

CHAPTER II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual Capital and Revenue Expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget. The Appropriation Accounts, thus, facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

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

2.2 Mechanism for Budget Management

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

We observed large savings and excesses over the grants during 2015-16, indicating deficiencies in budget management as discussed in the succeeding paragraphs.

2.3 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2015-16 against 71 grants/ appropriations is given in **Table 2.1**.

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

(₹ in crore)

| | Nature of Expenditure | Original Grant/ Appropriation | Supplementary Grant/ Appropriation | Total | Actual Expenditure | Saving (-)/ Excess (+) | Amount Surrendered | Amount Surrendered on 31 March | Percentage of savings surrendered by 31 March |
|----------------------|--------------------------|-------------------------------|------------------------------------|------------------|--------------------|------------------------|--------------------|--------------------------------|---|
| Voted | I Revenue | 51,788.54 | 4,782.20 | 56,570.74 | 41,867.09 | (-)14,703.65 | 14,117.97 | 13,795.43 | 93.82 |
| | II Capital | 11,653.55 | 1,300.41 | 12,953.96 | 8,263.79 | (-)4,690.17 | 2,538.63 | 2,516.84 | 53.66 |
| | III Loans and Advances | 283.06 | 0.00 | 283.06 | 165.22 | (-)117.84 | 115.74 | 115.74 | 98.22 |
| Total Voted | | 63,725.15 | 6,082.61 | 69,807.76 | 50,296.10 | (-)19,511.66 | 16,772.34 | 16,428.01 | 84.20 |
| Charged | IV Revenue | 2,730.50 | 67.03 | 2,797.53 | 2,795.95 | (-)1.58 | 72.59 | 72.59 | NA |
| | V Capital | 7.38 | 4.48 | 11.86 | 11.63 | (-)0.23 | 0.43 | 0.43 | NA |
| | VI Public debt repayment | 1,082.87 | 639.51 | 1,722.38 | 1,250.18 | (-)472.20 | 471.72 | 471.72 | 99.90 |
| Total Charged | | 3,820.75 | 711.02 | 4,531.77 | 4,057.76 | (-)474.01 | 544.74 | 544.74 | NA |
| Grand Total | | 67,545.90 | 6,793.63 | 74,339.53 | 54,353.86 | (-)19,985.67 | 17,317.08 | 16,972.75 | 84.92 |

(Source: Appropriation Accounts 2015-16)

- During 2015-16, the overall savings of ₹ 19,985.67 crore was the result of savings of ₹ 20,083.91 crore in 64 grants and 40 appropriations under Revenue Section, 51 grants and five appropriations under Capital Section, offset by excess expenditure of ₹ 98.24 crore in one grants and one appropriation under Revenue Section and two grants and one appropriation under Capital Section.
- Supplementary Provision of ₹ 6,793.63 crore obtained during the year constituted 10.06 per cent of Original Provision.
- In view of the actual expenditure (₹ 54,353.86 crore) falling short of even the original budget provision (₹ 67,545.90 crore), the entire supplementary provision of (₹ 6,793.63 crore) proved unnecessary. This indicates unrealistic budgetary assumptions and lack of control mechanism.
- At the close of the year 2015-16 out of total savings of ₹ 20,083.91 crore only a sum of ₹ 17,317.08 crore was surrendered and savings aggregating ₹ 2,766.83 crore (13.78 per cent of total savings) was not surrendered by the concerned departments. Further ₹ 16,972.75 crore was surrendered on the last working day of March 2016, leaving no scope for utilisation of these funds for other developmental purposes.
- The head-wise expenditure status was provided by the Accountant General (A&E), Chhattisgarh to the State Government through Monthly Civil Accounts Statements and Monthly Appropriation Accounts. In spite of this, appropriate steps were not taken by the Government to avoid large savings and excess expenditure over the grants.

2.4 Financial Accountability and Budget Management

2.4.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit revealed that in 64 cases relating to 45 grants and four appropriations, the savings amounting to ₹ 17,514.84 crore exceeded more than ₹ 10 crore in each case and were also more than 20 per cent of the total provisions as detailed in **Appendix 2.1(A)**

Further, against the total savings of ₹ 20,083.91 crore, significant savings of ₹ 100 crore or more and also more than 10 per cent of the total provision occurred in 22 grants and one appropriation aggregating ₹ 17,298.78 crore (86 per cent of total savings) as detailed in **Table 2.2**.

Table 2.2: List of Grants with saving of ₹ 100 crore and above and 10 per cent or more of the grant

