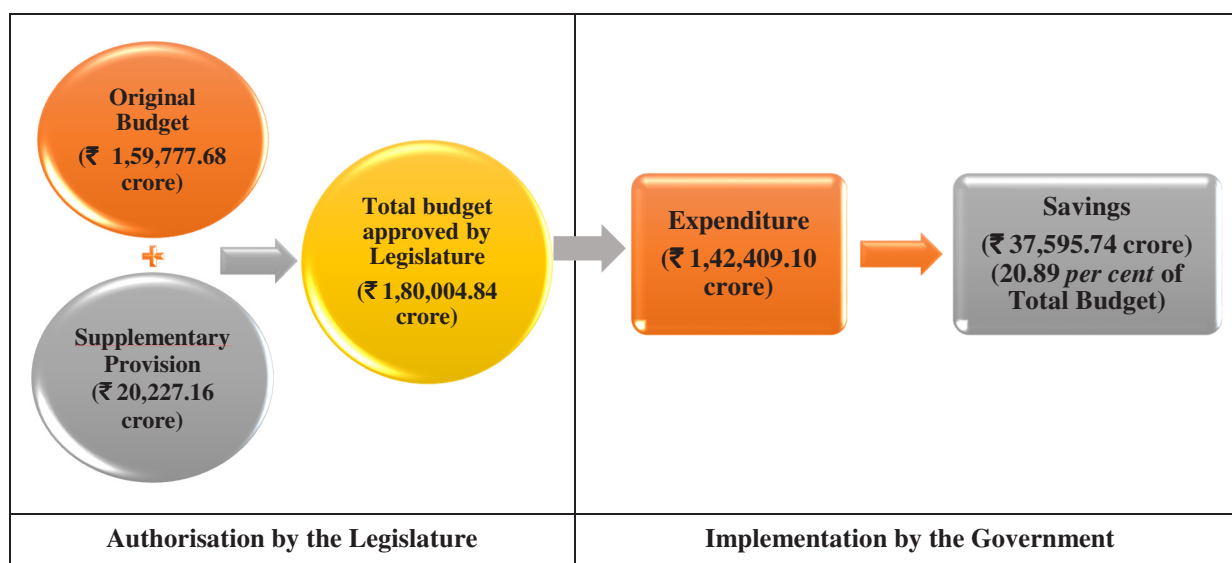
Chart 3.1: Detail of State Budget Documents



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

The various components of budget are depicted in the **Chart 3.2**.

Chart 3.2: Total Budget provision vis-à-vis expenditure during 2020-21



Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts

Summary of total provision, actual disbursements and savings during financial year

A summarised position of total budget provision, disbursement and savings with its further bifurcation into voted/charged during 2016-21 is given in **Table 3.1**.

Table 3.1: Disbursement and Saving/Excess during 2016-21

(₹ in crore)

Year	Total Budget Provision		Disbursement		Saving	
	Voted	Charged	Voted	Charged	Voted	Charged
2016-17	92,200.76	20,458.70	76,947.96	16,121.70	15,252.80	4,337.00
2017-18	1,02,879.77	22,110.63	84,418.03	18,544.66	18,461.74	3,565.97
2018-19	1,07,759.20	33,973.70	90,304.44	31,058.32	17,454.76	2,915.38
2019-20	1,19,003.62	37,446.09	98,167.61	31,688.66	20,836.01	5,757.43
2020-21	1,27,589.40	52,415.44	95,535.91	46,873.19	32,053.49	5,542.25

Source: Appropriation Accounts of the respective years.

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

3.3 Comments on integrity of budgetary and accounting process

3.3.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution. Paragraph 14.1 of the Punjab Budget Manual provides that expenditure on new scheme should not be incurred without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was, however, observed that an expenditure of ₹ 147.67 crore, was incurred in four cases (₹ one crore or more in each case) (*Detail given in Table 3.2*) under various components of four grants during the year 2020-21 without having any provision in the original budget estimates/supplementary demands and without issuing any re-appropriation orders to this effect.

Table 3.2: Detail of expenditure incurred without provision

Sr. No.	Major Head/Minor/Sub Heads of Expenditure	Amount (₹ in crore)
Grant No. 8- Buildings and Roads		
1.	3054-Roads and Bridges, 80-General, 797-Transfer to/ from Reserve Fund/ Deposit Account, 99- Transfer from CRF-Inter Account Transfer	78.54
Grant No.19- Welfare of Scheduled Castes and Backward Classes (SCs and BCs)		
2.	2225- Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 01- Welfare of Scheduled Castes, 800- Other Expenditure, 85- Monetary relief to the victim of Atrocities	2.19
Grant No. 34-Transport		
3.	5053-Capital Outlay on Civil Aviation, 60- Other Aeronautical Services, 800- Other expenditure, 97- Construction & Repair of Buildings	31.94
Grant No. 35-Tourism		
4.	3452-Tourism, 80 - General, 190- Assistance to Municipalities/ Municipal Councils, 99 - Haryana Tourism Corporation Limited	35.00
	Total	147.67

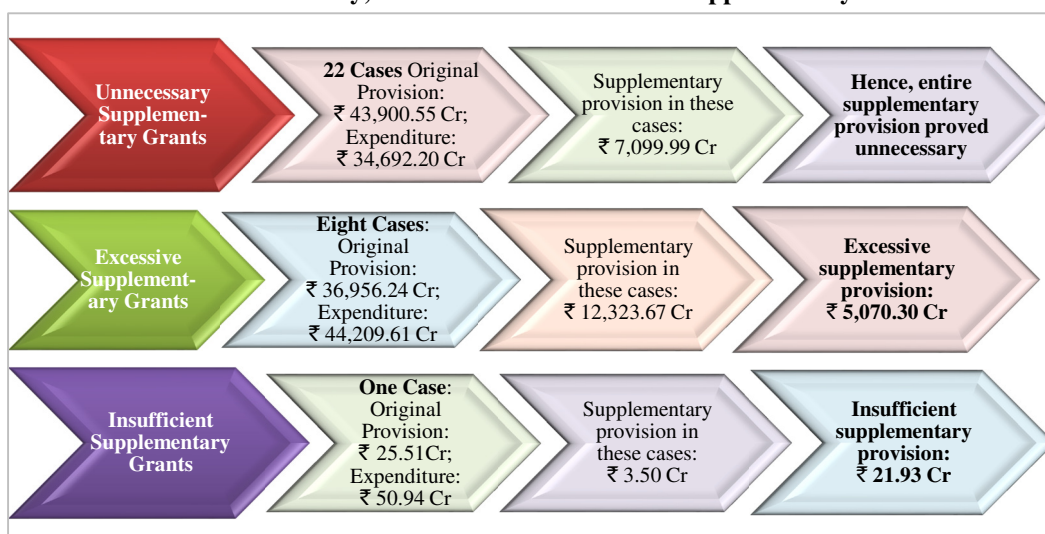
Source: Appropriation Accounts.

