

CHAPTER 2

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These accounts list the original budget estimates, 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. The Appropriation Accounts, thus, facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

2.1.2 Audit of Appropriations seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and whenever the expenditure required to be charged under the provisions of the Constitution, is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules and regulations and instructions.

2.2 Mechanism for Budget Management

As per Paragraph 16 of Madhya Pradesh Budget Manual (as followed by Government of Chhattisgarh), the Budget Estimates of the State are to be prepared in the form supplied by the Finance Department to each head of the department or controlling officer before 15 August each year. According to Paragraph 61 of the Budget Manual, the finance department has been charged with the responsibility to prepare a statement of estimated revenue and expenditure, to be laid before the legislature each year. According to Paragraph 91 of the Budget Manual, all anticipated savings should be surrendered to Government immediately, if they are foreseen without waiting till the end of the year, unless they are required to meet excess under some other unit or units which are definitely foreseen at the time. No saving should be held in reserve for possible future excesses. Further, as per Paragraph 116 of the Budget Manual, every disbursing officer is responsible for the allotments placed at his disposal, he must keep a close watch over the progress of expenditure under each unit of appropriation and that intimation of the likelihood of the excess is given to the controlling officer to whom he is subordinate in sufficient time to enable that officer to secure additional funds and so obviate excess.

We observed large savings and excesses over the grants during 2013-14, indicating deficiencies in budget management as discussed in the succeeding paragraphs.

2.3 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2013-14 against 73 grants/ appropriations is given in **Table 2.1**.

**Table 2.1: Summarized Position of Actual Expenditure
vis-à-vis Original/ Supplementary Provisions**

(₹ in crore)

	Nature of Expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	34,190.79	3,301.51	37,492.30	31,649.77	(-)5,842.53
	II Capital	7,310.38	350.10	7,660.48	4,660.92	(-)2,999.56
	III Loans and Advances	1,923.83	132.00	2,055.83	1,323.83	(-)732.00
	Total Voted	43,425.00	3,783.61	47,208.61	37,634.52	(-)9,574.09
Charged	IV Revenue	1,736.45	197.66	1,934.11	1,761.40	(-)172.71
	V Capital	3.16	0.50	3.66	1.15	(-)2.51
	VI Public debt repayment	933.14	0.00	933.14	689.65	(-)243.49
	Total Charged	2,672.75	198.16	2,870.91	2,452.20	(-)418.71
	Grand Total	46,097.75	3,981.77	50,079.52	40,086.72	(-)9,992.80

(Source: Appropriation Accounts 2013-14)

During 2013-14, the overall savings of ₹ 9,992.80 crore was the result of savings of ₹ 10,171.76 crore in 66 grants and 43 appropriations under Revenue Section, 48 grants and five appropriations under Capital Section and one appropriation (Public Debt) under the Loan Section, off-set by excess expenditure of ₹ 178.96 crore in five grants under Revenue Section.

The head-wise expenditure status was provided by the Accountant General (A&E), Chhattisgarh to the State Government through Monthly Civil Accounts Statements and Monthly Appropriation Accounts. In spite of this, appropriate steps were not taken by the Government to avoid large savings and excess expenditure over the grants.

2.4 Financial Accountability and Budget Management

2.4.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit revealed that in 49 cases relating to 40 grants and two appropriation savings amounting to ₹ 6,920.56 crore exceeded ₹ 10 crore or more in each case and were also more than 20 per cent of the total provisions as detailed in **Appendix 2.1(A)**.

Further, against the total savings of ₹ 10,171.76 crore, significant savings of ₹ 100 crore or more occurred in 24 grants and one appropriation aggregating ₹ 8,274.57 crore (81 per cent of total savings) as detailed in **Table 2.2**.

