

## CHAPTER II

### FINANCIAL MANAGEMENT AND BUDGETRY 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 the budget. 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 by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution, is so charged. It also ascertains whether the expenditure incurred is in conformity with the law, relevant rules, regulations and instructions.

#### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2011-12 against 74 grants/ appropriations is given in **Table -2.1**.

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

(₹ in crore)						
1	2	3	4	5	6	7
<b>Voted</b>	<b>I Revenue</b>	23,481.77	1,956.90 <sup>1</sup>	25,438.67	21,459.52	(-)3,979.15
	<b>II Capital</b>	4,090.60	1,441.57	5,532.17	3,255.87	(-)2,276.30
	<b>III Loans and Advances</b>	2,229.83	148.80	2,378.63	2,125.25	(-)253.38
<b>Total Voted</b>		<b>29,802.20</b>	<b>3,547.27</b>	<b>33,349.47</b>	<b>26,840.64</b>	<b>(-)6,508.83</b>
<b>Charged</b>	<b>IV Revenue</b>	1,632.20	15.60	1,647.80	1,521.68	(-)126.12
	<b>V Capital</b>	0.66	3.46	4.12	3.51	(-)0.61
	<b>VI Public Debt-repayment</b>	1,042.70	0.00	1,042.70	852.49	(-)190.21
<b>Total Charged</b>		<b>2,675.56</b>	<b>19.06</b>	<b>2,694.62</b>	<b>2,377.68</b>	<b>(-)316.94</b>
<b>Appropriation to Contingency Fund (if any)</b>		0.00	0.00	0.00	0.00	0.00
<b>Grand Total</b>		<b>32,477.76</b>	<b>3,566.33</b>	<b>36,044.09</b>	<b>29,218.32</b>	<b>(-)6,825.77</b>

(Source: Appropriation Accounts 2011-12)

<sup>1</sup> Supplementary grant Appropriation of ₹1955.90 crore under Revenue Head has been revised to ₹1956.90 crore due to correction of misclassification of ₹ One crore in Major Head 2055 under Grant No.3 into Major Head 4055. Accordingly Supplementary grant Appropriation of ₹ 1,442.57 crore has been changed to ₹ 1,441.57 crore under Capital Head.

The overall savings of ₹ 6,825.77 crore was the result of savings of ₹ 6,878.35 crore in 65 grants and 43 appropriations under Revenue Section, 44 grants and five appropriations under Capital Section and one appropriation (Public Debt) under the Loan Section, offset by excess expenditure of ₹ 52.58 crore<sup>2</sup> in two grants under Revenue Section and three grants under the Capital Section.

Analysis of the above Table revealed that there was a difference of ₹ one crore in the booking of provision of Grant-in-aid (Grant number 03) in Capital Head instead of Revenue Head. On this being pointed out (December 2011 and January 2012) by the Accountant General (A&E) the Government rectified the discrepancy by issuing a corrigendum<sup>3</sup> (June 2012).

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit revealed that in 15 cases related to 13 grants, savings aggregating ₹ 1601.05 crore exceeded ₹ 10 crore or more in each case and also were more than 20 per cent of the total provisions. This included savings of ₹ 1,325.41 crore under seven grants exceeding ₹ 100 crore in each case, as detailed in *Appendix-2.1*.

Further, against the total savings of ₹ 6,878.35 crore, savings (₹ 50 crore and above) of ₹ 1,922.34 crore (27.95 per cent) occurred in 15 cases relating to 13 grants as indicated in **Table -2.2**.

