

CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

The Appropriation Accounts are prepared annually to indicate capital and revenue expenditure on various specified services vis-à-vis those authorized by the Appropriation Act(s) in respect of both charged and voted items of budget.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act(s) and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2004-2005 against 97 grants/ appropriation was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-) Excess(+)
Voted	I. Revenue	14571.98	1279.10	15851.08	14093.89	-1757.19
	II. Capital	7840.35	859.80	8700.15*	7399.08*	-1301.07
	III. Loans & Advances	682.08	2765.17	3447.25	3310.86	-136.39
Total Voted		23094.41	4904.07	27998.48	24803.83	-3194.65
Charged	IV. Revenue	4079.54	4.32	4083.86	4038.42	-45.44
	V. Capital	8.50	0.07	8.57	7.29	-1.28
	VI. Public Debt	11641.25	-----	11641.25	5626.12	-6015.13
Total Charged		15729.29	4.39	15733.68	9671.83	-6061.85
Grand Total		38823.70	4908.46	43732.16	34475.66	-9256.50

* Includes provision of Rs 30.00 crore and expenditure of Rs 27.60 crore being grants-in-aid to Local Bodies/ Institutions incorrectly classified and accounted for under capital head of Account, instead of Revenue Section.

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure: Rs. 105.94 crore and capital expenditure: Rs 2455.37 crore.

The overall savings of Rs 9256.50 crore was the net result of savings of Rs 9340.17 crore in 179 cases of grants and appropriations offset by excess of Rs.83.67 crore in 15 cases of grants and appropriations.

Detailed comments on the expenditure and budgetary control systems in the case of some test-checked grants are contained in paragraph 2.7

Scrutiny of the Appropriation Account revealed the following further points:

(a) The expenditure was overstated:

By Rs. 92.90 crore (Revenue section: Rs.66.47 crore and Capital section: Rs. 26.43 crore) being unspent amounts transferred to Major Head 8443-Civil Deposit, 800- Other Deposit, through NIL payment vouchers.

By Rs.18.53 crore (Deposits: Rs.151.61 crore less disbursements therefrom: Rs.133.08 crore) added to the balance of Major Head 8443- Civil Deposit, 106- Personal Deposit Account, in respect of semi- government institutions. Out of total deposit of Rs.784.21 crore during the year, Rs. 270.74 crore were credited through NIL payment vouchers.

Genuineness of expenditure of Rs.0.83 crore drawn on Abstract Contingent bills could not be vouchsafed, as Detailed Contingent bills were not submitted.

(b) The overstatement of total expenditure was partly offset by its understatement:

To the extent of Rs.7.90 crore spent under various heads for which vouchers were not received from the treasuries during the year; the amount accordingly remained unaccounted for and was kept under objection in the books of the Accountant General (A&E) I.

The savings/ excesses (Detailed Appropriation Account) were sent to the controlling officers requiring them to explain the significant variations. Out of total of 756 sub-heads commented upon in Appropriation Accounts, explanation for savings/ excesses in respect of 607 Sub-heads (80 per cent) were either not received or not to the point.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Analysis of savings with reference to allocative priorities brought out the following:

Grant No. 6- Finance.

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	1591.92	1591.92	1383.47	208.45
Supplementary:	--Nil--			

Saving occurred mainly under 2070-Other Administrative Services- Lump-sum provision for voluntary retirement (Rs.10.00 crore), Relief on Pension (Rs.62.40 crore), and 2071-Pensions and Other Retirement Benefits- For Successor State of Madhya Pradesh (Rs.34.56 crore) and For combined State of Madhya Pradesh (Rs.139.96 crore) which was partly counter balanced by excess over the provision mainly under 2071-Pensions and Other Retirement Benefits- For combined State of Madhya Pradesh (Rs. 39.95 crore).

Reasons for saving/ excess have not been intimated (August-2005).