Table 2.2 : List of Grants with saving of ₹ 100 crore and above*(₹ in crore)*

Sl. No.	Grant No.	Name of Grant/Appropriation	Total Grant/Appropriation	Actual Expenditure	Savings	Percentage
A-Revenue Voted						
1	03	Police	2,199.93	2,066.49	133.44	6.07
2	08	Land Revenue and District Administration	567.48	441.48	126.00	22.20
3	13	Agriculture	725.57	551.87	173.70	23.94
4	24	Public Works- Roads and Bridges	1,079.96	951.70	128.26	11.88
5	27	School Education	2,895.96	2,175.55	720.41	24.88
6	30	Expenditure pertaining to Panchyat and Rural Development Department	778.20	566.74	211.46	27.17
7	39	Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	3,571.23	3,355.64	215.59	6.04
8	41	Tribal Area Sub-Plan	4,702.43	3,629.46	1,072.97	22.82
9	44	Higher Education	530.65	390.16	140.49	26.48
10	48	Grant-in-Aid received under the Recommendation of Thirteenth Finance Commission	462.53	319.98	142.55	30.82
11	55	Expenditure pertaining to Women and Child Welfare	651.79	535.93	115.86	17.78
12	58	Expenditure on Relief on account of Natural Calamities and Sarcity	602.88	398.10	204.78	33.97
13	64	Special Component plan for Scheduled Castes	1,478.54	1,079.58	398.96	26.98
14	69	Urban Administration and Development Department Urban Welfare	541.88	194.77	347.11	64.06
15	80	Financial Assistance to Three Tier Panchayat Raj Institutions	3,029.70	2,542.42	487.28	16.08
16	82	Financial Assistance to Three Tier Panchayat Raj Institutions under Tribal Area Sub-Plan	1,635.76	1,320.98	314.78	19.24
		Total	25,454.49	20,520.85	4,933.64	
B-Capital Voted						
17	12	Expenditure pertaining to Energy Department	457.00	22.00	435.00	95.11
18	13	Agriculture	210.20	85.27	124.93	59.43
19	21	Expenditure pertaining to Housing Department	282.80	53.24	229.56	81.17
20	41	Tribal Area Sub-Plan	2,021.34	1,394.61	626.73	31.00
21	42	Public Works relating to Tribal Area Sub-Plan Road and Bridges	453.72	268.69	185.03	40.78
22	45	Minor Irrigation	630.20	505.18	125.02	19.84
23	48	Grant-in-Aid received under the Recommendation of Thirteenth Finance Commission.	368.81	67.80	301.01	81.62
24	64	Special Component plan for Scheduled Castes.	967.19	670.92	296.27	30.63
25	67	Public Works Buildings	397.16	272.85	124.31	31.30
26	76	Externally Aided Projects Pertaining to Public Works Department	300.00	00.92	299.08	99.69
27	81	Financial assistance to Urban Bodies	217.50	0.00	217.50	100.00
28	83	Financial assistance to Urban Bodies under Tribal Area Sub-Plan	133.00	0.00	133.00	100.00
		Total	6,438.92	3,341.48	3,097.44	
C-Capital Charged						
29	--	Public Debt	933.14	689.65	243.49	26.09
		Total	933.14	689.65	243.49	
			32,826.55	24,551.98	8,274.57	

(Source: Appropriation Accounts for the year 2013-14)

Significant savings exceeding ₹ 20 crore and above in each case were noticed in 31 sub-heads/schemes under seven grants. Details of savings along with reasons as exhibited in the Appropriation Accounts 2013-14 are given in **Appendix 2.1(B)**.

2.4.2 Avoidable/excessive Supplementary provisions

Supplementary provisions amounting to ₹ 2,191.88 crore obtained in 50 cases (₹ 50 lakh or more in each case) under 43 grants during the year 2013-14, proved unnecessary as the expenditure did not come up even to the level of the original provision as detailed in **Appendix 2.2**. In all these cases, it was notice that the original allotment provided under some sub-heads were not exhausted and huge savings occurred under these sub-heads.

2.4.3 Excessive/unnecessary/insufficient re-appropriation of funds

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

We observed that there were excess/savings of more than ₹ one crore and above after re-appropriation, of which, in nine schemes, the excess/savings were more than ₹ 20 crore as detailed in **Appendix 2.3**. This indicates that the estimates were not properly assessed, as even after the withdrawal/augmentation of funds through re-appropriation, there were final savings/excesses in the grants.

2.4.4 Substantial surrender/re-appropriations

Substantial surrender/ re-appropriations (more than 50 *per cent* of the total provisions) were made in respect of 320 schemes on account of non-implementation or slow implementation of the schemes/programmes. Out of the total provisions amounting to ₹ 5,485.50 crore for these schemes, ₹ 4,221.32 crore (76.85 *per cent*) was surrendered/re-appropriated. Further, out of this 320 schemes, entire provisions of 136 schemes (₹ 1,827.96 crore) was surrendered. This indicated that budgeting was not done with due prudence. The details are given in **Appendix 2.4**.

2.4.5 Surrender in excess of actual savings

In 17 cases, the amounts surrendered (₹ 50 lakh or more in each case) were in excess of the actual savings, indicating inadequate budgetary control in these Departments. As against savings of ₹ 1,513.10 crore, the amount surrendered was ₹ 1,895.53 crore, resulting in excess surrender of ₹ 382.43 crore. The details are given in **Appendix 2.5**. The Departments concerned did not furnish reasons/explanations regarding surrenders till finalisation of Appropriation Account 2013-14 (July 2014).