3.3.2 Unnecessary or excessive supplementary grants

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year, can be made during the current financial year but not after the expiry of current financial year.

Supplementary provisions aggregating to ₹ 7,099.99 crore obtained in 22 cases, involving ₹ 50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions. In eight cases, supplementary provision of ₹ 12,323.67 crore was excessive as detailed in *Appendix 3.1*. On the other hand, in one case supplementary grant of ₹ 3.50 crore (Grant No. 35-Tourism) was not adequate to meet the requirement (*Chart 3.3*).

Chart 3.3: Unnecessary, Excessive and Insufficient Supplementary Provisions



Source: Appropriation Accounts

As such, the supplementary provisions were either unwarranted or excessive in large number of cases. The Government may consider preparing realistic budget estimates to avoid large savings and supplementary provisions.

3.3.3 Excessive/unnecessary re-appropriation of funds

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 required. Re-appropriation proved injudicious in view of excessive surrenders or insufficient augmentation and resulted in excesses of over ₹ 2,587.99 crore in 71 sub-heads and savings of over ₹ 5,500.67 crore under 45 sub-heads against benchmark of more than ₹ one crore in each case as detailed in *Appendix 3.2*. Excesses/Savings were more than ₹ 10 crore under 48 sub-heads. In 10² cases, reduction of provisions through re-appropriation proved injudicious, as the actual expenditure was more than the original and

² Sr. No. 4, 8, 19, 26, 33, 34, 50, 79, 92 and 97 of *Appendix 3.2*.

supplementary provisions and in 17³ cases, where the entire amount of original provision was surrendered through re-appropriation, expenditure was incurred against non-available provision due to re-appropriation. Similarly, in 16⁴ cases, the re-appropriation of funds proved injudicious, as the actual expenditure was more than the funds provided through original and re-appropriation.

3.3.4 Non-surrendering and excess surrendering of funds

At the close of the year 2020-21, in 72 cases funds of more than ₹ 10 crore in each case were surrendered. In these cases, the total provision was ₹ 1,78,979.29 crore and actual expenditure was ₹ 1,41,422.19 crore resulting in savings of ₹ 37,557.10 crore. Out of this, ₹ 35,380.43 crore were (*Appendix 3.3*) surrendered, ₹ 2,176.67 crore were still in excess of expenditure incurred, indicating inadequate budgetary and financial control.

Further, analysis revealed that in 17 cases against the savings of ₹ 13,725.15 crore, ₹ 9,478.52 crore were surrendered and ₹ 4,246.63 crore were not surrendered which was against the provisions of paragraph 13.2 of Punjab Budget Manual (also applicable to Haryana). In 34 cases, ₹ 17,875.12 crore were surrendered where the saving was lower at ₹ 15,805.16 crore. In 21 cases all the savings of ₹ 8,026.79 crore were surrendered. Reasons for less/excess surrendering of funds were not intimated by the State Government.

3.3.5 Savings

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or unrealistic estimating, it is a matter of concern. All estimating Officers should strive to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should consider this while exercising final check on the estimates.

Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism, weak scheme implementation capacities/weak internal controls promote release of funds towards the end of the financial year. Excessive savings in some heads also deprive other Departments of the funds, which they could have utilised.

(i) Savings vis-à-vis allocations

There were overall savings of ₹ 37,595.74 crore. Out of these, in 44 cases, savings were ₹ 36,450.08 crore registering saving of more than ₹ 100 crore in each case (*Appendix 3.4*). In these 44 cases, against a total provision of

³ Sr. No. 9, 10, 11, 12, 13, 14, 15, 16, 59, 60, 69, 70, 98, 99, 110, 111 and 113 of *Appendix 3.2*.

⁴ Sr. No. 20, 23, 27, 28, 35, 38, 47, 58, 78, 87, 103, 104, 105, 106, 112 and 116 of the *Appendix 3.2*.

₹ 1,74,911.24 crore, actual expenditure was ₹ 1,38,461.16 crore and savings were ₹ 36,450.08 crore. The cases in which there was substantial saving have been listed in **Table 3.3**.

Table 3.3: Detail of cases in which savings were more than ₹ 500 crore

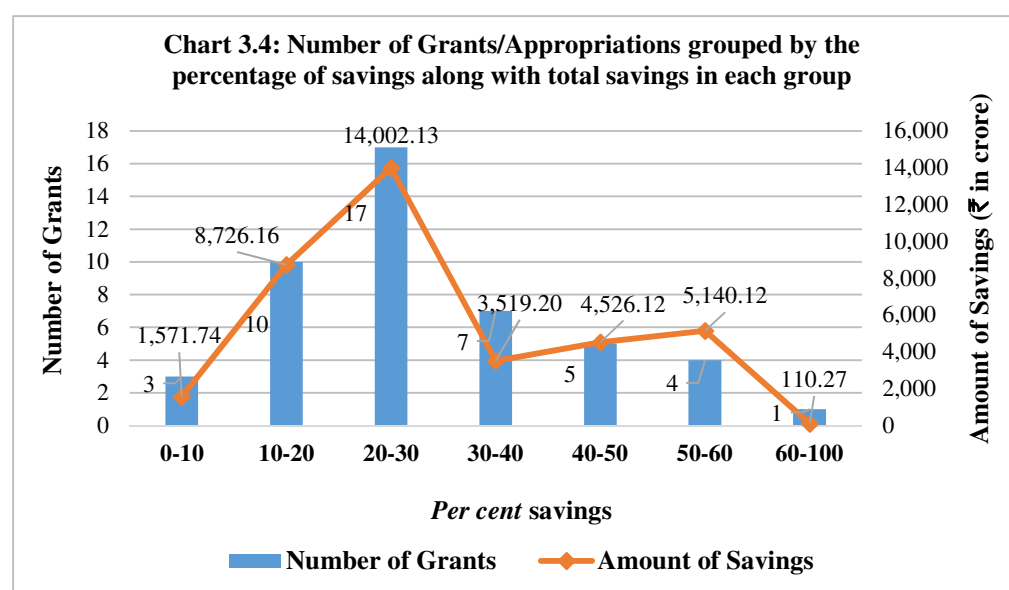
(₹ in crore)