Grant No.12- Energy*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	2797.31	5563.67	5247.58	316.09
Supplementary:	2766.36			

Saving occurred mainly under 4801-Capital Outlay on Power Project-Assistance to M.P.State Electricity Board/Succeeding Companies for adjustment of amount payable to Rural Electrification Corporation (Rs.185.20 crore), Provision for settlement of Guaranteed loans (Rs.146.44 crore) and 6801- Loans for Power Project-Energy Development fund- Other Loans to Electricity Board (Rs.172.27 crore) which was partly counter balanced by excess over the provision mainly under 6801-Loans for Power project-Externally Aided Projects (Normal)- Payment of project assistance received from Asian Development Bank of M.P.E.B. (Rs.164.82 crore). Saving of Rs.185.20 crore was attributed to reduction of provision in revised estimate, which was irregularly re-appropriated from non plan to plan without the approval of State Legislature. Saving of Rs.146.44 crore was attributed to non-requirement of funds in financial year 2004-05 (Rs.46.44 crore), while saving of Rs.172.27 crore was mainly due to non-receipt of fund from Government of India. Reasons for remaining saving as well as for excess have not been intimated (August-2005).

Grant No. 41- Tribal Areas Sub Plan*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	579.95	742.29	591.56	150.73
Supplementary:	162.34			

Savings occurred mainly under 4225-Capital outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes- Central Sector Schemes-T.S.P.- Miscellaneous Development Works in Tribal sub plan Area [Article 275(1)] (Rs.43.25 crore), 4701-Capital Outlay on Major and Medium Irrigation- Tribal Area Sub Plan- Omkareshwar Project (Rs.47.01 crore) and 4515- Capital Outlay on Agricultural Research and Education- Externally Aided Projects (T.S.P.) (Rs.39.67 crore). Saving of Rs.47.01 crore under Omkareshwar Project was mainly due to non-finalization of agency. Reasons for other savings have not been intimated (August-2005).

Grant no.48 -Narmada Valley Development*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	2668.63	2762.86	2489.02	273.84
Supplementary:	94.23			

As the actual expenditure was less than the original provision, even though supplementary grant of Rs.94.23 crore was taken. Savings occurred mainly under 4701- Capital Outlay on Major and Medium Irrigation-State Plan Scheme (Normal)- Canal and Appurtenant Works (Rs.72.70 crore), Indira Sagar Project Unit-I (Rs.73.21 crore) and 4801-Capital Outlay on Power Projects- State Plan Scheme (Normal)- Expenditure for Land Acquisition and other work in submerged area of Sardar Sarovar (Rs.114.73 crore). Saving of Rs.72.70 crore under Canal and Appurtenant Work was due to slow progress of work, Rs.73.21 crore under Indira Sagar Project Unit-I was due to non-payment to N.H.D.C. while Rs.114.73 crore was partly due to no progress in the work (Rs.94.25 crore). Reasons for residual saving have not been intimated (August-2005).

Grant no.55 –Women and Child Development

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	320.91	333.24	230.89	102.35
Supplementary:	12.33			

Expenditure of Rs.230.89 crore was inflated by debit of Rs.10.81 crore to this Grant and credit to Major Head 8443- Civil Deposit- 800- Other Deposit, on 31 March 2005. Saving occurred mainly under 2235-Social Security and Welfare- Central Sector Scheme (Normal)- Integrated Service Scheme (Under Externally Aided Scheme) (Rs.19.16 crore), Integrated Child Development Service Scheme (Rs.11.59 crore), Balika Samriddhi Yojna (Rs.6 crore) and 2236- Nutrition- State Plan Schemes (Normal)- Minimum Needs Programme Special Nutrition Programme (Rs.8.80 crore), Central Sector Scheme Normal-Pradhan Mantri Gramodaya Yojna (Rs.49.38 crore). Saving of Rs.6 crore was partly due to ban on implementation of Balika Samriddhi Yojna by Government of India and due to late release of revised budget allotment. Reasons for other saving have not been intimated (August-2005).

Grant no.58 –Expenditure on relief on account of Natural Calamities and Scarcity

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	241.70	241.70	101.75	139.95
Supplementary:	--Nil--			

Saving occurred mainly under 2245-Relief on account of Natural Calamities-Additional Provision for Drought Relief and Employment (Rs.80.80 crore) and Transfer to Reserve Funds and Deposits Accounts- Natural Calamities Unspent Margin Money Fund- Famine Relief Fund (Rs.76.13 crore) which was partly counter balanced by excess over the provision mainly under 2245-Relief on account of Natural Calamities- Cash Doles (Rs.24.61 crore). Reasons for saving/excess have not been intimated (August-2005).