| (₹ in crore) | | | | | | |
|------------------------|-----------|---|----------------------------|--------------------|------------------|--|
| SI. No. | Grant No. | Name of Grant/Appropriation | Total Grant/ Appropriation | Actual Expenditure | Savings | Percentage of savings to total provision |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| A-Revenue Voted | | | | | | |
| 1 | 8 | Land Revenue and District Administration | 669.36 | 556.28 | 113.08 | 16.89 |
| 2 | 10 | Forest | 909.67 | 803.98 | 105.69 | 11.62 |
| 3 | 13 | Agriculture | 1,021.00 | 755.77 | 265.23 | 25.98 |
| 4 | 19 | Public Health and Family Welfare | 1,314.22 | 1,124.45 | 189.77 | 14.44 |
| 5 | 21 | Expenditure pertaining to Housing and Environment Department | 156.29 | 41.79 | 114.50 | 73.26 |
| 6 | 24 | Public Works- Roads and Bridges | 1,068.38 | 753.65 | 314.73 | 29.46 |
| 7 | 27 | School Education | 3,922.70 | 2,965.25 | 957.45 | 24.41 |
| 8 | 30 | Expenditure pertaining to Panchayat and Rural Development Department | 2,413.14 | 1,279.60 | 1,133.54 | 46.97 |
| 9 | 39 | Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department | 5,329.81 | 3,714.54 | 1,615.27 | 30.31 |
| 10 | 41 | Tribal Area Sub-Plan | 9,554.34 | 6,408.15 | 3,146.19 | 32.93 |
| 11 | 44 | Higher Education | 594.72 | 462.67 | 132.05 | 22.20 |
| 12 | 47 | Technical Education and Manpower Planning Department | 592.05 | 256.16 | 335.89 | 56.73 |
| 13 | 55 | Expenditure pertaining to Women and Child Welfare | 907.87 | 621.76 | 286.11 | 31.51 |
| 14 | 58 | Expenditure on relief on account of Natural Calamities and Scarcity | 3,237.88 | 1,384.07 | 1,853.81 | 57.25 |
| 15 | 64 | Special Component Plan for Scheduled Castes | 3,300.30 | 2,152.20 | 1,148.10 | 34.79 |
| 16 | 67 | Public Works-Buildings | 503.99 | 377.89 | 126.10 | 25.02 |
| 17 | 69 | Urban Administration and Development Department- Urban Welfare | 484.58 | 139.04 | 345.54 | 71.31 |
| 18 | 80 | Financial Assistance to Three Tier Panchayati Raj Institutions | 3,498.55 | 3,096.12 | 402.43 | 11.50 |
| 19 | 81 | Financial Assistance to Urban Bodies | 1,525.89 | 1,224.58 | 301.31 | 19.75 |
| 20 | 82 | Financial Assistance to Three Tier Panchayati Raj Institutions under Tribal Area Sub-Plan | 1,396.54 | 1,139.50 | 257.04 | 18.41 |
| Total-A | | | 42,401.28 | 29,257.45 | 13,143.83 | |

| B-Capital Voted | | | | | | |
|--------------------------|----|--|------------------|------------------|------------------|-------|
| 21 | 21 | Expenditure pertaining to Housing and Environment Department | 920.69 | 304.24 | 616.45 | 66.96 |
| 22 | 24 | Public Works- Roads and Bridges | 1,494.20 | 815.44 | 678.76 | 45.43 |
| 23 | 30 | Expenditure pertaining to Panchayat and Rural Development Department | 991.55 | 673.83 | 317.72 | 32.04 |
| 24 | 41 | Tribal Area Sub-Plan | 2,353.81 | 1,666.85 | 686.96 | 29.19 |
| 25 | 42 | Public Works relating to Tribal Area Sub-Plan- Roads and Bridges | 781.67 | 409.67 | 372.00 | 47.59 |
| 26 | 64 | Special Component Plan for Scheduled Castes | 1,158.17 | 687.73 | 470.44 | 40.62 |
| 27 | 67 | Public Works-Buildings | 608.51 | 482.86 | 125.65 | 20.65 |
| 28 | 75 | NABARD Aided Projects pertaining to Water Resources Department | 401.50 | 285.27 | 116.23 | 28.95 |
| 29 | 81 | Financial Assistance to Urban Bodies | 407.50 | 108.96 | 298.54 | 73.26 |
| Total-B | | | 9,117.60 | 5,434.85 | 3,682.75 | |
| C-Capital Charged | | | | | | |
| 30 | | Public Debt | 1,722.38 | 1,250.18 | 472.20 | 27.42 |
| Total-C | | | 1,722.38 | 1,250.18 | 472.20 | |
| Total (A+B+C) | | | 53,241.26 | 35,942.48 | 17,298.78 | |

(Source: Appropriation Accounts for the year 2015-16)

Besides, significant savings exceeding ₹ 20 crore and above in each case were noticed in 40 sub-heads/schemes under 11 grants. Details of savings along with reasons as exhibited in the Appropriation Accounts 2015-16 are given in **Appendix 2.1(B)**.

2.4.2 Persistent excess expenditure

Persistent excess expenditure over provision were observed in 22 schemes under 15 grants during the last three years. Excess expenditure incurred each year under these schemes are shown in **Table 2.3**.

Table 2.3: Persistent excess expenditure

| (₹ in crore) | | | | | |
|--------------|-----------|--|---------|---------|---------|
| Sl. No. | Grant No. | Name of the Scheme | 2013-14 | 2014-15 | 2015-16 |
| 1 | 1 | 2052-090-4327- Secretariat | 0.14 | 0.08 | 2.66 |
| 2 | 3 | 2055--003-195- Other Police Training School | 7.53 | 0.86 | 0.04 |
| 3 | | 2055-109-4491- General Expenditure (District Establishment) | 5.73 | 12.28 | 2.86 |
| 4 | 4 | 2235-60-200-2653- Grant-in-Aid for Ex-gratia grant for unforeseen purposes | 0.90 | 0.70 | 2.25 |
| 5 | 6 | 2071-01-102-3080- Payment of Commuted value of pension in India | 3.88 | 3.22 | 3.88 |
| 6 | | 2071-01-105-2514- Family Pension | 94.55 | 198.41 | 191.21 |
| 7 | | 2071-01-111-4010- Pension to Legislators | 0.66 | 3.82 | 4.73 |
| 8 | | 2235-60-200-7000- Recoupment of Pension Welfare Fund | 2.06 | 4.43 | 3.56 |
| 9 | 7 | 2030-03-001-1480- District Charges | 4.44 | 8.58 | 2.58 |
| 10 | 11 | 2851-200-1464- District Industries Centre | 0.35 | 0.02 | 0.02 |
| 11 | 17 | 2425-001-123- Superintendence | 0.07 | 0.04 | 0.07 |
| 12 | 19 | 2071-01-800-5499- Medical facilities for Retired Employees | 2.02 | 2.25 | 3.02 |
| 13 | | 2210-03-197-5998- Community Health Centre | 1.05 | 5.96 | 10.60 |
| 14 | | 2210-06-101-8150- Multipurpose Workers | 2.65 | 2.27 | 4.69 |

