

**REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL OF INDIA**

**on**

**STATE FINANCES**

**for the year ended March 2012**

**GOVERNMENT OF MADHYA PRADESH**

*Report No.1 of the year 2012*

## TABLE OF CONTENTS

Description	Paragraph	Page No.
Preface		ix
Executive Summary		xi
<b>CHAPTER-I</b>		
<b>FINANCES OF THE STATE GOVERNMENT</b>		
<b>Introduction</b>	<b>1.1</b>	<b>1</b>
<b>Summary of Fiscal Transactions</b>	<b>1.2</b>	<b>2</b>
<b>Review of the Fiscal Position</b>	<b>1.3</b>	<b>3</b>
<b>Budget 2011-12</b>	<b>1.4</b>	<b>4</b>
<b>Resources of the State</b>	<b>1.5</b>	<b>5</b>
Resources of the State as per Annual Finance Accounts	1.5.1	5
Funds transferred to State Implementing Agencies outside the State Budget	1.5.2	6
<b>Revenue Receipts</b>	<b>1.6</b>	<b>7</b>
State's Own Resources	1.6.1	9
<b>Application of Resources</b>	<b>1.7</b>	<b>12</b>
Growth and Composition of Expenditure	1.7.1	12
Expenditure on Salaries and Wages, Pensions, Interest Payments and Subsidies	1.7.2	16
Financial Assistance by State Government to Local Bodies and Other Institutions	1.7.3	18
Devolution of Funds and Auditing Arrangements of Local Bodies	1.7.3.1	19
<b>Quality of Expenditure</b>	<b>1.8</b>	<b>23</b>
Adequacy of Public Expenditure	1.8.1	23
Efficiency of Expenditure Use	1.8.2	24
<b>Financial Analysis of Government Expenditure and Investments</b>	<b>1.9</b>	<b>27</b>
Incomplete Projects	1.9.1	27
Investment and Returns	1.9.2	28
Loans and Advances by the State Government	1.9.3	29
Cash Balances and Investment of Cash Balances	1.9.4	31

<b>Description</b>	<b>Paragraph</b>	<b>Page No.</b>
<b>Assets and Liabilities</b>	<b>1.10</b>	<b>32</b>
Growth and composition of Assets and Liabilities	1.10.1	32
Fiscal Liabilities	1.10.2	32
Status of Guarantees – Contingent Liabilities	1.10.3	34
<b>Debt Sustainability</b>	<b>1.11</b>	<b>35</b>
Debt Stabilisation	1.11.1	36
Sufficiency of Non-Debt Receipts	1.11.2	36
Net Availability of Funds	1.11.3	36
Maturity Profile of State Debt	1.11.4	37
<b>Fiscal Imbalances</b>	<b>1.12</b>	<b>38</b>
Trends of Deficits	1.12.1	38
Components of Fiscal Deficit and its Financing Pattern	1.12.2	39
Quality of Deficit/Surplus	1.12.3	40
<b>Conclusion</b>	<b>1.13</b>	<b>40</b>
<b>Recommendations</b>	<b>1.14</b>	<b>43</b>
<b>CHAPTER-II</b>		
<b>FINANCIAL MANAGEMENT AND BUDGETARY CONTROL</b>		
<b>Introduction</b>	<b>2.1</b>	<b>45</b>
<b>Summary of Appropriation Accounts</b>	<b>2.2</b>	<b>45</b>
<b>Financial Accountability and Budget Management</b>	<b>2.3</b>	<b>47</b>
Appropriations <i>vis-à-vis</i> Allocative Priorities	2.3.1	47
Persistent Savings	2.3.2	51
Excess expenditure under schemes	2.3.3	52
Unutilised provisions under schemes	2.3.4	52
Excess over provisions relating to previous years requiring regularisation	2.3.5	52
Excess over provision during 2011-12 requiring regularisation	2.3.6	53
Unnecessary/Excessive/Inadequate supplementary provision	2.3.7	54
Excessive/unnecessary re-appropriation/ surrender of funds	2.3.8	54

<b>Description</b>	<b>Paragraph</b>	<b>Page No.</b>
Defective sanctions to re-appropriation/ surrender of funds	2.3.9	55
Substantial surrenders	2.3.10	55
Unrealistic and injudicious surrenders	2.3.11	55
Anticipated savings not surrendered	2.3.12	56
Rush of expenditure	2.3.13	56
Expenditure incurred without provision	2.3.14	57
Non-utilisation of Provision for New items of expenditure provided in the Budget	2.3.15	57
<b>Errors in budgeting</b>	<b>2.4</b>	<b>57</b>
Misclassification of budget provisions in demand for grant	2.4.1	57
Charged provision	2.4.2	58
<b>Non-fulfilment of the assurances made in the Budget Speech</b>	<b>2.5</b>	<b>58</b>
<b>Outcome of Review of Selected Grants</b>	<b>2.6</b>	<b>59</b>
<b>Conclusion</b>	<b>2.7</b>	<b>61</b>
<b>Recommendations</b>	<b>2.8</b>	<b>61</b>
<b>CHAPTER-III</b>		
<b>FINANCIAL REPORTING</b>		
<b>Delay in furnishing Utilisation Certificates</b>	<b>3.1</b>	<b>63</b>
<b>Delay in Submission of Accounts/Audit Reports of Autonomous Bodies</b>	<b>3.2</b>	<b>64</b>
<b>Misappropriation, Losses, Defalcations etc.</b>	<b>3.3</b>	<b>64</b>
<b>Pendency in submission of DCC Bills, Non- reconciliation of Departmental figures and Non- adjustment of Temporary Advances</b>	<b>3.4</b>	<b>66</b>
Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills	3.4.1	66
Reconciliation of Receipts and Expenditure	3.4.2	66
Non-adjustment of Temporary Advances	3.4.3	67
Delay in Rendition of Accounts	3.4.4	68