2.4.6 Anticipated savings not surrendered

At the close of the year 2013-14, out of total savings of ₹ 10,171.76 crore, under all the grants/appropriations only a sum of ₹ 7,588.33 crore was surrendered resulting in non-surrender of savings aggregating ₹ 2,583.43 crore (25.40 *per cent* of total savings) by the concerned departments.

There were 11 grants and two appropriations in which savings of more than ₹ one crore had occurred but no part of the same was surrendered by the Departments concerned. The total amount involved in these cases was ₹ 1,805.41 crore (17.74 *per cent* of the total savings of ₹ 10,171.76 crore as detailed in **Appendix 2.6**.

Similarly, out of the savings of ₹ 4,478.90 crore under 19 grants and one appropriation (after surrender, savings of ₹ one crore and above in each grant), provisions amounting to ₹ 1,157.19 crore (25.84 *per cent* of above savings) were not surrendered as detailed in **Appendix 2.7**.

Besides, in 58 cases (surrender of funds in excess of ₹ 10 crore in each case) ₹ 6,944.85 crore was surrendered on the last day of March 2014, as detailed in **Appendix 2.8**. This is indicative of inadequate financial control and consequent blocking of funds thereby resulting in non-availability of funds for other developmental purposes. The Departments did not furnish reasons regarding surrender of savings on the last day of the financial year till finalisation of Appropriation Accounts 2013-14 (July 2014).

2.4.7 Injudicious surrender

In two grants (Grant No. 06 and 12), an expenditure of ₹ 3,199.04 crore was incurred against the provision of ₹ 3,026.04 crore, resulting in excess expenditure of ₹ 173.00 crore. In spite of this, an amount of ₹ 68.07 crore was surrendered under these grants, which was injudicious. The details are given in **Table 2.3**.

Table 2.3: Injudicious surrender

(₹ in crore)

Sl. No	Grant No.	Name of Grant	Total provision	Expenditure	Excess expenditure	Amount surrendered
Revenue Voted						
1	06	Expenditure pertaining to Finance Department	2,637.09	2,805.88	168.79	52.26
2	12	Expenditure pertaining to Energy Department	388.95	393.16	4.21	15.81
Total			3,026.04	3,199.04	173.00	68.07

(Source: Appropriation Accounts 2013-14)

2.4.8 Persistent savings

In 11 cases (10 Grants) during the period 2009-10 to 2013-14, there were persistent savings of more than ₹ 10 crore in each case as shown in **Table 2.4**. The savings ranged between 10 and 41 *per cent* of the total of the respective grants in the year 2013-14 which indicate that the budgeting was not realistic.

Table -2.4: List of Grants having persistent savings during 2009-2014

(₹ in crore)

Sl. No	Grant No.	Name of the Grant	Total Provision 2013-14	Saving 2013-14	Percentage of savings to total provision	Savings in previous year			
						2009-10	2010-11	2011-12	2012-13
Revenue Voted									
1	10	Forest	732.56	73.09	10	23.62	34.10	12.01	73.40
2	20	Public Health Engineering	323.72	54.68	17	16.82	18.10	13.16	30.78
3	41	Tribal Area Sub-Plan	4,702.43	1,072.97	23	212.90	295.37	78.74	629.07
4	44	Higher Education	530.65	140.49	26	100.21	34.35	139.25	146.54
5	55	Expenditure pertaining to Women and Child Welfare	651.79	115.87	18	151.19	165.61	42.91	156.44
6	64	Special Component Plan for Scheduled Castes	1,478.54	398.96	27	60.64	117.25	37.19	284.43
7	79	Expenditure pertaining to Medical Education Department	326.28	84.63	26	39.77	48.81	60.89	56.11
Capital Voted									
8	41	Tribal Area Sub-Plan	2,021.34	626.73	31	117.83	33.22	30.98	734.34
9	42	Public works relating to Tribal Area Sub-Plan-Roads and Bridges	453.72	185.03	41	133.50	115.70	232.71	234.80
10	67	Public Works-Buildings	397.16	124.31	31	52.14	57.55	263.62	149.14
11	68	Public Works relating to Tribal Area Sub-Plan-Buildings	184.70	67.02	36	73.92	38.92	57.10	74.24

(Source: Appropriation Accounts of respective years)

