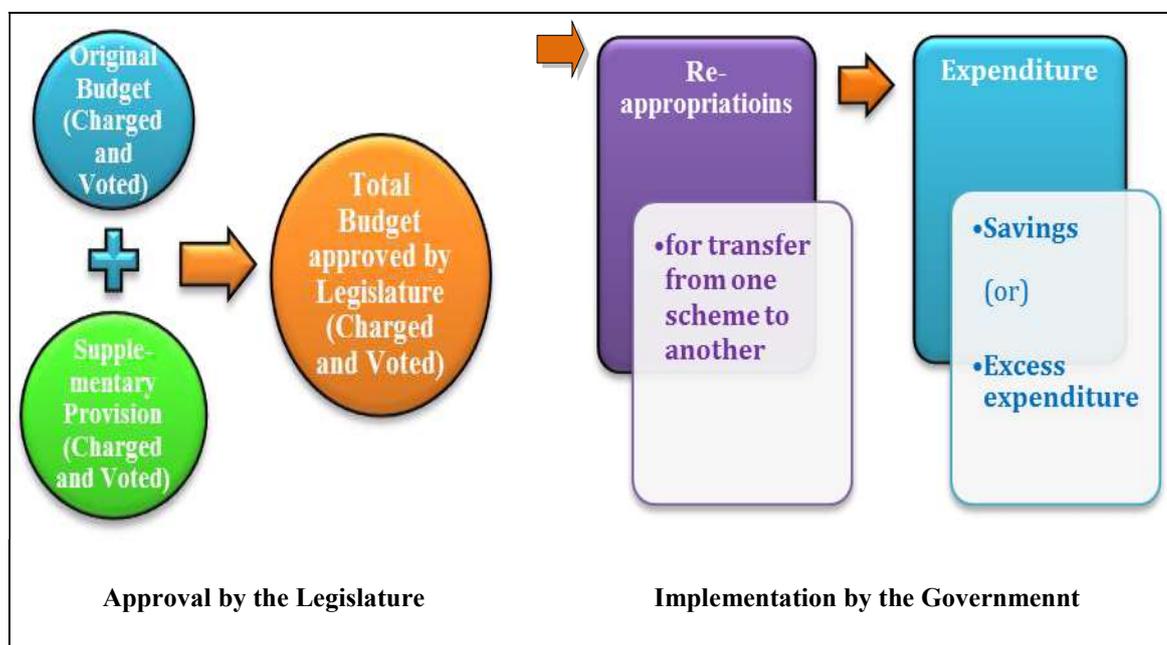


The Comptroller and Auditor General of India performs the audit of appropriations to ascertain whether the expenditure actually incurred under various grants underlying the budget is within authorisations given under the Appropriation Act for the year, that expenditure required to be charged under provisions of the Constitution is so charged, and whether, expenditure is incurred in conformity with the law, relevant rules, regulations and instructions. This chapter analyses the Appropriation Accounts of the Government for the year 2018-19.

2.1 Financial Accountability and Budget Management

The State Legislature initially approves the annual budget. The Government presents supplementary demands (Para 166 of the Budget Manual) before the Legislature, when the initial allocation is found to be inadequate or expenditure has to be incurred on a new item. Further, re-appropriation is a mechanism which allows the State Government to transfer savings from one sub-head (usually a scheme) to another, provided such transfers occur within the same grant¹ and under the same section². Appropriation Accounts captures the data along the entire process of budget formulation and implementation as shown in *Chart 2.1*.

Chart 2.1: Flow chart of budget implementation



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

¹ Grant means the amount voted by the Legislative Assembly in respect of a demand for grant.

² Capital, Revenue or Loans.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure in 2018-19 against 43 grants and three appropriations is in **Table 2.1**:

Table 2.1: Position of actual expenditure vis-à-vis allocations in 2018-19

(₹ in crore)

Nature of Expenditure		Original	Supplementary	Total	Actual Expenditure	Savings (-)/ Excess (+) with reference to total budget	Savings / Excess in percentage
Voted	I Revenue	87,043.57	8,800.49	95,844.06	82,079.41	(-)13,764.66	14.36
	II Capital	24,577.79	3,637.87	28,215.66	23,517.58	(-)4,698.08	16.65
	III Loans and Advances	1,284.10	0.81	1,284.91	1,170.31	(-)114.60	8.92
Total Voted		112,905.46	12,439.17	125,344.63	1,06,767.30	(-)18,577.34	14.82
Charged	IV Revenue	5,647.02	350.43	5,997.44	5,905.10	(-)92.34	1.54
	V Capital	14.11	0.40	14.51	5.76	(-)8.75	60.30
	VI Public Debt	4,157.00	0.00	4,157.00	3,939.70	(-)217.30	5.23
Total Charged		9,818.13	350.83	10,168.96	9,850.56	(-)318.40	3.13
Grand Total		1,22,723.59	12,790.00	1,35,513.59	1,16,617.86	(-)18,895.73	13.94

Source: Appropriation Accounts 2018-19

The total provision for expenditure in 2018-19 was ₹ 1,35,513.59 crore. The actual gross expenditure during the year was ₹ 1,16,617.86 crore (86 per cent). There was an overall saving³ of ₹18,895.73 crore in 2018-19.

2.2.1 Revenue, Capital and Debt

As per Rule 1 of the Odisha Budget Manual (OBM), the Government expenditure is categorised into three sections (i) Revenue expenditure⁴, (ii) Capital expenditure⁵ and (iii) Debt (comprising Public Debt and Loans & advances⁶). Budget *vis-a-vis* expenditure under Revenue, Capital and Debt (comprising Public Debt and Loans & advances) are detailed in **Chart 2.2**.

