

CHAPTER-II

Appropriation Audit and control over expenditure

2. Allocative Priorities and Appropriations

2.1 Introduction

The Appropriation Accounts are prepared annually, they indicate the capital and revenue expenditure on various services against amounts authorised by the Appropriation Act for both charged and voted items of budget.

Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants and appropriations was within the limits authorised by the Appropriation Act and was in conformity with the law, relevant rules, and regulations.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2007-08 is shown in **Table-2.1** below:

Table-2.1: Summary of actual expenditure

(Rupees in crore)

| | Nature of expenditure | Original Grants/ Appropriations | Supplementary Grants/ Appropriations | Total | Actual Expenditure | Variation Saving (-)/ Excess (+) |
|----------------------|------------------------|---------------------------------|--------------------------------------|------------------|--------------------|----------------------------------|
| Voted | I-Revenue | 10,509.30 | 1,864.98 | 12,374.28 | 9,551.95* | (-)2,822.33 |
| | II-Capital | 3,573.10 | 282.08 | 3,855.18 | 3,131.03* | (-)724.15 |
| | III-Loans and Advances | 285.14 | 277.67 | 562.81 | 502.36 | (-)60.45 |
| Total Voted | | 14,367.54 | 2,424.73 | 16,792.27 | 13,185.34 | (-)3,606.93 |
| Charged | IV-Revenue | 1,483.19 | 9.31 | 1,492.5 | 1,418.37 | (-)74.13 |
| | V-Capital | 0.78 | 0.00 | 0.78 | 0.47 | (-)0.31 |
| | VI-Public Debt | 622.03 | 0.00 | 622.03 | 558.39 | (-)63.64 |
| Total Charged | | 2,106.00 | 9.31 | 2,115.31 | 1,977.23 | (-)138.08 |
| Grand Total | | 16,473.54 | 2,434.04 | 18,907.58 | 15,162.57 | (-) 3,745.01 |

* *Note:* The expenditure figures shown do not include recoveries (Revenue: Rs 130.46 crore and Capital: Rs 0.81 crore) adjusted in the accounts in reduction of expenditure.

The overall savings of Rs 3,745.01 crore was 22.73 per cent of the original grants/appropriations indicating over estimation in the budget of the State Government. This was the result of savings of Rs 3,761¹ crore in 154 cases of grants and appropriations off-set by excess of Rs 15.99 crore in a total of six cases of grants and appropriations. Explanations for savings/excesses were either not received from the Government or were received in incomplete form.

¹ Rs 3,761 crore – Rs 15.99 crore (excess Rs 14.73 crore + Rs 1.26 crore) = Rs 3,745.01 crore.

2.3 Fulfillment of allocative priorities

2.3.1 Appropriation by allocative priorities

The analysis of savings and excesses with reference to allocative priorities in respect of nine grants showed that there were large savings in some sectors such as Interest payments and servicing of debt, Expenditure pertaining to Finance Department, School Education, Grant-in-aid received on the recommendation of Twelfth Finance Commission (TFC), Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department, Tribal Areas Sub Plan, Public Works relating to Tribal Area Sub-Plan-Roads & Bridges, Special Component Plan for Scheduled Castes and Urban Administration and Development Department- Urban Welfare, as detailed below:

Interest payments and servicing of debt

(Rupees in crore)

| Revenue (Charged) | | Total grant | Actual expenditure | Savings |
|-------------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 1,298.63 | 1,240.17 | 58.46 |
| 1,298.63 | Nil | | | |

Savings occurred mainly under 2049 (Interest payment), New Market loans (Rs five crore), 7.80 per cent Chhattisgarh Development loan (Rs 12.08 crore), Interest on National Small Savings Fund of Central Government (Rs 36.85 crore), Interest on loan from the Life Insurance Corporation of India (Rs 14.30 crore). Reasons for savings have not been intimated (July 2008).