**Table-2.2: List of Grants with Savings of ₹ 50 crore and above**

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Department	Original Grant	Supplementary Grant	Surrender	Total (4+5-6)	Actual Expenditure	Savings (excluding Surrender)
1	2	3	4	5	6	7	8	9
<b>Revenue Voted</b>								
1	19	Public Health and Family Welfare	580.42	6.72	Nil	587.14	513.54	73.60
2	24	Public Works Roads and Bridges	361.30	25.00	Nil	386.30	255.91	130.39
3	33	Tribal Welfare	973.50	13.07	30.90	955.67	859.35	96.32
4	41	Tribal Areas Sub-Plan	3,018.90	140.81	563.03	2,596.68	2,517.94	78.74
5	44	Higher Education	387.49	8.96	Nil	396.45	257.20	139.25
6	67	Public Works-Buildings	303.87	13.88	0.02	317.73	260.03	57.70
7	79	Expenditure pertaining to Medical Education Department	222.47	23.38	Nil	245.85	184.96	60.89
8	80	Financial Assistance to Three Tier Panchayati Raj Institutions	1,730.15	285.98	107.31	1,908.82	1,790.18	118.64

<sup>2</sup> Expenditure pertaining to Grant No. 06-Finance Department (₹ 3.92 crore), Grant No-21 Housing and Environment Department (₹ 45.26 crore), Grant No. 45-Minor Irrigation Works (₹ 1.49 crore), Grant No. 50- Departments Implementing 20 Point Programmes (₹ 0.08 crore), Grant No. 55-Women and Child Welfare (₹ 1.83 crore).

<sup>3</sup> Government of Chhattisgarh letter number 256/L 6-3/2009/Budget-4 Raipur- dated 11 June 2012

1	2	3	4	5	6	7	8	9
<b>Capital Voted</b>								
9	24	Public Works-Roads and Bridges	620.56	27.72	Nil	648.28	401.92	246.36
10	30	Expenditure pertaining to Panchayat and Rural Development Department	54.39	Nil	Nil	54.39	0.45	53.94
11	42	Public Works relating to Tribal Areas Sub-Plan-Roads and Bridges	397.83	Nil	Nil	397.83	165.12	232.71
12	48	Grants-in-Aid received as per the recommendations of Thirteenth Finance Commission	328.21	0.25	10.07	318.39	129.87	188.52
13	67	Public Works-Buildings	306.77	57.77	0.12	364.42	100.80	263.62
14	68	Public Works relating to Tribal Area Sub-Plan-Buildings	104.92	21.57	Nil	126.49	69.39	57.10
15	76	Externally Aided Projects pertaining to Public Works Department	180.00	2.00	Nil	182.00	57.44	124.56
<b>Total</b>			<b>9,570.78</b>	<b>627.11</b>	<b>711.45</b>	<b>9,486.44</b>	<b>7,564.10</b>	<b>1,922.34</b>

(Source: Appropriation Accounts 2011-12)

The reasons for savings were called for (May 2012) from the State Government and their reply is awaited (November 2012).

### 2.3.2 Persistent savings

In 12 cases (11 Grants) during the period 2007-08 to 2011-12, there were persistent savings of more than ₹ 10 crore in each case as shown in **Table-2.3**. The savings ranged between two and 72 per cent of the total of the respective grants in the year 2011-12 indicated that the budgeting was not realistic.

**Table -2.3: List of Grants having persistent savings during 2007-2012**

Sl. No.	Grant No.	Name of the Grant/Department	Amount of Savings					Total Provision during 2011-12	As a percentage of savings of 2011-12
			2007-08	2008-09	2009-10	2010-11	2011-12		
<b>Revenue Voted</b>									
1	10	Forest	20.40	44.11	23.62	34.10	12.01	630.93	2
2	20	Public Health Engineering	20.29	21.92	16.82	18.10	13.16	314.44	4
3	41	Tribal Areas Sub-Plan	238.89	258.32	212.90	295.37	78.74	3159.71	2
4	44	Higher Education	27.67	38.12	100.21	34.35	139.25	396.45	35
5	55	Expenditure pertaining to Women and Child Welfare	46.44	29.82	151.19	165.61	42.91	681.24	6
6	64	Special Component Plan for Scheduled Castes	116.76	80.44	60.64	117.25	37.19	1162.26	3
7	79	Expenditure pertaining to Medical Education Department	50.77	82.07	39.77	48.81	60.89	245.85	25