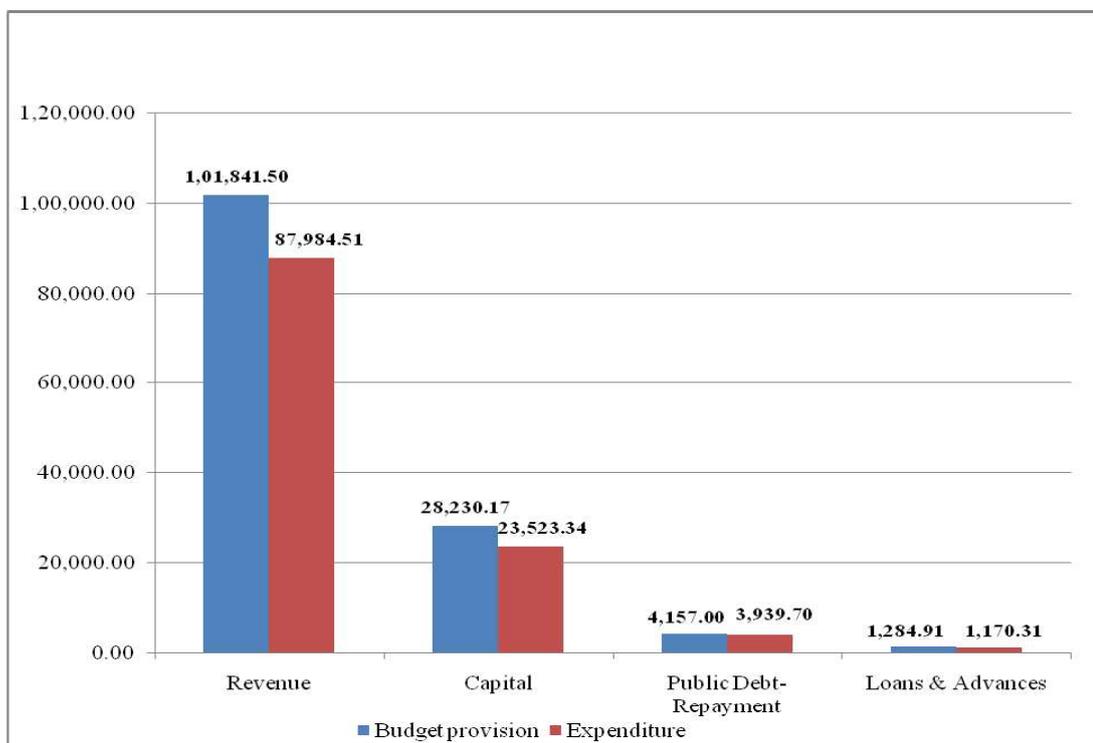
³ Savings is the term used for indicating the amount that could not be spent out of budget provision.

⁴ Revenue expenditure is the account of current expenditure of the State. For example, wages, salaries, maintenance works, repairs *etc.*

⁵ Capital Expenditure means expenditure of a Capital nature such as construction of irrigation projects, bridges, buildings, laying of roads, irrigation and electricity projects *etc.*

⁶ Loan account is the account of public debt incurred and discharged and loans and advances made by the State Government to local bodies, employees and others and recovered from them.

Chart 2.2: Budget Provisions and Expenditure under Revenue, Capital and Debt (Public Debt, Loans and Advances)



Source: Appropriation Accounts 2018-19

From the above Chart, it can be inferred that:

- Revenue Expenditure (₹87,984.51 crore) was lower than the Budget Estimates (₹ 1,01,842 crore) by 13.60 *per cent*. The programmes impacted by unspent savings of budget provisions were Pensions and Other Retirement Benefits (₹ 4,414.80 crore), Protection of Interest of Depositors (₹ 294.56 crore) under Finance Department, Revolving fund for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) (₹ 300.00 crore) under Panchayati Raj and Drinking Water Department, State Road Fund Scheme (₹ 288.07 crore) under Works Department and Madhubabu Pension Yojana for Destitutes (₹ 322.44 crore) under Social Security & Empowerment of Persons with Disability Department.
- Capital Expenditure (₹23,523 crore) was lower than the Budget Estimates (₹28,230 crore) by 16.67 *per cent*. The programmes impacted by unspent savings of budget provisions were Accelerated Irrigation Benefit Programme (₹355.57 crore) under Water Resources Department and Mukhya Mantri Swasthya Seva Mission (₹254.86 crore) under Health and Family Welfare Department.
- Expenditure (₹ 1,170.31 crore) on Loans and Advances section were lower than the Budget Estimates (₹ 1,284.91 crore) by 8.91 *per cent* mainly due to surrender of funds under loans for Crop Husbandry (₹ 40 crore) and loans for Co-operation (₹ 50 crore).

- Repayment of Public Debt (₹ 3,939.70 crore) was also lower than the Budget Estimates (₹ 4,157 crore) by 5.2 per cent. This was mainly on account of non-acceptance of proposals for Special Securities to be issued to National Small Savings Fund (NSSF) of Central Government (₹ 177.16 crore).

2.2.2 Grant-wise analysis

As per the Budget Manual, 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 expenditure in Odisha Government is incurred through 43 different Grants. For the purpose of determining excess expenditure or savings, Revenue (voted), Revenue (charged), Capital (voted), Capital (charged) and Loans (voted) are treated as independent grants. Savings and Excess expenditures for grants/ appropriations under Revenue, Capital and Loans and Advances section are shown in **Table 2.2**:

Table 2.2: Total excess or savings under different grants

Description	Revenue		Capital		Loans and Advances		Amount (₹ in crore)
	Number of grants ⁷	Number of appropriations ⁸	Number of grants	Number of appropriations	Number of grants	Number of appropriations	
Savings occurred in	43	1	34	1	--	1	18,895.73
Excess expenditure occurred in	1	--	1	--	--	--	173.42

Source: Appropriation Accounts

The grants/appropriations where savings were more than ₹ 100 crore each and more than 20 per cent of the total provision during 2018-19 are listed in **Appendix 2.1**.

2.2.2.1 Excess expenditure

As per Article 204 (3) of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriations made by law passed in accordance with the provisions of this article.

Excess expenditure in current year: It was observed that excess expenditure of ₹ 173.42 crore⁹ was incurred in two grants during the year 2018-19, Grant No.7-Works (Capital Voted) and Grant No.8 - Odisha Legislative Assembly (Revenue-Voted).

Excess expenditure in previous years:

Excess expenditure amounting to ₹ 79.60 crore in respect of six cases under five grants and one appropriation was incurred over the provisions during 2013-14 to 2017-18 as detailed in **Table 2.3**.