| | | Scheme | | | |
|----|----|---|------|------|-------|
| 15 | | 2700-01-101-2894- Barrage and Canals | 1.95 | 1.07 | 0.88 |
| 16 | 23 | 4700-01-001-0101- State Plan Schemes (Normal)- 3556- Headquarter Establishment Unit-I | 0.07 | 0.02 | 0.02 |
| 17 | 27 | 2202-01-001-3930- Establishment of Block Development Office (For Basic Minimum Services) | 1.17 | 0.09 | 0.41 |
| 18 | 41 | 2210-03-796-197-0102- Tribal Area Sub-Plan- 5998- Community Health Centre | 3.20 | 7.48 | 11.47 |
| 19 | 44 | 2202-03-103-0101- State Plan Schemes (Normal)- 798- Colleges Arts, Science and Commerce | 0.16 | 0.19 | 0.97 |
| 20 | 55 | 2235-02-102-0701- Centrally Sponsored Schemes (Normal)- 9044- Integrated Child Development Services Schemes | 6.52 | 0.31 | 3.03 |
| 21 | 58 | 2245-02-111-7352- Grant-in-Aid to Grief Family | 3.15 | 2.07 | 2.75 |
| 22 | 64 | 2216-03-789-105-0703- Centrally Sponsored Schemes (S.C.S.P.)- 6549- Indira Aawas Yojana | 4.26 | 4.23 | 0.02 |

(Source: Appropriation Accounts 2013-16)

This indicates that the department failed to assess the requirement of funds adequately, resulting in excess over provision.

2.4.3 Excess expenditure under schemes

In 27 cases, expenditure aggregating ₹ 4,618.74 crore under various schemes exceeded the approved provision by ₹ 10 crore or more in each case as detailed in **Appendix 2.2**.

2.4.4 Persistent savings

In 11 cases (10 Grants) during the period 2011-12 to 2015-16, there were persistent savings of more than ₹ 10 crore in each case as shown in **Table 2.4**. The savings ranged between 10.15 and 47.59 per cent of the total of the respective grants in the year 2015-16 which indicate that the budgeting was not realistic.

Table 2.4: List of Grants having persistent savings during 2011-2016

(₹ in crore)

| Sl. No | Number and name of the Grant/Appropriation | Amount of Savings (per cent to total Grant in brackets) | | | | | |
|----------------------|--|---|-------------------|-------------------|---------------------|---------------------|---------------------|
| | | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | |
| Revenue Voted | | | | | | | |
| 1 | 10 | Forest | 39.06 (6.19) | 73.40 (10.93) | 73.09 (9.98) | 57.65 (7.34) | 105.70 (11.62) |
| 2 | 20 | Public Health Engineering | 13.16 (4.19) | 30.78 (10.26) | 54.68 (16.89) | 90.03 (19.21) | 50.24 (12.80) |
| 3 | 41 | Tribal Area Sub-Plan | 641.76 (20.31) | 629.07 (17.03) | 1,072.97 (22.82) | 2,393.70 (28.82) | 3,146.19 (32.93) |
| 4 | 44 | Higher Education | 139.25 (35.12) | 146.54 (33.72) | 140.49 (26.47) | 186.97 (32.90) | 132.05 (22.20) |
| 5 | 55 | Expenditure pertaining to Women and Child Welfare | 141.60 (20.79) | 156.44 (21.16) | 115.87 (17.78) | 229.20 (28.01) | 286.11 (31.51) |
| 6 | 64 | Special Component Plan for Scheduled Castes | 397.67 (34.22) | 284.43 (23.49) | 398.96 (26.98) | 932.09 (30.94) | 1,148.10 (34.79) |

| | | | | | | | |
|----------------------|----|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| 7 | 79 | Expenditure pertaining to Medical Education Department | 60.89 (24.77) | 56.11 (21.69) | 84.63 (25.94) | 68.11 (18.85) | 66.00 (16.96) |
| Capital Voted | | | | | | | |
| 8 | 41 | Tribal Area Sub-Plan | 592.70 (40.33) | 734.34 (37.91) | 626.73 (31.00) | 808.73 (41.50) | 686.97 (29.19) |
| 9 | 42 | Public works relating to Tribal Area Sub-Plan- Roads and Bridges | 232.71 (58.54) | 234.80 (51.05) | 185.03 (40.78) | 81.59 (19.48) | 372.00 (47.59) |
| 10 | 67 | Public Works-Buildings | 263.74 (72.35) | 149.14 (42.88) | 124.31 (31.30) | 56.81 (15.21) | 125.66 (20.65) |
| 11 | 68 | Public Works relating to Tribal Area Sub-Plan-Buildings | 57.10 (45.14) | 74.24 (40.71) | 67.02 (36.29) | 46.83 (20.21) | 20.87 (10.15) |

(Source: Appropriation Accounts of respective years)

Persistent savings in a substantial number of grants over the years was indicative of over assessment of requirement of fund by the Government in Appropriation Act repeatedly without taking into account the previous years' trends and adequately scrutinizing the need and examining the flow of expenditure.

This had been pointed out in earlier State Finance Reports, but no action had been taken by the State Government.

2.4.5 Unutilised provisions under schemes

In 53 cases, under 30 grants the entire provision made for various schemes aggregating to ₹ 1,366.82 crore remained unutilised. The details are given in **Appendix 2.3**.