It is evident from above table that large savings continued over the years indicating improper estimation under the Grants. Further, details of savings in some major schemes under two Grants i.e. Special Component Plan for Scheduled Castes and Expenditure pertaining to Medical Education Department which are discussed below:-

Grant No. 64 - Special component Plan for Schedule Castes

Significant savings occurred under various schemes as shown in the table below:

Table 2.5: Significant savings under Special Component Plan for Schedule Caste

(₹ in crore)

Sl. No	Name of Scheme /Head	2011-12		2012-13		2013-14	
		Budget	Savings	Budget	Savings	Budget	Savings
1	2	3	4	5	6	7	8
1	Mid-day Meal Programme in Middle Schools (2202-01-789-112-0703)	8.08	0.02	22.17	4.00	20.63	4.89
2	Information Technology (2202-02-789-109-0703)	0	0	7.67	7.10	4.27	3.91
3	Free Cycle Distribution to High School Girls (2202-02-789-109-0103)	0	0	10.38	1.53	11.28	1.82

1	2	3	4	5	6	7	8
4	Rural Health centre and Dispensaries (2210-03-789-103-0103)	4.03	0.82	4.20	1.30	4.83	1.95
5	Community Health Centre (2210-03-789-197-0103)	6.63	2.70	6.57	2.48	8.50	2.68
6	Primary Health Centre (Basic Services) (2210-03-789-198-0103)	21.40	3.35	22.59	8.19	25.84	2.68
7	Sub Health Centre (2211-789-101-0803)	0	0	14.12	8.88	13.59	2.34
8	Construction of Major Bridges (5054-03-789-101-0103)	22.00	2.42	36.00	15.52	31.50	19.67
9	Mukhyamantri Gram Sadak Avam Vikas Yojna (5054-03-789-101-0103)	0	0	14.52	1.19	54.00	3.00
10	Mukhyamantri Gram Gaurav path yojna (5054-04-789-337-0313)	0	0	3.85	1.42	30.00	5.01
11	Construction of Godowns with NABARD Assistance (6408-02-789-190-0311)	0	0	21.99	5.66	3.99	1.32

(Source: Appropriation Accounts of respective years)

Reason for savings in all above mention schemes during 2013-14 were not intimated by the department till finalisation of Appropriation Accounts 2013-14 (July 2014).

Grant No. 79 - Expenditure pertaining to Medical Education Department

Significant savings occurred under various schemes as shown in the table below:

Table 2.6: Significant savings under Medical Education Department

(₹ in crore)

Sl. No	Name of Scheme /Head	2011-12		2012-13		2013-14	
		Budget	Savings	Budget	Savings	Budget	Savings
1	Medical Facilities for Retired Employees (2071-01-800-5499)	1.80	1.80	2.50	2.50	2.50	2.50
2	Medical College, Bilaspur (2210-01-110-0101-6967)	13.81	1.15	18.24	3.67	20.24	5.24
3	Hospital attached to Medical College, Raigarh (2210-01-110-0101-6997)	1.83	1.83	1.83	1.83	1.83	1.76
4	Ayurveda Hospital and Dispensaries (2210-02-101-460)	9.96	2.94	6.97	2.01	7.45	1.53
5	Medical College (2210-05-105-0101-1352)	27.65	2.29	9.86	4.50	10.94	4.80
6	Dental College (2210-05-105-0101-1915)	11.83	2.25	13.90	2.79	17.47	6.97
7	Integration of Public Health through Basic Nursing Education Programme (4210-04-112-0101-2216)	1.50	1.50	6.75	3.89	2.88	0.90

(Source: Appropriation Accounts of respective years)

Reason for savings in all above mention schemes during 2013-14 were not intimated by the department till finalisation of Appropriation Accounts 2013-14 (July 2014).

2.4.9 Excess over provisions during 2013-14 requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularized by the State Legislature. **Table 2.7** presents a summary of excess expenditure over provision of funds in seven segments of five grants/appropriations amounting to ₹ 178.96 crore during 2013-14, which requires regularization under Article 205 of the Constitution of India.