⁷ Grants are the provisions voted by the Legislature for incurring voted expenditure

⁸ Appropriation is the provision made in the budget for incurring expenditure which is directly charged and not subject to the voting of the Legislature

⁹ Grant No.7- ₹ 16,97,633,000 and Grant No.8 - ₹ 36,528,000 for the year 2018-19

Table 2.3: Grants in which excess expenditure was made in last five years

(₹ in crore)

Sl. No.	Number and Name of the Grant/Appropriation	Amount of Excess				Total
		2013-14	2015-16	2016-17	2017-18	
Revenue Voted						
1.	22-Forest and Environment	0.29	0.25	-	-	0.54
2.	26-Excise	0.27	0.01 ¹⁰	-	-	0.28
3.	31-Handlooms, Textile and Handicrafts	18.00	-	-	-	18.00
4.	6003-Internal Debt	-	-	56.63	-	56.63
5.	8-Odisha Legislative Assembly incurred expenditure	-	-	-	0.52	0.52
Capital Voted						
6.	13- Housing and Urban Development	-	-	3.63	-	3.63
	Total	18.56	0.26	60.26	0.52	79.60

Source: Appropriation Accounts for the respective years

Such repeated excess expenditures over grants approved by the State Legislature are in violation of the will of the Legislature and the basic principle of legislative control over expenditure that not a rupee can be spent without the approval of the House of People/ State Legislative Assembly and, therefore, need to be viewed seriously.

Recommendation 4: State Government may analyse the reasons for excess expenditure. The Finance Department should ensure that no Departmental controlling officers, including those of the Finance Department itself, resort to excess expenditure over the regular allocations approved by the State Legislature.

2.2.2.2 Excess expenditure requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excess expenditure over a grant/appropriation regularised by the State Legislature. The excess expenditure needs to be regularized after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). For this purpose, the Departments concerned are required to submit Explanatory Notes for excess expenditure to PAC through Finance Department.

The State Government, however, failed to get the excess expenditure amounting to ₹79.60 crore over and above the allocation, pertaining to the years 2013-14 to 2017-18 and ₹ 173.42 crore pertaining to 2018-19, regularised as of March 2020. This is in violation of Article 204 of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

¹⁰ ₹87,887 only.

The State Government stated (May 2020) that the excess expenditure as pointed out in Audit, would be regularised in the current year.

Recommendation 5: All the existing cases of excess expenditure are required to be regularised at the earliest and, in future, such excess expenditure may be completely stopped.

2.2.2.3 Savings

In the year 2018-19, the total savings were ₹ 18,895.73 crore. Of these, ₹ 7,037.92 crore (37.25 per cent) pertained to seven grants with savings of more than ₹100 crore each and by more than 20 per cent of the total provision (*Appendix 2.1*). In 2018-19, there was a saving of ₹ 2,762.66 crore (32.59 per cent) against the budget provision of ₹ 8,476.57 crore (Capital -Voted) under Water Resources Department (Grant No.20).

In addition, during the years 2014-19, there were cases of persistent savings of more than ₹100 crore each as shown in **Table 2.4**:

Table 2.4: Grants/Appropriations with persistent savings during the years 2014-19

Sl. No.	Grant No.	Name of the Grant/Appropriation	Amount of savings (₹ in crore) (per cent)				
			2014-15	2015-16	2016-17	2017-18	2018-19
Revenue (Voted)							
1	1	Home	178.91 (6)	255.57 (8)	289.00 (8)	384.58 (9)	408.71 (8.75)
2	3	Revenue and Disaster Management	1,247.47 (36)	2,038.41 (39)	1,889.79 (37)	182.04 (19)	178.24 (17.57)
3	5	Finance	2,052.78 (23)	3,233.94 (33)	4,431.05 (38)	4,177.53 (32)	2,774.22 (19.43)
4	10	School and Mass Education	1,414.78 (15)	1,942.82 (18)	1,637.59 (14)	2,081.16 (15)	1,524.38 (9.97)
5	11	Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare	373.64 (20)	316.00 (14)	359.40 (15)	281.33 (11)	577.35 (16.85)
6	12	Health and Family Welfare	651.88 (19)	222.71 (7)	406.52 (9)	516.22 (11)	456.53 (8.17)
7	17	Panchayati Raj & Drinking Water	2,064.92 (30)	1,439.68 (16)	664.93 (7)	1,971.73 (18)	1,419.94 (10.09)
8	20	Water Resources	333.91 (19)	152.85 (8)	129.86 (6)	241.00 (11)	280.22 (13.62)
9	36	Women and Child Development & Mission Shakti	1,107.72 (24)	351.31 (9)	798.74 (27)	922.38 (29)	424.25 (11.89)

Source: Appropriation Accounts of the respective years. (Figures in brackets denote percentage of total provision)

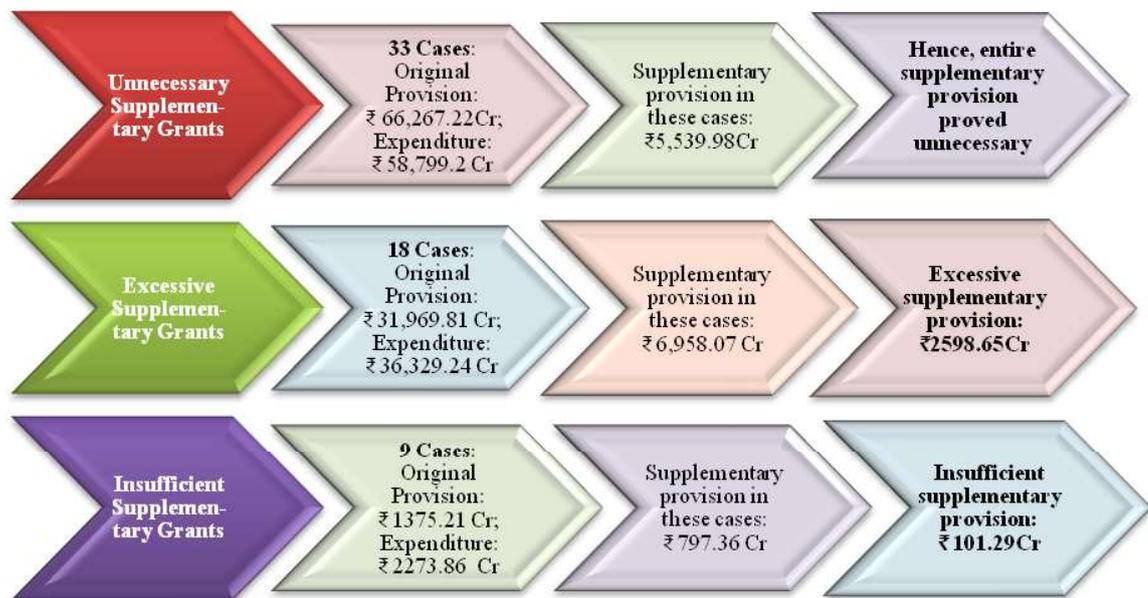
Persistent Savings under Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare, Health and Family Welfare, Panchayati Raj and Drinking Water, Women and Child Development Department and Water Resources Department indicated that the schemes under these departments did not receive the required priority

