

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 the effectiveness of its implementation.

3.2 Budget Preparation Process

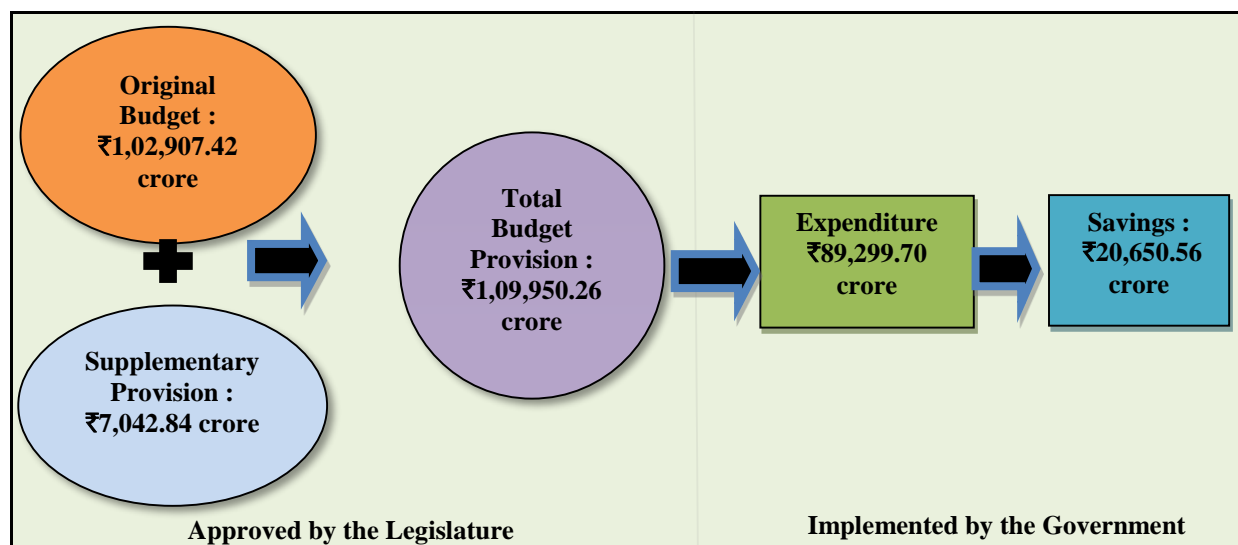
Government of Chhattisgarh follows a top-down approach to budgeting. The process followed by the State in budget preparation is broadly as follows:

- In the beginning of the financial year, Finance Department undertakes a preliminary assessment of the financial resources likely to be available with the State in the ensuing financial year based on 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 by procedural details for the preparation of the Gender, Youth, Agriculture and Outcome Budgets.
- Thereafter, Finance Department carries out the evaluation of the State's financial resources based on guidelines issued by the *Niti Ayog*. Various 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.

The estimates are compiled by Finance Department in prescribed 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 Appropriations where savings are anticipated to units where additional expenditure is envisaged (within the Grant/Appropriation) during the year.

The total budget approved by the State Legislature including the original and supplementary budgets, expenditure, and savings during the year 2020-21 are depicted in **Chart 3.1**.

Chart 3.1: Summary of Budget and Expenditure of Chhattisgarh for 2020-21



3.3 Financial Accountability and Budget Review

3.3.1 Gender Budget

Gender budget is a part of the overall budget and is designed to aid the development of women. Schemes related to women were divided into two categories- (1) Women-specific schemes in which 100 *per cent* budget provision is related to women, and (2) Pro-women schemes in which at least 30 *per cent* of budget provision is related to women.

During 2020-21, the State Government provided ₹2,616.23 crore (original budget of ₹2,572.71 crore and supplementary budget of ₹43.52 crore) for 23 schemes which are 100 *per cent* women-centric. Out of the total budget of ₹2,616.23 crore, only ₹1,030.03 crore (39.37 *per cent*) was utilised and remaining ₹1,586.20 crore (60.63 *per cent*) was either surrendered or re-appropriated. Details are shown in *Appendix 3.1*.