Table 2.7: Excess over provisions requiring regularization during 2013-14

(₹ in crore)

Sl No	Grant No	Name of Grant/ Department	Total Grant/ Appropriation	Actual expenditure	Excess expenditure requiring regularization
Revenue Voted					
1	06	Expenditure pertaining to Finance Department	2,637.09	2,805.88	168.79
2	12	Expenditure pertaining to Energy Department	388.95	393.16	4.21
Revenue Charged					
3	06	Expenditure pertaining to Finance Department	0.16	0.65	0.50
4	14	Expenditure pertaining to Animal Husbandry Department	0.002	0.006	0.004
5	27	Expenditure pertaining to School Education Department	0.032	0.056	0.024
Capital Voted					
6	06	Expenditure pertaining to Finance Department	0.00	5.30	5.30
7	60	Expenditure pertaining to District plan Schemes	52.04	52.18	0.13
Total			3,078.27	3,257.23	178.96

(Source: Appropriation Accounts 2013-14)

2.4.10 Excess over provisions relating to previous years (2000-01 to 2012-13) requiring regularization

Excess expenditure amounting to ₹ 2,134.43 crore for the period 2000-01 to 2012-13 was yet to be regularized as detailed in **Appendix 2.9**. Non-regularisation of the excess over grants/appropriation over the years is breach of legislative control over appropriation.

2.4.11 Rush of Expenditure

As per Paragraph 92 of Madhya Pradesh Budget Manual (as followed by Government of Chhattisgarh), rush of expenditure particularly in closing month of the financial year should be avoided. Uniform flow of expenditure is essentials to ensure that the primary requirement of budgetary control is maintained. Contrary to this, in 36 Major Heads, expenditure (₹3,028.38 crore) incurred during the last quarter was more than 65 per cent of the total expenditure (₹ 4,620.39 crore) while in 12 cases, the expenditure (₹ 1,299.63 crore) in the last month of the financial year was more than 50 per cent of the total expenditure (₹ 1,926.16 crore) incurred during 2013-14 as detailed in **Appendix 2.10**.

2.5 Advances from the Contingency Fund

As per the Chhattisgarh Contingency Fund Act, 2001 of the State, no advance shall be made out of the Contingency Fund, except for the purposes of meeting unforeseen expenditure pending authorisation of such expenditure by the Legislature of the State under appropriation made by law. The Fund is operated in the nature of an imprest with corpus limit of ₹ 40 crore. The instances of departure from the procedure laid down in the Act, *ibid*, regarding drawal of funds from the Contingency Fund amounting to ₹ 32.84 crore are given in Table 2.8.

Table 2.8: Expenditure from Contingency fund of the State

(₹ in lakh)

Sl. No	Department	Nature of expenditure for which advance drawn from Contingency Fund	Month of Drawal	Amount of Advance
1	2	3	4	5
1	Law Department	Purchase of new Motor Vehicles	April 2013	36.00
2	General Administration	Vikas Yatra 2013	April 2013	225.00
3	Information technology and Bio-technology	Chief Minister fellowship programme	May 2013	100.00
4	Sports and Youth Welfare	Mukhyamantri Yuva Bharat Darshan Yojna	May 2013	500.00
5	Higher Education	Sarguja University for Pay and Allowance to Medical college Staff	May 2013	100.00
6	General Administration	Conducting Training Programme	August 2013	25.00
7	Revenue	Operation of new Revenue Division	August 2013	35.00
8	Tribal Development	Conducting Training Programme	August 2013	17.50
9	Information technology and Bio-technology	Free distribution of Laptops and Tablets	August 2013	2,000.00
10	Health and Family Welfare	Establishment of New Medical College	September 2013	100.00
11	Law and Legislative affairs	Purchase of furniture and office equipment	September 2013	70.00
12	Village Industries	Operation of blanket Processing unit	September 2013	70.00
13	General Administration	Purchase of new Motor Vehicles	October 2013	6.00
Total				3,284.50

It may be seen from the above that the expenditure out of the contingency fund were neither foreseen and nor of emergent nature. Thus, these should have been postponed till authorization by the Legislature.

2.6 Review of Selected Grants

After voting on Demand for grants has been completed in the Legislative Assembly, an Appropriation bill is introduced for appropriation out of the Consolidated Fund of the State for moneys required to meet (a) the grants made by the Assembly, and (b) the expenditure charged on Consolidated Fund. After the Governor's assent to the Bill, amounts shown in the Appropriation Act and schedules thereof become the sanctioned grants for expenditure under various Demands.

We reviewed the budgetary procedure and control over expenditure pertaining to two grants viz. Grant No. 03- Police and Grant No. 30-Panchayat and Rural Development for the year 2013-14. The review was conducted on the basis of Appropriation Account and test check of records (August 2014) in the Budget

Controlling Officers (BCO) - Director General of Police (BCO of the Grant No. 03) and Director, Panchayat & Rural Development and Development Commissioner (BCOs of Grant No. 30).

