

Chapter III - Budgetary Management

3.1 Introduction

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

3.2 Budget Preparation Process

Government of Chhattisgarh follows a top-down approach to budgeting. The process followed by the State in budget preparation is broadly as follows

- In the beginning of the financial year, Finance Department undertakes a preliminary assessment of the financial resources likely to be available to the State in the ensuing financial year on the basis of past trends with due consideration of policy announcements by the Union and State Governments and any recent developments that may significantly impact resource availability.
- Based on the quantum of resources estimated, Finance Department determines the affordable level of Government expenditure for the financial year.
- The Budget Circular includes the calendar of dates for submission and review of estimates to be prepared by departments. It is also accompanied with procedural details for preparation of the Gender and Outcome Budgets.
- Thereafter, Finance Department carries out a detailed evaluation of the State's financial resources based on guidelines issued by the *Niti Ayog*. Inputs from revenue earning departments are also incorporated in these estimates. An estimation of resources of local bodies and State PSUs is also made. On receiving budget estimates of expenditure from departments, Finance Department scrutinizes and finalizes these estimates for which it holds discussions with department officials.

Thus, estimates are compiled by Finance Department in formats in which they are to be presented to the Legislative Assembly for vote and approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and Demands for Grants/ Appropriations. Supplementary or additional Grant/ Appropriation is provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount. Further, the State Government also re-appropriates/ re-allocates funds from various Units of Appropriation where savings are anticipated, to Units where additional expenditure is envisaged (within the Grant/ Appropriation) during the year.

The total amount approved by the State Legislature including the original and supplementary budgets, expenditure, and savings during the year 2019-20 is depicted in **Chart 3.1** below.

The budget provision of ₹1,183.32 crore for 51 schemes in which a part of the budget (minimum 50 *per cent*) was to be spent on youth-centric works during 2019-20 did not specify distinct sub-heads or object heads. Thus, the actual amount spent on youth-centric schemes could not be verified in audit.

3.3.3 Agriculture Budget

This budget includes the development of agriculture sector and the interests of farmers' activities as well as information on expenditure on these activities.

During 2019-20 the State Government provided for ₹24,574.78 crore in the budget (original budget of ₹21,679.69 crore and supplementary budget of ₹2,895.09 crore) for 260 schemes for agriculture under 13 departments¹. Out of this budget, an expenditure of ₹15,389.00 crore (62.62 *per cent*) was incurred and ₹9,185.78 crore (37.38 *per cent*) was either surrendered or re-appropriated.

3.3.4 Major Policy Initiatives/New Schemes

While presenting its Budget for 2019-20, the State Government announced 57 major policy initiatives/new schemes covering various departments. With regard to the new schemes (one crore and above), the Government provided a total budget of ₹621.83 crore, of which no expenditure was incurred during the year and the entire amount was either surrendered/ re-appropriated mainly due non/short release of funds by Government, non-receipt of proposals, non-approval of work *etc.* Details are shown in *Appendix 3.3*

3.4 Appropriation Accounts

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

3.4.1 Summary of Appropriation Accounts

The summarized position of budget including supplementary budget, actual expenditure, and excess/savings during 2019-20 against 71 grants/ appropriations is given below:

¹ Agriculture Department, Animal Husbandry Department, Fisheries Department, Co-operative Department, Water Resource Department, Revenue Department, panchayat and Rural Development Department, Forest Department, Energy Department, Finance Department, Food and civil supply Department, Ayakut Department, Rural industry Department,

Table 3.1: Summarised position of Expenditure vis-à-vis Budget Provision

(₹ in crore)

	Nature of Expenditure	Original Budget	Supplementary Provision	Total Budget	Expenditure	Savings(-)	Excess	Surrender during March
Voted	Revenue	74,362.81	9,390.82	83,753.63	68,865.38	-15,533.91 (18.55)	645.66 (0.77)	-15,133.44 (97.42)
	Capital Outlay	13,101.83	973.09	14,074.92	8,976.29	-5,098.63 (36.22)	0.00	-3,851.72 (75.54)
	Loans and Advances	249.16	0.10	249.26	99.65	-149.61 (60.02)	0.00	-149.45 (99.90)
	Total Voted	87,713.80	10,364.01	98,077.81	77,941.32	-20,782.15 (21.19)	645.66 (0.66)	-19,134.61 (92.07)
Charged	Revenue	5,248.66	621.39	5,870.05	5,578.48	-540.07 (9.20)	248.50 (4.23)	-42.62 (7.89)
	Capital	30.49	28.59	59.08	46.50	-12.58 (21.30)	0.00	-1.49 (11.84)
	Public Debt	2,906.50	0.00	2,906.50	8,695.03	0.00	5,788.53 (199.15)	-629.03
	Total Charged	8,185.65	649.98	8,835.63	14,320.01	-552.65 (6.25)	6,037.03 (68.33)	-673.14 (121.80)
Grand Total		95,899.45	11,013.99	1,06,913.44	92,261.33	-21,334.80 (19.96)	6,682.69 (6.25)	-19,807.75 (92.84)