Grant No. 6 Expenditure pertaining to Finance Department

(Rupees in crore)

| Revenue (Voted) | | Total grant | Actual expenditure | Savings |
|-----------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 1,099.50 | 698.08 | 401.42 |
| 1,098.80 | 0.70 | | | |

Savings occurred mainly under 2070 (Other Administrative Service)-Other Expenditure (Rs 300 crore), 2071 (Pensions) Payable to retired salaried persons (Rs 29.07 crore), Payment of Commuted value of pension in India (Rs 4.92 crore), Service and Death cum Retirement Gratuity (Rs 37.94 crore), Contribution of CG State Contributory Pension Scheme (Rs 13.00 crore), Leave Encashment (Rs 8.40 crore). Reasons for savings have not been intimated (July 2008).

Grant No. 27 School Education

(Rupees in crore)

| Revenue (Voted) | | Total grant | Actual expenditure | Savings |
|-----------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 1,000.11 | 876.11 | 124.00 |
| 899.76 | 100.35 | | | |

Savings occurred mainly under 2202 (General Education)- Government primary school for basic minimum services (Rs 13.73 crore), Centrally Sponsored Schemes normal – Education for all (Rs 48.63 crore), Information

Technology (Rs 15.40 crore), Education system in Government Higher Secondary Schools and Vocationalisation of Education (Rs 4.91 crore) State Plan Scheme (Normal) - Higher Secondary School (Rs 17.69 crore), Grant under European Commission State Partnership Programme (Rs 4.23 crore). Reasons for savings not intimated (July 2008).

Grant No. 38 Grant-in-aid received on the recommendation of Twelfth Finance Commission (TFC)

(Rupees in crore)

| Revenue (Voted) | | Total grant | Actual expenditure | Savings |
|-----------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 146.14 | 48.65 | 97.49 |
| 141.11 | 5.03 | | | |

Savings occurred mainly under 2055 (Police)-on the recommendations of Twelfth Finance Commissions (TFC) (Rs 2.01 crore), 2059 (Public Works)-Grant-in-aid received on the recommendations of TFC (Rs 45.78 crore), 2406 (Forestry and Wild Life)-Grant-in-aid received under TFC (Rs 2.55 crore), 3054 (Roads and Bridges)- Grant in aid received under TFC (Rs 45.20 crore). Reasons for savings have not been intimated (July 2008).

(Rupees in crore)

| Capital (Voted) | | Total grant | Actual expenditure | Savings |
|-----------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 119.00 | 90.17 | 28.83 |
| 119.00 | Nil | | | |

Savings occurred mainly under 4059-(Capital outlay on Public Works) – Grant-in-aid under TFC (Rs 4.81 crore), 4217-(Capital outlay on Urban Development)-Grant-in- aid under TFC (Rs 23.42 crore). Reasons for savings have not been intimated (July 2008).

Grant No. 39 Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department

(Rupees in crore)

| Revenue (Voted) | | Total grant | Actual expenditure | Savings |
|-----------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 679.54 | 550.81 | 128.73 |
| 125.62 | 553.92 | | | |

Savings occurred mainly under 2408-(Food, Storage and Warehousing)-Subsidy to State Co-operative Marketing Federation to meet out losses in procurement of food grains (Rs 42.06 crore), Chief Ministers Food Assistance Scheme (Rs 114.53 crore). Reasons for savings have not been intimated (July 2008).

(Rupees in crore)

| Capital (Voted) | | Total grant | Actual expenditure | Savings |
|-----------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 334.00 | 313.54 | 20.46 |
| 84.00 | 250.00 | | | |

Savings occurred mainly under 6408 (Loans for Food, Storage and Warehousing)-Loans to Chhattisgarh State Marketing Co-operative society for

purchase of gunny bags (Rs 20 crore). Reasons for savings have not been intimated (July 2008).