Grant no.76 –Nabard and Externally Aided Projects pertaining to Public Works Department

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	195.21	242.01	91.64	150.37
Supplementary:	46.80			

Supplementary grant of Rs.46.80 crore proved unnecessary in view of final saving of Rs.150.37 crore, as the total expenditure was less than the original grant. Saving occurred mainly under 5054-Capital Outlay on Roads and Bridges- Externally Aided Projects (Normal)- Roads Construction Works (A.D.B.) (Rs.119.78 crore), State Plan Scheme (Normal)- Construction of Major Bridges under Nabard Loan Assistance (Rs.15.62 crore) and Construction of Roads under Nabard Loans Assistance (Rs.14.41 crore). Saving of Rs.119.78 crore under Roads Construction Works (A.D.B.) was partly due to issue of belated acceptance of tenders of works by Asian Development Bank (Rs.85.28 crore).

In many other heads also, savings/ excesses occurred as follows:-

- In other 71 cases of grants/ appropriations, savings exceeding Rupees one crore in each case and also by more than 10 per cent of total provision was Rs.8241.07 crore as indicated in **Appendix XI**. In 3 of these (serial numbers 36,37 and 48), the entire provision aggregating to Rs.15.68 crore was not utilised.
- In 19 cases, the entire budget provision of Rupees one crore and more in each case totaling Rs.135.15 crore, provided under various Central schemes remained unutilised, as detailed in **Appendix XII**.
- In 18 schemes, expenditure in each case exceeded the approved provisions by Rs.5 crore or more and also by more than 100 per cent of the total provision, aggregating to Rs.312.08 crore. Excess indicate poor budgeting and weak expenditure control. Details are given in **Appendix XIII**.
- In 46 schemes, substantial saving of Rs.5 crore or more and also more than 80 per cent of the provision in each case, aggregating to Rs.3719.98 crore was noticed. In 27 of these schemes, the entire provision remained unutilised. The details are given in **Appendix XIV**.

2.3.2 Persistent savings

In 24 cases of grants, there were persistent savings of more than Rupees one crore in each case and 20 per cent or more of provision. Persistent savings indicate budgeting based on inappropriate assumptions. Details are given in **Appendix XV**.

2.3.3 Excess requiring regularisation

(i) Excess over provision relating to previous years requiring regularisation

As per 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. However, the excess expenditure amounting to Rs.5004.17 crore during the years 1993-94 to 2003-04 had not been regularised so far (August 2005). This was breach of Legislative control over appropriations. The details are as follows:

(Rupees in crore)

Year	No. of grants/ appropriation	Amount of excess	Amount for which explanations not furnished to PAC
1993-94	21	258.11	1.12
1994-95	15	407.46	0.39
1995-96	21	251.59	Furnished
1996-97	18	224.17	Furnished
1997-98	13	302.79	0.97
1998-99	17	1276.45	1.84
1999-2000	17	1584.94	Furnished
2000-2001	07	265.07	264.70
2001-2002	03	6.26	6.26
2002-2003	08	424.79	387.84
2003-2004	07	2.54	2.54
Total		5004.17	665.66

(ii) Excess over provisions during 2004-05 requiring regularisation

The excess of Rs.83,66,18,117 under 15 grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given below :

(In Rupees.)

Sr. No.	Grant No.	Name of Grant/ Appropriation	Total Provision	Actual Expenditure	Amount of Excess (Percentage of Excess)
(1)	(2)	(3)	(4)	(5)	(6)
A-REVENUE- VOTED					
1	24	Public Works- Roads and Bridges	123,24,00,000	137,01,26,635	13,77,26,635 (11.2)
2	59	Externally Aided Projects pertaining to Rural Development	--Nil--	1,00,00,000	1,00,00,000 (Nil Provision)
3	67	Public Works- Buildings	1,99,54,83,000	2,24,42,03,288	24,87,20,288 (12.5)
4	92	Upgradation of Standards of Administration recommended by the Eleventh Finance Commission	--Nil--	1,000	1,000 (Nil Provision)
5	94	Expenditure Pertaining to Simhasth Mela-2004	1,14,37,000	1,49,94,194	35,57,194 (31.1)
Total-A-			323,93,20,000	363,93,25,117	40,00,05,117

