

CHAPTER 3
BUDGETARY
MANAGEMENT

Chapter 3: Budgetary Management

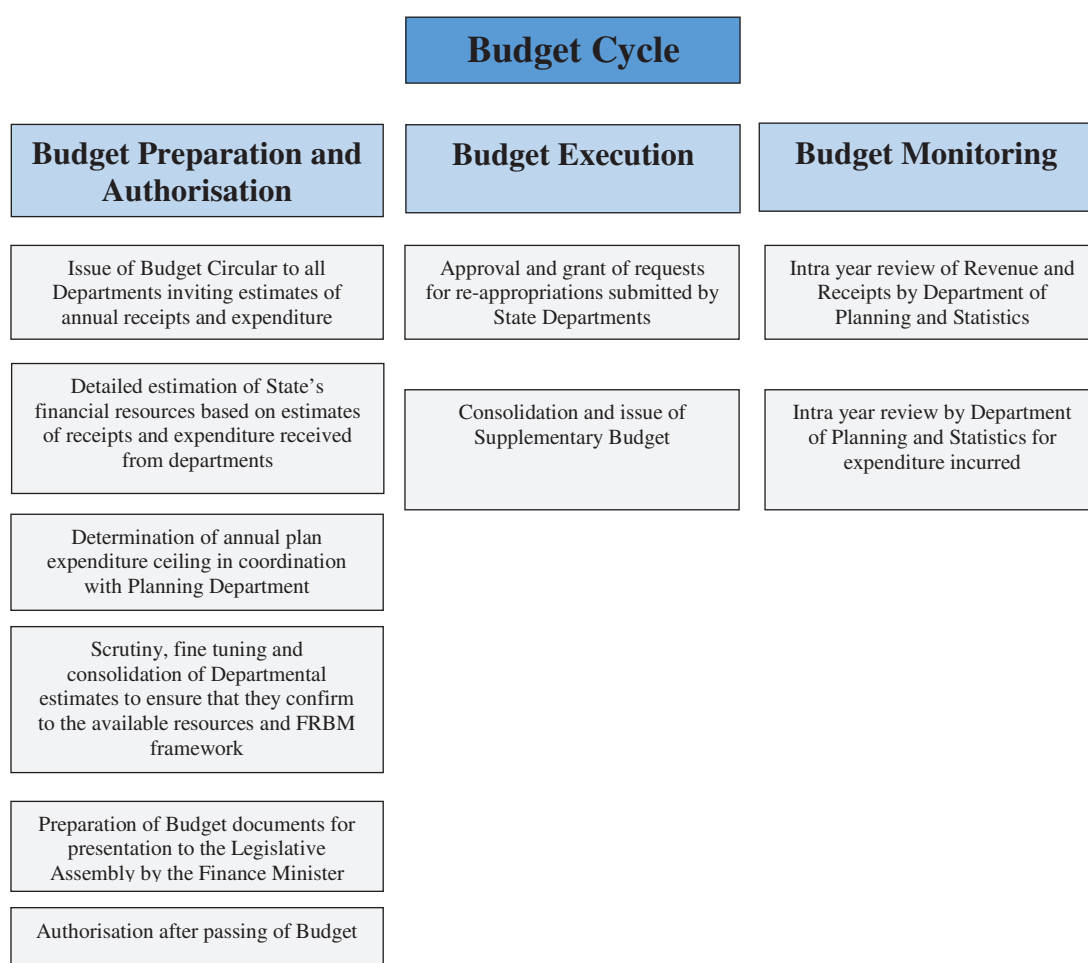
Introduction

The chapter reviews the allocative priorities of State Government and comments on transparency of budget formulation and effectiveness of its implementation. Effective financial management ensures that decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds.

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. In each financial year, the Finance Department (FD) is required to prepare a statement of all receipts and expenditure expected to be realised or incurred during the year. This statement is referred to as the Annual Financial Statement (popularly known as the Budget) as specified in Article 202 of the Constitution. Activities to be undertaken by FD/Department of Planning and Statistics in the budget process are as mentioned below:

Chart 3.1: Budget process



The budget process commences with the issue of the Budget Circular, normally in August each year, which guides the Departments in framing their estimates, for the next financial year. A typical budget preparation process is shown in the flow chart below:

Chart 3.2: Budget preparation process



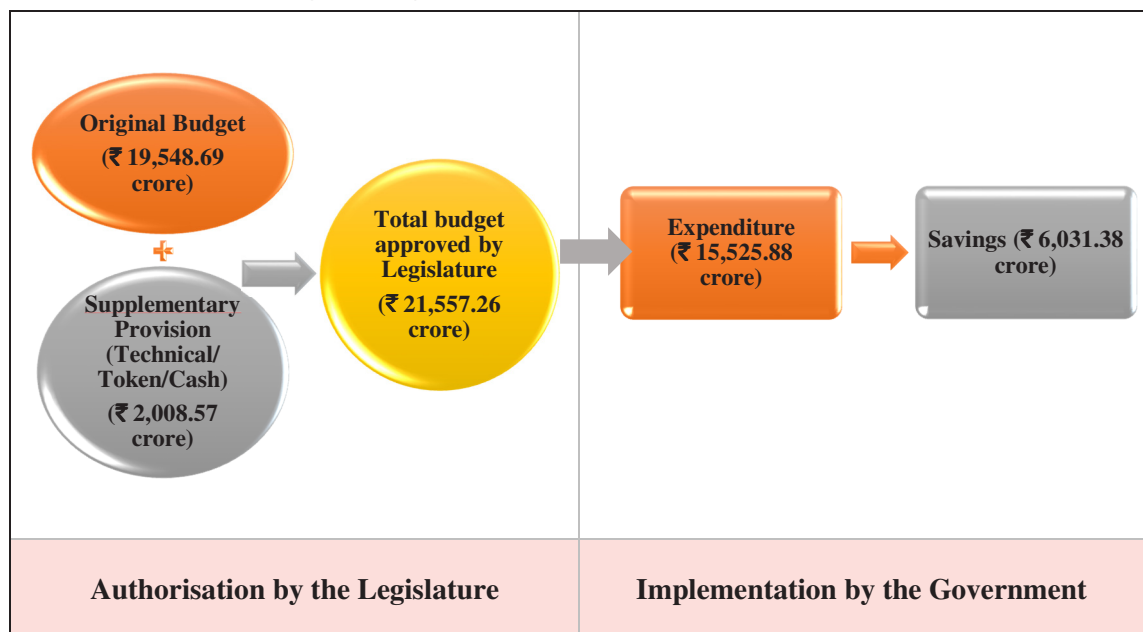
CSS: Centrally Sponsored Schemes; CS: Central Schemes.

As soon as the detailed estimates and grants have been finally passed by the Legislative Assembly in accordance with the procedure laid down in Articles 202-204 of the Constitution, FD communicates to all heads of Departments and other budget controlling officers in written form, the allotments placed at their disposal during the budget year. Copies of letters communicating the grants are forwarded to the concerned Administrative Departments. FD also

sends copies of the budget document to the Accountant General. All such information and budgetary data are uploaded on the ‘e-DDO online fund allocation system’¹, by FD and access to the same is available to the concerned authorities.