2.4.6 Unnecessary/excessive/inadequate Supplementary provisions

In 38 cases of grants/appropriations, supplementary provision of ₹ one crore or more in each case aggregating ₹ 2,331.89 crore obtained during the year proved entirely unnecessary as the actual expenditure was less than the original provision. Details are shown in **Appendix 2.4**. Besides in 11 cases, against the additional requirement of ₹ 1,705.50 crore, supplementary provision of ₹ 4,366.63 crore proved excessive. The resultant savings exceeding ₹ one crore in each case, aggregating ₹ 2,661.13 crore are shown in **Appendix 2.5**.

This indicates that the BCOs did not properly evaluate the actual requirement of funds for the remaining period of the financial year and monitor the flow of expenditure through the monthly expenditure control mechanism prescribed in Budget Manual.

2.4.7 Excessive/unnecessary/insufficient re-appropriation of funds

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

We observed that there were excess/savings of more than ₹ 10 crore and above after re-appropriation, in 36 schemes under 16 grants and one appropriation as detailed in **Appendix 2.6**. This indicates that the estimates were not properly assessed, as even after the withdrawal/ augmentation of funds through re-appropriation, there were final savings/ excesses in the grants.

2.4.8 Surrender in excess of actual savings

In 25 cases, the amounts surrendered (₹ 50 lakh or more in each case) were in excess of the actual savings, indicating inadequate budgetary control in these

departments. As against savings of ₹ 5,254.88 crore, the amount surrendered was ₹ 5,691.72 crore, resulting in excess surrender of ₹ 436.84 crore. The details are given in **Appendix 2.7**. The Departments concerned did not furnish reasons/explanations regarding surrenders till finalisation of Appropriation Account 2015-16 (July 2016).

2.4.9 Anticipated savings not surrendered

As per paragraph 131 of Madhya Pradesh Budget Manual, Statements of anticipated savings in expenditure are required to be submitted by the Budget Controlling Officers to the Finance Department by 15th January.

In 8 cases under seven grants savings of more than ₹ one crore in each case had occurred but no part of the same was surrendered by the Departments concerned. The total amount involved in these cases was ₹ 1,523.56 crore (7.59 per cent of the total savings of ₹ 20,083.91 crore) as detailed in **Appendix 2.8**.

Similarly, out of the savings of ₹ 9,120.86 crore under 20 grants and two appropriations (after surrender, savings of ₹ one crore and above in each grant), provisions amounting to ₹ 1,913.83 crore (20.98 per cent of above savings) were not surrendered as detailed in **Appendix 2.9**.

Besides, in 78 cases (surrender of funds in excess of ₹ 10 crore in each case) ₹ 16,981.67 crore was surrendered on the last day of March 2016, as detailed in **Appendix 2.10**. This is indicative of inadequate financial control and consequently funds were blocked and not available for other developmental purposes. The Departments did not furnish reasons regarding surrender of savings on the last day of the financial year till finalisation of Appropriation Accounts 2015-16 (July 2016).

2.4.10 Injudicious surrender

In One Grant (Grant No. 50 under Revenue Head) and two appropriations (Interest Payments and Servicing of Debt under revenue head and Grant No. 41 under Capital Head), an expenditure of ₹ 2,352.45 crore was incurred against the provision of ₹ 2,282.99 crore, resulting in excess expenditure of ₹ 69.46 crore. In spite of this, an amount of ₹ 11.08 crore was surrendered under these grants, which was injudicious. The details are given in **Table 2.5**.

Table 2.5: Injudicious surrender

| Sl. No | Grant No. | Name of Grant | Total Provision | Expenditure | Excess Expenditure | Amount Surrendered |
|------------------------|-----------|--|-----------------|-----------------|--------------------|--------------------|
| (₹ in crore) | | | | | | |
| Revenue Voted | | | | | | |
| 1 | 50 | Expenditure pertaining to the Departments implementing 20-Point Programmes | 1.54 | 2.48 | 0.94 | 0.46 |
| Revenue Charged | | | | | | |
| 2 | | Interest Payments and Servicing of Debt | 2,281.30 | 2,348.91 | 67.61 | 10.47 |
| Capital Charged | | | | | | |
| | 41 | Tribal Area Sub-Plan | 0.15 | 1.06 | 0.91 | 0.15 |
| Total | | | 2,282.99 | 2,352.45 | 69.46 | 11.08 |

(Source: Appropriation Accounts 2015-16)

2.4.11 Excess over provisions during 2015-16 requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularized by the State Legislature. **Table 2.6** presents a summary of excess expenditure over provision of funds in five segments of three grants and two appropriations amounting to ₹ 98.24 crore during 2015-16, which requires regularization under Article 205 of the Constitution of India.

Table 2.6: Excess over provisions requiring regularisation during 2015-16
(₹ in crore)

| Sl. No. | Grant No | Name of Grant/ Department | Total Grant/ Appropriation | Actual expenditure | Excess expenditure requiring regularization |
|------------------------|----------|--|----------------------------|--------------------|---|
| Revenue Voted | | | | | |
| 1 | 50 | Expenditure pertaining to the Departments implementing 20-Point Programmes | 1.54 | 2.48 | 0.94 |
| Revenue Charged | | | | | |
| 2 | | Interest Payments and Servicing of Debt | 2,281.30 | 2,348.91 | 67.61 |
| Capital Voted | | | | | |
| 3 | 6 | Expenditure pertaining to Finance Department | 0.10 | 0.49 | 0.39 |
| 4 | 12 | Expenditure pertaining to Energy Department | 157.30 | 185.69 | 28.39 |
| Capital Charged | | | | | |
| 5 | 41 | Tribal Area Sub-Plan | 0.15 | 1.06 | 0.91 |
| Total | | | 2,440.39 | 2,538.63 | 98.24 |

(Source: Appropriation Accounts 2015-16)

2.4.12 Excess over provisions relating to previous years (2000-01 to 2014-15) requiring regularization

Excess expenditure amounting to ₹ 3,146.93 crore for the period 2000-01 to 2014-15 was yet to be regularized as detailed in **Appendix 2.11**.