Sr. No.	Number and name of the Grant	Original	Supplementary	Total	Actual	Saving
Revenue (Voted)						
1	9-Education	17,270.83	Nil	17,270.83	13,313.41	3,957.42
2	13-Health	5,567.50	742.35	6,309.85	5,080.95	1,228.90
3	15-Local Government	4,978.01	2,336.13	7,314.14	3,548.31	3,765.83
4	24-Irrigation	2,654.68	Nil	2,654.68	1,521.67	1,133.01
5	27-Agriculture	3,612.63	430.22	4,042.85	2,348.08	1,694.77
6	32-Rural and Community Development	5,973.60	921.70	6,895.30	4,484.00	2,411.30
7	36-Home	5,356.76	90.00	5,446.76	4,644.54	802.22
8	40-Energy and Power	6,710.29	997.02	7,707.31	5,810.98	1,896.33
Revenue Charged						
9	6-Finance	18,304.58	Nil	18,304.58	17,114.67	1,189.91
Capital Voted						
10	8-Buildings and Roads	2,477.69	Nil	2,477.69	1582.60	895.09
11	9-Education	1,600.00	Nil	1,600.00	283.78	1,316.22
12	13-Health	966.00	319.00	1,285.00	768.29	516.71
13	14-Urban Development	1,450.00	Nil	1,450.00	564.29	885.71
14	23-Food and Supplies	16,002.56	Nil	16,002.56	13,152.68	2,849.88
15	24-Irrigation	2,155.87	Nil	2,155.87	1,327.45	828.42
16	38-Public Health and Water Supply	1,500.51	482.25	1,982.76	949.22	1,033.54
Capital (Charged)						
17	Public Debt	22,591.81	11,072.60	33,664.41	29,497.60	4,166.81

Further, scrutiny of savings in above mentioned grants revealed that during 2020-21 in 47 schemes (other than salary/establishments), the savings were more than ₹ 100 crore (**Appendix 3.5**).

Savings of such a magnitude are indicative of defective budgeting as well as shortfall in performance in a grant or appropriation.

Chart 3.4 categorises the grants/appropriations according to percentage of savings against budget allocations.



(ii) Persistent savings

Further, scrutiny of grants and appropriation showed that during the last five years, 17 grants in Revenue Voted, seven grants under Capital Voted and one appropriation showed persistent savings of more than ₹ 10 crore and above which were also 10 *per cent* or more of the total grants. Detail of grants/appropriation with savings during the year 2016-17 to 2020-21 are given in **Table 3.4**.

Table 3.4: Grants indicating persistent savings**(₹ in crore)**

Sr. No.	Number and name of the grant	Amount of savings				
		2016-17	2017-18	2018-19	2019-20	2020-21
Revenue (Voted)						
1.	07-Planning and Statistics	283.17 (62)	10.76 (26)	22.00 (37)	18.24 (34)	10.02 (22)
2.	11-Sports and Youth Welfare	105.84 (25)	211.20 (46)	114.86 (29)	114.93 (28)	179.97 (60)
3.	14-Urban Development	12.47 (13)	53.95 (51)	38.93 (36)	477.33 (82)	53.06 (43)
4.	15-Local Government	879.77 (25)	1,462.93 (27)	2,168.63 (43)	2,263.66 (41)	3,765.83 (51)
5.	17-Employment	16.12 (23)	56.52 (24)	45.37 (13)	69.75 (15)	243.03 (37)
6.	18-Industrial Training	52.67 (19)	122.11 (29)	185.11 (37)	201.65 (31)	350.68 (43)
7.	19-Welfare of SCs and BCs	213.79 (27)	357.63 (47)	325.97 (45)	226.64 (44)	139.49 (27)
8.	21-Women and Child Development	368.88 (33)	232.26 (22)	476.58 (34)	409.27 (29)	362.76 (24)
9.	24-Irrigation	512.12 (27)	519.63 (27)	214.32 (13)	265.50 (15)	1,133.01 (43)
10.	25-Industries	436.29 (62)	234.39 (64)	343.58 (61)	60.84 (19)	69.71 (24)
11.	27-Agriculture	826.91 (43)	648.44 (34)	956.78 (35)	1,542.96 (50)	1,694.77 (42)
12.	28-Animal Husbandry	110.83 (15)	88.83 (12)	107.55 (12)	183.11 (18)	291.09 (25)
13.	30-Forest and Wild Life	97.95 (26)	142.21 (31)	143.96 (32)	178.39 (35)	66.77 (12)
14.	32-Rural and Community Development	366.90 (10)	1,193.68 (26)	1,261.75 (26)	1,341.36 (25)	2,411.30 (35)
15.	34-Transport	283.94 (13)	277.38 (12)	406.76 (16)	387.16 (16)	489.67 (22)
16.	37-Elections	11.24 (20)	38.15 (53)	30.63 (40)	171.11 (56)	29.76 (33)
17.	43-Prisons	26.45 (12)	50.37 (20)	70.49 (25)	60.26 (22)	61.59 (20)
Capital (Voted)						
18.	8-Buildings and Roads	1,725.37 (46)	1,154.34 (31)	882.13 (24)	1,497.83 (34)	895.09 (36)
19.	13-Health	326.20 (64)	415.16 (71)	422.80 (75)	371.78 (54)	516.71 (40)
20.	18-Industrial Training	16.99 (36)	14.30 (37)	53.33 (78)	32.13 (42)	58.99 (48)
21.	21-Women and Child Development	37.37 (34)	110.87 (64)	77.01 (48)	127.84 (88)	114.85 (67)