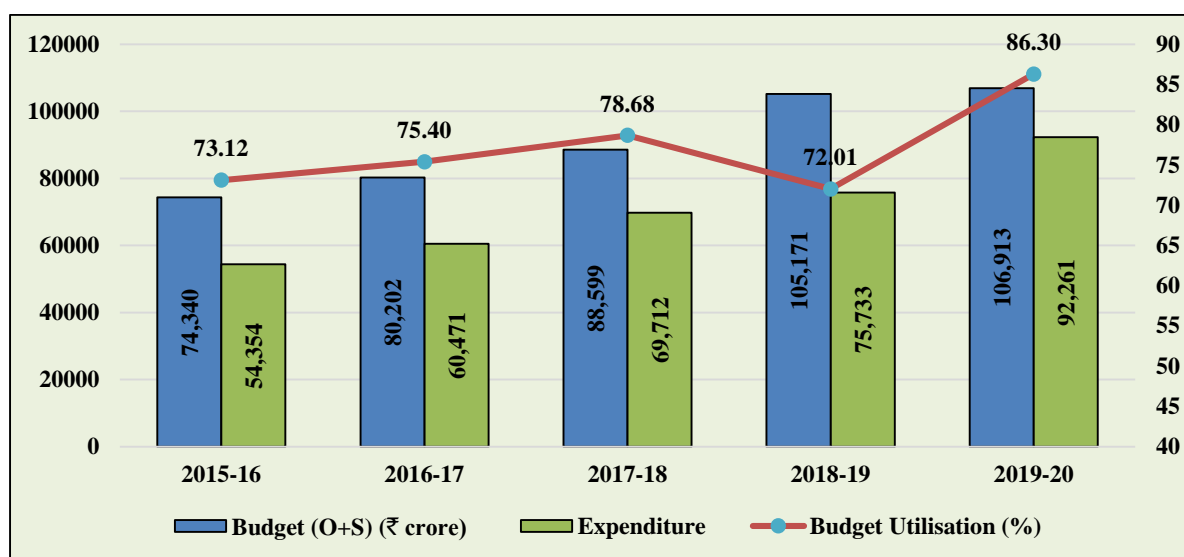
Source: Appropriation Account 2019-20

The total savings amounted to ₹21,334.80 crore (19.96 per cent of total grants/ appropriation), out of which ₹19,807.75 crore was surrendered and ₹1,527.05 crore (7.16 per cent) was lapsed at the end of the financial year. Out of total surrender of ₹19,807.75 crore, an amount of ₹19,167.81 crore was surrendered on 31 March 2020, leaving no scope for utilization of these funds for other developmental purposes. Since the Government could not utilize the original provision, the supplementary provision of ₹11,013.19 crore proved unnecessary. Further, as per Appropriation Accounts, ₹19,807.75 crore was surrendered during the year 2019-20. Out of this amount, ₹6,442.01 crore under various grants was not even released by the State Government.

3.4.2 Sub-optimal Utilisation of Budgeted Funds

Utilisation of budgeted funds by the State has been sub-optimal every year during the past few years. The extent of utilisation of budget during the five-year period from 2015-16 to 2019-20 is given below.

Chart 3.2: Budget Utilisation during 2015-16 to 2019-20



Source: Appropriation Account of the respective years

Utilization of budget showed an increasing trend during the last five years. It increased from 73.12 in 2015-16 to 86.30 percent in 2019-20. Improved utilization of budgetary provision during 2019-20 was mainly due to lowering the size of budget estimates with regard to capital expenditure and disbursement of loans and advances over the previous year. Further, supplementary provision was also lower (11.48 per cent of BE) compared to the previous year (20.24 per cent of BE).

3.5 Comments on Integrity of Budgetary and accounting process

3.5.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the Article 204 of the Constitution. During 2019-20, the State Government incurred an expenditure of ₹6,678.35 crore without budget provision mainly due to expenditure under Special Drawing Facility to recoupment of temporary loan granted to the State Government by the Reserve Bank of India as collateral advance against the investment in Treasury Bills to maintain cash balance.

Table 3.2: Summary of Expenditure without Budget Provision

(₹ in crore)

Head of Account	Expenditure without Provision
6003-112-Interest on Special Drawing Facilities on 91-Days Deposits	6,658.68
6004-09-101-3052-Block Loans	19.67
Total	6,678.35

Source: Appropriation Account of 2019-20

3.5.2 Misclassification of capital expenditure as revenue expenditure

The Indian Government Accounting Standard (IGAS)-2 regarding Accounting and Classification of Grants-in-Aid prescribes that the Grants-in-Aid disbursed by a grantor shall be classified and accounted for as revenue expenditure in the Financial Statements of the

grantor irrespective of the purpose for which the funds were disbursed. Only in cases specifically authorised by the President of India on the advice of the Comptroller and Auditor General of India, can these be debited to Capital head of account in the Financial Statements of the Government.

Further, Rule 30 of Government Accounting Rule 1990 and Para 324 of Chhattisgarh Financial Code-Volume-I state the criteria for determining whether expenditure should be classified under heads of Capital Section or Revenue Section of the Consolidated Fund.

Expenditure of a capital nature to be classified in the Capital Section shall broadly be defined as expenditure incurred with the objective of increasing concrete assets of a material and permanent character. Expenditure on a temporary asset or expenditure on Grants-in-Aid to local bodies or institutions for the purposes of creating assets which will belong to these local bodies or institutions cannot ordinarily be classifiable as capital expenditure, and shall not, except in cases specifically authorised by the President on the advice of the Comptroller and Auditor General be debited to Capital head of account.