B-REVENUE-CHARGED					
1	67	Public Works- Buildings	1,00,00,000	1,02,92,207	2,92,207 (2.9)
		Total-B	1,00,00,000	1,02,92,207	2,92,207
C-Capital-(Voted)					
1	06	Finance	41,34,65,100	43,93,96,967	2,59,31,867 (6.3)
2	19	Public Health and Family Welfare	22,80,30,000	26,44,58,353	3,64,28,353 (16.0)
3	30	Rural Development	42,00,00,000	42,00,50,000	50,000 (0.01)
4	59	Externally Aided Projects pertaining to Rural Development	39,66,00,000	72,59,20,000	32,93,20,000 (83.1)
5	66	Welfare of Backward Classes	2,30,00,000	2,59,00,000	29,00,000 (12.6)
6	78	NABARD Aided Projects pertaining to Narmada Vally Development	1,39,95,43,000	1,40,00,12,543	4,69,543 (0.03)
7	84	Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Revenue	26,74,38,000	30,72,22,883	3,97,84,883 (14.9)
8	86	Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Jail	1,06,95,000	1,17,97,511	11,02,511 (10.3)
		Total-C	315,87,71,100	359,47,58,257	43,59,87,157
D-CAPITAL-CHARGED					
1	45	Minor Irrigation Works	20,00,000	23,33,636	3,33,636 (16.7)
		Total-D	20,00,000	23,33,636	3,33,636
		Grand Total (A+B+C+D)	641,00,91,100	724,67,09,217	83,66,18,117

Reasons for the excesses had not been furnished by the Government as of August- 2005.

2.3.4 Original budget and supplementary provision

Supplementary provision (Rs.4908.46 crore) made during this year constituted 12.64 *per cent* of the original provision (Rs.38823.70 crore) as against 32.72 *per cent* in the previous year.

2.3.5 Unnecessary/ excessive/ inadequate supplementary provisions

Supplementary provision of Rs.437.18 crore made in 50 cases during the year proved unnecessary in view of aggregate saving of Rs.1554.52 crore (saving in each case exceeding Rs. 10 lakh), as detailed in **Appendix XVI**.

In 23 cases, against additional requirement of only Rs.3538.31 crore, supplementary grants and appropriations of Rs.4377.00 crore were obtained, resulting in savings in each case exceeding Rs.10 lakh, aggregating to Rs.838.69 crore. Details of these cases are given in **Appendix XVII**.

In 5 cases, supplementary provision of Rs.92.87 crore proved insufficient leaving an uncovered excess expenditure of Rs.78.14 crore. Details are given in **Appendix XVIII**.

2.3.6 Persistent excesses

Significant excess was persistent in one appropriation as detailed below :-

Description of Appropriation	Amount of excess (in Rupees) and percentage in bracket		
	2002-2003	2003-04	2004-05
Revenue (Charged)			
67-Public Works-Buildings	20,06,537 (401.3)	4,64,171 (46.4)	2,92,207 (2.9)

2.3.7 Excessive/ unnecessary re-appropriations/ surrender of funds

Re-appropriation is a transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where the re-appropriations / surrender of funds of more than rupees one crore in each case proved injudicious due to (a) withdrawal of funds from heads where excess expenditure had already occurred, (b) withdrawal of funds in excess of available saving, (c) unnecessary augmentation of funds despite saving, and (d) augmentation of funds by more than the amount required to cover the excess, are given in **Appendix XIX**.

2.3.8 Anticipated savings not surrendered

(a) According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2004-05, there were 147 cases of grants/ appropriations in which large savings had not been surrendered by the departments; the amount involved was Rs.7445.88 crore. Out of these, in 42 cases, significant amounts of available savings (of Rupees five crore and above in each case), aggregating to Rs.7372.45 crore, were not surrendered, as per details given in **Appendix XX**.

(b) Besides, in 127 cases, Rs.1924.68 crore (99.4 per cent) were surrendered on the last day of March 2005, out of total surrender of Rs1935.89 crore, indicating inadequate financial control over expenditure.

2.3.9 Injudicious surrender of funds

(a) In 16 cases, the amount surrendered was in excess of the available saving, which indicated inefficient budgetary control. It was noticed that as against the total available savings of Rs.283.89 crore, the amount surrendered was

Rs.324.69 crore, resulting in injudicious excess surrender of Rs.40.80 crore. Details are given in **Appendix XXI**.