FD also reviews requests made for supplementary grants and re-appropriations by Departments during the course of the year. Apart from supplementary grant, re-appropriation can also be used to re-allocate funds within a grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the grant or charged appropriation. The total amounts approved by the State Legislature including the original and supplementary budget, expenditure and savings during the year 2019-20 are depicted below:

Chart 3.3: Position of original and supplementary budget, expenditure and savings during 2019-20



(Source: Appropriation accounts of the State)

The budget procedure envisages that the sum provided in an estimate of expenditure on a particular item must be that sum which can be expended in the year and it should be neither larger nor smaller. The budget estimates of receipts should be based on the existing rates of taxes, duties, fees *etc.*

3.1.1 Summary of Total Provisions, Actual Disbursements and Savings during Financial Year

Summarised position of total budget provision, disbursement and saving/excess during 2019-20 is given in **Table 3.1**.

¹ Developed by NIC

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

(₹ in crore)

Total Budget provision		Disbursements		Saving(-)/Excess(+)	
Voted	Charged	Voted	Charged	Voted	Charged
18762.21	2795.05	11906.67	3619.21	(-)6855.54	824.16

(Source: Appropriation accounts of the State)

It could be seen from the above table that the savings of ₹ 6,855.54 crore occurred in the voted section while charged expenditure amounting to ₹ 824.16 crore was incurred in excess of budget provision during 2019-20.

3.1.2 Charged and Voted Disbursements

As per Article 112(2) of the Constitution, a distinction is made between Charged and Voted expenditure. Charged expenditure is an expenditure charged on the revenues of the State not subject to the vote of Legislative Assembly under the Constitution. Voted expenditure is subject to the vote of Legislative Assembly. Article 202(3) of the Constitution specifies categories of expenditure that can be charged on the Consolidated Fund of the State.

Trend analysis during the last five years (2015-20) of classification of total disbursements into Charged and Voted is given below.

Table 3.2: Voted and Charged disbursement and savings during 2015-20

(₹ in crore)

Year	Disbursements		Saving(-)/Excess(+)		Percentage savings (utilisation) under voted section
	Voted	Charged	Voted	Charged	
2015-16	9070.44	3850.37	(-)4018.29	2243.54	31 (69)
2016-17	9405.97	3442.40	(-)4668.14	1616.91	33 (67)
2017-18	11484.95	3234.28	(-)3795.26	269.83	25 (75)
2018-19	11949.05	4779.95	(-)4611.36	2315.94	28 (72)
2019-20	11906.67	3619.21	(-)6855.54	824.16	37 (63)

(Source: Appropriation accounts of the State)

It may be seen from the table above that the State Government utilised only 63 per cent to 75 per cent of the total voted provisions during 2015-20. Repeated low utilisation over the years indicated poor budgetary management by the State Government. Audit is of the view that the State Government needs to prepare its budget estimates more realistically.

The charged disbursements decreased by 24 per cent from ₹ 4,779.95 crore in 2018-19 to ₹ 3,619.21 crore in 2019-20. Charged expenditure has been in excess of provisions during the last five years. Savings under voted expenditure increased by 49 per cent from ₹ 4,611.36 crore in 2018-19 to ₹ 6,855.54 crore in 2019-20.

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 facilitates 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 Comptroller and Auditor General of India (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 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 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. Expenditure on new Scheme should not be incurred on a scheme/service 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.

Expenditure without Budget Provision

In one grant, expenditure of ₹ 1.54 lakh was incurred during the year without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect as shown in **Table 3.3**.

Table 3.3: Expenditure without Budget provision during 2019-20

Sl. No.	Year	Grant	Head of Account	Expenditure without provision (in ₹)
1	2019-20	62-Law	4202-00-106-01	1,54,463

(Source: Appropriation accounts of the State)

The reason for incurring expenditure without budget provision though called for was not furnished by the Directorate of Accounts (January 2021).

3.3.2 Unnecessary or Excessive Supplementary Grants

During the course of a financial year, if the amount provided for the purpose is found to be inadequate or the need arises for an expenditure on some object or service for which no provision has been made, a supplementary provision can be sanctioned by the Legislature.

The State Legislature approved supplementary provision (August 2019) of ₹ 2,008.57 crore in 56 Grants and three Appropriations for the year 2019-20. Supplementary provisions (₹ five crore or more in each case) aggregating ₹ 1,121.87 crore obtained in 28 cases during the year proved unnecessary. The expenditure incurred (₹ 6,007.82 crore) did not reach the levels of original provision of ₹ 8,632.17 crore as detailed in **Appendix 3.1**.

Demands for supplementary provisions without assessing the actual requirements indicated lack of budgetary control and inadequate assessment. The Departments need to strengthen the estimation of requirement of funds and review the basis of supplementary provisions to avoid such instances in future.

3.3.3 Unspent Amount and Surrendered Appropriations and/or Large Savings/Surrenders

While preparing the budget estimates, utmost care should be taken to ensure that the estimates are as close as possible to the likely expenditure during the year. During the year 2019-20, cases of substantial savings from budget allocation were noticed.

During 2019-20, total gross savings under various grants/appropriations amounted to ₹ 6,988.23 crore, which was 32 *per cent* of the total authorisation (₹ 21,557.26 crore).

Of the total gross savings of ₹ 6,988.23 crore, savings of ₹ 100 crore or more amounting to ₹ 4,231.55 crore (61 *per cent*) occurred in 14 grants as shown in **Table 3.4**.