2.4.13 Rush of Expenditure

As per Paragraph 92 of Madhya Pradesh Budget Manual (as followed by Government of Chhattisgarh), rush of expenditure particularly in closing month of the financial year should be avoided. Uniform flow of expenditure is essential to ensure that the primary requirement of budgetary control is maintained. Contrary to this, in 50 Major Heads, expenditure (₹ 7,889.87 crore) incurred during the last quarter was more than 59 per cent of the total expenditure (₹ 13,356.31 crore). This included 13 cases where the expenditure (₹ 1,502.73 crore) in the last month of the financial year was more than 67 per cent of the total expenditure (₹ 2,233.09 crore) incurred during 2015-16 as detailed in **Appendix 2.12**.

2.5 Advances from the Contingency Fund

As per the Chhattisgarh Contingency Fund Act, 2001 of the State, no advance shall be made out of the Contingency Fund, except for the purposes of meeting unforeseen expenditure pending authorisation of such expenditure by the

Legislature of the State under appropriation made by law. The Fund is operated in the nature of an imprest with corpus limit of ₹ 40 crore. The instances of departure from the procedure laid down in the Act, *ibid*, regarding drawal of funds from the Contingency Fund amounting to ₹ 1.72 crore are given in **Table 2.7**.

Table 2.7: Expenditure from Contingency Fund of the State

| (₹ in crore) | | | | |
|--------------|----------------------------------|---|-----------------|-------------------|
| Sl. No | Department | Nature of expenditure for which advances were drawn from the Contingency Fund | Month of Drawal | Amount of Advance |
| 1 | Public Health and Family Welfare | Purchase of an Ambulance | August 2015 | 0.19 |
| 2 | Public Health and Family Welfare | For Salaries to outsourced employees in field offices | August 2015 | 1.15 |
| 3 | Public Health and Family Welfare | For payment of decree amount | August 2015 | 0.38 |
| Total | | | | 1.72 |

It may be seen from the above that the expenditure did not meet the criteria for drawal from Contingency Fund as these expenditure were not of an unforeseen or of an emergent character. Thus, the advances drawn from Contingency Fund was in violation of the Act.

2.6 Review of Grant No. 27-School Education Department

Review of the budget proposals, actual expenditure and fund management in respect of School Education Department (Grant No. 27), as reported in appropriation accounts and through test check of records (September 2016) in the School Education Department revealed the following irregularities:

2.6.1 Summarised Position

The overall position of budget provisions, actual disbursements and excess/savings under the Grant No. 27 during 2015-16 is given in **Table 2.8**.

Table 2.8: Budget provision and expenditure for Grant No. 27

| Section | Budget Provision | | | Actual Expenditure | Surrender | Savings(-)/ Excess (+) |
|----------------|------------------|---------------|-----------------|--------------------|---------------|------------------------|
| | Original | Supplementary | Total | | | |
| Revenue | 3,894.79 | 27.91 | 3,922.70 | 2,965.25 | 930.64 | (-)957.45 |
| Capital | 110.27 | 0.22 | 110.49 | 77.57 | 33.80 | (-)32.92 |
| Total | 4,005.06 | 28.13 | 4,033.19 | 3,042.82 | 964.44 | (-)990.37 |

(Source: Appropriation Accounts 2015-16)

An analysis of the above table revealed that there were over all savings of ₹ 990.37 crore (25 per cent of total grant) as against the total budget provision of ₹ 4,033.19 crore. Out of total savings of ₹ 990.37 crore, savings of ₹ 957.45 crore and ₹ 32.92 crore occurred in Revenue Section and Capital Section respectively. Further Supplementary provision of ₹ 27.91 crore and ₹ 0.22 crore provided under Revenue and Capital Section were not required as the expenditure was even less than original provision. Surrender of ₹ 964.44 crore against saving of ₹ 990.37 crore is injudicious.

2.6.2 Excess expenditure over Budget Estimates

According to Paragraph 91 of Madhya Pradesh Budget Manual (as followed by Chhattisgarh Government) the controlling officer is responsible for

watching the progress of expenditure on public services under its control and for keeping the expenditure within the sanctioned allotment.

During 2015-16, School Education Department incurred an expenditure of ₹ 302.06 crore on four schemes as against total budget provision of ₹ 295.16 crore resulting in excess expenditure of ₹ 6.90 crore as detailed in **Table 2.9.**

Table 2.9: Excess expenditure over provision

(₹ in crore)

| Sl. No. | Grant No. | Head of Account | Total provision during the year | Expenditure | Excess Expenditure |
|--------------|-----------|--|---------------------------------|---------------|--------------------|
| 1 | 27 | 2202-01-101-4396- Government Primary School (For Basic Minimum Services) | 248.22 | 250.33 | 2.11 |
| 2 | | 2202-01-112-0701-5169- Mid-day Meal Programme in Schools | 28.17 | 30.07 | 1.90 |
| 3 | | 2202-02-109-0101-5551- Free Cycle distribution to High School Girls. | 14.56 | 16.49 | 1.93 |
| 4 | | 2204-104-1084- Expenditure on Sports & Activities | 4.21 | 5.17 | 0.96 |
| Total | | | 295.16 | 302.06 | 6.90 |

(Source:- Appropriation Accounts 2015-16)

The matter was brought to notice of the School Education Department. The department stated that no excess expenditure has been made. However, department's reply is not tenable as per Detailed Appropriation Account 2015-16 an excess expenditure of ₹ 6.90 crore was made under the above schemes during the period 2015-16.