Sr. No.	Number and name of the grant	Amount of savings				
		2016-17	2017-18	2018-19	2019-20	2020-21
22.	34-Transport	149.58 (57)	45.64 (17)	163.57 (47)	488.07 (88)	224.70 (53)
23.	35-Tourism	35.63 (49)	50.48 (75)	23.70 (50)	10.55 (27)	36.88 (57)
24.	38-Public Health and Water Supply	310.50 (25)	273.98 (19)	294.53 (17)	296.86 (20)	1,033.54 (52)
Capital (Charged)						
25.	Public Debt	4,401.67 (45)	3,606.12 (36)	2,081.88 (11)	4,481.64 (22)	4,166.81 (12)

* **Figures in parenthesis show percentage of savings to total provision**

Further, scrutiny of savings during the last three years revealed that 56 schemes under Revenue and Capital Heads showed persistent savings in which budget provision was ₹ five crore or more and saving above 50 *per cent* of total provision. Detail of schemes with savings during the year 2018-19 to 2020-21 are given in **Appendix 3.6**.

iii) Unutilised provision

Paragraph 5.3 of Punjab Budget Manual, also applicable in Haryana State provided that the budget estimates should be as close to accurate as possible and that the provision to be included in respect of each item should be based on what is expected to be paid or spent during the financial year. During scrutiny of Appropriation Accounts, it was observed that the entire budget provision of ₹ 5,731.77 crore (above ₹ 10 crore) made for 52 schemes remained unutilised which were surrendered due to non-implementation of the scheme as detailed in **Appendix 3.7**. These 52 schemes included 16 schemes under the concept of Performance Linked Outlay (PLO) with budgetary provision of ₹ 2,529.73 crore. PLO was classified at scheme level and was provided as a buffer for re-appropriation to other schemes to encourage administrative departments to perform better (in terms of financial expenditure) and avail additional availability of resources through re-appropriation wherever required.

3.3.6 Excess expenditure and its regularisation

As per Article 204 of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the Article. Further, as per Article 205 of the Constitution of India, it is mandatory for the State Government to get excesses over grants/appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee.

3.3.6.1 Excess Expenditure

An expenditure of ₹ 50.94 crore was incurred against the total budget provision of ₹ 29.01 crore. Thus, there was excess disbursement of ₹ 21.93 crore against

the budget provision of ₹ 29.01 crore under Grant No. 35-Tourism during the year 2020-21. Under Major Head-3452 related to Tourism, the excess was mainly due to expenditure of ₹ 35 crore incurred without budget provision against grant-in-aid to Haryana Tourism Corporation Ltd. As such under Grant No. 35-Tourism, excess expenditure of ₹ 21.93 crore incurred during the year 2020-21 was in excess over the authorisation made by the State Legislature and required to be regularised.

Excess disbursements of ₹ 41.54 crore under three Appropriations pertaining to the year 2018-19 and excess disbursements of ₹ 153.39 crore under two grants pertaining to the year 2019-20 are yet to be regularised by the State Legislature (August 2021). This is required as per provisions of Articles 204 and 205 of the Constitution.

3.4 Comments on effectiveness of budgetary and accounting process

3.4.1 Budget projection and gap between expectation and actual

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

The total provision for expenditure in 2020-21 was ₹ 1,80,004.84 crore. The actual gross expenditure during the year was ₹ 1,42,409.10 crore. This resulted in savings of ₹ 37,595.74 crore (20.89 per cent) in 2020-21 as detailed in **Table 3.5**.

Table 3.5: Summarised position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) provisions during the year 2020-21

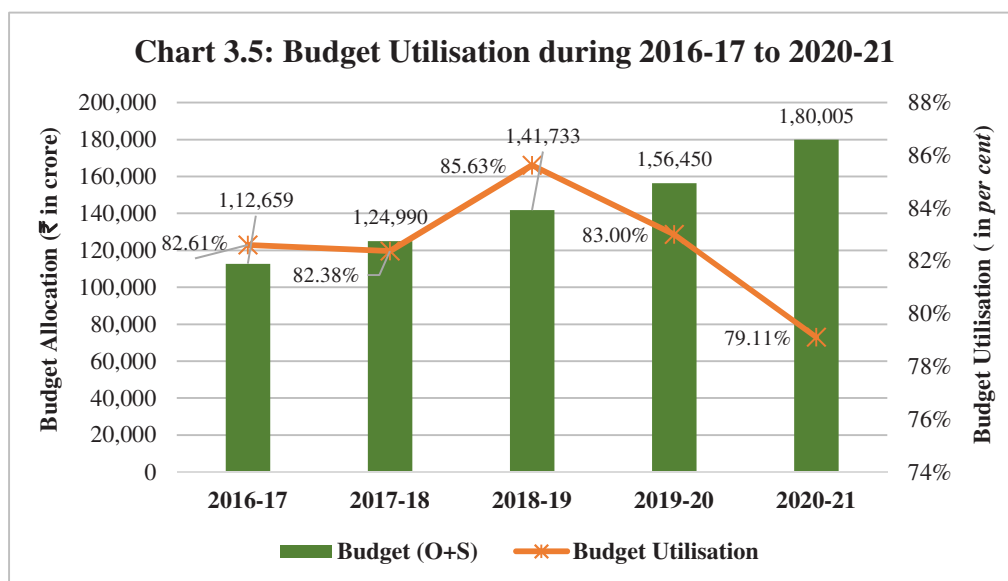
(₹ in crore)