Grant No. 41 Tribal Areas Sub Plan

(Rupees in crore)

| Revenue (Voted) | | Total grant | Actual expenditure | Savings |
|-----------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 1,501.43 | 1,115.63 | 385.80 |
| 1,217.58 | 283.85 | | | |

Savings occurred mainly under 2202 (Education)-Centrally Sponsored Scheme TSP (Rs 30.00 crore), Schedule Tribe Area Sub Plan-Arts, Science and Commerce Colleges (Rs 7.78 crore), Externally Aided Project TSP-Grant under European Commission State Partnership Programme (Rs 4.29 crore), 2210 (Medical)-Schedule Tribe Area Sub Plan- Medical College and Hospital (Rs 4.47 crore), Upgradation of District Hospital (Rs 2.43 crore), Establishment of Indian Medicine System Cell under District Allopathic Hospitals (Rs 10.25 crore), Scheduled Tribe Area Sub-plan- primary Health Centre (Rs 7.07 crore), Community Health Centre (Rs 3.01 crore), Establishment of Medical College at Jagdalpur (Rs 3.67 crore), 2215- (Water Supply and Sanitation)- Centrally Sponsored Scheme TSP- Eradication of Water Impurity Problem (Rs 11.47 crore), 2217- (Urban Development)- Integrated Housing and Slum Area Development Scheme (Rs 9.02 crore), 2236 (Nutrition)- Plan for Minimata in Sarguja District (Rs 8.00 crore), Centrally Sponsored Scheme TSP- Special Nutrition Programme in Tribal Area (Rs 17.87 crore), 2403 (Animal Husbandry)- Schedule Tribe Area Sub-Plan- Gouvansh Yojana (Rs 25.44 crore), 2801-(Power)-Rajiv Gandhi Rural Electrification Programme (Rs 12.82 crore), Single Bulb connection (Rs 20.00 crore). Reasons for savings have not been intimated (July 2008).

(Rupees in crore)

| Capital (Voted) | | Total grant | Actual expenditure | Savings |
|-----------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 646.93 | 547.76 | 99.17 |
| 634.87 | 12.06 | | | |

Savings occurred mainly under 4210 (Capital outlay on Medical and Public Health)- Grant under European Commission State Partnership Programme (Rs 7.24 crore), 4700 (Capital outlay on Major Irrigation)- Dam and Appurtenant work (Rs 8.03 crore), 4702 (Capital Outlay on Minor Irrigation)- Construction of Anicut/Stop Dam (Rs 12.43 crore), 5054 (Capital outlay on Road and Bridges)- Pradhan Mantri Gram Sadak Yojana (Rs 31.25 crore), 4425 (Capital outlay on Co-operation)- Share Capital for Sugar Mill (Rs 17.00 crore). Reasons for savings have not been intimated (July 2008).

Grant No. 42 Public Works relating to Tribal Area Sub Plan- Road and Bridges

(Rupees in crore)

| Capital (Voted) | | Total grant | Actual expenditure | Savings |
|-----------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 419.48 | 344.59 | 74.89 |
| 416.48 | 3.00 | | | |

Savings occurred mainly under 5054 (Capital outlay on Roads & Bridges)- Construction of Major Bridges (Rs 22.04 crore), Minimum Need Programme (Rs 40.61 crore), Construction of Road and Bridges (Rs 4.68 crore). Reasons for savings have not been intimated (July 2008).

Grant No. 64 Special Component Plan for Scheduled Castes

(Rupees in crore)

| Revenue (Voted) | | Total grant | Actual expenditure | Savings |
|-----------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 482.20 | 316.78 | 165.42 |
| 395.88 | 86.32 | | | |

Savings occurred mainly under 2202 (Education)- Centrally Sponsored Scheme SCP- NPEGEL (Rs 3.47 crore), Education for all (Rs 32.50 crore), 2210 (Medical and Public Health)- Establishment of Indian Medicine System Cell under Districts Allopathic Hospital (Rs 5.22 crore), 2215 (Water Supply and Sanitation)- Eradication of Water Impurity Problem (Rs 4.00 crore), Drinking Water Supply Scheme for Problem Villages (Rs 5.42 crore), 2236 (Nutrition)- Special Nutrition Programme for Scheduled Castes in Urban Slums (Rs 8.39 crore), 2408 (Food, Storage and Warehouse)- Chief Minister's Food Assistance Scheme (Rs 9.68 crore), Antodaya Anna Yojana (Rs 3.00 crore), 2801 (Power)- Extension of street light line/single line connection for Scheduled Castes Colonies (Rs 11.25 crore). Reasons for saving have not been intimated (July 2008).