Table 3.4: Details showing grants where savings exceeded ₹ 100 crore

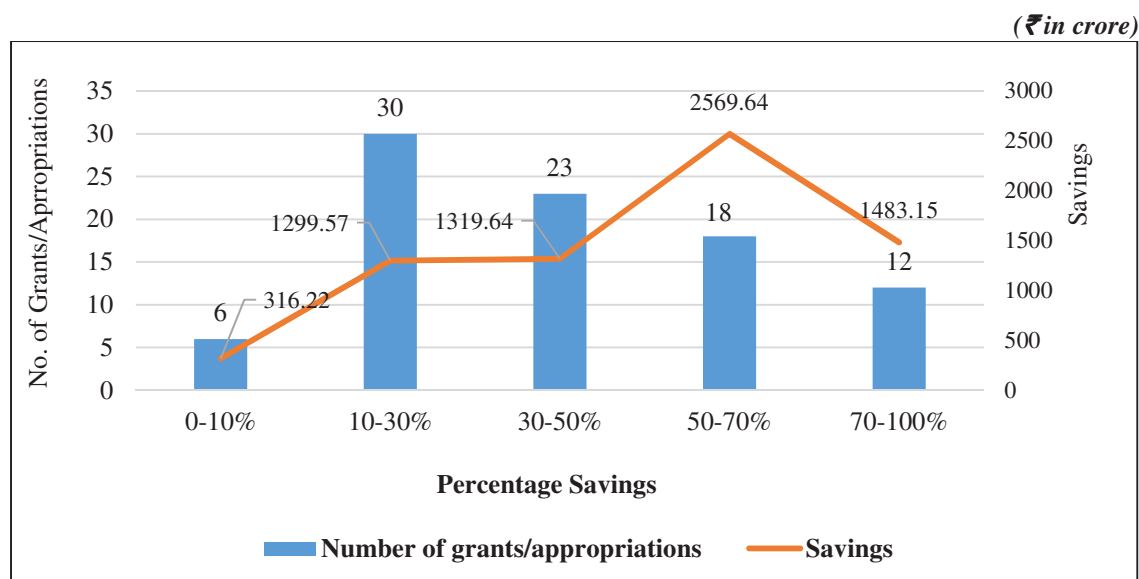
(₹ in crore)						
Sr. No.	Number and name of grant	Total	Actual	Savings	Surrenders	Savings excluding surrender
Revenue Voted						
1	08- Treasury & Accounts Administration, North Goa	1491.63	1377.69	113.92	2.24	111.68
2	21-Public Work	797.97	602.78	195.19	190.88	4.31
3	34-School Education	1586.69	1332.08	254.61	252.18	2.43
4	42- Sports and Youth Affairs	193.12	74.62	118.50	116.78	1.72
5	48- Health Services	681.78	488.91	192.87	193.50	(-)0.63
6	55- Municipal Administration	308.76	148.06	160.70	160.61	0.09
7	58- Woman & Child Development	503.54	320.24	183.30	186.18	(-)2.88
8	82- Information Technology	169.57	32.37	137.20	137.19	0.01
Capital Voted						
	21-Public Work	1407.40	431.20	976.20	974.74	1.46
9	31-Panchayats	122.45	8.70	113.75	113.75	-
10	32-Finance	512.00	235.00	277.00	-	277.00
11	47- Goa Medical College	192.16	86.59	105.57	105.57	-
	55-Municipal Administration	483.79	25.02	458.77	462.61	(-)3.84
12	72- Science, Technology & Environment	138.50	30.19	108.31	108.31	-
13	74- Water Resources	419.56	212.53	207.03	207.19	(-)0.16
14	76-Electricity	600.08	176.45	423.63	418.62	5.01
	82-Information Technology	225.00	20.00	205.00	205.00	-
Total		9833.98	5602.43	4231.55	3835.37	396.20

(Source: Appropriation accounts of the State)

The main reason for substantial savings as furnished in the Appropriation accounts was non-receipt of cash assignment from the Government. Other reasons were attributed to non/less release of share/funds by GoI/Government of Goa, non-filling of vacant posts, curtailment of expenditure, less purchase of supplies and materials, non-implementation of Schemes, non-clearance of bills, late approval from Government, non-disbursement of grants-in-aid etc.

Distribution of number of grants/appropriations grouped by percentage of savings along with total savings in each group totaling ₹ 6,988.23 crore during 2019-20 is depicted in the **Chart 3.4** below.

Chart 3.4: Number of grants/appropriations with total savings



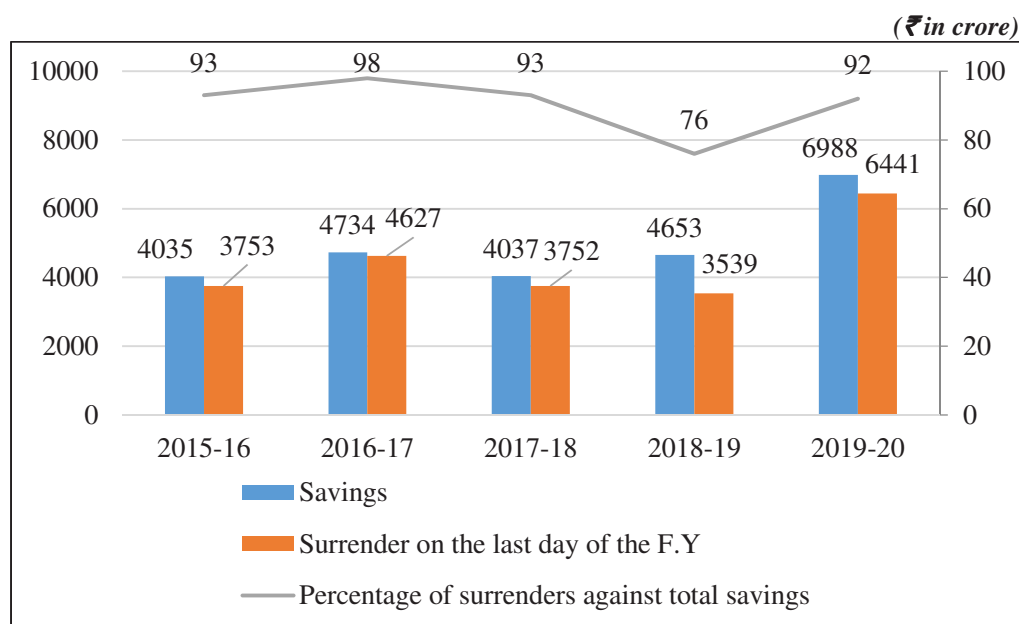
(Source: Appropriation accounts of the State)

Substantial Surrenders

It is the duty of the Budget Controlling Officers to ensure that all anticipated savings are surrendered as soon as they are estimated, without waiting till the end of the year, unless they are definitely required to meet excesses under some other units of the same grant. No savings can be held in reserve by them for meeting possible future excesses.

A trend analysis of the quantum of surrenders done on the last day of the financial year *vis-à-vis* total savings for five year period is shown in Chart 3.5.

Chart 3.5: Savings and surrenders on the last day of financial year during 2015-20



(Source: Appropriation accounts of the State)

As may be seen from the Chart above, against the total savings of ₹ 6,988 crore during the year, ₹ 6,441 crore (92 per cent) was surrendered on the last day of the financial year (31 March 2020).