<b>Description</b>	<b>Paragraph</b>	<b>Page No.</b>
<b>Personal Deposit Accounts</b>	<b>3.5</b>	<b>68</b>
<b>Non-utilisation of Grants-in-Aid for State Specific needs recommended by the Thirteenth Finance Commission and parking of funds in Civil Deposit</b>	<b>3.6</b>	<b>69</b>
<b>Conclusion</b>	<b>3.7</b>	<b>70</b>
<b>Recommendations</b>	<b>3.8</b>	<b>70</b>

## APPENDICES

Sl. No.	Particulars	Page No.
1.1	State Profile (Madhya Pradesh)	73
1.2 PART-A	Structure of Government Accounts	74
1.2 PART-B	Statement showing apportionment of assets and liabilities of the erstwhile State of Madhya Pradesh as on 31 March 2012 between successor States of Madhya Pradesh and Chhattisgarh	75
1.3 PART-A	Methodology adopted for the assessment of fiscal position	76
1.3 PART-B	Fiscal Responsibility and Budget Management (FRBM) Act, 2005	77
1.3 PART-C	Trends in select fiscal indicators	79
1.4	Time series data on the State Government finances	80
1.5 PART-A	Abstract of receipts and disbursements for the year 2011-12	83
1.5 PART-B	Summarised financial position of the Government of Madhya Pradesh as on 31 March 2012	86
1.6	Details showing the cost of Operations and Maintenance charges (O&M) in respect of major components incurred in Non-Tax Revenue	88
1.7	Funds transferred directly from Government of India to Non-Government Organisations/ Voluntary Organisations for ₹ 25 lakh or more each during 2011-12	89
1.8	Financial position of Government Companies and Statutory Corporations as on 31 March 2012 running in loss for the latest year for which accounts were finalised	91
1.9	Details of subsidies payment during 2010-11 and 2011-12	93
1.10 PART A	Details of Incomplete Projects in which initial budgeted cost have been revised-Water Resources Department, Madhya Pradesh	95
1.10 PART B	Details of Incomplete Projects in which initial budgeted cost have not been revised-Water Resources Department, Madhya Pradesh	96
1.10 PART C	Details of incomplete projects in which initial budgeted cost have been revised-Narmada Valley Development Department, Madhya Pradesh	97

Sl. No.	Particulars	Page No.
2.1	Statement of various grants/appropriations where savings were more than ₹ 10 crore and also more than 20 per cent of the total provision	98
2.2 (A)	Statement of various schemes under grants/appropriations where expenditure was more than ₹ 10 crore each and also more than 20 per cent of the total provision	100
2.2 (B)	Cases of schemes in which entire provision of ₹ Five crore or more remained unutilised	104
2.3	Excess over provision of previous years requiring regularisation	112
2.4	Cases where supplementary provision (₹ 50 lakh or more in each case) proved unnecessary	114
2.5	Cases where supplementary provision proved excessive	116
2.6	Statement of various grant/appropriation where supplementary provision proved insufficient	118
2.7	Excessive/unnecessary re-appropriation/surrender of funds	119
2.8	Defective sanctions for re-appropriations/surrenders	124
2.9	Results of review of substantial surrenders made during the year	125
2.10 (A)	Surrenders (₹ one crore or more) in excess of actual savings	131
2.10 (B)	Surrenders even after excess over provision	131
2.11	Statement of various grants/appropriations in which savings occurred but no part of which had been surrendered	132
2.12	Details of saving of ₹ one crore and above not surrendered (Excluding the cases given in Appendix 2.11)	133
2.13	Cases of surrender of funds in excess of ₹ 10 crore on 30 and 31 March 2012	135
2.14	Rush of Expenditure	137
2.15	Statement showing transfer of funds to 8443-Civil Deposit-800-Other Deposit in respect of Central Scheme	141
2.16	Expenditure incurred without provision	144

<b>Sl. No.</b>	<b>Particulars</b>	<b>Page No.</b>
2.17 (A)	The amount of provision of more than ₹ three crore and above in each case under object head 63-Machines, 64-Major Construction Works and 45-Grants for creation of Capital Assets relating to Capital Section classified in Revenue Section	145
2.17 (B)	Statement showing provision more than ₹ three crore under 42-Grant-in-Aid and relating to Revenue Section classified in Capital Section	146
2.18	Substantial savings under schemes of selected grants	147
2.19	Substantial excess under schemes of selected grants	148
2.20	Cases where supplementary provision proved excessive under schemes of selected grants	149
3.1	Department - wise position of pending Utilisation Certificates upto March 2012	150
3.2	Statement showing status of accounts of the autonomous bodies	151
3.3	Department-wise/duration-wise break-up of the cases of misappropriation, defalcation, etc.	154
3.4	Department-wise details of cases of write-off for 2011-12	156
3.5	Department/category-wise details in respect of cases of loss to Government due to theft, misappropriation/loss of Government material	157
3.6	Pending DCC bills for the years up to 2011-12	159
	Glossary of Abbreviations	161