Nature of expenditure		Original grant/ Appropriation	Supplementary grants/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	87,610.96	7,501.61	95,112.57	73,367.01	(-) 21,745.56
	II Capital	29,611.36	852.95	30,464.31	20,443.20	(-) 10,021.11
	III Loans and Advances	1,212.52	0.00	1,212.52	925.70	(-) 286.82
	Total Voted	1,18,434.84	8,354.56	1,26,789.40	94,735.91	(-) 32,053.49
Charged	IV Revenue	18,551.03	0.00	18,551.03	17,304.31	(-) 1,246.72
	V Capital	200.00	0.00	200.00	71.28	(-) 128.72
	VI Public Debt Repayment	22,591.81	11,072.60	33,664.41	29,497.60	(-) 4,166.81
	Total Charged	41,342.84	11,072.60	52,415.44	46,873.19	(-) 5,542.25
Appropriation to Contingency Fund		-	800.00	800.00	800.00	-
Grand Total		1,59,777.68	20,227.16	1,80,004.84	1,42,409.10	(-) 37,595.74

Source: Appropriation Accounts.

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Head (₹ 724.72 crore) and Capital Head (₹ 14,644.77 crore).

Supplementary provision of ₹ 20,227.16 crore constituted 13 *per cent* of the original provision as against six *per cent* in the previous year.



The State Government prepared the original budget of ₹ 1,19,751.97⁵ crore for revenue expenditure, capital expenditure and disbursement of loans and advances for the year 2020-21 and revised it to ₹ 1,03,156.85 crore, against which actual expenditure was ₹ 96,742 crore. Trends in the original budget, revised estimate, and actual expenditure for the period 2016-17 to 2020-21 are given in *Table 3.6*.

Table 3.6: Original budget, revised estimate and actual expenditure during 2016-21

(₹ in crore)

	2016-17	2017-18	2018-19	2019-20	2020-21
Original Budget	88,781.96	92,384.38	1,02,732.54	1,11,908.84	1,19,751.97
Revised Estimate	84,132.15	93,685.52	1,02,779.09	1,08,203.33	1,03,156.85
Actual Expenditure	79,781.44	88,190.15	93,217.78	1,03,823.39	96,742.00
Saving	4,350.71	5,495.37	9,561.31	4,379.94	6,414.85

Source: Budget at a glance and Finance Accounts for respective years

3.4.2 Major policy pronouncements in budget and actual expenditure

Some major policy pronouncements in budget and actual expenditure there against are given in *Table 3.7*.

⁵ Recoveries under revenue and capital heads have been excluded from the gross budget figures.

Table 3.7: Major policy pronouncements in budget and actual expenditure during the year 2020-21

(₹ in crore)

Sr. No.	Name of the Scheme and Classification	Budget Provisions	Actual expenditure	Savings (+)/ Excess (-)
1	Scheme for Management of Crop Residue (2401-113-82)	453.50	7.49	(-)446.01
2	Scheme for Rashtriya Krishi Vikas Yojna (2401-109-80)	340.00	70.97	(-)269.03
3	Rural Roads- Construction of Roads in Haryana State Construction strengthening /widening and improvement of roads (5054-03-337-88-99)	150.00	128.04	(-)21.96
4	Vidhayak Adarsh Gram Yojana (VAGY) (2515-106-99)	180.20	124.59	(-)55.61
5	Haryana Gram Uday Yojana for up-gradation of infrastructure renamed as Deenbandhu Haryana Gram Uday Yojana (4515-101-99)	100.00	97.06	(-)2.94
6	Financial Assistance to Panchayati Raj Institutions on the recommendation of State Finance Commission (2515-101-89)	925.00	1,021.80	96.80
7	Scheme for Sanitation under Swachh Bharat Mission (Gramin)-Normal Plan (2515-102-93-99)	245.00	80.77	(-)164.23
8	Installation of Solar Water Pumping System in the State (2810-101-98)	200.00	199.81	(-)0.19
9	Ayushman Bharat Haryana Health Protection Mission (2210-80-199-99)	277.75	22.22	(-)255.53
10	Financial Assistance to Destitute Children (2235-02-102-99)	251.00	278.02	27.02
11	Old Age Samaan Allowance Scheme (2235-60-102-98)	4,100.00	3,697.52	(-)402.48
12	Supplementary Nutrition Programme (2235-02-101-95)	100.00	167.99	67.99
13	Vishwakarma Skill University at village Dudhola District Palwal (2230-03-001-91)	160.00	105.00	(-)55.00
	Total	7,482.45	6,001.28	(-)1,481.17

Source: Finance and Appropriation Accounts

As evident from above, against the total budget provision of ₹ 7,482.45 crore, expenditure of ₹ 6,001.28 crore (80.20 *per cent*) was incurred on these schemes during the year 2020-21. Out of 13, in four schemes, the expenditure was less than 50 *per cent* of the budget provision. The reasons quoted were non-receipt of funds from GoI and other financial institutions, non-finalisation of project layouts, economy measures, etc. This deprived the beneficiaries of intended benefits.

3.4.3 Rush of expenditure

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, in respect of 31 heads under 22 grants/appropriations listed in **Appendix 3.8**, expenditure exceeding ₹ 10 crore and more than 50 *per cent* of the total expenditure for the year was incurred during the last quarter of the year.

In these cases, out of the expenditure of ₹ 15,611.14 crore incurred during the year 2020-21, expenditure of ₹ 5,843.46 crore (37 *per cent*) was incurred during the month of March 2021. As such, against the target of 30 *per cent* for last quarter, 37 *per cent* expenditure was incurred in one month only and 60 *per cent* in last quarter. Rush of expenditure during the last quarter, especially during the month of March shows non-adherence to the financial propriety.

The State Government may consider devising suitable mechanism to avoid rush of expenditure in the last quarter/month of the financial year.

3.4.4 Review of selected grants

A review of budgetary procedure and control over expenditure in respect of two selected grants i.e. 21- Women and Child Development and 27-Agriculture was conducted wherein magnitude of variations in original grants, supplementary demands and actual expenditure were analysed.

3.4.4.1 Grant No. 21-Women and Child Development

Grant No. 21-Women and Child Development includes three Major Heads, i.e. 2235- Social Security and Welfare, 2236-Nutrition and 4235-Capital Outlay on Social Security and Welfare in which expenditure was incurred on various schemes during the year 2020-21.