During 2019-20, Government of Chhattisgarh made budget provision and classified Grant-in-aid of ₹1,939.61 crore provided for creation of capital assets under Capital Section. Further, Office expenses of ₹0.75 crore, Payment of Professional Services of ₹8.56 crore, and Maintenance Work of ₹0.29 crore have been booked under Capital Major Heads instead of Revenue Major Heads. The expenditure incurred out of GIA as capital expenditure during 2015-16 to 2019-20 is shown in **Table 3.3**.

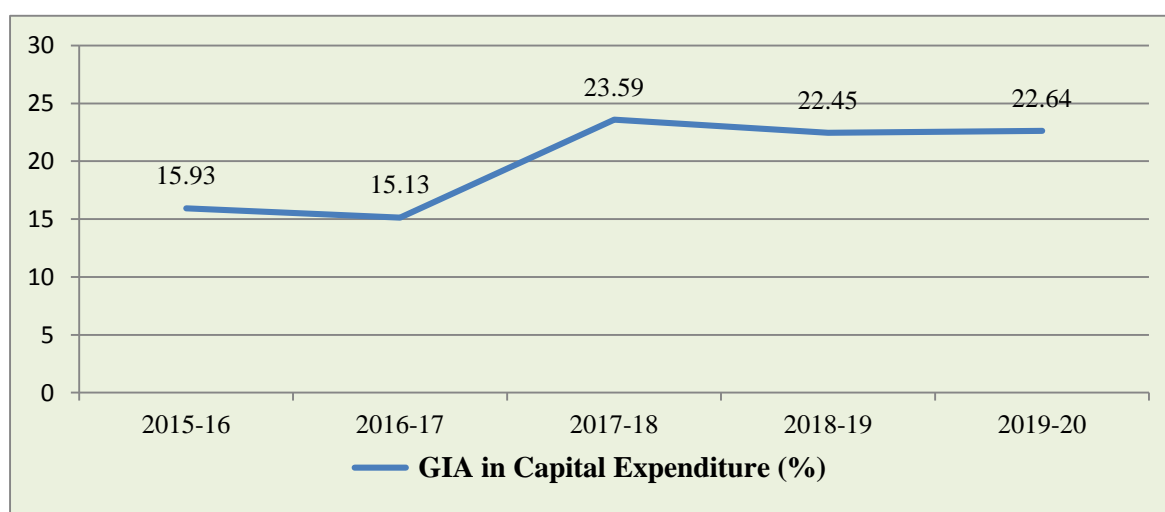
Table 3.3: Extent of classification of GIA as Capital Expenditure

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20
GIA booked as a Capital Expenditure	1,265.85	1,432.94	2,359.39	1,998.74	1,939.61
Total Capital Expenditure	7,945.01	9,470.51	10,000.96	8,903.45	8,566.39
Share of GIA in Capital Expenditure	15.93	15.13	23.59	22.45	22.64

Source: Finance Account of the respective years

Chart-3.3: Share of Grants-in-aid in Capital Expenditure



Source: Appropriation Account of the respective years

3.5.3 Unnecessary or excessive supplementary grants

The State Legislature approved three supplementary allocations of ₹11,014.00 crore during 2019-20. Audit analysis of utilization of these supplementary allocations showed that in 35 cases pertaining to 45 grants/appropriation, supplementary provision of ₹50 lakh or more in each case aggregating ₹5,788.81 crore obtained during the year proved entirely unnecessary as the actual expenditure was less than the original provision. Details are shown in *Appendix-3.4*.

In 16 Grants/Appropriations there were significant savings of ₹100 crore and above out of original budget provision, and yet supplementary provision was obtained. Details are given below in **Table 3.4**:

Table 3.4: Cases where supplementary provision was obtained even though savings were ₹100 crore and above out of original budget provision

(₹ in crore)

Grant No.	Name of the Grant	Original	Actual expenditure	Saving out of original Provision	Supplementary provision
Revenue (Voted)					
3	Police	4,438.07	4,299.28	-138.80	162.79
8	Land Revenue and District Administration	901.88	709.53	-192.35	7.79
13	Agriculture	3,972.10	1,561.32	-2,410.78	720.90
24	Public Works-Roads and Bridges	1,321.17	677.23	-643.94	11.50
30	Expenditure pertaining to Panchyat and Rural Development Department	2,696.97	1,906.11	-790.86	250.11
41	Tribal Areas Sub-Plan	14,737.07	13,020.67	-1,716.40	2,297.14
47	Technical Education and Man-Power Planning Department	361.22	250.77	-110.45	11.22
55	Expenditure pertaining to Women and Child Welfare	1,050.50	760.57	-289.92	128.24
64	Special Component Plan for Scheduled Castes	4,969.68	4,419.79	-549.88	836.24
69	Urban Administration and Development Department	946.24	387.14	-559.10	216.60
79	Expenditure pertaining to Medical Education Department	708.52	539.88	-168.64	13.60
	Total-Revenue Voted	36,103.42	28,532.29	-7,571.12	4,656.13
Capital (Voted)					
20	Public Health Engineering	281.50	147.33	-134.17	21.10
21	Expenditure pertaining to Housing and Environment Department	366.42	193.74	-172.68	4.81
23	Water Resources Department	461.09	287.37	-173.72	9.00
41	Tribal Areas Sub-Plan	2,809.47	2,093.08	-716.39	312.68
45	Minor Irrigation Works	345.51	231.66	-113.85	10.00
64	Special Component Plan for Scheduled Castes	1,148.73	620.72	-528.01	67.35
67	Public Works-Buildings	668.35	267.73	-400.62	7.23
79	Expenditure pertaining to Medical Education Department	175.74	75.59	-100.15	80.70
	Total-Capital Voted	6,256.81	3,917.22	-2,339.59	512.87
	Grant Total	42,360.23	32,449.51	-9,910.71	5,169.00