Capital Voted									
8	24	Public Works-Roads and Bridges	55.79	135.42	124.04	40.93	246.36	648.28	38
9	41	Tribal Areas Sub-Plan	69.34	116.26	117.83	33.22	30.98	1469.81	2
10	42	Public Works relating to Tribal Area Sub-Plan Roads and Bridges	74.89	139.91	133.50	115.70	232.71	397.83	58
11	67	Public Works-Buildings	49.66	53.31	52.14	57.55	263.62	364.55	72
12	68	Public Works relating to Tribal Area Sub-Plan-Buildings	39.30	75.45	73.92	38.92	57.10	126.49	45

(Source: Appropriation Accounts of respective years)

### 2.3.3 Excess over provisions relating to previous years (2000-11) 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 regularised by the State Legislature. However, excess expenditure amounting to ₹ 1,635.38 crore for the period 2000-11 was yet to be regularised (November 2012) as detailed in *Appendix-2.2*.

### 2.3.4 Excess over provisions during 2011-12 requiring regularisation

**Table-2.4** presents a summary of total excess over provision of funds in 24 grants and one appropriation amounting to ₹ 498.09 crore during 2011-12, which requires regularisation under Article 205 of the Constitution.

**Table -2.4: Excess over provisions requiring regularisation during 2011-12**  
(₹ in crore)

Sl. No	Grant No.	Name of Grant/Department	Total Grant/ Appropriation (Excluding surrender)	Actual Expenditure	Excess
1	2	3	4	5	6
<b>Revenue Voted</b>					
1	1	General Administration	83.27	83.72	0.45
2	2	Other Expenditure Pertaining to General Administration Department	8.65	9.12	0.47
3	6	Expenditure pertaining to Finance Department	1,706.60	1,917.07	210.47
4	7	Expenditure pertaining to Commercial Tax Department	171.71	188.26	16.55
5	15	Financial Assistance to Three tier Panchayati Raj Institutions under Special Component Plan Scheduled Caste	91.37	95.18	3.81
6	17	Co-operation	79.97	81.32	1.35
7	18	Labour	27.56	27.67	0.11
8	21	Expenditure pertaining to Housing and Environment Department	17.71	18.21	0.50
9	22	Urban Administration and Development Department Urban Bodies	2.57	2.69	0.12
10	23	Water Resources Department	278.85	284.77	5.92
11	27	School Education	2,152.31	2,174.07	21.76
12	29	Administration of Justice and Elections	115.28	116.61	1.33
13	34	Social Welfare	31.00	31.78	0.78
14	40	Expenditure pertaining to <i>Ayacut</i> Department	4.51	4.55	0.04

1	2	3	4	5	6
15	43	Sports and Youth Welfare	15.62	15.65	0.03
16	45	Minor Irrigation Works	41.82	45.48	3.66
17	50	Expenditure pertaining to 20-Point Implementation Department	1.69	1.77	0.08
18	53	Financial Assistance to Urban Bodies under Special Component Plan for Scheduled Castes	7.54	7.69	0.15
19	66	Welfare for Backward Classes	78.14	78.64	0.50
20	81	Financial Assistance to Urban Bodies	959.38	980.49	21.11
21	83	Financial Assistance to Urban Bodies under Tribal Area Sub-Plan	20.87	22.18	1.31
<b>Revenue Charged</b>					
22	29	Administration of Justice and Elections	19.49	19.52	0.03
<b>Capital Voted</b>					
23	6	Expenditure pertaining to Finance Department	14.22	18.14	3.92
24	21	Expenditure pertaining to Housing and Environment Department	255.81	393.31	137.50
25	23	Water Resources Department	282.43	310.94	28.51
26	45	Minor Irrigation Works	278.13	313.79	35.66
27	47	Technical Education and Manpower Planning Department	9.07	9.20	0.13
28	55	Expenditure pertaining to Women and Child Welfare	9.45	11.28	1.83
29	80	Financial Assistance to Three tier Panchayat Raj Institutions	0.15	0.16	0.01
<b>Total</b>			<b>6765.17</b>	<b>7263.26</b>	<b>498.09</b>

(Source: Appropriation Accounts 2011-12)

The reasons for excess over provisions were called for (May 2012) from the State Government and their reply is awaited (November 2012).