Under-utilisation of Budget Grants

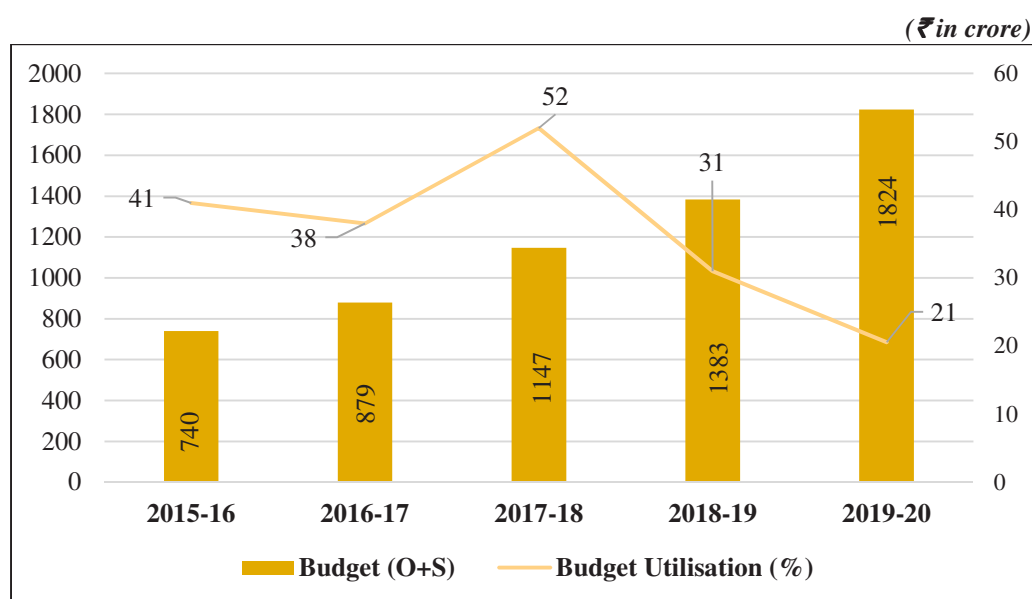
Of the 11 grants that utilised less than 30 per cent of the budget allocation during 2019-20, three grants utilised less than 30 per cent of the total budget allocation in the last five years, which was indicative of systemic issues that warrants a close review by the Government to enable initiation of corrective measures. Utilisation of budgetary allocation in these 11 grants for the five-year period (2015-20) is shown in **Table 3.5** and **Chart 3.6**.

Table 3.5: Grants/Appropriations with budget utilisation less than 30 per cent in 2019-20

(₹ in crore)									
Sr. No.	Grant	2015-16	2016-17	2017-18	2018-19	2019-20	No. of years*	Budget 2019-20	Total Budget (5 years)
1.	19- Industries, Trade & Commerce	17%	22%	40%	27%	29%	4	117.92	501.20
2.	33 – Revenue	18%	15%	12%	30%	12%	5	60.21	270.98
3.	46 – Museum	22%	24%	20%	23%	26%	5	8.68	48.04
4.	55 – Municipal Administration	33%	30%	68%	27%	22%	2	792.55	2465.63
5.	60 – Employment	17%	8%	40%	8%	10%	4	28.78	86.17
6.	63 – Rajya Sainik Board	18%	17%	25%	17%	28%	5	3.27	21.30
7.	66 – Fisheries	70%	49%	64%	41%	23%	1	88.25	373.95
8.	67 – Ports Administration	54%	62%	16%	60%	19%	2	72.04	184.95
9.	72 – Science, Technology and Environment	15%	73%	48%	56%	27%	2	226.38	535.59
10.	82 – Information Technology	69%	37%	48%	31%	13%	1	394.57	1168.54
11.	83 - Mines	54%	66%	27%	60%	23%	2	31.02	316.56
Total								1823.67	5972.91

* Number of years with utilisation below 30 per cent
(Source: Appropriation accounts of the State)

Chart 3.6: Budget utilisation during 2015-20



(Source: Appropriation accounts of the State)

Less utilisation of funds in these grants and instances of repeated under-utilisation indicates deficient budgeting process. The reasons for repeated low utilisation in these grants need to be examined and necessary corrective action taken by the Government.

Anticipated Savings Not Surrendered

In 25 cases, pertaining to 20 grants with aggregate savings of ₹ 2,818.60 crore, an amount of ₹ 527.61 crore was not surrendered (₹ one crore and above in each case) as detailed in **Appendix 3.2**. Early surrender could have ensured more productive use of resources in other areas having shortfall.

Surrenders in Excess of Actual Savings (₹ one crore and above)

In five grants, an amount of ₹ 766.80 crore was surrendered against the savings of ₹ 752.35 crore, which was in excess by ₹ 14.45 crore as given in **Table 3.6**.

Table 3.6: Surrenders in excess of savings

(₹ in crore)

Sr. No.	Number and Name of grant	Total provision	Expenditure	Saving (-)/ Excess (+)	Amount surrendered	Excess surrender
Revenue Voted						
1.	1- Legislature Secretariat	39.18	33.34	(-)5.84	9.52	3.68
2.	58-Women and Child Development	503.54	320.25	(-)183.29	186.18	2.89
3.	74-Water Resources	189.59	135.51	(-)54.08	56.12	2.04
4.	85-Department of Rural Development	76.23	25.86	(-)50.37	52.37	2.00
Capital Voted						
5.	55-Municipal Administration	483.79	25.02	(-)458.77	462.61	3.84
Total		1292.33	539.98	(-)752.35	766.80	14.45

(Source: Appropriation accounts of the State)

The Director of Accounts did not furnish any reasons regarding surrenders in excess of actual savings (January 2021).

This clearly indicated that the concerned Departments did not make realistic assessment of requirement of funds and failed to exercise necessary budgetary controls over the flow of expenditure through monthly expenditure statements.

Persistent Savings

In four grants, there were persistent savings of more than ₹ 100 crore ranging from 36.39 per cent to 72.44 per cent during the last three years as per the details given in the following Table 3.7.

Table 3.7: Persistent savings under various grants

(₹ in crore)

Sr. No.	No. and Name of Grant	Year	Total Provision	Actual expenditure	Savings	Percentage of savings
Revenue Voted						
1.	55-Municipal Administration	2017-18	315.44	200.64	114.80	36.39
		2018-19	312.07	86.00	226.07	72.44
		2019-20	308.76	148.06	160.70	52.05
Capital Voted						
2.	21 – Public Works	2017-18	1550.07	712.46	837.61	54.04
		2018-19	1364.16	592.39	771.77	56.57
		2019-20	1407.40	431.20	976.20	69.36
3.	32 – Finance	2017-18	750.00	321.45	428.55	57.14
		2018-19	532.00	330.00	202.00	37.97
		2019-20	512.00	235.00	277.00	54.10
4.	76 - Electricity	2017-18	462.41	169.03	293.38	63.45
		2018-19	456.16	177.00	279.16	61.20
		2019-20	600.08	176.45	423.63	70.60

(Source: Appropriation accounts of the State)

As per the reasons furnished in Appropriation accounts, persistent savings were mainly due to less/non-release of funds by the State Government and curtailment of expenditure under office expenses. Other reasons were attributed to non-receipt of cash assignment.

Persistent savings indicated that controls in the concerned Departments with regard to preparation of budget estimates and allocation of funds were not effective.

3.3.4 Excess Expenditure and its Regularisation

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 of the executive over utilisation of public money.

