

Executive Summary

Background

The report on the Finances of the Government of Chhattisgarh is being brought out with a view to assess objectively the financial performance of the State during 2012-13. The aim of this Report is to provide the State Government and State Legislature with timely inputs based on audit analysis of financial data. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government in the Fiscal Responsibility and Budget Management Act (FRBM Act), Budget Documents, Economic Survey of the State, norms recommended by the Thirteenth Finance Commission (ThFC) and other financial data obtained from various Government departments and organisations.

The Report

Based on the audited accounts of the Government of Chhattisgarh for the year ending March 2013, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

Chapter I- Finances of the State Government is based on the audit of Finance Accounts and makes an assessment of the Government's fiscal position as at 31 March 2013. It provides an insight into the trends of borrowing patterns, besides giving a brief account of Central funds transferred directly to the State implementing agencies through the off-budget route. It also makes an assessment of the adequacy of the State's fiscal priorities to developmental, social sectors and capital expenditure.

Chapter II- Financial Management and Budgetary Control is based on audit of Appropriation Accounts and gives a grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter III- Financial Reporting is an inventory of the Government's compliance with various reporting requirements and financial rules. The report also has additional data collected from several sources in support of the findings.

Audit findings

Review of Fiscal position: The State continued to maintain revenue surplus and kept fiscal deficit relative to GSDP below the limit laid down under Fiscal Responsibility Budget Management Act and projections made by the Thirteenth Finance Commission. The Fiscal position of the State had declined in terms of the key parameters

during the year 2012-13 as compared to previous year. While revenue surplus decreased over the previous year, the fiscal deficit increased. Due to the increase in fiscal deficit, the primary surplus during 2011-12 turned into primary deficit in 2012-13. However, the achievements with regard to revenue and fiscal deficit were better than the targets fixed in the FRBM Act and ThFC. The Fiscal liability at the end of the current year was 12.03 *per cent* of GSDP against projection of 14.72 *per cent* made in FRBM disclosures.

Funds transferred directly from the Union to the State implementing agencies

The Central Government transferred a sizeable quantum of funds (₹ 4497.58 crore) during 2012-13 directly to State implementing agencies for implementation of Central Plan Schemes. These funds are not routed through the State budget/State Treasury System and hence do not find mention in the Finance Accounts of the State.

Revenue Receipts: The Revenue Receipts (₹ 29,578 crore) grew up by 14 *per cent* over the previous year. The increase was contributed by own tax revenue (22 *per cent*) non-tax revenue (14 *per cent*) and State's share in Union Taxes/Duties (14 *per cent*). However, the Grants-in-Aid from the Government of India decreased by one *per cent* (₹ 66 crore) during 2012-13 as compared to previous year.

Revenue expenditure: The revenue expenditure was ₹ 26,972 crore during 2012-13 of which ₹ 14,532 crore (54 *per cent*) was on Non-Plan components and ₹ 12,440 crore (46 *per cent*) was on Plan components.

Priority to capital expenditure: Capital expenditure during the year constituted 15 *per cent* of the total expenditure and increased by 21 *per cent* over the previous year.

Review of Government investments and Loans and advances: The average return on the Government's investments in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives and outstanding loans and advances were only 0.11 and 0.44 *per cent* respectively during the year while the Government paid a minimum of 6.34 *per cent* as interest on its borrowings during 2012-13. This was obviously an unsustainable proposition.

Financial management and budgetary control: During 2012-13, expenditure of ₹ 35,154.55 crore was incurred against total Grants and Appropriations of ₹ 43,814.48 crore, resulting in savings of ₹ 8,660.89 crore off-set by excess expenditure of ₹ 0.96 crore in four grants under revenue section. The above excess needs regularization under Article 205 of the Constitution of India.

There were instances of savings exceeding ₹ 10 crore and also more than 20 *per cent* of the total provision in 44 cases relating to 37 Grants and one appropriation. This includes savings of ₹ 4,867.16 crore under 17 Grants exceeding ₹ 100 crore in each case. There were persistent

savings upto 51 *per cent* in 11 Grants during 2012-13. There were instances of excess expenditure, unnecessary/excessive supplementary provision, substantial surrenders, non-surrender of anticipated savings during the current year and rush of expenditure during the last month of the financial year.

Simple Receipt Bills :

Funds amounting to ₹ 2,260 crore were drawn on the basis of budget allotment received instead of actual requirement through SR Bills and the same were transferred to implementing agencies without obtaining demands from them. The trail of SR Bills drawals shows that money so drawn was not finally disbursed though booked as final expenditure and an amount of ₹ 186 crore were lying unspent in bank accounts of various implementing agencies.

Financial reporting: There were delays in furnishing of utilization certificates against grants received from various grantee institutions. At the end of financial year 2012-13, an amount of ₹ 15.81crore involving 1586 cases of losses and defalcation were awaiting write-off/regularization for the period ranging between one and more than 25 years in various departments.

Miscellaneous Public Works Advances:

Miscellaneous Public Works Advances amounting to ₹ 133.01 crore were outstanding as of 31 March 2013 against contractors, suppliers, departmental staffs and other departments/divisions.