(Rupees in crore)

| Capital (Voted) | | Total grant | Actual expenditure | Savings |
|-----------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 410.17 | 315.74 | 94.43 |
| 378.65 | 31.52 | | | |

Savings occurred mainly under 4210 (Capital outlay on Medical and Public Health)- Establishment of Maidanik Centres (Rs 15.00 crore), Construction of Buildings of Community Health Centres (Rs 5.78 crore), 4225 (Capital outlay on welfare of SC, ST and Other Backward Castes)- Construction of Jait Khambha at Girodpuri (Rs 4.84 crore), 4702 (Capital outlay on Minor Irrigation)- Minor Irrigation Scheme (Rs 16.42 crore), 5054 (Capital outlay on Roads and Bridges)- Construction of Major Bridges (Rs 7.76 crore), Construction of Roads in Scheduled Castes Predominant Areas (Rs 21.15 crore). Reasons for Savings have not been intimated (July 2008).

Grant No. 69 Urban Administration and Development Department- Urban Welfare

(Rupees in crore)

| Revenue (Voted) | | Total grant | Actual expenditure | Savings |
|-----------------|---------------|-------------|--------------------|---------|
| Original | Supplementary | 367.80 | 125.93 | 241.87 |
| 334.52 | 33.28 | | | |

Savings occurred mainly in 2217 (Urban Development)-Integrated Housing and Slum Area Development (Rs 36.57 crore), Infrastructure Development Schemes of Minor and Medium Populated Cities (Rs 36.12 crore), National

Urban Renewal Mission (Rs 135.68 crore), Cleaner Mobility in Urban Areas (Rs 33.28 crore). Reasons for savings have not been intimated (July 2008).

It was also observed that:

In 80 cases of grants/appropriations, expenditure fell short by more than rupees one crore in each case and also by more than 10 *per cent* of the total provision aggregating to Rs 12,661.10 crore as indicated in **Appendix-2.1**. Of these, in five² cases the savings have exceeded Rs 100 crore and the same continued for sixth consecutive year.

In 65 schemes, there were substantial savings of Rupees one crore or more and also cent *per cent* of the provision in each case totaling to Rs 529.19 crore as indicated in **Appendix-2.2**.

In 22 cases of Central Schemes, the entire provision of Rupees one crore or more in each case totaling to Rs 237.03 crore remained unutilised as shown in **Appendix-2.3**.

2.3.2 Excess requiring regularisation

Excess over provision relating to previous years requiring regularisation:

As per Article 205 of the Constitution of India, all cases of excess over grants/appropriations are to be regularised by the State Legislatures. However, the excess expenditure amounting to Rs 975.44 crore for the years 2000-01 to 2006-07 had not been regularised as of September 2008.

Excess over provision during 2007-08 requiring regularisation:

An excess of Rs 15.79 crore under three grants (Voted) and Rs 19.96 lakh under three appropriations (Charged) during the year required regularisation under Article 205 of constitution of India, as given in **Table-2.2** below :

2 *Grant No. 6-Expenditure pertaining to Finance Department, 41- Tribal Area Sub Plan, 59-Externally Aided Project pertaining to Panchayat and Rural Development Department and 69-Urban Administration & Development Department in Revenue Voted and Grant No. 76- Externally Aided Project pertaining to Public Works Department in Capital Voted.*

Table-2.2: Excess over grant/appropriation requiring regularisation:

(Rupees in thousand)

| Sl. No. | Grant No. | Name of the grant | Total grant/ appropriation | Actual expenditure | Amount of excess | Main reasons |
|-----------------------------|-----------|--|----------------------------|--------------------|------------------|---------------------------|
| (A)- REVENUE VOTED | | | | | | |
| 1 | 23 | Water Resources Department | 10,92,083 | 11,14,488 | 22,405 | Not intimated (July 2008) |
| 2 | 33 | Tribal Welfare | 46,34,239 | 47,58,569 | 1,24,330 | Not intimated (July 2008) |
| (B)- REVENUE CHARGED | | | | | | |
| 3 | 13 | Agriculture | 275 | 428 | 153 | Not intimated (July 2008) |
| 4 | 36 | Transport | 5 | 366 | 361 | Not intimated (July 2008) |
| 5 | 24 | Public Works-Roads and Bridges | 500 | 1,982 | 1,482 | Not intimated (July 2008) |
| (C)- CAPITAL VOTED | | | | | | |
| 6 | 60 | Expenditure pertaining to District Plan Scheme | 2,79,950 | 2,91,074 | 11,124 | Not intimated (July 2008) |
| GRAND TOTAL: (A+B+C) | | | 60,07,052 | 61,66,907 | 1,59,855 | |

2.3.3 Original Budget and Supplementary Provisions

Supplementary provision of Rs 2,434.04 crore obtained during the year constituted 14.77 per cent of the original provisions.

2.3.4 Unnecessary/Excessive/Inadequate supplementary provisions

Supplementary provision of Rs 747.29 crore made in 47 cases during the year proved unnecessary as the expenditure was less than the original provisions as detailed in *Appendix-2.4*.

In 29 cases against actual additional requirement of Rs 1,061.88 crore, excessive supplementary grants and appropriation of Rs 1,595.77 crore were obtained resulting in savings of Rs 533.89 crore as detailed in *Appendix-2.5*.

In three cases, the supplementary provision of Rs 21.35 crore proved insufficient to cover excess expenditure of Rs 15.80 crore as detailed in *Appendix-2.6*.

2.3.5 Substantial excesses

In 21 schemes involving twelve grants/ appropriation expenditure exceeded the approved original provision by Rupees one crore or more and also more than 100 per cent of the provision in each case aggregating to Rs 133.80 crore as detailed in *Appendix-2.7*.

2.3.6 Excessive/ Unnecessary re-appropriation of funds

Re-appropriation is transfer of fund within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Details of injudicious re-appropriation/surrender of funds have been given in *Appendices-2.8, 2.9, 2.10* and *2.11*.

2.3.7 Anticipated savings not surrendered

The spending departments are required to surrender the grants/ appropriations or portions thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2007-08, savings aggregating to Rs 2,498.41 crore had not been surrendered by the Department. Of these, in 46 cases significant amounts of available savings of Rs five crore or more in each case aggregating to Rs 2,227.14 crore were not surrendered as detailed in **Appendix-2.12**.

Out of total surrender of Rs 1,581.88 crore, Rs 1,581.68 crore (99.98 per cent) were surrendered on the last day of March 2008 indicating inadequate financial management. The details are given in **Appendix-2.13**.

2.3.8 Unrealistic and injudicious surrender

In 11 cases of grants/appropriation, as against the available savings of Rs 254.93 crore, an amount of Rs 574.23 crore was surrendered. The 11 cases included Grant number 33, where despite excess of Rs 12.43 crore, an amount of rupees seven crore was surrendered. This resulted in injudicious surrender of Rs 319.30 crore as detailed in **Appendix-2.14**.