Source: Appropriation Accounts 2019-20

3.5.4 Unnecessary or excessive re-appropriation

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

Out of total 358 re-appropriations sanctioned during 2019-20, in six cases pertaining to three grants and one appropriation, there were excess/savings after re-appropriation as detailed in the **Table 3.5** It shows that re-appropriations were made without adequate assessment and planning.

Table 3.5: Excess/unnecessary/ insufficient re-appropriation

(₹ in crore)

Grant No. and Head of Accounts	Original	Supple- mentary	Re- approp- riation	Total	Actual expenditure	Final Excess(+) Saving(-)
01-2012-03-107-8694- Decoration and repair of Central Residence	0.08	0.00	0.02	0.10	0.05	-0.05
58 -2245-80-800-7727- Prevention from Pest Infestation	0.06	0.00	0.11	0.17	0.04	-0.12
67-2059-80-1 01-0101-3566- Headquarter Establishment	30.60	0.00	1.00	31.60	24.77	-6.83
67 -2059-80-799-4056- Miscellaneous Public Works Advances	0.90	0.00	0.80	1.70	0.37	-1.33
67-4059-01-51-0101-7274- Public Prosecution	0.68	0.00	0.10	0.78	0.50	-0.28
CH1-6003-108-3751-Loans from the National Co-operative Development Corporation	0.17	0.00	4.78	4.95	0.17	-4.78

Source: Appropriation Account of 2019-20

3.5.5 Entire budget provision not utilised under sub heads

In 68 cases, under 20 grants and two appropriations the entire provision (₹10 crore and above) made for various sub-heads aggregating ₹4,277.85 crore remained unutilized. Details are given in **Appendix 3.5**. Significant cases of un-utilised budget provision of ₹100 crore and above, are detailed below in **Table 3.6**.

Table 3.6: Details of un-utilised budget provision was ₹100 crore and above

(₹ in crore)

Nomenclature	Total Budget
CH1-6003-110-637- Ways and Means Advances	660.00
10-2406-04-103-7992- Transfer to Chhattisgarh Symbolic Forest Plantation Fund	500.00
69-2217-80-191-7685-Smart City	396.00
25-4853-01-004-7794- Transport Network (Rail Route)	317.45
25-2853-02-797-5390- Transfer in Mineral Fund	300.00
CH1-6003--110-779- Advances to meet shortfall	264.51
CH2-2049-01-101-2199- New Market Loan	250.00
41-4202-01-202-1202-1400- Vivekananda Gurukul Unanyan Yojna	116.03
40-4705--209-7907- Supply of Irrigation in Command Area	115.52

3.5.6 Large Savings/Surrenders

Against the total savings of ₹21,334.80 crore, savings of more than ₹100 crore occurred under 29 grants amounting to ₹19,558.10 crore which is 90 per cent of the overall savings during the year as detailed in *Appendix 3.6*, out of which, in eight cases under six grants the saving was more than ₹500 crore as detailed in *Appendix 3.7*.

Further, surrender of more than ₹10 crore was made in 55 grants amounting to ₹19,757.85 crore as detailed in *Appendix 3.8*.

There were huge savings during 2019-20, with 11 out of 71 Grants/ Appropriations showing utilization of less than 50 per cent of the budget allocation. Utilisation of budgetary allocation in these 11 Grants/ Appropriations for the five-year period from 2015-16 to 2019-20 is shown in *Table 3.7*.

Table 3.7: Grants/ Appropriations where utilisation of budget was less than 50 per cent

Sl. No.	Grant	2015-16	2016-17	2017-18	2018-19	2019-20	No. of Years	Budget 2019-20	Total Budget (5 years)
		(in per cent)						(₹ in crore)	
1	02 -Other expenditure pertaining to General Administration Department	68	66	65	58	46	1	32.78	135.95
2	13- Agriculture	74	85	83	90	33	1	4707.16	14962.75
3	25 -Expenditure pertaining to Mineral Resources Department	71	89	57	32	12	2	725.60	10436.17
4	40- Expenditure pertaining to Ayacut Development	54	64	39	05	03	3	121.89	492.6
5	43- Sports and Youth Welfare	35	24	27	20	25	5	53.38	408.67
6	46 -Science and Technology	48	62	36	35	34	4	22.10	111.09
7	51- Religious Trusts and Endowments	69	88	83	43	49	2	14.44	69.03
8	65- Aviation Department	97	52	46	52	35	2	120.94	420.23
9	68- Public Works relating to Tribal Area Sub-Plan-Buildings	90	85	45	48	40	3	132.27	1017.77
10	69- Urban Administration and Development Department-Urban Welfare	29	64	83	71	33	2	1162.83	2223.59
11	75- NABARD aided Projects pertaining to Water Resource Department	71	98	74	66	29	1	700.00	2901.02

Source: Appropriation Account of the respective years

Budget utilisation was less than 50 *per cent* in 11 Grants/Appropriations, which is indicative of systemic lacunae that warrant a close review by the Government to enable initiation of expeditious corrective measures.