3.3.4.1 Excess Expenditure during the Financial Year 2019-20

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

Table 3.8: Excess disbursements over grants/appropriations during the financial year

(₹ in crore)

		Name of Department
		A2- Debt Services
Voted	Revenue	-
	Capital	-
Charged	Revenue	-
	Capital	956.85
No. of Grants / Appropriations		One Appropriation
Total Excess		956.85

(Source: Appropriation accounts of the State)

Table 3.9: Major Head-wise excess disbursement over the authorisation during the financial year

(₹ in crore)

Sr. No.	Grant No.	Major Head	Major Head Description	Total provision	Re-appropriation	Total	Expenditure	Excess (+)/ saving(-)	Reasons for excess stated by the Department
1	2	3	4	5	6	7 = 5+6	8	9= 8-7	10
1.	A2	6003	Internal Debt of the State Government	1083.59	(-)6.37	1077.22	2039.06	961.84	Due to repayment of ways and means advances, and repayment of externally aided project loans during the year.
2.		6004	Loans and Advances from Government	104.42	(-)1.44	102.98	97.99	(-)4.99	
Total				1188.01	(-)7.81	1180.20	2137.05	956.85	

(Source: Appropriation accounts of the State)

3.3.4.2 Regularisation of Excess Expenditure

Excess expenditure remaining unregularised for extended periods dilutes legislative control over the executive. Accordingly, all the excess expenditure relating to years 2008-09 to 2019-20 are to be regularised under Article 205 of the Constitution of India. The details of excess expenditure (2008-20) pending regularisation for grant/appropriations are summarised in **Table 3.10**.

Table 3.10: Excess expenditure from 2008-20 requiring regularisation

(₹ in crore)

Year	Grant No. /Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts		Status of regularisation
			Voted	Charged	
2008-09 to 2014-15	8 Grants and 5 appropriations		171.44	1168.60	Not Regularised
2015-16	08	Treasury and Accounts Administration, North Goa	51.62	-	Not Regularised
	A2	Debt Services	-	2278.83	Not Regularised
2016-17	08	Treasury and Accounts Administration, North Goa	2.71	-	Not Regularised
	16	Collectorate, North Goa	0.15	-	Not Regularised
	A2	Debt Services	-	1680.34	Not Regularised
2017-18	01	Legislature Secretariat	0.20	-	Not Regularised
	08	Treasury and Accounts Administration, North Goa	173.56	-	Not Regularised
	50	Goa College of Pharmacy	0.22	-	Not Regularised
	A2	Debt Services	-	337.98	Not Regularised
2018-19	79	Goa Gazetteer	0.01	-	Not Regularised
	A2	Debt Services	-	2358.53	Not Regularised
2019-20	A2	Debt Services	-	956.85	Not Regularised
Total			399.91	8781.13	Not Regularised
Grand Total (2008-2020)			9181.04		

(Source: Appropriation accounts of the State)

3.4 Comments on Effectiveness of Budgetary and Accounting Process

3.4.1 Budget Projection and Gap between Expectation and Actual

The summarised position of actual expenditure during 2019-20 against 89 grants/appropriations is given in **Table 3.11**.

Table 3.11: Actual expenditure vis-à-vis original/supplementary provisions*(₹ in crore)*

	Nature of expenditure	Original Grant/App.	Supplementary Grant/App.	Total	Actual expenditure*	Savings (-)/ Excess (+)	Surrender during March	
							Amount	Per cent
Voted	I. Revenue	11749.47	1227.44	12976.91	10212.48	(-)2764.44	2540.06	19.57
	II. Capital	4986.45	717.59	5704.04	1680.77	(-)4023.27	3797.68	65.64
	III. Loans & Advances	72.77	8.48	81.25	13.42	(-)67.83		
Total		16808.69	1868.51	18762.21	11906.67	(-)6855.54	8056.74	42.94
Charged	V. Revenue	1558.79	51.14	1609.93	1478.79	(-)131.14	94.08	5.84
	VII. Capital	1.00	3.92	4.92	3.37	(-)1.55	1.54	31.30
	VIII. Public Debt	1180.21	-	1180.21	2137.05	956.85	7.81	0.66
Total		2740.00	55.06	2795.05	3619.21	824.16	103.43	3.70
Grand Total		19548.69	2008.57	21557.26	15525.88	(-)6031.38	8160.17	37.85

*(Source: Appropriation accounts of the State)***The figures of actual expenditure include recoveries adjusted as reduction of expenditure (Revenue: ₹68.61 crore; Capital: ₹23.90 crore; Total: ₹92.51 crore).*

The net savings of ₹ 6,031.38 crore was the result of savings of ₹ 6,988.23 crore in 86 grants and three appropriations under revenue section and 66 grants and one appropriation under capital section, offset by an excess of ₹ 956.85 crore in one appropriation. Supplementary provision of ₹ 2,008.57 crore was obtained during the year which constituted 10.27 per cent of the original provision.

There were large savings of ₹ 6,988.23 crore (32.42 per cent) against total budget provision of ₹ 21,557.26 crore, with overall savings under all grants and appropriations being more than thrice the supplementary provisions made during the year. This indicated that supplementary provisions were made without proper scrutiny of requirements.

The overall trend of original budget, actual expenditure and savings/excesses during 2015-20 is detailed in **Table 3.12**:

Table 3.12: Original budget, actual expenditure and saving/excesses during 2015-20

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20
Original Budget	13404.15	14696.29	16027.00	17135.75	19548.69
Supplementary Budget	1291.41	1203.31	2217.66	1888.67	2008.57
Total Provision	14695.56	15899.60	18244.66	19024.42	21557.26
Percentage of supplementary provision to original budget	9.63	8.19	13.84	11.02	10.27
Total	14695.56	15899.60	18244.66	19024.42	21557.26
Actual Expenditure	12920.81	12848.37	14719.23	16729.00	15525.88
Savings (-)/excess (+)	(-1774.75)	(-3051.23)	(-3525.43)	(-2295.42)	(-6031.38)
Percentage of savings to total provision	12.08	19.19	19.32	12.07	27.98
Budget utilisation	87.92	80.81	80.68	87.93	72.02

(Source: Appropriation accounts of the State)

The table shows that the percentage of supplementary provisions to original provisions ranged between 8.19 *per cent* and 13.84 *per cent* during 2015-20. The supplementary provisions, however, proved unnecessary, as the savings were significantly more than the supplementary provisions in all the five years. Further, against the total provisions, unutilised provisions or savings ranged between 12.07 *per cent* and 27.98 *per cent* during 2015-20.

3.4.2 Supplementary Budget and Opportunity Cost

At times, while obtaining supplementary provision, the Departments report to Legislature large additional requirements for different purposes under various Schemes/activities; but finally, they are unable to spend not only the entire supplementary provision or parts but also the original budget provision. As a result, the unutilised funds could not be made use of. At the same time, some of the Schemes remained incomplete for want of funds. Thus, the intended benefits of the unfinished Schemes could not be extended to the public at large in such cases. Further, this also leads to escalation of project cost.

Table 3.13 presents the details of 14 such grants where unnecessary excessive budget/supplementary provisions resulted in savings of ₹ 100 crore or more in each case during 2019-20.