(i) Budget and Expenditure

The overall position of budget provisions, actual expenditure and savings under the functional Heads of the grant for 2018-19 to 2020-21 is given in **Table 3.8**.

Table 3.8: Budget and Expenditure under Women and Child Development Grant

(₹ in crore)

Year	Budget provision						Expenditure		Un-utilised provision and its percentage	
	Revenue		Total	Capital		Total				
	Original	Supplementary		Original	Supplementary		Revenue	Capital	Revenue	Capital
2018-19	1,217.97	197.20	1,415.17	159.76	Nil	159.76	938.59	82.75	(-)476.58 (34)	(-)77.01 (48)
2019-20	1,352.88	70.50	1,423.38	144.10	1.67	145.77	1,014.11	17.93	(-)409.27 (29)	(-)127.84 (88)
2020-21	1,415.34	100.00	1,515.34	172.02	Nil*	172.02	1,152.58	57.17	(-)362.76 (24)	(-)114.85 (67)

Source: Appropriation Account

* Negligible amount

Against the budget provision of ₹ 1,515.34 crore under Revenue Head, an expenditure of ₹ 1,152.58 crore was incurred during the year 2020-21, resulting into savings of ₹ 362.76 crore, which was 24 *per cent* against the budget provisions.

Similarly, an expenditure of ₹ 57.17 crore was incurred in Capital Head against the budget provision of ₹ 172.02 crore resulting in savings of ₹ 114.85 crore i.e. 67 *per cent* of the budgeted provisions.

This shows that the departmental action in fiscal planning and management was weak.

(ii) Savings

In 43 sub-heads, against budget provision of ₹ 1,431.76 crore under Revenue Head, an expenditure of ₹ 1,058.95 crore was incurred which resulted in saving of ₹ 372.81 crore. There were savings ranging between 12 and 100 *per cent* of the total provision. In nine sub-heads, against budget provision of ₹ 172.01 crore under Capital Head, an expenditure of ₹ 56.47 crore was incurred which resulted in savings of ₹ 115.54 crore. There were savings ranging between 15 and 100 *per cent* of the total provision as per details given in **Appendix 3.9**.

This indicated lack of realistic financial planning and weak financial control. Department ignored the budgetary controls laid down in the Punjab Budget Manual and Finance Department and failed to exercise the overall financial control over the State budget, which resulted in deprivation of funds for other development purposes.

(iii) Persistent savings

In 38 sub heads, there were persistent savings ranging between 12 and 100 *per cent* of the total provision, which was indicating non-achievement of the projected financial outlays, inefficient planning and unrealistic estimation in the respective years during 2018-21 as per detail given in **Appendix 3.10**.

(iv) Savings not surrendered

As per paragraph 13.2 of the Punjab Budget Manual, also applicable to Haryana, spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated.

Out of total saving of ₹ 233.17 crore, a sum of ₹ 108.28 crore in 11 schemes was surrendered but an amount of ₹ 124.89 crore (54 *per cent* of total savings) was not surrendered during 2020-21 in Revenue Head. Besides, under the scheme Home-cum-Vocational Training Production Centres for Young Girls/Women & Destitute Women and Widows, budget provision of ₹ two crore was enhanced to ₹ 5.64 crore through re-appropriation of ₹ 3.64 crore. However, the expenditure of ₹ 0.63 crore was less than the original provision of ₹ two crore. Savings of ₹ 5.01 crore was not surrendered during the year 2020-21 in the scheme under Capital Head. Schemes in which savings were not surrendered are detailed in **Table 3.9**.

Table: 3.9 Detail of schemes in which savings were not surrendered

(₹ in lakh)

Sr. No.	Detailed Head Scheme wise (Head of Account)	Total Budget	Expenditure	Saving	Surrendered Amount	Non-Surrendered Amount
I	Revenue					
1	P-02-21-2235-02-102-74-51-N-V-Rajeev Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG)-SABLA	17.60	1.89	15.71	14.77	0.94
2	P-01-21-2235-02-102-92-51-N-V-Integrated Child Development Services Schemes (WCD)	75,175.22	63,655.16	11,520.06	Nil	11,520.06
3	P-01-21-2235-02-103-76-51-N-V-Protection of Women from Domestic Violence (Setting up of Cells)	150.00	101.28	48.72	48.69	0.03
4	P-01-21-2235-02-103-79-51-N-V-Gender Sensitization	4,017.00	1,297.42	2,719.58	2,642.10	77.48
5	P-02-21-2235-02-789-90-51-N-V-Financial Assistance to Scheduled Castes Anganwadi Workers/helper	9,500.00	3,844.59	5,655.41	5,371.50	283.91
6	P-01-21-2235-02-789-94-51-N-V-Financial assistance to Scheduled Castes families by Haryana Women Development Corporation	125.00	100.00	25.00	Nil	25.00

Sr. No.	Detailed Head Scheme wise (Head of Account)	Total Budget	Expenditure	Saving	Surrendered Amount	Non-Surrendered Amount
7	P-01-21-2235-02-800-86-51-R-V- G.I.A.to Haryana State Social Welfare Advisory Board	90.00	72.00	18.00	Nil	18.00
8	P-02-21-2236-02-101-89-51-N-V- Scheme for Adolescent Girls	89.90	12.38	77.52	66.48	11.04
9	P-02-21-2236-02-101-95-51-N-V- Supplementary Nutrition Programme	20,000.00	16,799.38	3,200.62	2,651.03	549.59
10	P-01-21-2236-02-101-97-51-R-V- Panjiri Plant Gharaunda	184.85	161.08	23.77	21.75	2.02
11	P-01-21-2236-02-101-99-51-R-V- Staff for Headquarter	26.20	13.50	12.70	12.22	0.48
	Total Revenue	1,09,375.77	86,058.68	23,317.09	10,828.54	12,488.55
II	Capital					
1	P-01-21-4235-02-103-99-51-C-V- Home-cum-Vocational Training Production Centres for Young Girls/Women & Destitute Women and Widows	564.23	62.77	501.46	Nil	501.46
	Total Capital	564.23	62.77	501.46	Nil	501.46

This indicates lack of realistic financial planning and weak financial control. Department did not adhere the budgetary controls. The Finance Department failed to exercise the overall financial control over the State Budget.