Budget provision sought and obtained by some Departments was in excess of actual requirement. Inability to utilise the budgeted provision deprives allocation of resources to priority sectors and also leads to poor legislative control over public finances.

3.5.7 Missing/ Incomplete Explanation for Variation from Budget

Apart from showing the expenditure against the approved budget, Appropriation Accounts also provide explanation for cases where the expenditure varies significantly from the budgeted provision (Original *plus* Supplementary). The limit beyond which, such variation at the Sub-Head/Sub-Sub-Head level (Unit of Appropriation) are to be explained in the Appropriation Accounts is set by the Public Accounts Committee (PAC).

Accountant General (A&E) provides the draft Appropriation Accounts to the Controlling Officers of the Departments and seeks the reasons/ explanation for the variations in expenditure with reference to approved budgetary allocation in keeping with the limits set by the PAC.

The following criteria has been prescribed by the PAC for selection of sub-heads (excess/savings) for comments to be included in the Appropriation Accounts:

1. Comments are to be made on Savings (Voted) :

- Overall saving exceeding 2 *per cent* of the total provision (Original plus Supplementary).
- Individual sub-heads for saving exceeding ₹5 lakh in case of Grants less than ₹10 crore.
- Individual sub-heads for saving exceeding ₹10 lakh in case of Grants between ₹10 crore and ₹ 30 crore.
- Individual sub-heads for saving exceeding ₹20 lakh in case of Grants exceeding ₹30 crore.

2. Comments are to be made on Savings (Charged) for all sub-heads where the variation is more than ₹5 lakh.

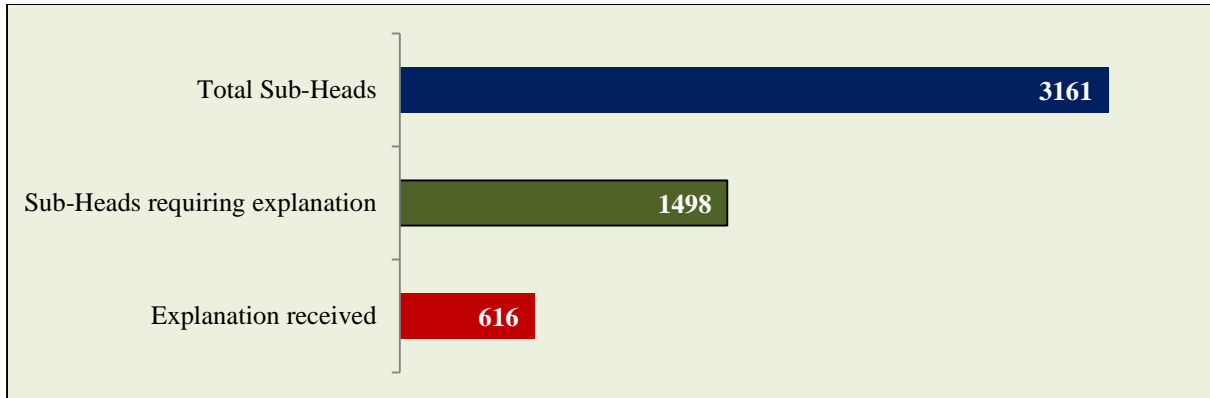
3. Comments are to be made on Excess (Voted):

- Individual sub-heads for excess exceeding ₹5 lakh in case of Grants less than ₹10 crore.
- Individual sub-heads for excess exceeding ₹10 lakh in case of Grants between ₹10 crore and ₹30 crore.
- Individual sub-heads for excess exceeding ₹20 lakh in case of Grants exceeding ₹30 crore.
- General comments for regularisation of excess over the provision in all cases where there is overall excess (any amount) in grant.

4. Comments are to be made on Excess (Charged) in respect of all sub-heads where the variation is more than ₹5 lakh.

Audit of Appropriation Accounts of 2019-20 revealed that the Controlling Officers has not provided explanation for the variations in the expenditure *vis-à-vis* budgeted allocation in about 52.61 per cent of cases. Out of the total 3161 Sub-Heads, reasons for variation were required in respect of 1498 Sub-Heads as shown in **Appendix 3.9**. However, appropriate reasons for variations in 1663 Sub-Heads were not furnished by the Controlling Officers of Government Departments. In respect of the Sub-Heads involved, the total number of Sub-Heads in the accounts, those requiring explanation for variation, and the Sub-Heads where explanation were received for variations from allocations, are given in **Chart 3.4**.

Chart 3.4: Summary of Explanation for Variation in Appropriation Accounts



Absence of explanation for variation between the budgeted allocation and its utilisation, limits legislative control over budget as a means of ensuring financial accountability of the Government.