Table 3.13: Unutilised funds of ₹ 100 crore or more against original/supplementary provision

(₹ in crore)

Sr. No.	Name of Grant	Original	Supplementary	Total	Actual expenditure	Unutilised funds/savings
1.	8 Treasury and Accounts, North Goa (Revenue Voted)	1450.05	41.56	1491.61	1377.69	113.92
2.	21 Public Works Department (Revenue Voted)	782.97	15.00	797.97	602.78	195.19
3.	34 School Education (Revenue Voted)	1477.69	109.00	1586.69	1332.08	254.61
4.	42 Sports and Youth Affairs (Revenue Voted)	172.42	20.70	193.12	74.62	118.50
5.	48 Health Services (Revenue Voted)	658.48	23.30	681.78	488.91	192.87
6.	55 Municipal Administration (Revenue Voted)	214.53	94.23	308.76	148.06	160.70
7.	58 Women and Child Development (Revenue Voted)	483.98	19.56	503.54	320.24	183.30
8.	82 Information Technology (Revenue Voted)	169.57	-	169.57	32.37	137.20
9.	21 Public Works (Capital Voted)	1322.40	85.00	1407.40	431.20	976.20
10.	31 Panchayats (Capital Voted)	12.66	109.79	122.45	8.70	113.75
11.	32 Finance (Capital Voted)	512.00	-	512.00	235.00	277.00
12.	47 Goa Medical College (Capital Voted)	92.16	100.00	192.16	86.59	105.57
13.	55 Municipal Administration (Capital Voted)	256.90	226.89	483.79	25.02	458.77
14.	72 Science, Technology and Environment (Capital Voted)	73.50	65.00	138.50	30.19	108.31
15.	74 Water Resources (Capital Voted)	418.56	1.00	419.56	212.53	207.03
16.	76 Electricity (Capital Voted)	597.83	2.25	600.08	176.45	423.63
17.	82 Information Technology (Capital Voted)	225.00	-	225.00	20.00	205.00
Total		8920.70	913.28	9833.98	5602.43	4231.55

(Source: Appropriation accounts of the State)

At the same time, information provided by the State Government revealed that 207 projects valuing ₹ 1,007.24 crore pertaining to Water Resources Department (50 projects) and Public Works Department (157 projects) were incomplete as on March 2020 due to paucity of funds. The status of nine major projects with estimated cost of more than ₹ 20 crore is given below.

Table 3.14: Status of nine major incomplete projects

(₹ in crore)					
Sr. No.	Name of project	Estimated cost	Scheduled date of completion	Progressive expenditure as of 31 March 2020	Physical Progress of work (in per cent)
Water Resources Department					
1.	Implementation of sewerage scheme for Taleigao, Dona paula and Caranzalem Areas in the outskirts of Panaji city- Phase III construction of wet well gravity sewer lines rising mains and reinstatement of roads covering zones 1,2,3,7,8 & 9.	30.86	22/02/13	28.84	96%
2.	Implementation of sewerage scheme for Taleigao, Dona paula and Caranzalem areas in the outskirts of Panaji city - Phase-IV-Construction of wet well, gravity sewer lines rising main reinstatement of roads covering zones 4, 5, 6 & 10.	29.32	29/10/13	16.92	85%
3.	Detailed engineering and construction of 10 MLD water treatment plant including all Civil, Mechanical, Electrical & Instrumentation works on turnkey basis at Maisal Panchawadi including operation and maintenance for a period of five years.	30.88	06/06/13	29.68	99%
4.	Water supply project of the CCP under JNNURM - designing detail engineering & construction of 27 MLD WTP including all Civil, Mechanical Electrical & Instrumentation works on turnkey basis on Khandepar river at Opa water works including operations maintenance for a period of five years.	36.53	29/01/15	20.90	98%
5.	Designing, detailed engineering, construction and commissioning of 15 MLD water treatment plant at Housing Board - Porvorim on turnkey basis, including operation & maintenance for a period of five years.	25.46	16/03/20	-	16%
6.	Augmentation of water supply scheme at Chandel from 15 MLD to 30 MLD in Pernem taluka - construction of additional 15 MLD WTP at Chandel including laying of clear water pumping mains, electrical substation, construction of MBR, laying of 700 mm dia gravity mains including designing, commissioning and operation and maintenance for five years.	24.29	09/02/20	-	1%

Public Works Department					
7.	Four laning with two-wheeler track by concentric widening & strengthening of existing two-lane road from km.143/500 to km. 153/200 on (NH-748) (Ribandar bypass) S.H. Road Work.	74.16	05/05/15	106.42	100%
8.	CRF 2014-15- Improvement of junction by constructing an under passage for MDR 14 across NH-17 (New 66) at km.12/200 (Tar Bastora junction-Mapusa) on Panaji Panvel Section of NH-17 in the State of Goa (North Goa Parliamentary Constituency).	27.87	10/05/17	31.00	100%
9.	Four laning with two-wheeler track by concentric widening & strengthening of existing two-lane road from km. 143/500 to km. 153/200 on NH-4A (NH-748) (Ribander Bypass) S.H. Bridge Work.	33.47	05/05/15	4.20	17%
Total		336.45	-	237.96	-

(Source: Finance accounts of the State)

The table above reveals that seven out of nine projects scheduled for completion between 2013 and 2020 remained incomplete as of March 2020. Further, two of the nine projects, though achieved 100 *per cent* physical progress, could not be handed over to the State Government due to non-release of payments to the implementing agencies. Evidently, savings from other grants could have been ploughed back into these projects to ensure their timely completion.

3.4.3 Rush of Expenditure

Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Instructions regarding this are available in Budget Manual, Finance Department OMs, *etc.* Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalance and temporary cash crunches due to mismatch of revenue expenditure during a particular month arising out of unanticipated heavy expenditure in that particular month.

In the State of Goa, no rush of expenditure was observed during 2019-20 as shown in the **Table 3.15** and **Chart 3.7**.

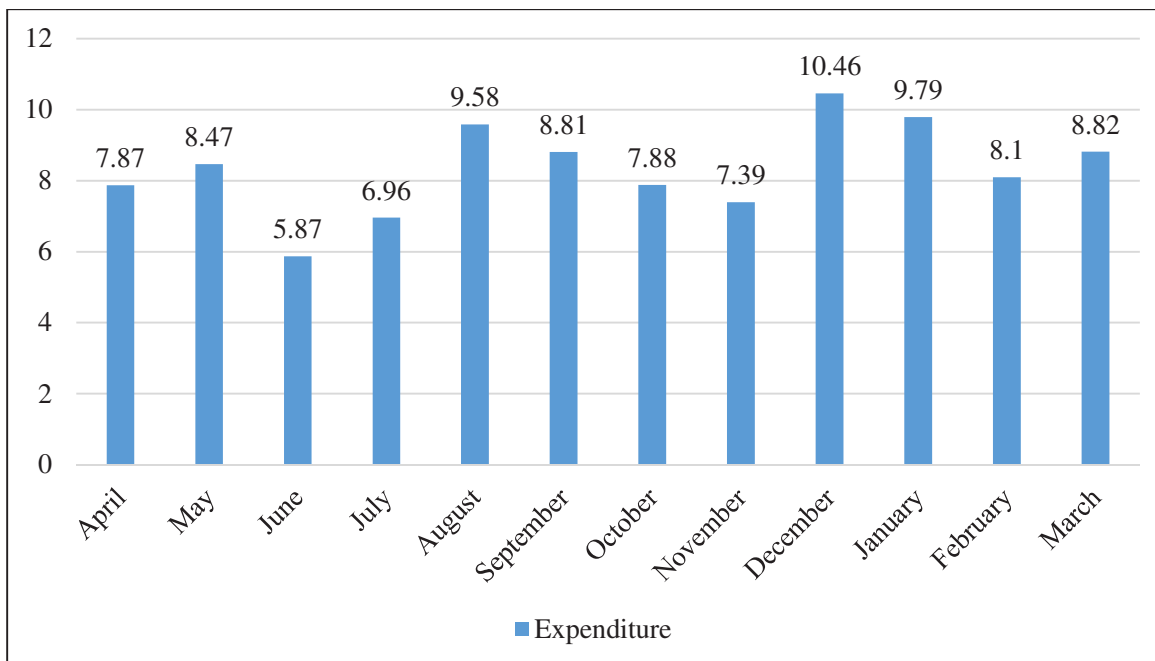
Table 3.15: Flow of expenditure during 2019-20