(b) In 5 cases, Rs.0.83 crore were surrendered though there was excess expenditure of Rs.60.71 crore. Details are given in **Appendix XXI**.

2.3.10 Expenditure without Budget Provision

Expenditure should not be incurred on any scheme / service without provision of funds by budget. It was however, noticed that expenditure of Rs.48.40 crore was incurred in 8 cases without the provision having been made in the original estimates/ supplementary demands as per details given in **Appendix XXII**.

2.4 Unreconciled expenditure

Financial rules require Departmental Controlling Officers to reconcile periodically the departmental figures of expenditure with those booked by the Accountant General (A&E). The reconciliation of expenditure of Rs.1330.32 crore in respect of 13 major heads involving 28 grants, representing 3.9 per cent of the total expenditure during the year, had however, remained in arrears in several departments. Details are given in **Appendix XXIII**.

2.5 Defective sanctions for re-appropriations/surrenders

As per instructions (August 1996) of State Government and financial rules, (i) all sanctions for re-appropriations / surrenders should be issued before the end of the financial year and should be received in Accountant General (A&E) office well in time for incorporation in the Accounts, (ii) budget provision under the head "office expenses" should not be increased by re-appropriation in any circumstances; (iii) no amount can be re-appropriated from Charged to Voted and Revenue to Capital and vice versa, (iv) re-appropriations are not permissible from "Salary and wages" head to other heads and vice versa, (v) saving from budget provision should be available under the head from which re-appropriations / surrenders are sanctioned; (vi) proper details of schemes should be furnished from which surrenders/ re-appropriations are sanctioned and total of both sides of re-appropriation sanction should tally etc. Audit observed that Rs.258.97 crore were re-appropriated/ surrendered during the year in violation of these instructions. However, these were not accepted by Accountant General (A&E) for inclusion in accounts. Details are given in **Appendix XXIV**.

2.6 Rush of expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. The rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial rules. The position in respect of expenditure for the four quarters and also for the month of March 2005 is depicted in **Appendix XXV** which shows that the expenditure incurred in March 2005 in 8 cases ranged between 50 and 100 *per*

cent of the total expenditure during the year indicating a tendency to utilise the budget at the close of the financial year.

2.7 Budgetary Control

A review of budgetary procedure and control over expenditure and test check of records in case of 8 grants* revealed the following:

2.7.1 Non maintenance of expenditure control registers

Monthly statement of expenditure were not received or called for regularly by the Controlling Officers of Grants number 3,13,30,42 and 48 from their subordinate units. Expenditure control registers were also not maintained in any of these offices. Thus the controlling officers could not work out monthwise the up to date progressive totals of expenditure. This was indicative of absence of proper control and monitoring of expenditure which led to (a) heavy excesses/ large savings over the provisions under certain sub-heads, (b) inadequate/ unnecessary/ excessive supplementary provisions, and (c) irregular re-appropriations and non-surrender of funds thereof, as discussed earlier. The department of grants no 30 stated that the accounts of the expenditure was maintained by the subordinate unit, hence the maintenance of the register was not necessary in HOD. The reply was not tenable, as the said register was essential for Controlling Officer to watch the actual flow of expenditure.

2.7.2 Defective preparation of budget estimates

The procedure followed in test-checked grants* and the Appropriation Accounts, 2004-05 revealed that demands for budget estimates were prepared on ad hoc basis. The poor quality of budget preparation and budgetary operations led to:

- (i) Excessive provisions ranging from Rs.5.43 crore to Rs.102.35 crore in five grants (3,13,39,48 and 55) under Revenue voted section. In Capital voted section also, excessive provisions ranged from Rs.11.46 crore to Rs.316.09 crore in five grants (12,42,48,39 and 55). The department of grant no.39 stated that excessive provision was due to higher rate of interest of Government in comparison to rate of interest of Banks.
- (ii) Substantial savings of Rupees two crore or more and also more than 20 per cent of the provision in each case aggregating to Rs.889.91 crore under 35 schemes of test checked grants during 2004-05 (in 18 schemes persistent saving had occurred) as per details given in **Appendix XXVI**. While under 10 schemes, substantial excesses of more than Rupees one crore in each case, totaling Rs.291.48 crore during 2004-05 (in three schemes persistent excess had occurred) were noticed as per details given in **Appendix XXVII**.