by the Government and there was inefficiency in implementation by the departments concerned / implementing agencies.

2.2.3 Supplementary Grants

Audit analysis showed that supplementary grant¹¹ (Rupees one crore and above) of ₹5,539.98 crore *i.e.*, 43.31 *per cent* of total supplementary grant was unnecessary in 33 cases relating to 26 grants (*Appendix 2.2*). Supplementary provision aggregating ₹6,958.07 crore proved excessive by ₹2,598.65 crore in 18 cases under 12 grants and one appropriation (*Appendix 2.3*). On the other hand, in nine cases under eight grants (*Appendix 2.4*) the supplementary provision of ₹797.36 crore was not adequate to meet the requirement (*Chart 2.3*).

Chart 2.3: Unnecessary, Excessive and Insufficient Supplementary Provisions



Source: Appropriation Accounts

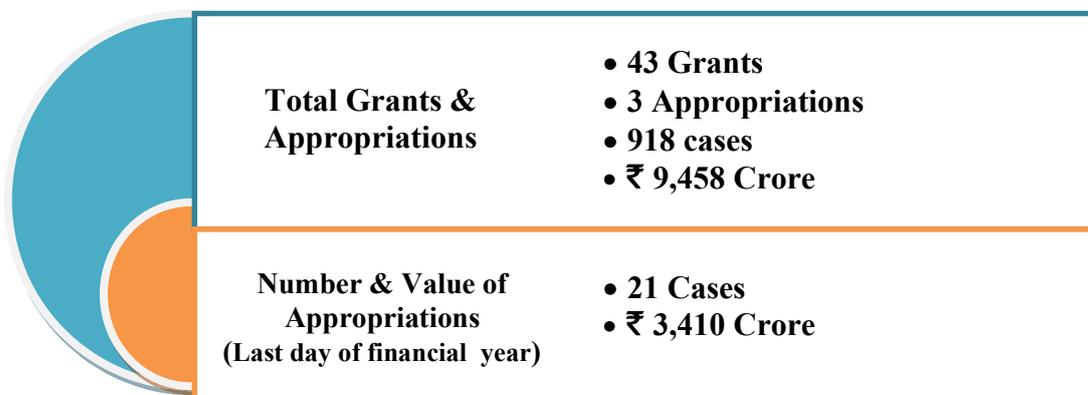
2.2.4 Re-appropriations

By definition, Re-appropriations are meant for transfer of savings from one scheme / unit to another within the same grant and under same section (*i.e.*, Capital, Revenue or Loans). It was observed that re-appropriation of funds proved unnecessary/excessive in three cases and insufficient in nine cases and resulted in less expenditure of ₹231.58 crore and excess expenditure of ₹562.40 crore as detailed in *Appendix 2.5*.

¹¹ Supplementary grant means a grant voted by the Legislative Assembly on a supplementary statement of expenditure presented to it within a financial year under Article 205 of the Constitution.

During 2018-19, re-appropriation orders amounting to ₹ 9,458.14 crore (918 cases) were issued. Audit analysis of Re-appropriations is depicted below:

Chart 2.4: Re-appropriation in the overall budget



Source: Appropriation Accounts

The Finance Department informed (07 February 2019) that the deadline of the re-appropriations was 26 February 2019. Despite that, 21 cases of re-appropriation orders amounting to ₹3,410 crore (₹ one crore and above in 12 cases as detailed in *Appendix-2.6*) were issued on the last working day of the financial year 2018-19, for which there was no scope for expenditure during 2018-19.

This indicates that the expenditure control mechanism was not adequate and that re-appropriation was not done on the the basis of real-time data.

Recommendation 6: *Leveraging advancements in Information Technology, State Government may issue re-appropriations on the basis of real-time data on committed expenses and actual receipts.*

2.2.5 Substantial surrenders

Surrenders of 100 *per cent* of total provision of ₹ 1,304.17 crore were made under 27 cases (₹ 10 crore or more in each case) under 13 grants. These represented different schemes / programmes / projects and activities as detailed in *Appendix-2.7*. Similarly surrenders of ₹1,788.12 crore (15 grants) and ₹ 2,686.12 crore (17 grants) were made during the years 2016-17 and 2017-18 respectively. The surrenders were mainly attributed to non-release of Central share from Government of India, non-finalisation of tenders, non-implementation of programme, non-finalization of modalities etc.

2.2.6 Surrender in excess of savings

In three cases (three grants), there were savings of ₹ 590.48 crore. The amount surrendered was ₹ 624.21 crore, resulting in excess surrender (₹ one crore or more in each case), amounting to ₹ 33.73 crore as detailed in **Table 2.5**.

Table 2.5: Surrender in excess of actual savings during 2018-19

(₹ in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Savings	Amount surrendered	Amount surrendered in excess
1	07-Works(Capital Voted)	2,693.73	0	22.41	22.41
2	08-Odisha Legislative Assembly(Revenue Voted)	58.25	0	6.14	6.14
3	23-Agriculture and Farmer's Empowerment (Revenue Voted)	4,695.30	590.48	595.66	5.18
	TOTAL	7447.28	590.48	624.21	33.73

Source: Appropriation Accounts 2018-19.

