
EXECUTIVE SUMMARY

Background

The financial performance of the State has been assessed based on the Fiscal Responsibility and Budget Management (FRBM) Act, 2005, as amended in 2011 and 2016, Budget documents, Medium Term Fiscal Policy Statement, Economic Review norms recommended by the Fourteenth Finance Commission (14thFC) and other financial data obtained from various Government departments and organisations.

The Report

Based on the audited accounts of the Government of Chhattisgarh for the year ended 31 March 2016, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

Chapter-I is based on the audit of Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2016. It provides an insight into trends in overall financial position of the State, actuals vis-à-vis budget estimates of committed expenditure and borrowing patterns, besides giving a brief of the funds transferred by the Government of India (GOI) directly to the State implementing agencies through the off-budget route.

Chapter-II is based on audit of Appropriation Accounts and gives a grant-wise description of appropriations and the manner in which the allocated resources are managed by the service delivery departments. It also contains detailed review of two grants namely Grant No. 27 "School Education Department" and Grant No. 69 "Urban Administration and Development Department". It seeks to ascertain whether the expenditure actually incurred under the various grants is within the authorisation given under the Appropriation Act.

Chapter-III is an inventory of the Chhattisgarh Government's compliance with various reporting requirements and financial rules. The report also compiles the data collected from various Government Departments/Organisations in support of the findings.

Audit Findings

Chapter I: Finances of the State Government

Fiscal Situation

- The growth rate of Gross State Domestic Product (GSDP) during 2015-16 was 6.40 *per cent* against the Fourteenth Finance Commission (14thFC) projection of 14.42 *per cent*.
- The State had a Revenue Surplus of ₹ 2,367 crore during 2015-16 and maintained revenue surplus as envisaged in the 14thFC and FRBM Act.
- Fiscal Deficit (₹ 4,574 crore) was 1.82 *per cent* of GSDP during 2015-16, which was well within the limit of 3.50 *per cent* as estimated under 14thFC projection and FRBM Act.

(Para 1 and Para 1.1.2)

Transfer of funds to State Implementing Agencies

➤ The direct transfer of funds to the State Implementing Agencies has increased by ₹ 130.65 crore (38.92 *per cent*) from ₹ 335.65 crore in 2014-15 to ₹ 466.30 crore in 2015-16 for implementing various schemes/programmes in social and economic sectors.

(Para 1.2.2)

Resource Mobilisation

➤ Revenue Receipts (₹ 46,068 crore) grew by ₹ 8,080 crore (21.27 *per cent*) in 2015-16 compared to growth of ₹ 5,938 crore (18.53 *per cent*) in previous year. The increase was mainly due to increase over the previous year in Share of the State in Union Taxes and Duties (₹ 7,353 crore: 87.92 *per cent*) and in tax revenue (₹ 1,368 crore: 8.71 *per cent*).

➤ Grants-in-Aid decreased by ₹ 926 crore (10.31 *per cent*) compared to previous year.

(Para 1.3)

Revenue Buoyancy

➤ Revenue buoyancy reached its highest level at 3.32 in 2015-16 due to increase in growth rate of Revenue Receipt (21.27 *per cent*) as compared to previous year (18.53 *per cent*). The growth of Revenue Receipt increased due to increase in Central Tax Transfer of ₹ 15,716.47 crore in 2015-16 whereas it was ₹ 8,363.03 crore in 2014-15.

(Para 1.3)

Expenditure Management and Fiscal priorities

➤ Revenue Expenditure increased by ₹ 4,140 crore (10.46 *per cent*) over 2014-15. However, it was lower by ₹ 10,029 crore than the Budget Estimates (₹ 53,730 crore). Further, Revenue Expenditure was 84.35 *per cent* of the Total Expenditure (₹ 51,811 crore) and 17.38 *per cent* of GSDP during 2015-16. Share of Plan Revenue Expenditure in Total Revenue Expenditure decreased from 53 *per cent* in 2014-15 to 47 *per cent* in 2015-16. Non-plan Revenue Expenditure (₹ 23,172 crore) increased by 24.78 *per cent* in 2015-16 over the previous year and constituted 53 *per cent* of Revenue Expenditure.

(Para 1.1.3, 1.6.1, 1.6.2.1 and 1.6.2.2)

➤ During 2015-16, Capital expenditure increased by 21.40 *per cent* (₹ 1,401 crore) over the previous year mainly due to increase in expenditure under Capital outlay on Transport by ₹ 478 crore, Rural Development Programmes by ₹ 264 crore, Education, Sports, Art and Culture by ₹ 236 crore and Irrigation and Flood Control by ₹ 198 crore.

(Para 1.6.4)

➤ Financial assistance by the State to Local Bodies and other institutions decreased from ₹ 10,573.31 crore in 2014-15 to ₹ 9,678.18 crore during 2015-16. The expenditure on subsidies increased by ₹ 3,650 crore (97.41 *per cent*) from ₹ 3,747 crore in 2014-15 to ₹ 7,397 crore in 2015-16.