2.6.1 Summarized position

The summarized position of amount budgeted for Expenditure incurred and Saving under Grant No. 03 and Grant No. 30 are summarized in **Table 2.9**.

Table 2.9 : Summarized Appropriation of Grant No-03 and 30

(₹ in crore)

Grant No.	Section	Original Budget	Supplementary Budget	Total Provision	Actual Expenditure	Savings (Percentage to Total Grant)
03	Revenue (Voted)	2,076.92	123.01	2,199.93	2,066.49	133.44 (06)
	Capital (Voted)	46.25	0.00	46.25	35.08	11.17 (24)
30	Revenue (Voted)	560.69	217.51	778.20	566.74	211.46(27)
	Capital (Voted)	390.45	Token	390.45	369.83	20.62(05)
Total		3,074.31	340.52	3,414.83	3,038.14	376.69 (11.03)

(Source : Appropriation Accounts 2013-14)

Review of these grants revealed the following :

2.6.2 Preparation of Budget on ad-hoc basis

As per Paragraph 31 of Madhya Pradesh Budget Manual, lump sum provisions should not, as a rule, is made in the budget estimates. We observed that entire provision of ₹ 4.90 crore under two sub-heads of Grant No. 03 and ₹ 19.01 crore under five sub-heads of Grant No. 30 was surrendered without incurring any expenditure, as given in **Table 2.10**.

Table 2.10: Unutilised provision under the various Schemes during 2013-14.

(₹ in crore)

Sl No	Grant No	Description of Head	Total Provision	Expenditure	Saving	Reasons for Saving
1	2	3	4	5	6	7
1	03	2070-5544- Modernisation of Home Guard	1.90	Nil	1.90	The Department stated that the budget was allotted under the head of police department hence the amount had been surrendered during the year 2013-14 under modernization of home guard
2		2055-003-0801-8917- Counter Insurgency and Anti Terrorist School	3.00	Nil	3.00	Reasons for anticipated savings of entire provision of ₹ 3 crore was not intimated (July 2014)
3	30	2235-60-196-8968 Atal Khetihar Majdur Bima Yojna	0.31	Nil	0.31	The Scheme was started from December 2013. List of beneficiaries were not provided by L.I.C.to the department, due to this amount was surrendered
4		2505-60-101-6768 Rastriya Gramin Rozgar	0.25	Nil	0.25	Due to non-receipt of application from Zilla Panchayat the unspent amount was surrendered

1	2	3	4	5	6	7
5	30	4515-101-0101-3064 Building Construction	0.40	Nil	0.40	Due to non forming of newly established <i>Zilla Panchayat</i> , the amount of construction of buildings were not released and same was surrendered
6		4515-102-0101-3064 Building Construction	0.05	Nil	0.05	No minor works were executed in departmental building, consequently the amount was surrendered
7		5054-04-101-4871 Capital Outlay on Village and Small Industries	18.00	Nil	18.00	Due to enforcement of code of conduct for assembly election in state, the tenders process had been affected and this was not possible to spent
Total			23.91	Nil	23.91	

This indicates that entire provision for schemes mentioned in **Table 2.10** was unnecessary indicating that the demands for budget estimates were prepared on adhoc basis.

2.6.3 Excess expenditure over Budget Estimates

According to Paragraph 91 of Madhya Pradesh Budget Manual, the Controlling Officer is responsible for watching the progress of expenditure on public services under its control and for keeping the expenditure within the sanctioned allotment.

Under seven sub-heads of Grant No.03, the expenditure of ₹ 1,373.31 crore was incurred against budget provision of ₹ 1,347.01 crore, resulting excess expenditure of ₹ 26.30 crore. Similarly, under six sub-heads of Grant No. 30, the expenditure of ₹ 399.35 crore was incurred against the budget provision of ₹ 330.83 crore, which resulted in excess expenditure of ₹ 68.52 crore as detailed in **Table 2.11**. The excess expenditure over provision of funds was indicative of lack of budgetary controls.