The budget provision of ₹8,029.73 crore for 89 schemes in which a part of the budget (minimum 30 *per cent*) was to be spent on women-centric works during 2020-21 did not provide details of distinct sub-heads or object heads. Thus, the actual amount spent on women-centric schemes could not be verified during audit.

3.3.2 Youth Budget

Youth budget is a part of the overall budget and the schemes related to youth were divided into two categories- (1) Youth-specific schemes in which 100 *per cent* budget provision is related to youth, and (2) Pro-youth schemes in which at least 50 *per cent* of budget provision is related to youth.

During 2020-21, the State Government made a budget provision of ₹5,010.24 crore (original budget of ₹4,939.81 crore and supplementary budget of ₹70.43 crore) for 51 schemes which are 100 *per cent* youth-centric. Out of the total budget of ₹5,010.24 crore, only an expenditure of

₹2,518.71 crore (50.27 per cent) was incurred, and remaining ₹2,491.49 crore (49.73 per cent) was either surrendered or re-appropriated. Details are shown in *Appendix 3.2*.

The budget provision of ₹1,168.34 crore for 51 schemes in which a part of the budget (minimum 50 per cent) was to be spent on youth-centric works during 2020-21 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 2020-21, the State Government provided ₹17,976.10 crore in the budget (original budget of ₹17,693.26 crore and supplementary budget of ₹282.84 crore) for 263 schemes for agriculture under 13 departments¹. Out of this budget, an expenditure of ₹9,253.93 crore (51.48 per cent) was incurred and remaining ₹8,722.17 crore (48.52 per cent) was either surrendered or reappropriated.

3.3.4 Major Policy Initiatives/New Schemes

While presenting its Budget for the year 2020-21, the State Government announced a total of 88 major policy initiatives/new schemes with an allocation of ₹7,128.37 crore. Out of these major policy initiatives/new schemes, it provided a total budget of ₹1,068.47 crore under 30 major policy initiatives/new schemes (one crore and above) spanning across various departments in which no expenditure was incurred during the year and the entire amount was either surrendered/ re-appropriated mainly due to non/short release of funds by Government, non-receipt of proposals, non-approval of works 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 2020-21 against 72 grants/ appropriations is given below:

¹Agriculture 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, and 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	76,581.86	5,551.35	82,133.21	65,497.62	-16,887.83 (20.56)	252.24 (0.31)	16,205.09 (95.96)
	Capital Outlay	14,576.52	1,072.20	15,648.71	9,500.28	-6,148.43 (39.29)	0.00	5,702.49 (92.75)
	Loans and Advances	477.35	0.00	477.35	112.51	-364.84 (76.43)	0.00	359.42 (98.51)
	Total Voted	91,635.73	6,623.55	98,259.28	75,110.41	-23,401.10 (23.82)	252.24 (0.26)	22,267.00 (95.15)
Charged	Revenue	6,374.83	419.29	6,794.12	6,149.98	-645.19 (9.50)	1.05 (0.02)	596.20 (92.41)
	Capital	55.39	0.00	55.39	19.02	-36.37 (65.66)	0.00	36.26 (99.68)
	Public Debt	4,841.47	0.00	4,841.47	8,020.29	0.00	3,178.82 (65.66)	847.70
	Total Charged	11,271.69	419.29	11,690.98	14,189.29	-681.56 (5.83)	3,179.87 (27.20)	1,480.16 (217.17)
Grand Total	1,02,907.42	7,042.84	1,09,950.26	89,299.70	-24,082.67 (21.90)	3,432.11 (3.12)	23,747.15 (98.61)	