Sr. No.	Month	Amount (₹ in crore)	% to total
1.	April	1045.40	7.87
2.	May	1125.71	8.47
3.	June	779.60	5.87
4.	July	925.12	6.96
5.	August	1271.89	9.58
6.	September	1170.75	8.81
7.	October	1046.26	7.88
8.	November	981.69	7.39
9.	December	1389.36	10.46
10.	January	1299.75	9.79
11.	February	1075.59	8.10
12.	March	1171.76	8.82
13.	Total	13282.88*	100.00

(Source: Monthly Civil Accounts of the State)

* The above month wise expenditure does not include disbursements made on account of loans and advances (₹ 13 crore).

Chart 3.7: Monthly expenditure as percentage of total expenditure



(Source: Monthly Civil Accounts of the State)

3.5 Outcome of Review of Selected Grants

The authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned grant or appropriation. The duties and responsibilities of the authorities include preparing the estimates timely and accurately and also to ensure that the grants placed at their disposal are spent only on the objects for which it has been provided and to surrender savings if no longer required.

With a view to ascertaining how far the authorities were adhering to these instructions, Audit selected the following two grants:

Grant No. 55- Municipal Administration: The Directorate of Municipal Administration (DMA) exercises administrative control over the 13 Municipal Councils² and one Corporation (Corporation of the City of Panaji) in the State of Goa. The DMA deals with various functions as envisaged under the Goa Municipalities Act, 1968 and the City of Panaji Corporation Act, 2002 and the Rules thereunder.

Grants are provided to Municipal Councils/Corporation on two major subjects viz., solid waste management and grants for development. The grant includes two major heads namely, 2217-Urban Development and 4217-Capital Outlay on Urban Development.

Grant No. 66- Fisheries: The Department of Fisheries provides financial assistance to the fishermen in Goa to meet their requirements for infrastructure, registration of fishing vessels, fishing canoes/fishing crafts, fishing nets etc. It also implements various developmental and welfare schemes for the upliftment of fishermen and the fishing industry in Goa State.

This grant consists of five major heads namely, 2405-Fisheries, 2415- Agricultural Research and Education, 2551-Hill Areas, 4405-Capital Outlay on Fisheries and 4415-Capital Outlay on Agricultural Research and Education.

3.5.1 Budget and Expenditure

The overall budget provision, actual disbursement and savings under the functional Heads of these two grants for the years 2017-18 to 2019-20 are given in Table 3.16.

Table 3.16: Summary of budgetary provisions and actual expenditure under Grant No. 55 and 66

(₹ in crore)						
Year	Original provision	Supplementary provision	Total	Actual expenditure	Savings	Percentage savings
Grant No. 55: Municipal Administration (Revenue-voted)						
2017-18	210.44	105.00	315.44	200.64	114.80	36.39
2018-19	231.90	80.17	312.07	86.00	226.07	72.44
2019-20	214.53	94.23	308.76	148.06	160.70	52.05
Grant No. 55: Municipal Administration (Capital-voted)						
2017-18	141.50	40.00	181.50	135.29	46.21	25.46
2018-19	191.50	116.19	307.69	81.28	226.41	73.58
2019-20	256.90	226.89	483.79	25.02	458.77	94.83
Grant No. 66: Fisheries (Revenue-voted)						
2017-18	45.56	6.97	52.53	38.56	13.97	19.40
2018-19	44.47	-	44.47	27.82	16.66	37.46
2019-20	54.43	-	54.43	20.17	34.26	62.94
Grant No. 66: Fisheries (Capital-voted)						
2017-18	22.92	-	22.92	9.45	13.47	58.77
2018-19	24.53	-	24.53	0.26	24.27	98.94
2019-20	33.83	-	33.83	0.11	33.72	99.67

(Source: Appropriation accounts of the State for respective years)

² Mapusa, Bicholim, Valpoi, Pernem, Sankhali, Canacona, Curchorem-Cacora, Margao, Quepem, Mormugao, Ponda, Cuncolim and Sanguem

It may be seen from **Table 3.16** that there were persistent savings ranging from 36 per cent to 72 per cent (under revenue section) and 25 per cent to 95 per cent (under capital section) during 2017-20 in Grant No. 55. Further, unnecessary supplementary provisions were made under this grant even though actual expenditure did not come up to the level of original provisions under revenue section and capital section during 2017-20.

In Grant No. 66, there were persistent savings ranging from 19 per cent to 63 per cent (under revenue section) and 59 per cent to 99 per cent (under capital section) during 2017-20. Also, unnecessary supplementary provisions were made during 2017-18 under revenue section even though actual expenditure did not come up to the level of original provisions.

3.5.2 Non-utilisation of Entire Provision

In 15 sub-heads under Grant No. 55, there were 100 per cent savings against the provisions made during 2017-20. The provisioned amount remained unutilised due to non-implementation of schemes/programmes and the entire amount was surrendered at the end of March 2020, as shown in **Table 3.17**.

Table 3.17: Non-utilisation of entire provision

(₹ in lakh)

Sr. No.	Name of Scheme	Budget provision			Reasons for surrender
		2017-18	2018-19	2019-20	
Grant No. 55 (Revenue-voted)					
1.	2217-00-191-21- Special Grant for Infrastructure Development at Mapusa	2000.00	2000.00	2000.00	Non-receipt of proposal (17-19). Non-implementation of Scheme (19-20).
2.	2217-00-191-22- Special Grant for Infrastructure Development at Curchorem	2000.00	2000.00	2000.00	Economy measure (17-18) Non-implementation of Scheme (18-20).
3.	2217-00-191-23- Special Grant for Infrastructure Development at Bicholim	1000.00	1000.00	-	Non-receipt of proposal (17-19).
4.	2217-00-796-01- Scheduled Tribe Development Scheme	-	50.00	-	Non-receipt of proposal (18-19).
5.	2217-00-800-21- E-Governance in all Urban Local Bodies	235.00	-	-	Non-receipt of proposal (17-18).
6.	2217-00-800-22- Real Estate Regulatory Authority and Appellate Tribunal (RERA)	-	200.00	-	Non-receipt of proposal (18-19).
7.	2217-00-800-24- Settlement of Court Decree	-	50.00	50.00	Non-receipt of proposal (18-20).
8.	2217-00-191-06-Grant to Local Bodies under 12 th Finance Commission	-	-	500.00	Non-receipt of proposal (19-20).
Grant No. 55 (Capital-voted)					
9.	4217-00-800-01- Desilting of Nalahs in Urban Areas	150.00	150.00	150.00	Non-receipt of proposal (17-20).
10.	4217-00-800-06- Construction of Panaji Municipal Building	1000.00	1000.00	1000.00	Non-receipt of proposal (17-20).
11.	4217-00-800-08- Construction of Panaji Municipal Market	-	2002.00	1000.00	Non-implementation of Scheme (18-20).
12.	4217-00-800-10- Construction of CADA Market	-	78.01	-	Non-implementation of Scheme (18-19).