The excess surrender indicated that these departments had failed to exercise necessary budgetary controls by watching flow of expenditure through monthly expenditure statements.

2.2.7 Anticipated savings not surrendered

As per Rule 146 of OBM, the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. Finance Department instructions (07 February 2018) also stipulated that the surrender of unutilised funds should be made on or before 28-02-2019. A review of savings of grants and appropriations and surrender thereof showed the following:

- Out of total savings of ₹8,457.43 crore in 10 cases, only ₹7,803.26 crore was surrendered (short surrender by ₹ one crore and above in each case), leaving balances not surrendered aggregating ₹654.17 crore (7.73 per cent of total savings). Details are given in **Appendix-2.8**. Similarly, ₹ 343.05 crore (17 cases) and ₹1,234.71 crore (11 cases) were not surrendered during the years 2016-17 and 2017-18 respectively.
- Besides, in 30 cases against 18 grants (surrender of funds in excess of ₹10 crore) ₹5,529.11 crore were surrendered on the last working day of the financial year as detailed in **Appendix 2.9**. Similarly, ₹ 8,448.64 crore (28 cases) and ₹12,392.75 crore (45 cases) were surrendered during the years 2016-17 and 2017-18 respectively.

In response to Paragraph No. 2.3.10 of the Audit Report on State Finances for the year ended March 2015, the Government had stated (November 2015) that surrender of anticipated savings would be ensured through stabilization of the expenditure reconciliation module of Integrated Financial Management System (IFMS). These irregularities, however, still persisted even after four years.

The IFMS was introduced in Odisha in 2013 with the aim of monitoring expenditure with reference to approved budget provision for better financial management. The persistent irregularities, however, indicated that the envisaged benefits from IFMS had not been realised so far, even after the assurances given by the Government in November 2015.

Recommendation 7: All anticipated savings should be surrendered in time so that the funds can be utilised for other development purposes.

2.2.8 Release of funds at the fag end of the financial year

As per Finance Department instructions (07 February 2019), the process of issuance of sanction order for release of funds as well as surrender of provision would be completed by 26 February 2019 to avoid rush of expenditure in the last month of the financial year. Timely release of funds to the implementing agencies has a direct bearing on successful implementation of the schemes and avoidance of rush of expenditure. An examination of sanction orders revealed that the Government released ₹165.21 crore for implementation of different schemes in six departments in the last week of March 2019 as detailed in **Appendix 2.10**. Of this, ₹ 44.06 crore was released on 30 March 2019 as detailed in **Table 2.6**. As such, there was no possibility of proper utilisation of these funds during the financial year 2018-19.

Table-2.6: Department-wise amount released on 30/03/2019

(₹ in crore)

Sl. No	Name of Department	Purpose	Date	Amount	Total (Department wise)
1	Housing and Urban Development	Towards state share under Atal Mission for rejuvenation & Urban transformation (AMRUT)	30/03/2019	2.62	16.39
		Towards state share under AMRUT	30/03/2019	10.00	
		Towards state share under AMRUT	30/03/2019	3.77	
2	Women & Child Development	For arrear training cost for conducting job/refresher training of Anganwadi	30/03/2019	0.03	0.09
		Refresher training of Anganwadi	30/03/2019	0.06	
3	Agriculture and Farmers' Empowerment	For Centrally Sponsored Programme (CSP) under Pradhan Mantri Krishi Sinchayi Yojana (PMKSY) per drop more crop	30/03/2019	11.33	27.25
		For CSP under PMKSY per drop more crop	30/03/2019	8.48	
		For implementation of National Mission for Sustainable Agriculture (NMSA)	30/03/2019	0.97	
		For implementation of NMSA	30/03/2019	0.26	
		For implementation of CSP under IWMP (Watershed Development Commission)	30/03/2019	5.18	
		For implementation of CSP under Integrated Watershed Management Programme (IWMP) (Watershed Development Commission)	30/03/2019	1.03	
4	Secondary Education	Towards payment of salary in favour of Employees under 138 block Grant Madrasas	30/03/2019	0.05	0.33
		Towards payment of salary in favour of Employees under Non Government aids	30/03/2019	0.10	
		Payment in favour of 151 & 73 Non Government aided Sanskrit tools	30/03/2019	0.16	
		Payment in favour of notified non Government aided Sanskrit tools	30/03/2019	0.02	
			Total	44.06	

Source: Sanction orders received from respective Departments

As evident from the above table, Agriculture and Farmers' Empowerment Department accounted for 61.85 per cent (₹ 27.25 crore) of the total amount released. Release of funds on the last day of the financial year indicated that the amount released was primarily to exhaust the budget provision.

2.3 Advances from Contingency Fund

Contingency Fund of the State was established under the Odisha Contingency Fund Act, 1967. Advances from the Contingency Fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature, would be undesirable.

Contingency Fund is in the nature of an imprest to meet unforeseen expenditure, pending approval of the legislature, after which the amount is recouped. The corpus of the Odisha Contingency Fund on 01 April 2018 was ₹400.00 crore. During the year 2018-19 Government temporarily enhanced the corpus of Odisha Contingency Fund by ₹1,000.00 crore (enhanced to ₹1,400 crore by Odisha Ordinance No. 1 of 2018) and ₹1,200.00 crore (enhanced to ₹1,600 crore by Odisha Ordinance No.1 of 2019) in July 2018 and January 2019 respectively through Odisha Contingency Fund Amendment Ordinance. However, on both the occasions State Government failed to produce the Contingency Fund Amendment Bill to State Legislative Assembly within stipulated period (six weeks from the reassembly of the Legislative Assembly). Further, Government had drawn an amount of ₹2,197.87 crore from the Contingency Fund out of which an amount of ₹757.65 crore was recouped leaving an amount of ₹1,440.22 crore un-recouped. Of this un-recouped amount, an amount of ₹1,244.66 crore (86.42 per cent) was utilized for funding Krushak Assistance for Livelihood and Income Augmentation (KALIA) Scheme. Non-recoupment of ₹1,440.22 crore to Odisha Contingency Fund during 2018-19 had the impact of understating the Fiscal Deficit and overstating of Revenue Surplus by an equivalent amount. However, the same amount was recouped during the financial year 2019-20.