(Para 1.6.6)

Incomplete projects

➤ As of March 2016, there were 194 Incomplete Projects beyond their scheduled date of completion in which ₹ 5,912 crore was blocked. Delay in completion of these works invites the risk of cost escalation. Besides, intended benefits from these projects could not be achieved.

(Para 1.8.1)

Return on Government investments

➤ As of 31 March 2016, Government of Chhattisgarh invested ₹ 6,192.22 crore in Government Companies, Co-operatives, Banks and Societies etc. The return (₹ 5.73 crore) on investment was 0.09 *per cent* although average borrowings cost of Government was 6.25 *per cent* during the year.

(Para 1.8.2)

Fiscal Liabilities

➤ During 2015-16, Fiscal Liabilities of the State (₹ 37,817 crore) grew by 22.07 *per cent* over the previous year. The Fiscal Liabilities were 15.04 *per cent* of GSDP as compared to 13.11 *per cent* of GSDP during previous year mainly due to increase in Internal Debt of ₹ 24,215 crore as compared to ₹ 18,195 crore in 2014-15.

(Para 1.9.2)

Debt Management

➤ The net availability of borrowed funds marginally increased from ₹ 4,551 crore in 2014-15 to ₹ 4,687 crore in 2015-16. The ratio of Interest Payments to Revenue Receipts increased from 4.55 *per cent* in 2014-15 to 4.66 *per cent* in 2015-16.

(Para 1.10.2)

Chapter II: Financial management and budgetary control

Large saving due to improper estimation

➤ There were large savings of ₹ 20,083.91 crore during 2015-16 indicating improper budget estimation. Persistent savings for the last five years were also noticed in 10 grants related to Social Services and Economic Services.

(Para 2.3 and 2.4.4)

Excess over provisions during previous years requiring regularisation

➤ Excess expenditure of ₹ 98.24 crore was incurred over provisions during 2015-16 in three grants and two appropriation, which requires regularisation under Article 205 of the Constitution of India. Besides, excess expenditure of ₹ 3,146.93 crore for the period 2000-15 was still to be regularised.

(Para 2.4.11 and 2.4.12)

Advances from Contingency Fund

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

(Para 2.5)

Chapter III: Financial Reporting

Outstanding Utilisation Certificates against the grants

➤ In Chhattisgarh, a total of 4237 UCs amounting to ₹ 10,502.86 crore were outstanding as of 31 March 2016 in different Departments against the GIA bills drawn during 2007-08 to 2015-16. These UCs were outstanding mainly in three departments viz. General Education Department (651 UCs for ₹ 574.58 crore), Urban Development Department (574 UCs for ₹ 2201.18 crore), and Other Rural Development Department (1284 UCs for ₹ 1167.79 crore). UCs were not received against the GIA bills for huge amounts indicating failure of the departmental officers to comply with the rules and procedures to ensure timely utilisation of the grants for the intended purpose.

(Para 3.1)

Submission of Accounts by Autonomous Bodies

➤ There were significant delays in submission of accounts by Nine Autonomous Bodies to the Accountant General, resulting in delays in scrutiny of functioning of Autonomous Bodies.

(Para 3.2.2)

Drawal of funds on Abstract Contingent Bills

➤ An amount of ₹ 645.86 crore drawn on Abstract Contingent (AC) bills during 2015-16 remained outstanding as of March 2016 as Detailed Contingent bills were not submitted. Of the total 303 AC bills aggregating ₹ 645.86 crore, pendency mainly pertains to Food Storage and warehousing (₹ 338.24 crore), Power (₹ 281.02 crore), Industries (₹ 9.68 crore), Capital outlay on Iron and Steel Industries (₹ 9.00 crore) and Village and Small Industries (₹ 7.80 crore).

(Para 3.3)

Maintenance of Personal Deposit Account

➤ Personal Deposit (PD) Accounts were continued even after close of the financial year without approval of Finance Department, in violation of provisions of Madhya Pradesh/Chhattisgarh Treasury code. There was significant amount of closing balance aggregating ₹ 1,696.46 crore in 292 PD Accounts as of March 2016.

(Para 3.4)

Reporting of misappropriation and losses

➤ Government's compliance towards disposal of 2,218 cases of losses, misappropriation etc. amounting to ₹ 117.02 crore was pending as of 31 March 2016.

(Para 3.5)

End Use of Labour Cess

➤ Funds of ₹ 6.08 crore was not credited to the Chhattisgarh Building and Other Construction Workers Welfare Board (CGB & OCWWB) due to dishonour of cheques and lying uncleared as on November 2016.

(Para 3.9.4.2)

Excess payment of ₹ 48.47 lakh to the same beneficiary by providing double benefit

➤ 1374 number of workers (799 +575) were provided benefits under both *Mukhya Mantri Silai Machine Sahayata Yojna* and *Mukhya Mantri Cycle Sahayata Yojna* schemes by providing cycles to those 799 workers who had already availed *silai machines* and 575 workers availed *silai machines* who had already availed cycles under the said schemes, in contravention to the notification.

(Para 3.9.4.5)