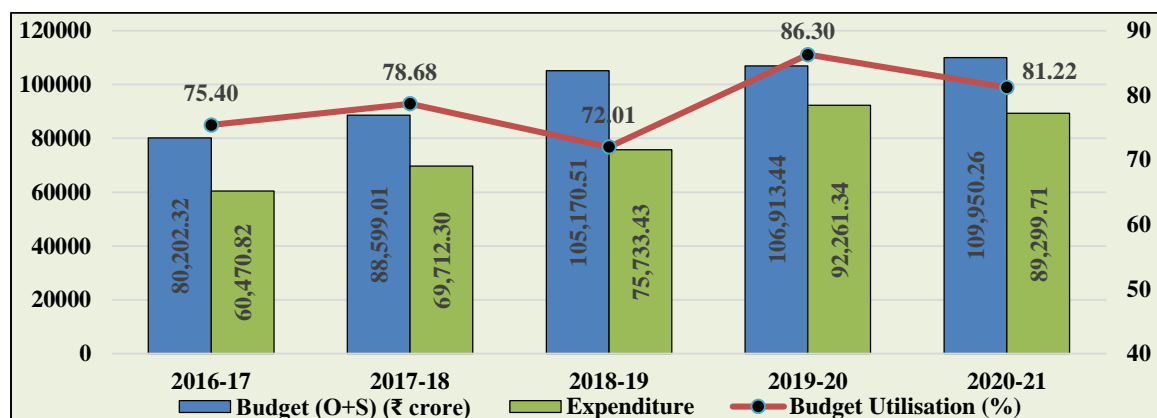
Source: Appropriation Account 2020-21

The total savings amounted to ₹24,082.67 crore (21.90 per cent of total grants/ appropriation), out of which ₹23,747.15 crore was surrendered and the remaining ₹335.52 crore (1.39 per cent) was lapsed at the end of the financial year. Out of the total surrender of ₹23,747.15 crore, an amount of ₹23,511.71 crore (99 per cent) was surrendered on 31 March 2021, 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 ₹7,042.84 crore proved unnecessary.

3.4.2 Utilisation of Budgeted Funds

The utilisation of budgeted funds by the State Government has been sub-optimal every year during the past few years. The extent of utilisation of budget during the five-year period from 2016-17 to 2020-21 is given below.

Chart 3.2: Budget Utilisation during 2016-17 to 2020-21



Source: Appropriation Account of the respective years

The percentage of utilization of budget increased from 75.40 per cent in 2016-17 to 81.22 per cent during 2020-21. However, the utilisation of funds decreased from 86.30 per cent in 2019-20 to 81.22 per cent of the total budgetary provision in 2020-21. This decrease in utilization of funds was mainly due to low expenditure under subsidies. The State Government also restricted the utilisation of budget provision up to 70 per cent and regulated the expenditure pertaining to several heads like training, Government tours and meetings, implementation of new schemes and purchase of new vehicles etc., to rationalise Government expenditure and optimum utilisation of resources during Covid-19 pandemic.

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 Article 204 of the Constitution. During 2020-21, the State Government incurred an expenditure of ₹4,241.58 crore without budget provision mainly due to expenditure under Special Drawing Facility for recoupment of temporary loan granted to the State Government by the Reserve Bank of India as a 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	4,026.52
6004-02-101-3052-Block Loans	121.80
6004-02-101-6718- Consolidated Loans as per Recommendations of 12th Finance Commission	93.26
Total	4,241.58

Source: Appropriation Account of 2020-21

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 classified as capital expenditure, 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 2020-21, Government of Chhattisgarh made budget provisions and classified Grants-in-Aid (GIA) of ₹1,837.67 crore provided for the creation of capital assets under Capital Section. Further, expenditures relating to Office expenses of ₹3.43 crore and Payment of Professional Services of ₹24.75 crore have been booked under Capital Major Heads instead of Revenue Major Heads.

The expenditure incurred out of GIA as capital expenditure during 2016-17 to 2020-21 is shown in **Table 3.3**.

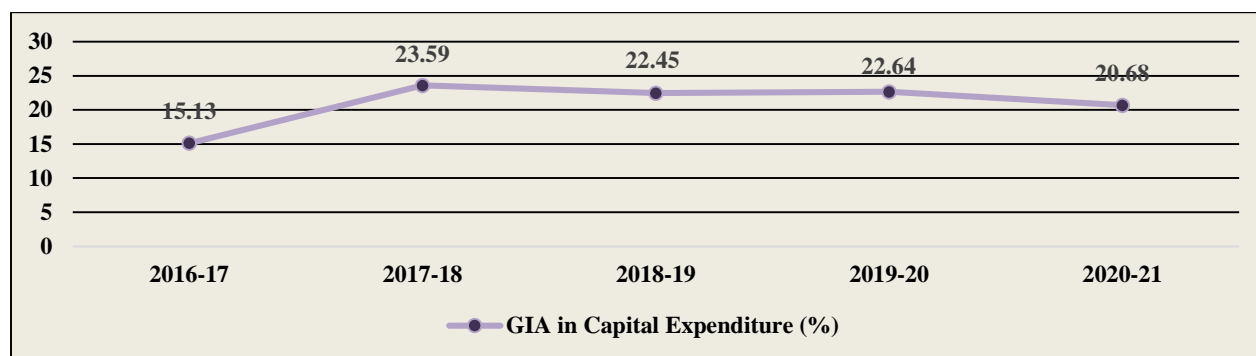
Table 3.3: Extent of classification of GIA as Capital Expenditure