(v) Unnecessary supplementary provision

Supplementary grants are obtained to cover the excess that may be anticipated after mid-term review of the requirement of additional funds under the grants/appropriations during the financial year. In Supplementary Nutrition Programme, under Major Head-2236 an expenditure of ₹ 167.99 crore was incurred against the budget provision of ₹ 200 crore (Original: ₹ 100 crore and Supplementary: ₹ 100 crore), this resulted in savings of ₹ 32.01 crore (16 per cent).

Thus, supplementary provision of ₹ 100 crore without assessing the actual requirement of funds proved excessive under above sub-head.

(vi) Performance Linked Outlay

The objective of the Performance Linked Outlay (PLO) is to ensure that the Government recognises the need to leverage financial resources for creation of productive assets, while maintaining fiscal prudence, in order to sustain the growth trajectory of the State. The scheme was, therefore, introduced by State Government to ensure efficient and prudent utilisation of resources. The implementation of the PLO scheme was likely to improve the financial discipline of the State by encouraging fiscal prudence. It was intended to incentivise Departments to target the resources for productive utilisation. Further, it was to be instrumental in deterring the parking of funds and rushed withdrawals towards the fag end of the year. It was also to facilitate the Finance Department to re-allocate the budget after assessing the absorptive and spending capacity of the Departments.

During scrutiny of the Grant, it was noticed that the budget provision of ₹ 10 crore made for “Performance Linked Outlay” schemes i.e. under PLO remained unutilised and were surrendered due to non-requirement of funds as shown in **Table 3.10**.

Table 3.10: Detail of schemes where budget provision was not required

Sr. No.	Detailed Head Scheme wise (Head of Account)	Budget Provision (₹ in crore)	Reason
1	P-01-21-2235-02-001-92-51-R-V- Performance Linked Outlay (PLO) for Women and Child Development (WCD-PLO-REV)	5.00	Due to non-implementation of Scheme
2	P-01-21-4235-02-101-90-51-R-V- Performance Linked Outlay (PLO) of Women and Child Development (WCD-PLO-CAP)	5.00	Due to non-implementation of new scheme
	Total	10.00	

(vii) Token provision

Token provision was made towards to provide shelter and other support services to women to facilitate immediate emergency and non-emergency services under one roof. In addition, it aimed to provide integrated support and assistance to women affected by violence both in private and public spaces. It was seen that four schemes could not be implemented during the year 2020-21 as detailed in **Table 3.11**.

Table 3.11 Schemes that could not be implemented during 2020-21

(₹ in lakh)

Sr. No.	Detailed Head Scheme wise (Head of Account)	Budget	Reason	Remarks
1	Protection Houses (Surksha Greh) for Combating Honour Killing (2235-02-103-65)	0.01	Token provision	Token money is granted when funds to meet proposed expenditure on a new scheme can be made available by re-appropriation, a demand for the grant of a token sum may be submitted to the vote of the House and, if the House assents to the demand, funds may be so made available.
2	P-02-21-2235-02-103-67-51-N-V- Swadhar Grah Scheme	1.00	Token provision	
3	P-02-21-4235-02-103-95-51-N-V- Construction of Protection Houses (Suraksha Greh) for Combating Honour Killing	0.01	Token money	
4	P-03-21-4235-02-103-96-51-N-V- Construction of building setting up One Stop Crises Centre for women Scheme	1.00	Token money	
	Total	2.02		

Further, an amount of ₹ 1,000 each as token provision was made towards the expenditure of Administrative expenses of Suraksha Greh in six Districts- Ambala, Hisar, Karnal, Gurugram, Faridabad and Rohtak. The purpose of ‘Swadhar Greh Scheme’, ‘Suraksha Greh’, etc. was to provide shelter and other support services to women to facilitate immediate emergency and non-emergency access to a range of services including medical, legal, psychological and counseling support under one roof.

(viii) Excess over re-appropriated budget provision requiring regularisation

Article 205(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for the service, the Governor shall cause that to be laid before the Houses of the Legislature of the State, statements showing the estimated amount of that expenditure or cause for such excess expenditure as the case may be.

Under the grant, an expenditure of ₹ 65.06 crore was incurred against the provision of ₹ 100 crore during 2020-21 (**Table 3.12**). However, the Department had surrendered ₹ 45.34 crore through re-appropriation orders. Therefore, the excess surrender of ₹ 10.40 crore reflected poor financial management.

Table 3.12: Excess over original provision after surrender, requiring regularisation

(₹ in crore)

Sr. No.	Name of Scheme and Head of Account	Original Budget	Amount surrendered	Total	Expenditure	Excess
	1	2	3	4 (2+3)	5	6 (4-5)
1	P-02-21-2236-02-101-88-51-N-V- Pradhan Mantri Matru Vandana Yojana (PMMVY)	50.00	(-) 33.10	16.90	22.51	5.61
2	Remand/Observation Home (4235-02-102-97-99)	50.00	(-) 12.24	37.76	42.55	4.79
Total (Revenue)		100.00	(-) 45.34	54.66	65.06	10.40

3.4.4.2 Grant No 27-Agriculture

Grant No. 27 Agriculture includes six Major Heads i.e. 2401-Crop Husbandry, 2402-Soil and Water Conservation, 2415-Agricultural Research and Education, 2435-Other Agricultural Programmes, 2702-Minor Irrigation, 4401-Capital Outlay on Crop Husbandry in which expenditure was incurred on various schemes by Agriculture and Farmers Welfare Department and Horticulture Department during the year 2020-21.

(i) Budget and Expenditure

The overall position of budget provisions, actual expenditure and savings under the functional Heads of the grant for the last three years (2018-19 to 2020-21) is given in **Table 3.13**.