3.5.8 Excess expenditure and its regularization

Under Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/ appropriation regularised by the State Legislature.

There was an excess disbursement of ₹6,682.69 crore over the authorisation made by the State Legislature under four grants and two appropriations during the financial year 2019-20. This was mainly due to excess expenditure of ₹6,678.35 crore incurred by the State Government without budget provision, to recoup the temporary loan granted to the State Government by the Reserve Bank of India as collateral advance against the investment in Treasury bills to maintain cash balance under Special Drawing Facility. Details are given below in **Table 3.8**:

Table 3.8: Excess over provision requiring regularisation during 2019-20

(₹ in crore)

Department Name	Grant No.	Grant Description	Total Grant/ Appropriation	Total Expenditure	Excess Expenditure
Revenue Voted					
Finance Department	06	Expenditure pertaining to Finance Department	8,876.45	9,459.04	582.59
Tribal Welfare	33	Tribal Welfare	4,073.21	4,133.44	60.23
Higher Education	44	Higher Education	742.56	745.41	2.85

Revenue Charged					
Interest Payments and Servicing of Debt	-	Interest Payments and Servicing of Debt	4,865.24	5,113.33	248.09
Finance Department	06	Expenditure pertaining to Finance Department	0.11	0.46	0.35
Women and Child Welfare	55	Expenditure pertaining to Women and Child Welfare	0.00	0.05	0.05
Capital Charged					
Public Debt	-	Public Debt	2,906.50	8,695.03	5,788.53
Total					6,682.69

Source: Appropriation Accounts

Excess expenditure of ₹3,261.83 crore over provision for the years 2000-01 to 2018-19 was yet to be regularised as detailed in **Appendix 3.10**. This is in violation of Article 204 (3) of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund of the State 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. Details of excess expenditure over legislative authorisation during the five-year period 2015-16 to 2019-20 are given below.

Table 3.9: Excess over provision requiring regularisation during 2015-16 to 2018-19

(₹ in crore)

Year	No. of Grants	No. of Appropriations	Amount of excess
2000-01	11	2	10.21
2001-02	14	2	115.90
2002-03	8	2	114.59
2003-04	4	2	591.12
2004-05	4	5	133.36
2005-06	4	2	23.27
2006-07	4	1	5.13
2007-08	3	3	15.99
2008-09	9	1	115.26
2009-10	10	5	216.77
2010-11	22	6	293.78
2011-12	24	1	498.09
2012-13	2	2	0.96
2013-14	3	3	178.96
2014-15	4	2	833.54
2015-16	3	2	98.24
2016-17	2	3	12.38
2017-18	3	3	2.61
2018-19	2	4	1.67
Total	136	51	3261.83

Source: Appropriation Accounts of respective years

As per the details given in the above Table, there was an overall excess expenditure of ₹1.67 crore over authorisation during 2019-20. However, audit of Appropriation Accounts revealed an excess disbursement of ₹7,893.69 crore over the authorization under 14 grants in 19 major heads during 2019-20 as detailed in **Appendix 3.11**

3.6 Rush of Expenditure

As per Paragraph 92 of the Madhya Pradesh Budget Manual (as followed by Government of Chhattisgarh), rush of expenditure, particularly in the closing months of the financial year, should be avoided. Contrary to this, under Grant No-71-Information Technology and Bio-technology out of the total expenditure of ₹221.39 crore, ₹114.99 crore (52 per cent) was incurred during March 2020. Further, an expenditure of ₹771.64 crore was incurred in eight Major Heads which was more than 50 per cent of total expenditure of the concerned Major Head in March 2020. Details are given in the following **Table 3.10**.

Table 3.10: Rush of Expenditure

(₹ in crore)

Major Head	Description	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	Expenditure in March	Expenditure in March as percentage of Total Expenditure of the scheme
4851	Capital Outlay on Village and Small Industries	0.00	0.02	0.33	8.51	8.90	4.81	54.06
4801	Capital Outlay on Power Projects	0.00	64.04	0.00	78.05	142.09	78.05	54.93
4406	Capital Outlay on Forestry and Wild Life	0.66	0.88	1.86	23.78	27.17	15.20	55.94
4810	Capital Outlay on Non-Conventional Sources of Energy	0.00	236.19	0.00	320.45	556.64	320.45	57.57
4415	Capital Outlay on Agricultural Research and Education	0.00	8.45	2.50	15.10	26.05	15.10	57.98
6408	Loans for Food Storage and Warehousing	0.00	2.50	0.00	8.39	10.89	8.39	77.04
2853	Non-Ferrous Mining and Metallurgical Industries	11.16	8.59	11.00	136.01	166.77	129.64	77.74
5275	Capital Outlay on other Communication Services	0.00	0.00	50.00	200.00	250.00	200.00	80.00
	Total	11.82	320.67	65.69	790.29	1,188.51	771.64	64.92

Source: Appropriation Accounts and information from AG (A&E)

3.6.1 Sub-Head (Schemes), where entire expenditure was incurred in March 2020

In 107 scheme heads, the entire expenditure was incurred at the fag end of the year as detailed in **Appendix 3.12**. High percentage of expenditure at the fag end of the year indicates that uniform flow of expenditure, which is a primary requirement of budgetary control, was not maintained. Significant cases out of these, where the entire scheme expenditure of ₹ 10 crore or above was incurred in March 2020 are shown in **Table 3.11**.