(₹ in crore)

	2016-17	2017-18	2018-19	2019-20	2020-21
GIA booked as a Capital Expenditure	1,432.94	2,359.39	1,998.74	1,939.61	1,865.85
Total Capital Expenditure	9,470.51	10,000.96	8,903.45	8,566.39	9,024.19
Share of GIA in Capital Expenditure (%)	15.13	23.59	22.45	22.64	20.68

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 ₹ 7,042.84 crore during 2020-21. Audit analysis of utilization of these supplementary allocations showed that in 33 cases pertaining to 27 grants/appropriations, supplementary provision of ₹ 50 lakh or more in each case aggregating ₹ 3,560.38 crore obtained during the year proved entirely unnecessary as the actual expenditure was even less than the original provision. Details are shown in *Appendix 3.4*.

Under 17 Grants, there was 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: Case where supplementary provision was obtained even though savings were ₹100 crore and above out of the original budget provision

(₹ in crore)

Grant No.	Name of the Grant	Original Budget	Supplementary	Actual Expenditure	Saving out of Original Budget	
					Amount	%
Revenue (Voted)						
03	Police	4,947.02	50.60	4,069.53	-877.49	17.74
10	Forest	1,760.92	213.80	1,516.28	-244.64	13.89
14	Expenditure pertaining to Animal Husbandry Department	499.09	11.78	374.40	-124.69	24.98
24	Public Works-Roads and Bridges	1,190.99	1.00	786.14	-404.85	33.99
27	School Education	5,149.81	25.89	4,106.56	-1,043.25	20.26
29	Administration of Justice and Elections	445.70	11.35	309.62	-136.08	30.53
30	Expenditure pertaining to Panchayat and Rural Development Department	3,056.73	162.74	1,486.53	-1,570.20	51.37
33	Tribal Welfare	4,858.73	8.02	4,217.57	-641.16	13.20
41	Tribal Area Sub-Plan	15,741.75	901.19	12,486.69	-3,255.06	20.68
47	Technical Education and Manpower Planning Department	354.63	11.30	218.73	-135.90	38.32
55	Expenditure pertaining to Women and Child Welfare	1,083.75	9.47	650.92	-432.83	39.94
64	Special Component Plan for Scheduled Castes	5,515.18	365.93	4,780.56	-734.62	13.32

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79	Expenditure pertaining to Medical Education Department	919.83	10.00	713.23	-206.60	22.46
Total-Revenue Voted		45,524.13	1,783.07	35,716.76	-9,807.37	21.54
Capital (Voted)						
12	Expenditure pertaining to Energy Department	703.54	0.50	369.89	-333.65	47.42
23	Water Resources Department	430.09	8.00	291.41	-138.68	32.24
41	Tribal Area Sub-Plan	3,070.06	301.90	2,208.78	-861.28	28.05
64	Special Component Plan for Scheduled Castes	990.61	136.07	741.52	-249.09	25.14
67	Public Works-Buildings	914.81	22.11	377.48	-537.33	58.74
75	NABARD Aided Projects pertaining to Water Resources Department	697.31	0.50	176.87	-520.44	74.63
Total-Capital Voted		6,806.42	469.08	4,165.95	-2,640.47	38.79
Grand Total		52,330.55	2,252.15	39,882.71	-12,447.84	23.79

Source: Appropriation Accounts 2020-21

Further, under 14 sub-heads, entire supplementary provision of one crore or more in each case amounting to ₹544.78 crore was unutilised as shown in **Table 3.5**. This indicates that supplementary provisions were made without realistic estimation of requirement of funds and reflects poor budget management.