2.6.3 Unnecessary Supplementary provision

Supplementary Grants are obtained to cover the excesses that may be anticipated after mid-term review of the grants/appropriations during a financial year.

In the following Heads of Account under Grant No-27 (School Education Department), supplementary provisions obtained during the year proved unnecessary as the department could not spend even the original budget provision. The details of unnecessary supplementary provisions are given in **Table 2.10.**

Table 2.10: Unnecessary Supplementary provision

(₹ in crore)

| Head of Accounts | Original Provision | Supplementary Provision | Expenditure | Total Savings |
|---|--------------------|-------------------------|---------------|---------------|
| 2202-01-001-1500- Office of the District Education Officer (For Basic Minimum Services) | 63.45 | 15.00 | 59.04 | 19.41 |
| 2202-01-0101—3491- Middle Schools (for Basic Minimum Services) | 479.81 | 0.10 | 462.95 | 16.96 |
| 2202-01-0101-4396- Government Primary Schools (For Basic Minimum Services) | 257.77 | 0.05 | 234.03 | 23.79 |
| 2202-02-109-0101-7367- Model School Scheme | 0.00 | 5.76 | 0.00 | 5.76 |
| 4202-01-0101-3491- Middle Schools (For Basic Minimum Services) | 3.00 | 0.11 | 0.23 | 2.88 |
| 4202-01-0101-4396- Government Primary Schools (For Basic Minimum Services) | 5.00 | 0.11 | 0.99 | 4.12 |
| Total | 809.03 | 21.13 | 757.24 | 72.92 |

(Source:- Appropriation Accounts 2015-16)

The matter was brought to notice of the School Education Department. The department stated that the unutilized fund has not been expended due to incomplete process of outsourcing, not purchasing of furniture and not getting administrative approval (November 2016).

2.6.4 Entire Provision not utilised under schemes

As per paragraph 31 of Madhya Pradesh Budget Manual, lump sum provisions should not be made in the budget estimates.

In the following Heads of Account under Grant No-27 (School Education Department), entire provision was not utilised. The details of are given in **Table 2.11**.

Table 2.11 : Entire Provision not utilised under schemes

| (₹ in crore) | | | | |
|--------------|---|------------------|-------------|--------------|
| Sl. No. | Head of Account | Budget Provision | Expenditure | Saving |
| 1 | 2202-01-107-0701-7673- Block Teacher Training Institute | 3.00 | 0 | 3.00 |
| 2 | 2202-02-109-0101-7367- Model School Scheme | 5.76 | 0 | 5.76 |
| 3 | 2202-80-0101-5528- Formation of Chhattisgarh Language Council | 0.01 | 0 | 0.01 |
| 4 | 4202-01-201-0101-7657- Foundation of Science Centre | 1.00 | 0 | 1.00 |
| 5 | 4202-01-202-0101-5646- Establishment of Sainik School | 15.00 | 0 | 15.00 |
| 6 | 4202-01-202-0101-578- Higher Secondary School | 2.00 | 0 | 2.00 |
| Total | | 26.77 | 0 | 26.77 |

(Source:- Appropriation Accounts 2015-16)

The matter was brought to notice of the School Education Department. The Department stated that budget provisions were not utilised due to not getting approval from administration level/revised estimate proposal and vacant post of president and secretary (November 2016).

2.6.5 Delay in sending Re-appropriation/Surrender proposals.

As per Appendix-II of Madhya Pradesh Budget Manual (as followed by Chhattisgarh Government) re-appropriation/surrender proposals are to be sent to the Finance Department not later than 15th March of the relevant Financial Year.

During 2015-16, an amount of ₹ 964.50 crore was surrendered on 31st March 2016 in violation of the provisions in the Manual.

The matter was brought to the notice of the School Education Department. The Department stated that as per letter of Finance Department the proposal of surrender/re-appropriation sanctioned till 31st March 2016 and to be sent to AG (A&E) office till 30th April 2016.

The reply was not acceptable because surrender of budget on the last day of the financial year did not leave any scope for utilisation under any other grant/appropriation.

2.6.6 Rush of expenditure in last quarter

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

We observed that during last quarter of the year 2015-16, expenditure in 13 schemes under Grant No. 27 was ranged between 50 to 100 *per cent* of total expenditure in the last quarter and also in the month of March. The details of rush of expenditure is given in **Appendix 2.13**.

The matter was brought to notice of the School Education Department. The department stated that the requisite information is being collected from different cell and shall be forwarded after compilation (November 2016).

2.6.7 Substantial Savings

The Budget Estimates should be prepared with utmost care so that the budget estimates may neither be inflated nor under pitched.

Scrutiny of the Appropriation Accounts revealed that under Grant No. 27, substantial savings occurred under 25 schemes as detailed in **Appendix 2.14**.

The matter was brought to notice of the School Education Department. The department stated that the savings had occurred because of not getting administrative approval by Government, not expended by some of the districts and not getting funds from Government of India (November 2016).

2.6.8 Persistent Savings

Persistent savings were noticed in 24 sub-heads/schemes under Grant no. 27 for the last three years as mentioned in **Appendix 2.15**.

Persistent occurrence of savings indicates deficient control in the budgeting process that existed in the department.

The matter was brought to notice of the School Education Department. The department stated that the persistent savings have occurred as funds were not received from Government of India, shortage of students in quota, not filling up of vacant posts in the department and of not organising National School Sports Competition (November 2016).