13.	4217-00-800-03 Smart City Mission	-	-	25041.39	Non-receipt of proposal (19-20).
14.	4217-00-800-05- Atal Mission for Rejuvenation and Urban Transformation	-	-	10647.75	Non-receipt of proposal (19-20).
15.	4217-00-800-07- Construction of Panaji Municipal Market	-	-	140.00	Non-implementation of Scheme (19-20).
Total		6385.00	8530.01	42529.14	

(Source: Appropriation accounts of the State for respective years)

Similarly, in 13 sub-heads under grant no. 66, there were 100 per cent savings against the provisions made during 2017-20. The provisioned amount remained unutilised due to non-implementation of schemes/programmes and the entire amount was surrendered at the end of March 2020, as shown in **Table 3.18**.

Table 3.18: Non-utilisation of Entire Provision

(₹ in lakh)

Sr. No.	Name of Scheme	Budget provision			Reasons for surrender
		2017-18	2018-19	2019-20	
Grant No. 66 (Revenue-voted)					
1.	2405-00-101-03- Dev. of Inland Infrastructure support from National Fisheries Development Board	8.96	-	-	Non-implementation of Scheme (17-18).
2.	2405-00-102-07- Ornamental Fish Farming	10.00	10.00	-	Non-implementation of Scheme (17-19).
3.	2405-00-102-08- Crab/Mussel/Oyster Farming	-	5.00	-	Non-implementation of Scheme (18-19).
4.	2405-00-103-10- Safety of Fishermen at Sea	10.00	-	-	Non-implementation of Scheme (17-18).
5.	2405-00-103-12- Financial assistance to Registered Fishermen Societies/Associations	5.00	-	-	Non-implementation of Scheme (17-18).
6.	2405-00-103-13- Financial assistance for purchase of Power Blocks	12.01	-	-	Non-implementation of Scheme (17-18).
7.	2405-00-800-11- General Insurance	-	5.00	5.00	Non-implementation of Scheme (18-20)
Grant No. 66 (Capital-voted)					
8.	4405-00-101-02- Construction of Approach Road	50.00	-	-	Non-implementation of Scheme (17-18).
9.	4405-00-101-04- Blue Revolution	-	160.00	160.00	Non- finalisation of work estimated by PWD (18-19). Non-receipt of proposal (19-20).
10.	4405-00-102-01- Estuarine Farming	200.00	200.00	500.00	Non-implementation of Scheme (17-18). Non- finalisation of work estimated by PWD (18-20).

11.	4405-00-102-02- Utilisation of Marshy/Fallow Land for Fish Culture	-	15.00	5.00	Non- finalisation of work estimated by PWD (18-20).
12.	4415-05-277-02-Aquarium cum Museum	20.00	20.00	9.00	Non-implementation of Scheme (17-20).
13.	4415-05-277-03- Fishing Berth-MPT	1000.00	1000.00	1000.00	Non-implementation of Scheme (17-20).
Total		1315.97	1415.00	1679.00	

(Source: Appropriation accounts of the State for respective years)

3.5.3 Inappropriate Re-appropriations

In three sub-heads under major head-2217 and one sub-head under major head 4217 in Grant No. 55, budget allocations by re-appropriation at the end of the year was less than the final expenditure which resulted in expenditure exceeding the available allocations by ₹ 432.14 crore. The details are shown in **Table 3.19**.

Similarly, in six sub-heads under major head-2405 in Grant No. 66 (Revenue section), budget allocations by re-appropriation at the end of the year was less than the final expenditure which resulted in expenditure exceeding the available allocations by ₹ 43.50 lakh. The details are shown in **Table 3.19**.

Table 3.19: Inappropriate re-appropriations

(₹ in lakh)

Sr. No.	Year	Head of account	Original budget	Funds after re-appropriation	Final expenditure	Excess expenditure
Grant No. 55 (Revenue-voted)						
1	2017-18	2217-00-800-1-Strengthening of Directorate of Municipal Administration	29.37	34.46	35.76	1.30
2	2018-19	2217-00-800-12- Integrated Dev. Of Major Towns	3000.00	2118.15	2163.15	45.00
3	2019-20	2217-00-800-02- Directorate of Municipal Administration	175.30	165.82	167.43	1.61
Grant No. 55 (Capital-voted)						
4	2019-20	4217-00-800-11-Integrated Dev. Of Major Town	5400.00	2118.15	2502.38	384.23
Total			8604.67	4436.58	4868.72	432.14
Grant No. 66 (Revenue-voted)						
5	2017-18	2405-00-001-01- Administrative Staff	238.97	297.71	309.37	11.66
6	2017-18	2405-00-101-02-Strengthening of Data base Information	20.29	7.47	10.97	3.50
7	2017-18	2405-00-103-03- Deep Sea Fisheries	102.53	114.76	119.55	4.79
8	2018-19	2405-00-800-01-Other Miscellaneous Establishment	134.32	150.46	152.73	2.27
9	2019-20	2405-00-001-01- Administrative Staff	320.78	269.67	286.19	16.52
10	2019-20	2405-00-103-03- Deep Sea Fisheries	120.80	103.38	108.14	4.76
Total			937.69	943.45	986.95	43.50

(Source: Appropriation accounts of the State for the respective years)

3.6 Good Practices

The aspects of budgetary management in which the State Government made improvements are given below:

- Re-appropriation was done as per extant rules and submission of all the re-appropriation orders and surrender orders were carried out before closure of the financial year.

3.7 Recommendations

- All the existing cases of excess expenditure need to be regularised at the earliest and in future, the Departments may closely monitor the expenditure against the allocations and avoid incurring expenditure in excess of the grants, except in case(s) of dire and extreme emergency.
- The budgetary control mechanism, specifically the monthly expenditure control and monitoring mechanism, may be strengthened to avoid excessive savings, especially where instances of persistent savings have been observed.
- Government may ensure timely surrender of funds so that they could be utilised in other heads requiring additional funds. Late surrender affected the availability of funds in certain priority areas and the outcomes. Excessive/unnecessary/inadequate re-appropriations of funds may also be avoided.
- Budget Controlling officers need to be made aware of their responsibility to provide clear explanation of the variations in expenditure from the allocation to facilitate proper analysis of budget and accurate preparation of subsequent Appropriation accounts.