Table 3.5: Details where entire supplementary provision (₹ one crore and above) remained unutilised

(₹ in crore)				
Sl. No.	Scheme Name	Original Budget	Supplementary Budget	Total Budget
1	02-2052-90-6452-Chief Minister Infrastructure Maintenance & Upgradation Authority	0.00	120.00	120.00
2	06-2052-90-6454-Development of Basic Facilities	0.00	120.00	120.00
3	02-4070-800-101-6452-Chief Minister Infrastructure Maintenance & Upgradation Authority	0.00	80.00	80.00
4	06-4070-800-101-6454-Development of Basic Facilities	0.00	80.00	80.00
5	58-2245-2-122-6457-Expenditure from State Disaster Renewal Fund	0.00	60.00	60.00
6	58-2245-80-800-6457-Expenditure from State Disaster Renewal Fund	0.00	53.20	53.20
7	23-4700-80-800-701-6354-Dam Rehabilitation And Improvement Project Phase II	5.50	5.50	11.00
8	79-4210-04-101-0311-6441- Treatment and Prevention of Covid-19	0.00	9.98	9.98
9	23-4701-80-800-701-6354- Dam Rehabilitation And Improvement Project Phase II	2.50	2.50	5.00
10	79-4210-1-110-701-6387- Cancer Institute	0.00	5.00	5.00
11	41-4702-796-800-702-6354- Dam Rehabilitation And Improvement Project Phase II	2.00	2.00	4.00
12	03-2055-101-801-6460- Anti-Human Trafficking Unit (A.H.T.U.)	0.00	3.60	3.60
13	58-2245-80-102-6457- Expenditure from State Disaster Renewal Fund	0.00	2.00	2.00
14	81-2215-1-1-101-7845- Water Augmentation Scheme of Urban Bodies	0.00	1.00	1.00
Total		10.00	544.78	554.78

Source: Appropriation Account of 2020-21

3.5.4 Unnecessary or excessive re-appropriation

Reappropriation is the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.

During 2020-21, in *seven* cases pertaining to *six* grants, there were savings after re-appropriation as detailed in **Table 3.6**. It shows that re-appropriations were made without adequate assessment and planning.

Table 3.6: Unnecessary/Excessive re-appropriation

(₹ in crore)

Grant No. and Head of Accounts	Original Provision	Supplementary Provision	Re-appropriation	Total Provision	Actual expenditure	Final Excess(+)/ Saving(-)
08-2029-103-3150 Land Survey	2.84	0.00	0.12	2.96	2.65	-0.31
19-4210-2-197-101-5998 Community Health Centre	28.66	0.00	0.50	29.16	23.82	-5.34
41-2210-1-796-196-102-1473 District Hospital	116.28	0.00	5.00	121.28	98.19	-23.08
58-2245-2-116-7357 Assistance to Flood Grant etc.	0.10	0.00	0.01	0.11	0.01	-0.10
64-2210-3-789-198-103-2777 Primary Health Centre	43.87	0.00	0.50	44.37	39.01	-5.36
64-4210-2-789-104-103-5998 Community Health Centre	9.41	0.00	3.55	12.96	6.68	-6.28
79-2210-5-101-101-469 Ayurvedic College	23.41	0.00	3.75	27.16	22.61	-4.55

Source: Appropriation Account of 2020-21

3.5.5 Entire budget provision not utilised under sub-heads

In 107 cases under 36 grants and *two* appropriations, the entire provision (₹10 crore and above) made under various sub-heads aggregating to ₹10,437.50 crore remained unutilized as shown in **Appendix 3.5**. Significant cases of un-utilised budget provision of ₹100 crore and above, are detailed below in **Table 3.7**.