Table 2.11: Excess expenditure over provision

(₹ in crore)

Sl. No	Grant No	Head of Account	Total provision during the year	Expenditure	Excess Expenditure
1	2	3	4	5	6
1	03	2055-001-3680 State Headquarters	39.39	47.02	7.63
2		2055-003-195 other police training school	25.01	32.54	7.53
3		2055-0801-7307 Special infrastructural Development Scheme	29.17	29.19	0.02
4		2055-109-4491 General Expenditure (District Establishment)	1,048.29	1,054.02	5.73
5		2055-109-6717 Reimbursable Expenditure related to security	95.14	99.83	4.69
6		2070-107-2710 office of commandant general - other subordinate office	12.70	12.88	0.18
7		2070-107-492-expenditure on callouts	97.31	97.83	0.52
Total			1,347.01	1,373.31	26.50

1	2	3	4	5	6
8	30	2515-101-2474 Charges in Connection with the <i>Panchayati Raj</i> Institutions	5.55	60.13	54.58
9		5054-04-337-0311-7475 <i>Mukhyamantri Gram Sadak Evam Vikas Yojna</i>	174.99	180.93	5.94
10		2515-0101-1033 Block Development Office	25.79	28.34	2.55
11		2515-800-1208 Rural Engineering Services	7.92	10.49	2.57
12		2216-03-1050-701-6549 <i>Indira Awas Yojna</i>	83.15	85.68	2.53
13		2515-800-4855 <i>Pradhan Mantri Gram Sadak Yojna</i>	33.43	33.78	0.35
		Total	330.83	399.35	68.52

(Source:- Appropriation Accounts 2013-14)

On being pointed out in audit, the Director General of Police stated that during the year 2013-14 total expenditure of ₹ 1,256.87 crore was incurred under above heads against the budget provision of ₹ 1,288.71 crore and the balance amount of ₹ 59.15 crore was surrendered. Director, Home Guard and Civil Defence stated that supplementary grant was obtained for establishing setup in new District formed by State Government.

Director, Panchayat & Rural Development and Development Commissioner stated that the expenditure under these heads of accounts were not more than provision of fund.

The reply of BCOs was not acceptable, as appropriation accounts clearly indicated excess expenditure under these heads of expenditure.

2.6.4 Unnecessary supplementary budget provision

As per Paragraph 133 of Madhya Pradesh Budget Manual, the supplementary estimate should not be presented to the legislature until their necessity is already established.

In Grant No.30 under the head 3054-04-105-4855 *Pradhan Mantri Gram Sadak Yojna*, the original provision was of ₹ 125 crore and the department obtained supplementary provision of ₹ 100 crore in anticipation of future requirement, the final expenditure (₹ 122.50 crore) was less than the original grant/appropriation. Thus, the supplementary provision was unnecessary indicating that the supplementary grant was obtained without actual requirement.

On this being pointed out in audit BCO stated that the amount of ₹ 102.50 crore could not be spent due to non-receipt of permission from the Finance Department and non- release of payment by treasury.

2.6.5 Inappropriate surrender/re-appropriation leads to excess /saving of expenditure

A re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are required.

Following re-appropriation of funds under Grant No. 30 proved injudicious in view of final excesses and savings as given in table below :

Table 2.12: Excessive/Unnecessary/Insufficient re-appropriation of funds

(₹ in lakh)

Head of Accounts	Budget provision				Expenditure	Excess (+) /saving (-)
	Original	Supplementary	Reappropriation /surrender	Total provision		
2515-101-2474 Charges in Connection with the Panchayati Raj Institutions	7,100.70	0.00	(-) 6,545.57	555.13	6,013.28	5,458.15
2515-0101-1208 Rural Engineering Services	3,197.50	0.00	(-) 298.96	2,898.54	2,338.29	(-) 560.25
5054-04-337-7475 Mukhya Mantri Gram Sadak Evam Vikas Yojna	22,500.00	0.002	(-) 5,001.03	17,498.97	18,092.81	593.84
5054-04-337-8650 Mukhya Mantri Gram Gaurav Path Yojna	12,500.00	0.00	4,900.06	17,400.06	16,690.52	(-) 709.54

On being pointed out in Audit, that the Director, Panchayat and Rural Development stated that under the sub-head-2474, the amount was surrendered due to non-filling of vacant post. The Development Commissioner, Panchayat & Rural Development stated that the expenditure under the sub-head-7475 and 8650 were not more than the provision of fund.

The reply of BCOs was not acceptable, as appropriation accounts clearly indicated excess expenditure under these heads of expenditure.

2.6.6 Delay in sending Re-appropriation/Surrender proposals

As per Paragraph 61 of Madhya Pradesh Budget Manual, re-appropriation /surrender proposals are to be sent to the Finance Department not later than 15 March of the relevant Financial Year.

Out of total surrender amount of ₹ 156.03 crore under Grant No. 03 during 2013-14, the amount of ₹ 117.77 crore was surrendered on 31st March 2014 under different heads.

Surrender of large amounts on the last day of the financial year were of no purpose as the surrendered amount cannot be utilized to meet the requirements under any other grant/appropriation.