The State Government stated (May 2020) that session of Odisha Legislative Assembly could not be held during 2018-19 after expiry of the Ordinance due to General Elections. As a result, it was not possible to recoup the advance during 2018-19. However, the advance had been recouped during the next session of OLA held in 2019-20, immediately after the new Government was formed.

The fact remains that due to non-recoupment of the advance amount by the end of 2018-19, there was over statement of Revenue Surplus and understatement of Fiscal Deficit by ₹1,440.22 crore for the year 2018-19.

2.4 Cash Management System and Rush of Expenditure

Pursuant to the provisions of sub-section (1-a) of Section 8 of the Odisha Fiscal Responsibility and Budget Management Act, 2016, Government of Odisha laid down guidelines for timely spending of Budgetary grants through Cash Management System in 20 departments during 2018-19.

As per the regulation of expenditure 2018-19 in Cash Management System, the flow of expenditure should be evenly placed. In terms of Finance Department instructions dated 30 April 2018, the level of expenditure at the end of the third quarter should not be less than 60 per cent and during the month of March, the same should not be more than 15 per cent of the gross budget provision.

During 2018-19, cash management system was implemented in 20 departments. Out of these 20 departments, thirteen¹² departments had spent minimum 60 per cent of the original budget provision by the end of third quarter. The Micro, Small and Medium Enterprises Department utilised only 28.03 per cent of the original provision by the end of third quarter. Similarly, seven¹³ departments exceeded expenditure of 15 per cent of the original budget provision in the month of March 2019 (the excess ranged from 16.76 to 20.93 per cent) as indicated in **Table 2.7**.

Table 2.7: Analysis of cash management system

(₹ in crore)

Sl. No.	Grant No/ Department	Original Budget Provision	April - December 2018		March 2019 (Pre)	
			Expenditure during first three quarters	Percentage of Expenditure	Expenditure during the month	Percent age of Expenditure
The following departments have followed the guidelines						
1	9-Food Supplies and Consumer Welfare	1,149.67	770.88	67.05	16.32	1.42
2	12-Health and Family Welfare	6,181.96	3,941.51	63.76	712.66	11.53
3	13-Housing and Urban Development	5,181.98	3,367.21	64.98	402.96	7.78
4	19-Industry	337.50	231.33	68.54	0.60	0.18
5	28-Rural Development	5,584.46	4,024.13	72.06	812.13	14.54
6	30-Energy	1,983.54	1,471.03	74.16	260.27	13.12
7	33-Fisheries and Animal Resources Development	897.43	564.21	62.87	57.49	6.41
8	36-Women & Child Development	3,448.32	2,183.30	63.31	360.29	10.45
9	39- Skill Development and Technical Education	626.75	452.64	72.22	78.76	12.57
10	41-Social Security and Empowerment of Persons with Disabilities	2,562.54	1,742.89	68.01	308.99	12.06
The following departments have not followed the guidelines						
11	7-Works	4,272.88	2,725.47	63.78	721.40	16.88
12	10-School and Mass Education	14,527.10	9,700.19	66.77	2,434.88	16.76
13	11-ST & SC Development, Minorities and Backward Classes Welfare	3,415.05	1,861.98	54.52	670.12	19.62
14	17-Panchayati Raj & Drinking Water	13,734.35	12,606.80	91.79	2,098.82	15.28
15	20-Water Resources	10,221.33	4,616.76	45.17	1,474.99	14.43
16	22-Forest and Environment	810.45	483.05	59.60	140.63	17.35
17	23-Agriculture & Farmers' Empowerment	4,718.66	2,143.20	45.42	348.44	7.38
18	31-Handloom, Textile & Handicrafts	190.83	95.28	49.93	38.12	19.98
19	38-Higher Education	2,294.17	1,204.99	52.52	480.13	20.93
20	40-Micro, Small and Medium Enterprises	212.58	59.58	28.03	8.24	3.88

Source: Monthly Appropriation Reports for December 2018 and March (Pre) 2019.

¹² Sl.No.1,2,3,5,6,7,8, 12,13,15,16,18 & 20 of Table 2.6.

¹³ Sl.No.1,3,4,7,10,14 &17 of Table 2.6.

It is evident from the above table that, out of 20 departments only 10 departments (Sl. No.1 to 10) had followed the guidelines for timely spending of budgetary grants through the Cash Management System.

2.4.1. Rush of Expenditure

In terms of Rule 147 of OBM, rush of expenditure in the closing month of the financial year is a breach of financial regularity, which should be avoided. Contrary to this, there were 18 schemes (sub-heads) in 10 departments, where 100 per cent of the total expenditure was incurred (₹ 484.58 crore) in March 2019. Detailed in *Appendix 2.11*.

High percentage of expenditure in March and especially on the last working day of the financial year indicates that uniform flow of expenditure during the year, a primary requirement of budgetary control, was not maintained, indicating failure of Cash Management System in 10 departments.

Recommendation 8: *The State Government should enforce rules to ensure that budget provisions are fully utilised and prevent rush of expenditure during fag end of the financial year.*

2.5 Review of selected grants

A detailed scrutiny of two grants, viz., (i) Grant No. 13 – Housing and Urban Development Department and (ii) Grant No. 20 – Water Resources Department, was conducted in audit. At an aggregate level, there were savings under both grants.

Audit findings in this regard are discussed below:

2.5.1 Housing and Urban Development Department (Grant No-13)

Budgetary control mechanism of the Housing and Urban Development Department was scrutinized. Year-wise budget provisions (both Original and Supplementary) and total expenditure incurred under Revenue and Capital sections during 2016-17 to 2018-19 are given in **Table 2.8**.