Table 3.7: Details where un-utilised budget provision was ₹100 crore and above

(₹ in crore)

Grant No.	Nomenclature	Total Budget
02	02-2052-90-6452 Chief Minister Infrastructure Maintenance & Upgradation Authority	120.00
06	06-2052-90-6454 Development of Basic Facilities	120.00
13	13-2401-102-101-8972 Incentive Scheme on Paddy Production	2,397.00
40	40-4705-209-701-7907 Supply of Irrigation in Command Area	115.52
41	41-2216-3-796-105-702-7807 Pradhan Mantri Awas Yojana (Rural)	608.00
41	41-2401-796-102-102-8972 Incentive Scheme on Paddy Production	1,938.00
64	64-2401-789-102-103-8972 Incentive Scheme on Paddy Production	765.00
80	80-2515-198-7675 Grant received under the recommendation of 14th Finance Commission	173.05

CH1	CH1-6003-110-637 Ways and Means Advances	660.00
CH1	CH1-6003-110-779 Advance to meet Shortfall	264.51
CH2	CH2-2049-1-101-2199 New Market Loan	275.00

Source: Appropriation Account of 2020-21

3.5.6 Large Savings/Surrenders

Against the total savings of ₹24,082.67 crore, savings of more than ₹100 crore occurred under 23 grants/appropriations amounting to ₹21,641.14 crore which is 89.86 per cent of the overall savings during the year as detailed in **Appendix 3.6**. Out of these 23 grants/appropriations, savings of more than ₹500 crore was observed in *ten* grants amounting to ₹12,939.71 crore as detailed in **Appendix 3.7**. Further, surrender of more than ₹10 crore was made in 60 grants/appropriations amounting to ₹23,525.85 crore as detailed in **Appendix 3.8**.

There were huge savings during 2020-21, with 17 out of 72 Grants/Appropriations showing utilization of less than 50 per cent of the budget allocation. Utilisation of budgetary allocation in these 17 Grants/Appropriations for the five-year period from 2016-17 to 2020-21 is shown in **Table 3.8**.

Table 3.8: Grants/ Appropriations where utilisation of budget was less than 50 per cent

Grant Name	2016-17	2017-18	2018-19	2019-20	2020-21	No. of Years*	Budget 2020-21	Total Budget (5 years)
	Utilisation of budget (in per cent)						(₹ in crore)	
02-Other expenditure pertaining to General Administration Department	66	65	58	46	06	2	227.15	341.01
04-Other expenditure pertaining to Home Department	49	67	59	57	34	2	139.20	365.88
09-Expenditure pertaining to Revenue Department	46	36	37	58	24	4	21.24	108.75
21-Housing and Environment Department	68	45	31	58	37	3	616.91	3,656.55
22-Urban Administration and Development Department-Urban Bodies	80	87	82	73	24	1	23.46	132.20
25-Mineral Resources	89	98	32	12	23	3	501.36	2,932.23
36-Transport	36	35	38	68	49	4	101.58	494.05
37-Tourism	56	33	33	60	32	3	103.50	379.95
40-Ayacut	64	39	05	03	03	4	120.85	573.72
42-Public Works relating to Tribal Area Sub-Plan-Roads and Bridges	50	40	76	98	49	2	960.52	5,791.29
43-Sports and Youth Welfare	24	27	20	25	13	5	84.40	377.58
46-Science and Technology	62	36	35	34	34	4	25.50	111.55
57-Externally Aided Projects pertaining to Water Resources Department	00	-	-	-	00	2	100.00	101.00
65-Aviation Department	52	46	52	35	41	3	130.01	483.30

68-Public Works relating to Tribal Area Sub-Plan-Buildings	85	45	48	40	36	4	165.57	977.67
71-Information technology and Biotechnology	57	31	22	77	37	3	192.58	1,502.11
75-NABARD aided projects pertaining to WRD	98	74	66	29	25	2	697.81	3,197.33

**Number of years with utilisation below 50 per cent*

Source: Appropriation Account of the respective years

Low Budget utilisation is indicative of systemic lacunae that warrant a close review by the Government to enable initiation of expeditious corrective measures. The reason for repeated low utilisation in Grant 43–Sports and Youth Welfare may be examined by Government, and corrective action taken.