* 3-Police (Revenue Voted), 12- Energy (Capital Voted), 13-agriculture (Revenue Voted), 30- Rural Development (Capital Voted), 39- Food, Civil Supply and Consumer Protection (Revenue Voted), 42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges (Capital Voted), 48-Narmada Valley Development (Revenue and Capital Voted) and 55- Women and Child Development (Revenue and Capital Voted).

2.7.3 Unnecessary/excessive/inadequate supplementary provisions

In eight schemes of test checked grants supplementary provisions totaling Rs. 13.52 crore remained unutilised and proved unnecessary, in six schemes supplementary provisions were excessive by Rs.19.69 crore and in two schemes supplementary provision of Rs 7.74 crore proved inadequate in view of final excess of Rs.6.24 crore. Details are given in **Appendix XXVIII**.

2.7.4 Transfer of Funds to Deposit head on the last day of financial year

Rs.10.81 crore drawn on last day of financial year under the scheme-Integrated Child Development Service Scheme (Rs.0.18 crore) and Pradhan Mantri Gramodaya Yojna (Rs.10.63 crore) in grant no. 55- Women and Child Development were credited to Major Head 8443-Civil Deposits-800 Other Deposits on 31 March 2004 after exhibiting as expenditure in accounts to avoid lapse of budgetary provision. This resulted in undue inflation of expenditure to that extent.

2.7.5 Withdrawal of funds in advance of the requirement

An amount of Rs.30 crore was drawn under the scheme “State Government share in the Major Works” and paid to the agency to which works was awarded in grant no.30. The agency could however utilise Rs.29.11crore up to 31 March 2005 leaving an unutilised balance of Rs.89 lakh to be utilised in the next financial year i.e. 2005-06. Thus the amount of Rs.89 lakh was drawn in anticipation of requirement to avoid the lapse of budget grant and was incorrectly shown as expenditure incurred during the year 2004-05.

2.7.6 Rush of expenditure in March

Regular flow of expenditure throughout the year is the primary requirement of budgetary control. The percentage of expenditure during March 2005 under various schemes of grant no. 42 and 48 was as under-

Rupees in lakh					
Sr. No.	Grant No.	Particulars of schemes	Total Expenditure	Expenditure in March-05	Percentage of Expenditure in March-05
1	42	5054-03-796-337-0102-3710 State Highway	22.17	7.97	36
2	42	5054-04-796-800-0102-4416 Survey	7.77	6.59	84.8
3	42	5054-04-796-800-0102-7081-Renovation, Up gradation and Bitumenisation of State Highways/Main District Roads	1537.33	607.43	39.5
4	48	4701-80-800-0101-6399-Indira Sagar Project- Unit-I	21787.50	18771.00	86.2
5	48	4801-01-203-0101-6403-Payment of share of Indira Sagar Project unit-I to NHDC	36104.50	24798.00	68.7
6	48	4801-01-205-0101-9133-Sardar Sarovar Project	71685.00	68185.00	95.1
7	48	4801-01-205-0101-8905-Investment in share capital of NHDC Indira Sagar Project Unit-I and II	66000.00	66000.00	100

High percentage of expenditure in the month of March indicate poor financial control.

2.7.7 Non conducting of Internal Audit under the Grant No.30

As per the provision of section 13.4.2 of the Pradhan Mantri Gram Sadak Yojna's operation manual, the State Rural Road Development Agency (SRRDA) is required to appoint independent internal auditors to ensure the exact utilisation of funds provided for the purpose. Moreover as per the paragraph six (Chapter-XII) of the 'Accounting Procedure for District Rural Development Agencies' (as amended in 2001), the central schemes of the Ministry of Rural Development being implemented through DRDAs/ZPs may be subjected to the internal audit by the Ministry of Rural Development, Government of India and State Government teams. However the entire amount of the budget allotment of Rs.42 crore for the year 2004-05 was paid to the MPRRDA by the Development Commissioner but no internal audit of the accounts of the agency was conducted to ensure the exact and proper utilisation of the amount.