Table 2.8: Budget provision vis-à-vis Expenditure incurred during 2016-17 to 2018-19

		(₹ in crore)		
		2016-17	2017-18	2018-19
Revenue (voted & Charge)	Original	2,899.22	3,647.31	4,421.19
	Supplementary	38.27	498.03	530.95
	Total provision	2,937.49	4,145.34	4,952.14
	Total Expenditure	2,486.25	3,716.29	3,773.20
	Savings	451.24	429.05	1,178.93
	Surrender	436.78	496.75	1,153.13
	Percentage of savings to Total provision	15.36	10.35	23.81
Capital (voted &	Original	464.88	845.00	760.79
	Supplementary	121.00	171.80	83.00

		2016-17	2017-18	2018-19
Charge)	Total provision	585.88	1,016.80	843.79
	Total Expenditure	589.51	966.98	767.55
	Savings/ excess	(-) 3.63	49.82	76.25
	Surrender	3.22	53.02	75.26
	Percentage of savings to Total provision	-	4.90	9.04

Source: Appropriation Accounts 2016-17 to 2018-19, Government of Odisha.

Further, percentage of savings to total provision in Revenue section of the grant registered an increase of 8.45 per cent in 2018-19 from the saving of 15.36 per cent during 2016-17 and in Capital section of the grant an increase of 4.14 per cent in 2018-19 from the savings of 2017-18 was registered. This indicated poor expenditure mechanism of the Department.

2.5.1.1 Unnecessary/Excessive supplementary Provision

The supplementary provision of ₹530.95 crore under Revenue voted section proved unnecessary as the actual expenditure (₹3,771.65 crore) did not come up to the level of original provision (₹4,418.67 crore). Supplementary provision aggregating ₹83.00 crore proved excessive by ₹76.25 crore under Capital voted section as detailed in **Table 2.9**.

Table 2.9 Unnecessary/Excessive supplementary Provision

(₹ in crore)

Sl. No	Head of Account	Original Provision	Total Supplementary grant obtained	Actual Expenditure	Savings
Unnecessary Supplementary provision					
1	Revenue (voted)	4,418.67	530.95	3,771.65	1,177.97
Large supplementary provision (₹300 crore) was obtained under "PMAY urban"					
Excessive supplementary provision					
2	Capital (voted)	760.70	83.00	767.45	76.25
Large supplementary provision (₹36.60) was obtained under "EAP Assisted by JBIC Japan for integrated Sewerage and Sanitation Project for Bhubaneswar and Cuttack."					

Source: Appropriation Accounts 2018-19, Government of Odisha.

2.5.1.2. Short/ Excess surrender of savings /belated surrender

Finance Department instructed (07 February 2019) all the departments to surrender unutilised funds on or before 28 February 2019.

The Housing and Urban Development Department, however, effected short surrender of ₹14.46 crore in 2016-17 and ₹25.80 in 2018-19 and excess surrender of ₹67.7 crore in 2017-18 under Revenue section as detailed in **Table 2.8**.

Similarly, under Capital section as against savings of ₹76.25 crore in 2018-19, the department surrendered ₹75.26 crore, and against savings of ₹49.82 crore in 2017-18, the department surrendered ₹53.02 crore. During the year 2016-17, the department had surrendered ₹ 3.22 crore against nil savings.

Further, out of total saving of ₹ 1,255.18 crore, the department surrendered ₹1,228.39 crore (₹1,153.13 crore under Revenue and Capital section ₹75.26 crore) on the last working day of the financial year 2018-19 in violation of the Finance Department circular.

This indicated that the Controlling Officers failed to monitor the flow of expenditure and did not follow the budgetary control mechanism laid down in OBM and Government instruction.

2.5.1.3 Substantial Surrender of ₹ 20 crore and more in each case

Large savings is indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Department. Large savings occurred in the sub-heads as detailed in **Table 2.10**.

Table 2.10: Substantial surrenders of ₹20 crore and more

(₹ in crore)

Sl. No	Head of Account	Total Provision	Amount Surrendered	Objectives of the schemes/programmes/activities
13- Housing and Urban Development Department				
1	2217-05-(191,192,193)-3096- Performance grants to local bodies recommended by 14 th Finance Commission	89.34	89.34	Unconditional support to the Gram Panchayats and Municipalities for delivering the basic functions assigned to them”
Surrender of the entire provision was due to non receipt of Central Assistance.				
2	2217-05-(191,192,193, 789, 796) - 2916- National Urban Livelihood Mission	47.22	20.16	To reduce poverty & vulnerabilities of the urban poor households.
Surrender of the provision was due to non receipt of Central Assistance.				
3	4215-01-796--1561- water supply in urban area	50.00	41.73	Water supply in urban areas
No Specific reasons for less expenditure were furnished.				
4	4215-02-106-1524 - Urban sewerage scheme	50.00	41.88	Urban sewerage & sanitation
Specific reasons for less expenditure were not furnished.				
5	2217-05-(789,796 & 800)-3062- Smart Cities	400.00	400.00	For making the cities of Bhubaneswar & Rourkela citizen friendly and sustainable.
Surrender of the entire provision was due to non receipt of Central Assistance.				

Sl. No	Head of Account	Total Provision	Amount Surrendered	Objectives of the schemes/programmes/activities
6	2215-02-(105,789,796)-3221-Swachha Bharat Mission	200.00	156.24	To access every person with sanitation facilities including toilets, solid and liquid waste disposal systems, village cleanness and provision of adequate drinking water.
Surrender of the provision was due to non receipt of Central Assistance.				

Source: Appropriation Accounts 2018-19, Government of Odisha.

The surrender of substantial provision indicated failure on the part of the department for its proper utilization. As a result, the objectives of the schemes/ programmes for which the funds were provided for, could not be achieved.

2.5.2 Water Resources Department (Grant No-20)

The Water Resources Department is the nodal department with regard to all matters concerning water resources development and management. It has created additional irrigation potential of 1.43 lakh Hectares against the target of 2.72 lakh Hectare during 2018-19.

2.5.2.1 Budget and Expenditure

Details of Budget provision and expenditure incurred during 2016-17 to 2018-19 in Water Resources Department are given in **Table 2.11**.