Inability to utilise the budgeted provision deprives allocation of resources to other priority sectors and 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 have been prescribed by the PAC for the 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):

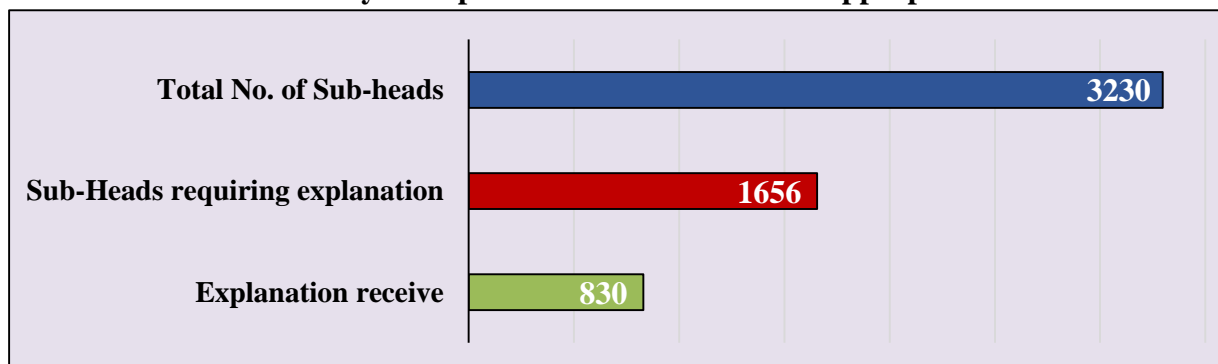
- Individual sub-heads for excess exceeding ₹5 lakh in case of Grants less than ₹10 crore.
- Individual sub-heads for excess exceeding ₹10 lakh in case of Grants between ₹10 crore and ₹30 crore.
- Individual sub-heads for excess exceeding ₹20 lakh in case of Grants exceeding ₹30 crore.
- General comments 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 2020-21 revealed that the Controlling Officers have not provided explanation for the variations in the expenditure *vis-à-vis* budgeted allocation in 51.27 per cent of the cases. Out of the total 3,230 Sub-Heads, reasons for variation were required in respect of 1,656 Sub-Heads as shown in **Appendix 3.9**. However, appropriate reasons for variations in 826 Sub-Heads were not furnished by the Controlling Officers of Government Departments. Out of 830 sub-heads for which the reasons for variations were furnished by the Controlling Officers of Government department, in 122 cases reasons for variations in the expenditure were attributed to COVID-19. The total number of Sub-Heads in the accounts, Sub-heads requiring explanation and the Sub-Heads where explanations were received for variations from allocations, are shown 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 expenditure of ₹3,432.11 crore over the authorisations made by the State Legislature under *two* grants and *two* appropriations during the financial year 2020-21. This was mainly due to excess expenditure of ₹4,026.52 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 3.9**.

Table 3.9: Excess over provision requiring regularisation during 2020-21

(₹ in crore)

Department Name	Grant No.	Grant Description	Total Grant/	Total	Excess Expenditure
			Appropriation	Expenditure	
Revenue Voted					
Finance Department	06	Expenditure pertaining to Finance Department	6,992.20	7,243.79	251.59
Tribal Department	83	Financial Assistance To Tribal Area Sub-Plan - Urban Bodies	51.66	52.31	0.65
Revenue Charged					
Finance Department	06	Expenditure pertaining to Finance Department	0.50	1.55	1.05
Capital Charged					
-	CH1	Public Debt	4,841.47	8,020.29	3,178.82
Total			11,885.83	15,317.94	3,432.11

Source: Appropriation Accounts

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

Excess expenditure of ₹9,944.52 crore over provision for the years 2000-01 to 2019-20 was yet to be regularised as detailed in **Appendix 3.10**. This is in violation of Article 204 (3) of the Constitution which states 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 period 2000-01 to 2019-20 are given in the **Table 3.10**.

Table 3.10: Excess over provision requiring regularisation during 2000-01 to 2019-20

(₹ 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
2019-20	3	4	6,682.69
Total	139	55	9,944.52

Source: Appropriation Accounts of respective years

As per the details given in the above Table, there was an overall excess expenditure of ₹6,682.69 crore over authorisation during 2019-20.

Major head-wise excess disbursement of ₹3,674.01 crore over the authorization in 23 Major Heads under 10 grants/appropriations during 2020-21 are 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. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety.