Table 3.11: Scheme expenditure of ₹ 10 crore or above was incurred in March 2020

(₹ in crore)

Head of Accounts (up to Sub-Head)	Entire expenditure incurred in March
17-2425-107-101-5628 -Interest grant for farmer loan interest rationalization	92.13
41-5275-101-102-7861- Communication Revolution Scheme	76.00
41-2425-107-102-5628 -Interest grant for farmer loan interest rationalization	70.02
80-2853-800-101-6299 -Transfer of Revenue Received from Minor	69.86
CHII-2049-101-6403 7.28%- State Development Loan 2027	36.40
15-2853-800-103-6299- Transfer of Revenue Received from Minor	34.27
41-4515-102-702-7759 -Shyama Prasad MukherjeeRurban Mission	27.00
19-2210-200-101-6362-Shyama Prasad MukherjeeRurban Mission	25.00
64-5275-101-103-7861-Communication Revolution Scheme	24.00
82-2853-800-102-6299-Transfer of Revenue Received from Minor	23.59
64-2425-107-103-5628-Interest grant for farmer loan interest rationalization	22.11
41-2210-200-102-6362-Shyama Prasad Mukherjee Rurban Mission	19.00
30-4515-102-701-7759-Shyama Prasad Mukherjee Rurban Mission	18.00
12-4810-101-101-7897-Pradhan Mantri Sahaj Bijli Har Ghar Yojna (Saubhagya Yojna)	16.56
19-2210-200-101-6363-Mukhya Mantry Visesh SwathyaSahayata Yojna	10.00

Source: Information from AG (A&E)

3.7 Review of Selected Grant

During the year 2019-20, Grant No.13-Agriculture was selected for detailed scrutiny in audit to review compliance with prescribed budgetary procedures, monitoring of funds, control mechanisms and implementation of schemes within the grant. Outcome of the audit is discussed in the succeeding paragraphs.

3.7.1 Grant No. 13- Agriculture

The Agriculture Department is responsible for increasing the crop production in the State through advanced agricultural technology. The policies of the Department are mainly implemented in the State through various central and State sponsored agriculture schemes and programmes by the Office of the Directorate of Agriculture. Nine Major Heads viz. 2401-Crop husbandry, 2402- Land and water conservation, 2702- Minor Irrigation, 2415- Agriculture research and education, 3425- Other scientific research, 4401- Capital outlay on Crop husbandry, 4402- Capital outlay on land and water conservation, 4415- Capital outlay on agriculture research and education and 5425- Capital outlay on other scientific and environmental research are operated under this grant.

3.7.2 Budget and expenditure

The overall position of budget provision, actual expenditure and savings/ excess under this grant during the three year period 2017-20 is given below

Table 3.12: Budget and Expenditure

(₹ in crore)

Grant No-13	2017-18	2018-19	2019-20
Total Budget Provision	2,325.63	5,637.10	4,707.16
Expenditure	1,935.22	5,077.35	1,568.26
Savings	390.41	559.75	3,138.90
Savings (%)	16.79	9.93	66.68
Revenue Provision	2,320.04	5,629.92	4,693.33
Expenditure	1,932.92	5,075.76	1,561.57
Savings	387.12	554.16	3,131.77
Savings (%)	16.69	9.84	66.73
Capital Provision	5.59	8.08	13.83
Expenditure	2.30	1.59	6.70
Savings	3.29	6.49	7.13
Savings (%)	58.86	80.32	51.55

Source: Appropriation Account

As can be seen from the above table, savings as a percentage of total budget provision ranged from 9.93 to 66.68 *per cent* during the period 2017-20. Persistently large savings is indicative of incorrect assessment of actual needs and it requires a review of budget preparation exercise of the Department. This also showed that budget allocations were made without considering previous years' trends in expenditure which resulted in persistent savings.

3.7.3 Surrender of Savings

According to Chhattisgarh Budget Manual, a Controlling Officer should anticipate savings under a Grant and communicate them to the Finance Department not later than 15th February of each year. **Table 3.12** reveals that out of a total budget provision of ₹4,707.16 crore during 2019-20, there was a savings of ₹3,138.90 crore, but no portion of savings was surrendered by the Department even at the end of the financial year. Due to non-surrender of savings on time as per the provisions of the Budget Manual, the funds could not be utilized for other developmental purposes.

3.7.4 Unnecessary supplementary grant and subsequent surrender under the schemes

Audit noticed irregular supplementary provision and subsequent surrender under the following scheme heads during 2019-20, as shown in **Table 3.13**:

Table 3.13: Unnecessary supplementary Provision

(₹ in crore)

Scheme Head	Scheme Name	Original Grant	Suppleme-ntary grant	Total Grant	Total Expenditure	Surrender
6366	Farmer assistance	Nil	1.00	1.00	Nil	1.00
7713	Establishment of Bio-Technological Promotion Society	Nil	1.00	1.00	Nil	1.00
	Total	Nil	2.00	2.00	Nil	2.00

Source: Appropriation Account

Further, in scheme head 8972-Incentive scheme on paddy production, it was observed that out

of original grant of ₹2,500 crore, expenditure was ₹187.52 crore; however, supplementary provision of ₹575.50 crore was made, which caused a surrender of ₹2,887.97 crore as shown in **Table 3.14**.