2.4 Defective sanctions of re-appropriation/surrenders

As per financial rules (i) all the sanctions for surrenders/re-appropriations should be issued by the competent authority before the close of financial year. (ii) the details of major heads, sub heads, schemes etc. from which re-appropriations/surrender is sanctioned should be clearly mentioned in the sanctions and (iii) budget provision should be available under the concerned heads from which surrenders/re-appropriations are sanctioned by the Competent Authority. Defective sanctions for re-appropriation/ surrender of Rs 179.42 crore were issued as per details given in **Table-2.3** below:

Table-2.3: Details of defective sanctions for re-appropriation/ surrender

(Rupees in crore)

| Sl. No. | No. of sanctions | Grant number | Amount | Particulars of Irregularities |
|--------------|------------------|---------------------------------------|---------------|--------------------------------------|
| 1 | 9 | 21, 26, 29, 31, 39, 41, 56, 60 and 64 | 179.32 | Sanctioned issued in 2008-09. |
| 2 | 1 | 10 | 0.10 | Sanctions not prepared as per rules. |
| TOTAL | | | 179.42 | |

2.5 Rush of Expenditure

Uniform flow of expenditure during the year is a primary requirement of budgetary control. It was, however, noticed that in 15 cases, the expenditure incurred during March 2008 ranged between 41 and 100 per cent of the total expenditure during the year. The details are given in **Appendix-2.15**.

2.6 Results of test check of five grants

Comments on expenditure and budgetary control

Test check of records pertaining to five grants³ and scrutiny of Appropriation Accounts for the year 2007-08 revealed that:-

2.6.1 Non-maintenance of Expenditure Control Registers

Expenditure control register indicating amount of grant, re-allotment to subordinate units and re-appropriations, surrenders and also up-to-date progressive total of monthly expenditure under various schemes /objects were not properly maintained by any of the controlling officers during test check of grants which led to inadequate control and monitoring of expenditure. Further, for grant 19, it was observed that budgetary control of the grant is being done electronically and not by way of registers. Test check revealed that amounts of different heads were mixed up. It was assured that the data would be corrected.

2.6.2 Defective preparation of budget estimates

Scrutiny of records showed that budget estimates were not prepared on the basis of actual requirement, but were prepared on adhoc basis. This resulted in excessive provision of Rs 52.64 crore i.e. (Rs 9.99 crore in Grant No-1, Rs 6.76 crore in Grant no-5, Rs 2.61 crore in Grant no- 19 and Rs 33.28 crore in Grant no 69) under revenue voted section. It was also observed that in Grant no-1 against the final saving of Rs 12.09 crore, surrender of Rs 12.28 crore and in Grant no- 33 in view of final excess of Rs 12.43 crore, surrender of Rs 7.00 crore, on 31 March 2008, was injudicious.

Substantial savings of Rs 352.77 crore in 25 cases of schemes were also noticed as detailed in *Appendix-2.16* and in other eight schemes entire provision totaling to Rs 52.69 crore remained unutilised throughout the financial year as detailed in *Appendix-2.17*.

2.6.3 Unnecessary supplementary provision and incorrect re-appropriation under the scheme

In seven schemes, supplementary provision totaling to Rs 35.58 crore was unnecessary as the expenditure incurred was less than the original provision as detailed in *Appendix-2.18*.

In 10 other schemes there was excess expenditure amounting to Rs 21.40 crore as detailed in *Appendix-2.19*.

2.6.4 Non reconciliation of expenditure

Departmental figures of expenditure should be reconciled with that of the figures of Accountant General (A&E) every month, but the expenditure

³ Grant nos 01-Expenditure pertaining to General Administration, 05-Jail, 19-Expenditure pertaining to Public Health and Family Welfare, 33-Tribal Welfare and 69- Urban Welfare.

figures for 2007-08 were not reconciled by the Controlling Officers of Grants no. 01, 05, 19, 33 with those booked by Accountant General (A&E), Chhattisgarh. Controlling officer of Grant no.- 33 replied that reconciliation had been completed. The reply was not acceptable as differences in expenditure figures persisted.

2.6.5 Non Surrender of saving

Scrutiny of records showed that savings of Rs 345.10 crore in Revenue (voted), Rs 18.85 crore in Capital (voted) and Rs 4.99 lakh in Revenue (charged) were not surrendered.