2.7 Review of Grant No. 69- Urban Administration and Development Department

Review of the budget proposals, actual expenditure and fund management in respect of Urban Administration and Development Department (Grant No. 69) as reported in the Appropriation Accounts revealed the following irregularities:

2.7.1 Budget and Expenditure

The overall position of budget provision, actual expenditure and savings/excess under the grant during 2015-16 is given in **Table 2.12**.

Table 2.12: Budget and expenditure for Grant No. 69

(₹ in crore)

| Section | Budget Provision | | | Actual Expenditure | Surrender | Savings(-)/ Excess (+) |
|--------------|------------------|---------------|---------------|--------------------|---------------|------------------------|
| | Original | Supplementary | Total | | | |
| Revenue | 484.58 | 0 | 484.58 | 139.04 | 345.54 | (-)345.54 |
| Capital | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 484.58 | 0 | 484.58 | 139.04 | 345.54 | (-)345.54 |

(Source: Appropriation Account 2015-16)

The above table shows that against total budget provision of ₹ 484.58 crore expenditure of ₹ 139.04 crore was incurred resulting in saving of ₹ 345.54 crore which was surrendered on 31st March 2016.

2.7.2 Substantial savings under sub-heads

The budget estimates should be prepared with utmost care so that the budget estimates may neither be inflated nor under pitched.

Scrutiny of the Appropriation Accounts revealed that under Grant No. 69, in Revenue Section substantial savings of more than ₹ one crore in each case occurred under seven schemes as detailed in **Table 2.13**.

Table 2.13: Scheme wise savings of more than ₹ one crore.

(₹ in crore)

| Sl. No. | Name of the Scheme | Total Grant | Expenditure | Saving | Percentage of saving |
|--------------|--|---------------|--------------|---------------|----------------------|
| 1. | 2217-80-191-0701-7610- <i>Swachh Bharat Abhiyan</i> | 37.00 | 13.45 | 23.55 | 64 |
| 2 | 2217-80-191-0701-7685-Smart City | 170.00 | 4.00 | 166.00 | 98 |
| 3 | 2217-80-191-0701-7686- <i>Sardar Patel Shahri Awas</i> | 119.20 | 3.64 | 115.56 | 97 |
| 4 | 2217-80-191-0701-8996- National Urban Livelihood Mission | 22.88 | 11.42 | 11.46 | 50 |
| 5 | 2217-80-192-07 01-7610- <i>Swachh Bharat Abhiyan</i> | 26.00 | 15.67 | 10.33 | 40 |
| 6 | 2217-80-192-0701-8996- National Urban Livelihood Mission | 4.12 | 2.06 | 2.06 | 50 |
| 7 | 2217-80-193-0701-7610- <i>Swachh Bharat Abhiyan</i> | 30.00 | 6.24 | 23.76 | 79 |
| Total | | 409.20 | 56.48 | 352.72 | |

(Source: Appropriation Account 2015-16)

Substantial savings indicated that expenditure could not be incurred as estimated and there was lack of control over budget estimate and expenditure.

2.7.3 Entire provision not utilised under schemes

As per paragraph 31 of Madhya Pradesh Budget Manual, lump sum provisions should not be made in the budget estimates.

Scrutiny of the Appropriation Accounts revealed that under Grant No.-69 (Urban Administration and Development Department) provision of ₹ 70.87 crore was made for implementation of three schemes. However, no expenditure was incurred under these schemes, as detailed in **Table 2.14**.

Table 2.14: Entire provision not utilised under schemes

(₹ in crore)

| Sl. No. | Name of Scheme | Budget | Expenditure | Saving |
|--------------|--|--------------|-------------|--------------|
| 1 | 2217-05-191-0101-7681- Establishment of Water ATM | 8.40 | 0 | 8.40 |
| 2 | 2217-05-192-0101-7681 - Establishment of Water ATM | 6.16 | 0 | 6.16 |
| 3 | 2217-05-193-0101-7681 - Establishment of Water ATM | 7.91 | 0 | 7.91 |
| 4 | 2217-80-191-0701-7404- Calamity Management Programme | 2.00 | 0 | 2.00 |
| 5 | 2217-80-191-0101-7682- Construction of Public Lavatory | 16.58 | 0 | 16.58 |
| 6 | 2217-80-192-0701-7404- Calamity Management Programme | 3.00 | 0 | 3.00 |
| 7 | 2217-80-192-0101-7682- Construction of Public Lavatory | 14.30 | 0 | 14.30 |
| 8 | 2217-80-193-0701-7404- Calamity Management Programme | 1.50 | 0 | 1.50 |
| 9 | 2217-80-193-0101-7682- Construction of Public Lavatory | 11.02 | 0 | 11.02 |
| Total | | 70.87 | 0 | 70.87 |

(Source: Appropriation Account 2015-16)

It was noticed that in these cases expenditure was not made because either demand from Project Officer was not received or central share from the Government of India was not received. Thus entire provisions in these cases proved unnecessary indicating that demands for budget estimate were prepared on ad-hoc basis.

2.7.4 Persistent Savings

Persistent savings were noticed in the following 5 sub-heads/schemes under Grant no. 69 for the last two years as mentioned in **Table 2.15**.

Table 2.15: Persistent Savings

(₹ in crore)

| Sl. No. | Head of Account | 2014-15 | | 2015-16 | |
|---------|--|---------|--------|---------|--------|
| | | Budget | Saving | Budget | Saving |
| 1 | 2217-80-191-0701-7404-Calamity Management Programme | 2.00 | 2.00 | 2.00 | 2.00 |
| 2 | 2217-80-191-0701-8996-National Urban Livelihood Mission | 7.00 | 0.16 | 22.88 | 11.46 |
| 3 | 2217-80-192-0701-7404- Calamity Management Programme | 3.00 | 3.00 | 3.00 | 3.00 |
| 4 | 2217-80-192-0701-8996- National Urban Livelihood Mission | 7.00 | 0.16 | 4.12 | 2.06 |
| 5 | 2217-80-193-0701-7404- Calamity Management Programme | 1.50 | 1.50 | 1.50 | 1.50 |

(Source: Appropriation Account 2015-16)

Persistent occurrence of savings indicate deficient control in the budgeting process that existed in the department.