Table 2.11: Budget provision vis-à-vis Expenditure incurred during 2016-19

(₹ in crore)

		2016-17	2017-18	2018-19
Revenue (Voted & Charged)	Original	1,995.48	2,177.74	1,953.55
	Supplementary	76.92	51.07	106.00
	Total provision	2,072.40	2,228.81	2,059.55
	Total Expenditure	1,941.00	1,987.33	1,776.21
	Savings	131.40	241.48	283.34
	Surrender	111.66	225.76	270.33
	Percentage of savings to Total provision	6.34	10.83	13.76
Capital Expenditure (Voted & Charged)	Original	5,266.09	7,047.14	8,267.79
	Supplementary	647.70	486.95	221.69
	Total provision	5,913.79	7,534.09	8,489.48
	Total Expenditure	5,808.65	6,847.37	5,719.04
	Savings	105.15	686.72	2,770.44
	Surrender	88.47	687.03	2,768.34
	Percentage of savings to Total provision	1.78	9.11	32.63

Source: Appropriation Accounts 2016-17 to 2018-19, Government of Odisha.

As seen from the table, under Revenue section total provision of the grant registered a decrease of ₹169.26 crore (7.60 per cent) from ₹2,228.81 crore in 2017-18 to ₹2,059.55 crore in 2018-19. Under Capital section total provision of the grant registered an increase of ₹2,575.69 crore (43.55 per cent) from ₹5,913.79 crore in 2016-17 to ₹8,489.48 crore in 2018-19.

2.5.2.2 Short/ Excess surrender of savings / belated surrender

Finance Department instructed (07 February 2019) all the departments to surrender unutilised funds on or before 28 February 2019.

As against savings of ₹ 131.40 crore, ₹ 241.48 crore and ₹ 283.34 crore during 2016-17, 2017-18 & 2018-19 under Revenue section, the department surrendered ₹111.66 crore, ₹ 225.76 crore and ₹ 270.33 crore respectively during the corresponding period. Thus, there was short surrender ranging from ₹ 13.01 crore to ₹19.74 crore during the last three years.

Similarly, under Capital section as against savings of ₹105.15 crore and ₹2,770.44 crore during 2016-17 & 2018-19, the department surrendered ₹88.47 crore and ₹2,768.34 crore respectively during the corresponding period. In the year 2017-18, as against savings of ₹686.72 crore (9.11 per cent), the department surrendered ₹687.03 crore resulting in excess surrender of ₹0.31 crore.

Further, out of the total saving of ₹ 3,053.78 crore, ₹3,038.28 crore was surrendered on the last working day of the financial year 2018-19, in violation of the Finance Department circular.

This indicated that the Controlling Officers failed to monitor the flow of expenditure and did not follow the budgetary control mechanism laid down in OBM and Government instruction.

2.5.2.3 Unnecessary/Excessive supplementary Provision

The supplementary provision of ₹327.29 crore proved unnecessary as the actual expenditure (₹7,489.73 crore) did not come up to the level of original provision (₹10,205.32 crore) under Revenue voted, Capital voted and Capital charged section as detailed in Table 2.12:

Table 2.12: Unnecessary/Excessive supplementary Provision

(₹ in crore)

I. No	Head of Account	Original Provision	Total Supplementary grant obtained	Actual Expenditure	Savings
1	Revenue (voted)	1,950.05	106.00	1,775.82	280.22
Supplementary provision of (₹19 crore) was obtained under "Minor Irrigation Projects under State Plan"					
2	Capital (voted)	8,255.27	221.29	5,713.91	2,762.66
Large supplementary provision of (₹200 crore) was obtained under "Other plan programmes for Medium Irrigation"					
TOTAL		10,205.32	327.29		

Source: Appropriation Accounts 2018-19, Government of Odisha.

2.5.2.4 Substantial Surrender of funds

Water Resources Department made provisions under different heads for different schemes/programmes/activities during 2018-19. However, substantial amounts were surrendered due to non-utilisation of the funds as detailed in **Table 2.13:**

Table 2.13: Instances of Substantial surrender of funds

(₹ in crore)

Sl. No	Head of Account and name of the project	Total Provision	Amount Surrendered	Objectives of the schemes/programmes/activities
20-Water Resources department				
1	2702-01-(789,796,800)-3229-Odisha Integrated Irrigation Project for Climate Change Resettlement Agriculture(OIIPCRA)-EAP	41.00	41.00	Augmenting the capacity and income of the farmers in the project area through climate resilient agricultural practices.
	The entire fund was surrendered without assigning any reasons. During the year 2017-18 also, the entire budgetary amount of ₹ 45.00 crore was surrendered due to non finalization of project, and loan agreement with the World Bank.			
2	4700-80-(001,789,796)-800-3302-Gangadhar Meher Lift Canal System	200.00	198.84	To provide irrigation to drought-prone areas of about 25,600 Hectares in the Bijepur, Sohela and Barpalli blocks of Bargarh district, Odisha
	The Gangadhar Meher Lift Canal System was taken up in 2017-18 with an estimated cost of ₹1,246.56 crore. However, no budget provision was made in the year 2017-18. Out of budget provision of ₹ 200 crore in 2018-19, the Department could utilize only ₹1.16 crore. Surrender of funds was attributed to delay in finalization of tendering process of the works.			
3	4700-16(001,789,796,800)-2954-Lower Suktel Irrigation Projects	459.57	190.39	To irrigate 31,830 Ha land of Bolangir & Subarnapur district and to supply water to Bolangir Town. The Project started in November 2001.
	Non utilisation was attributed to delay in finalisation of Underground Pipe Line System, land acquisition problem, slow progress of work etc.			
4	4700-01-(001,789,796,800)-(2160,2954)-Anandapur Barrage	537.55	356.93	The main aim was to provide Rabi and Khariff water supply to the Salandi Irrigation system.
	The reason for surrender was non finalisation of drawing and design by Central Water Commission and settlement of land acquisition cases.			

Source: Appropriation Accounts 2018-19, Government of Odisha.

The surrender of substantial provision indicated failure of expenditure mechanism of the department. As a result, the objectives of the schemes/ programmes for which the funds were provided for, could not be achieved.