An expenditure of ₹1,649.08 crore was incurred in 17 Major Heads which was more than 50 *per cent* of the total expenditure of the concerned Major Head in March 2021. Details are given in the following **Table 3.11**.

Table 3.11: 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
2030	Stamps and Registration	5.41	4.69	5.99	93.83	109.91	88.50	80.52
2250	Canals and Tanks	0.07	0.18	0.15	5.78	6.18	4.86	78.70
2425	Co-Operation	14.42	10.93	11.38	139.60	176.33	102.47	58.11
2435	Other Agricultural Programmes	0.00	0.00	0.00	13.73	13.73	13.73	100.00
2810	New and Renewable Energy	0.00	16.01	0.09	58.60	74.70	47.80	63.99
2853	Non Ferrous Mining and Metallurgical Industries	11.75	8.25	73.62	123.06	216.68	117.53	54.24
3275	Other Communication Services	0.00	0.00	6.63	29.00	35.63	18.75	52.62
4210	Capital Outlay On Medical and Public Health	48.40	12.81	101.47	349.03	511.71	291.13	56.89
4225	Capital Outlay On Welfare Of SC/ST and OBC & Minorities	0.00	10.90	43.49	303.91	358.30	251.99	70.33
4235	Capital Outlay On Social Security and Welfare	0.00	0.03	0.10	34.15	34.29	34.12	99.52

4406	Capital Outlay On Forestry and Wild Life	0.25	1.30	1.82	16.60	19.98	11.06	55.38
4801	Capital Outlay On Power Projects	0.00	0.00	20.32	181.79	202.10	181.63	89.87
4810	Capital Outlay On New and Renewable Energy	0.00	0.00	0.00	550.00	550.00	350.00	63.64
5275	Capital Outlay On Other Communication Services	0.00	0.00	0.00	70.00	70.00	70.00	100.00
5425	Capital Outlay On Other Scientific and Environmental Research	0.00	0.00	0.00	3.00	3.00	3.00	100.00
6217	Loans For Urban Development	0.00	0.00	0.00	0.50	0.50	0.50	100.00
6853	Loans For Non-Ferrous Mining and Metallurgical Industries	0.00	0.00	0.00	62.00	62.00	62.00	100.00
Total		80.30	65.10	265.06	2,034.57	2,445.03	1,649.08	67.45

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

In five major heads, 100 per cent expenditure was incurred in the month of March 2021. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalance and temporary cash crunches due to mismatch of revenue expenditure during a particular month arising out of unanticipated heavy expenditure in that particular month.

3.6.1 Sub-Heads (Schemes), where entire expenditure was incurred in March 2021

Under 10 scheme heads, the entire expenditure amounting to ₹27.78 crore was incurred at the fag end of the year as detailed in **Appendix 3.12**. A high percentage of expenditure at the fag end of the year indicates that a uniform flow of expenditure, which is a primary requirement of budgetary control, was not maintained. Out of these 10 scheme heads, in one scheme head -“2406-1-800-6447 Biodiversity management committee”, the entire scheme expenditure of ₹ 13 crore was incurred in March 2021.

3.7 Conclusion

Budgetary assumptions of the State Government were not realistic during 2020-21 resulting in savings/excesses. Besides, budgetary control mechanism for execution and monitoring of budget to ensure that savings are curtailed, large savings within the Grants/Appropriations are controlled by proper re-appropriations, and anticipated savings are identified and surrendered within the specified timeframe so that the funds can be utilised for developmental purposes was inadequate. Also, the percentage of utilization (81.22 per cent) of Budgeted funds decreased during 2020-21 compared to the previous year (86.30 per cent).

Excess expenditure of ₹3,432.11 crore pertaining to two Grants and two Appropriations during 2020-21 requires regularisation from the State Legislature.

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 neither cautioned against persistent savings; nor were their budgets varied in accordance with their ability to absorb the allocations.

3.8 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 so that the funds can be utilised for developmental purposes.
- iii.** The State Government need to get the excess expenditure over a grant/appropriation during the period 2000-01 to 2019-20 regularized by the State Legislature at the earliest.
- iv.** The State Government should prepare supplementary budget as per actual needs so that supplementary provisions are more realistic.