Table 3.13: Budget and Expenditure under Grant No. 27 Agriculture

(₹ in crore)

Year	Section	Original Provision	Supplementary	Total	Expenditure	Excess/ Saving
2018-19	Revenue	2,667.85	65.00	2,732.85	1,776.07	956.78
	Capital	--	--	--	--	--
2019-20	Revenue	2,721.80	335.00	3,056.80	1,513.84	1,542.96
	Capital	--	--	--	--	--
2020-21	Revenue	3,612.63	430.22	4,042.85	2,348.08	1,694.77
	Capital	10.00	Nil*	10.00	1.77	8.23

Source: Appropriation Account

* Negligible amount

(ii) Savings

In 29 sub-heads, against budget provision of ₹ 2,061.37 crore, an expenditure of ₹ 560.04 crore was incurred which resulted in saving of ₹ 1,501.33 crore. There were savings ranging between 29 and 100 *per cent* of the total provision as per details given in **Appendix 3.11**.

(iii) Persistent savings

In 18 sub heads, there were persistent savings ranging between 25 and 100 *per cent* of the budget provision, which was indicating non-achievement of the projected financial outlays, inefficient planning and unrealistic estimation in the respective years during 2018-21 as per detail given in **Appendix 3.12**.

(iv) Non-utilisation of budget

The demand for budget in any scheme should be made when it is certain that the expenditure would be incurred in the scheme. Scrutiny of grant revealed that in seven schemes there was a budget provision of ₹ 311.06 crore but no expenditure was incurred in the respective schemes as detail given in **Table 3.14**.

Table 3.14: List of schemes where no expenditure was incurred against budget provision
(₹ in crore)

Sr. No.	Detailed Head Scheme wise	Original Provision	Actual Expenditure	Saving	Saving percentage
1	Scheme for the Strengthening of Haryana Kisan Kalyan Pradhikaran. P-01-27-2401-51-109-76-51	200.00	Nil	200.00	100
2	Scheme for Setting up of biogas plants P-03-27-2401-51-105-94-51	0.10	Nil	0.10	100
3	Scheme for Setting up of biogas plants for SC component P-03-27-2401-51-789-86-51	0.10	Nil	0.10	100
4	Submission on Seed & Planting Material (SMSP) under National Mission on Agriculture Extension & Technology (NMAET) P-03-27-2401-51-190-98-51-N-V	0.85	Nil	0.85	100
5	Scheme for Bhavantar Bharpayee Yojana in Haryana university 2401-51-190-99-51	10.00	Nil	10.00	100
6	Scheme for National Project on Promotion of Organic Farming renamed as organic Farming and Zero Budget Natural Farming Practices 2401-51-119-71-51	100.00	Nil	100.00	100
7	Plan Scheme Mukhyamantri Bagwani Bima Yojana (MBBY) 2401-51-119-63-51	0.01	Nil	0.01	100
	Total	311.06	Nil	311.06	100

(v) Excess expenditure

No excess expenditure should be incurred without prior permission/consent of the higher competent authority. Excess expenditure in various schemes indicate lack in transparency in estimation of requirement of funds.

During scrutiny of the record, it was noticed that in two schemes excess expenditure was incurred over the revised budget estimates for the schemes as detailed below:

(₹ in lakh)

Sr. No.	Detailed Head Scheme wise	Budget Provision	Revised Estimate	Actual Expenditure	Excess (+)
1	4401- Construction of Agriculture Office Building P-01-08-4401-51-113-97-51	1,000.00	150.00	177.28	27.28
2	Scheme for Integrated Horticulture Development in Haryana State (P-01-27-2401-51-119-65-51)	3,512.50	6,000.00	6,308.76	308.76
	Total	4,512.50	6,150.00	6,486.04	336.04

(vi) *Performance Linked Outlay*

The Finance Department operates the Performance Linked Outlay (PLO) account. The purpose of the account is to transfer the funds as per requirement in other different schemes. All the transactions are to be as per direction of Finance Department. During the scrutiny of records, it was noticed that during the year 2020-21 funds amounting to ₹ 10 crore were allocated in PLO account and further funds amounting to ₹ 56.58 crore (amounting to total ₹ 66.58 crore) were provided in the PLO account by the Finance Department. The entire provision was surrendered through re-appropriation leaving budget provision nil. However, an expenditure of ₹ 3.26 lakh was incurred on the scheme which reflected poor financial management.

3.5 Conclusions

The budgetary system of the State Government was not upto the mark, as overall utilisation of budget was 79 *per cent* of total grants and appropriations during 2020-21. Budgetary allocations were based on unrealistic proposals as out of total 47 grants, in 34 grants savings were more than 20 *per cent*. In 24 grants and one appropriation there were persistent savings of more than ten *per cent* over the last five years.

Supplementary provisions were also not on realistic basis as in 30 cases the supplementary provisions were either unwarranted or excessive. There was rush of expenditure at fag end of the year. In 31 heads under 22 grants/appropriations, 37 *per cent* of the total expenditure during 2020-21 was incurred in the month of March 2021.

In Grant No. 35-Tourism the expenditure of ₹ 21.93 crore was in excess over the authorisation made by the State Legislature which vitiates the system of budgetary and financial control. The excess expenditure is required to be regularised from the State Legislature alongwith excess disbursements of ₹ 41.54 crore pertaining to 2018-19 and ₹ 153.39 crore pertaining to 2019-20.

In 13 major policy pronouncements relating to rural development, health and nutrition of children, etc. the expenditure was ₹ 6,001.28 crore (80 *per cent*) against the budget provision of ₹ 7,482.45 crore which deprived the beneficiaries of intended benefits.

3.6 Recommendations

- i. Government may consider preparing realistic budget estimates to avoid large savings and supplementary provisions.
- ii. Government may consider strict compliance of provisions of budget manual in preparation of supplementary provisions and ensure transparency in estimation for avoiding unrealistic supplementary provisions.
- iii. Government may consider strengthening of financial monitoring to avoid rush of expenditure at fag end of the year.
- iv. Government may consider formulating strategies for actual execution of major policy decisions and development schemes in the State at the time of preparing budgetary estimates.