The matter was brought to notice of the Urban Administration and Development Department, however, reply is awaited (November 2016).

2.7.5 Delay in submission of Surrender proposals

As per Appendix-II of Madhya Pradesh Budget Manual (as followed by Chhattisgarh Government) re-appropriation/surrender proposals are to be sent to the Finance Department not later than 15th March of the relevant Financial Year.

During 2015-16, an amount of ₹ 345.54 crore was surrendered on 31st March 2016 in violation of the provisions in the Manual.

Surrender of budget on the last day of the financial year did not leave any scope for utilisation under any other grant/appropriation.

2.7.6 Rush of Expenditure

As per paragraph 92 of Madhya Pradesh Budget Manual, any grant that cannot be profitably utilized should be surrendered. Rush of expenditure, particularly in the closing month of the financial year should be avoided.

It was noticed that this was not followed by the department. The object head wise details of expenditure where the percentage of expenditure during last quarter and in the month of March was 50 *per cent* or more in each case during 2015-16 are as detailed in **Table 2.16**.

Table 2.16: Rush of Expenditure

(₹ in crore)

| SI. No. | Head of Account | Total Expenditure during the year | Expenditure during the last quarter | | Expenditure during March | |
|---------|--|-----------------------------------|-------------------------------------|------------|--------------------------|------------|
| | | | Amount | Percentage | Amount | Percentage |
| 1 | 2217-05-191-0101-7487- Cycle Distribution Scheme in Urban Bodies Schools | 0.17 | 0.17 | 100 | 0.17 | 100 |
| 2 | 2217-05-192-0101-1785- Grants to Local Bodies for availability of drinking water and lavatory in Slum Areas | 1.52 | 1.52 | 100 | 0.95 | 63 |
| 3 | 2217-05-192-0101-7487- Cycle Distribution Scheme in Urban Bodies Schools | 0.05 | 0.05 | 100 | 0.05 | 100 |
| 4 | 2217-05-193-0101-1785 -Grants to Local Bodies for availability of drinking water and lavatory in Slum Areas. | 1.52 | 1.52 | 100 | 1.52 | 100 |
| 5 | 2217-80-191-0101-4178-Group Insurance of earning members of weaker section of the society. | 0.49 | 0.49 | 100 | 0.49 | 100 |
| 6 | 2217-80-191-0701-6741- National Urban Renewable Mission | 45.83 | 45.52 | 99 | 45.52 | 99 |
| 7 | 2217-80-191-0701-6808- Infrastructure Development Scheme for Minor & Medium Urban Areas | 30.00 | 30.00 | 100 | 30.00 | 100 |
| 8 | 2217-80-191-0701-7686 –Sardar Patel Shahari Awas | 3.64 | 3.64 | 100 | 3.64 | 100 |
| 9 | 2217-80-192-0101-4178- Group Insurance of earning members of weaker section of the society. | 0.36 | 0.36 | 100 | 0.36 | 100 |
| 10 | 2217-80-193-0101-4178 Group Insurance of earning members of weaker section of the society. | 0.36 | 0.36 | 100 | 0.36 | 100 |

(Source: Appropriation Account 2015-16)

Bunching of expenditure in the last quarter of the financial year was not a prudent fiscal management principle and was against the manual provision for control over expenditure.

The matter was brought to notice of the Urban Administration and Development Department. About 2217-05-191-0101-7487- Cycle Distribution Scheme in Urban Bodies Schools and 2217-05-192-0101-7487- Cycle Distribution Scheme in Urban Bodies Schools, the department stated that the proposals were not received in stipulated time by Municipal Corporations/Municipalities and about 2217-05-192-0101-1785- Grants to Local Bodies for availability of drinking water and lavatory in slum areas and 2217-05-193-0101-1785 -Grants to Local Bodies for availability of drinking water and lavatory in slum areas, the department stated that to ensure the availability of drinking water in summer season. Reply of rest of the points is awaited (November 2016).

2.8 Conclusion and Recommendations

Excess over provisions during 2015-16 requiring regularisation

- Excess expenditure of ₹ 98.24 crore was incurred over provisions during 2015-16, which requires regularisation under Article 205 of the Constitution of India. Besides, excess expenditure occurred during 2000-2015 was yet to be regularised.

The Government should take appropriate action for regularization of excess expenditure of previous year.

Large Savings due to improper Budget estimation

- There were large savings of ₹ 19,985.67 crore (27 per cent) against total budget provision of ₹ 74,339.53 crore during 2015-16 indicating improper budget estimation. Large savings under various schemes/sub-heads may adversely affect the implementation of development programmes in the State. Persistent savings for the last five years were also noticed in 10 grants performing Social and Economic Services.

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

Advance from Contingency Fund

- Advances amounting ₹ 1.72 crore were withdrawn on three occasions viz. purchase for ambulance, salaries to outsourced employees in field office and payment of decree amount from Contingency Fund during 2015-16 to meet expenditure which was neither unforeseen nor of emergent nature.

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

Deficiencies in Budgetary Controls in School Education and Urban Administration and Development Department

- The BCOs of Departments of School Education and Urban Administration and Development did not follow the provisions of the Budget Manual resulting in lack of budgetary control in the Department.

The School Education and Urban Administration and Development Departments should adhere to the provisions of the Budget Manual.