2.6.7 Rush of expenditure in last quarter

As per Paragraph 92 of Budget Manual, rush of expenditure particularly in closing month of the financial year should be avoided.

We observed that during last quarter of the year 2013-14, expenditure in eight schemes under Grant No. 03 was 50 to 100 *per cent* of total expenditure under each scheme. Similarly, in nine schemes under Grant No. 30 expenditure in last quarter was 74 to 100 *per cent* of total expenditure under each scheme. Details are given in **Appendix 2.11**.

On being pointed out in audit, BCO's stated that expenditure incurred in the last quarter was mainly due to release of funds by GOI at end of the financial year.

The reply was not acceptable since rush of expenditure at the end of the year indicated deficient financial management.

2.6.8 Non reconciliation of departmental expenditure figure

As per the instruction issued (April 2013) by the Finance Department, Government of Chhattisgarh, the Departments should invariably reconcile their expenditure under different heads of accounts with the figures booked by the Accountant General (A&E) quarterly.

The departmental figure of expenditure under Grant No.30 was ₹ 717.91 crore under 22 sub-heads. However, as per the books of Accountant General (A&E) this was ₹ 770.51 crore, which resulted in net difference of ₹ 52.60 crore. The details of non-reconciled sub-heads shown in **Appendix 2.12**

On being pointed out in audit, Development Commissioner stated (September 2014) that time to time reconciliation had been done. Director, Panchayat & Rural Development reconciliation had not been done due to non filling of vacant post of Accountant.

2.6.9 Irregular adjustment of insurance premium of ₹19.74 crore

As per guidelines of Scheme for Reimbursement of Security Related Expenditures (SRE) of Government of India, Ministry of Home Affairs reimburses the expenditure of State Government towards premium for insurance of police personnel engaged in anti-naxalite operation, upto the extent of 100 *per cent* subject to a maximum of ₹ 1000 per security personnel per year.

During scrutiny of records at Police Headquarters Raipur, it was noted that the Ministry of Home, GOI reimbursed expenditure towards Premium for insurance of police personnel engaged in anti-naxalite operation under SRE, as given **Table 2.13**.

Table 2.13: Reimbursement of insurance premium

(₹ in crore)

Year	Insurance premium reimburse by GOI.
2008-09	3.18
2009-10	3.34
2010-11	4.36
2011-12	5.33
2012-13	3.53
2013-14	Information not available
Total	19.74

Audit scrutiny revealed the reimbursed amount was claimed against expenditure incurred under scheme titled "*Chhattisgarh Rajya Naxal*

Prabhavit Kshetra-Samuhik Bima Vikalp Vishesh Anudan Yojana 2008”(SBVVA). State Government did not incur expenditure towards insurance premium for police personnel engaged in anti-naxalite operation during the period 2008-09 to 2013-14. However, it received reimbursement of ₹ 19.74 crore from MHA towards payment of insurance premium.

2.7 Conclusion and Recommendations

Large Savings due to improper Budget estimation

- There were large savings of ₹ 9,992.80 crore (20 per cent) against total budget provision of ₹ 50,079.52 crore during 2013-14 indicating improper budget estimation. Large savings under various schemes/sub-heads may adversely affect the implementation of development programmes in the State. Persistent savings for the last five years were also noticed in 10 grants performing Social and Economic Services.

The budgetary control mechanism should be strengthened in the Government Departments to avoid huge savings, especially where savings occurred persistently and to avoid taking supplementary grants, which remain unutilised.

Advance from Contingency Fund

- Advances amounting ₹ 32.84 crore on 13 occasions were withdrawn from Contingency Fund during 2013-14 to meet expenditure which was neither unforeseen nor of emergent nature.

Advances from the Contingency Fund should be given only for meeting expenditure of unforeseen and emergent character.

Excess over provisions during 2013-14 requiring regularisation

- Excess expenditure of ₹ 178.96 crore was incurred over provisions during 2013-14, which requires regularisation under Article 205 of the Constitution of India. Besides, excess expenditure occurred during 2001-2013 was yet to be regularised.

Regularisation of excess expenditure in the current year and as well as that occurred in the previous years should be given priority.

Deficiencies in Budgetary Controls in Home and Panchayat and Rural Development Department

- The BCO's of Department of Home and the Department of Panchayat and Rural Development Department was not followed the provisions of the Budget Manual resulting in lack of budgetary control in the Department.

The Home and Panchayat and Rural Development Department should adhere to the provisions of the Budget Manual.