Table 3.14: Unnecessary supplementary Provision

(₹ in crore)

Scheme Head	Scheme Name	Original grant	Supplementary grant	Total grant	Surrender	Total Expenditure
8972	Incentive scheme on paddy production	2,500.00	575.50	3,075.50	2,887.97	187.52

Source: Appropriation Account

Actual expenditure (₹187.52 crore) being less than the original provision (₹2,500 crore), the supplementary provision (₹575.50 crore) proved unnecessary and resulted in a surrender of ₹2,887.97 crore.

3.7.5 Persistent savings under Scheme Heads

As per paragraph 31 of Chhattisgarh Budget Manual, ‘it is probable that estimates carefully prepared in accordance with the foregoing instructions may still be too high. They should, therefore, be examined with reference to the difference between the estimate and the actual in the past three years and the proposed amount should be on that basis.’

In five scheme heads there was persistent savings during 2017-20.

Table 3.15 Persistent Savings under Scheme Heads

Scheme	2017-18			2018-19			2019-20		
	P	S	S	P	S	S	P	S	S
	₹ in crore	%	%	₹ in crore	%	%	₹ in crore	%	%
7853- NABARD funded Minor Irrigation Schemes	131.00	131.00	100	93.00	93.00	100	6.20	6.20	100
7661- NMET Submission Plant protection and Quarantine Scheme	0.50	0.50	100	0.50	0.50	100	0.20	0.20	100
7268- Climate Change and Sustainable Agriculture Modeling and Networking	0.29	0.29	100	0.81	0.81	100	0.81	0.81	100
6929- Office of Assistant Engineer	0.10	0.10	100	0.10	0.10	100	0.10	0.10	100
7766- Third party Agriculture Scheme	0.05	0.05	100	0.05	0.05	100	0.05	0.05	100

Source: Appropriation Account

P = Provision, S = Savings

Persistent savings to the extent of 100 per cent under the above scheme heads during the last three years i.e., 2017-20 indicates that the budgeting process in the Department was unrealistic, and funds to the extent of savings were not required during the years.

The Director, Department of Agriculture stated (December 2020) that the budget provision could not be utilised due to various reasons i.e., non-receipt of sanction from Government, non-sanction of capital expenditure by the Government, non-utilization of fund due to delay in process, etc.

3.7.6 Savings of Entire Budget Provision during 2019-20

Non-utilization of the entire budget provision in these schemes during 2019-20 shows the budgeting process and assessment of the scheme requirements was unrealistic. Details of savings of entire budget provision are shown in **Table 3.16**.

Table 3.16: Non-utilisation of budget provision

		(₹ in crore)
Scheme Head	Scheme Name	Savings/ Surrender
7283	Assistance to C.G. State Marketing Federation for fertilizer testing	5.00
7768	Biological Certification Organization	0.60
7268	NMSA Climate Change and sustainable Agriculture Modeling and Networking	0.46
7945	<i>Pradhan Mantri Anndata Aay Sanrakshan Abhiyan</i>	2.50
7831	Development of Research by Survey of Agriculture Zones	0.15
7766	Third Party Appreciation of Agriculture related Schemes	0.05
7676	<i>Sarakshit Kheti evam Faslottar PrabandhanYojana</i>	0.50
7837	Baseline Survey of Horticulture	1.20
7968	Organic Fertilizer Production Promotion (<i>Jivamrit</i>) Scheme	0.05
7969	Area Expansion Plan for Medicines and Aromatic Crops	0.32
7853	Minor Irrigation Schemes for NABARD funded	5.00
2981	Seed Multiplication and Distribution	1.00
7681	NMET Submission on Plant protection and Quarantine Schemes	0.20
6929	Office of Assistant Engineer	0.10
6788	Directorate Horticulture	0.06
7970	Establishment of Plug Type Unit	2.00
4288	Directorate (HQ Staff)	1.00
7713	Establishment of Biotechnological Promotion Society	1.00
	Total	21.37

Source: Appropriation Account as rendered by the department).

On this being pointed out, the Department stated (December 2020) that the non-utilization was mainly due to various reasons such as non-release of fund by the government, non-availability of scheme guidelines, non-availability of accidental claims, non-receipt of sanction from State Government.

3.8 Conclusion

Budgetary assumptions of the State Government were not realistic during 2019-20 and control over the execution and monitoring of budget was inadequate. However, the percentage of utilization of Budgeted funds increased during 2019-20 compared to the previous year

Excess expenditure of ₹6,682.69 crore pertaining to four Grants and two Appropriations during 2019-20 requires regularisation.

Supplementary Grants/ Appropriations were obtained without adequate justification. The savings were neither surrendered on time nor explanations provided to the Accountant General (A&E) for variations in expenditure vis-à-vis allocations. The Departments were not cautioned against persistent savings; nor were their budgets varied in accordance with their ability to absorb the allocations

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 remained unutilized.

3.9 Recommendations

- i.** State Government needs to formulate a realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilize the allocated resources;
- ii.** An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the Grants/Appropriations are controlled, and anticipated savings are identified and surrendered within the specified timeframe;
- iii.** Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.