### 2.3.5 Unnecessary/ inadequate supplementary provisions

Supplementary provisions aggregating ₹ 1,448.71 crore obtained in 48 cases (₹ 50 lakh or more in each case) during the year 2011-12, proved unnecessary as the expenditure did not come up even to the level of the original provision as detailed in *Appendix-2.3*.

In 16 cases, supplementary provisions of ₹ 422.13 crore proved insufficient (by more than ₹ one crore in each case) leaving an aggregate uncovered excess expenditure of ₹ 340.70 crore as shown in *Appendix-2.4*.

### 2.3.6 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 in 160 schemes, there were excess/savings of more than ₹ one crore and above after re-appropriation, of which, in 17 schemes, the excess/savings were more than ₹ 20 crore as detailed in *Appendix-2.5*. This indicates that the estimates were not properly assessed, as even after the withdrawal/ augmentation of funds through re-appropriation, there were final savings/ excess in the grants.

### **2.3.7 Substantial surrenders**

Substantial surrenders (more than 50 *per cent* of the total provisions) were made in respect of 255 schemes on account of non-implementation or slow implementation of the schemes/programmes. Out of the total provisions amounting to ₹ 3,653 crore for these schemes, ₹ 3,020.90 crore (82.70 *per cent*) was surrendered, which included cent *per cent* surrenders in 102 schemes. This indicated that budgeting was not done with due prudence. The details are given in *Appendix-2.6*.

### **2.3.8 Surrender in excess of actual savings**

In 13 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 ₹ 937.71 crore, the amount surrendered was ₹ 1,286.77 crore, resulting in excess surrender of ₹ 349.06 crore. The details are given in *Appendix-2.7*. The concerned Departments did not furnish reasons/explanations regarding surrenders (November 2012) in excess of the actual savings.

### **2.3.9 Anticipated savings not surrendered**

At the close of the year 2011-12, there were 19 grants and one appropriation in which savings of more than ₹ one crore had occurred but no part of the same was surrendered by the concerned Departments. The total amount involved in these cases was ₹ 1,324.84 crore (19.26 *per cent* of the total savings of ₹ 6,878.35 crore) as detailed in *Appendix-2.8*.

Similarly, out of the savings of ₹ 3,709.22 crore under 21 other grants (after surrender, savings of ₹ one crore and above in each grant), amounts aggregating ₹ 1,130.42 crore (30.48 *per cent* of above savings) were not surrendered as detailed in *Appendix 2.9*.

Besides, in 32 cases (surrender of funds in excess of ₹ 10 crore in each case) ₹ 3,832.17 crore was surrendered on the last day of March 2012, as detailed in *Appendix-2.10*. This is indicative of inadequate financial control and consequent blocking of funds thereby resulting in non-availability of funds for alternative developmental purposes. The Departments did not furnish reasons/explanations regarding surrender of savings on the last day of the financial year.

### **2.3.10 Injudicious surrender**

In two grants (Grant numbers 45 and 21), an expenditure of ₹ 438.79 crore was incurred against the provision of ₹ 392.04 crore, resulting in excess expenditure of ₹ 46.74 crore. In spite of this, an amount of ₹ 94.41 crore was surrendered under these grants, which was injudicious. The details are given in *Table-2.5*.

**Table -2.5: Injudicious surrender**(*₹ in crore*)

Sl. No	Grant No.	Name of Grant	Total provision	Expenditure	Excess expenditure	Amount surrendered
1	2	3	4	5	6	7
<b>A - Revenue Voted</b>						
1	45	Minor Irrigation Works	43.99	45.48	1.48	2.17
<b>B-Capital Voted</b>						
2	21	Expenditure pertaining to Housing and Environment Department	348.05	393.31	45.26	92.24
<b>Total -</b>			<b>392.04</b>	<b>438.79</b>	<b>46.74</b>	<b>94.41</b>

(Source: Appropriation Accounts 2011-12)

**2.3.11 Rush of expenditure**

Rush of expenditure, particularly in the closing month of the financial year should be avoided. Contrary to this, in 35 Major Heads, expenditure during the last quarter was more than 50 *per cent* of the total expenditure and exceeded ₹ 10 crore in each case, while in 20 cases, the expenditure in the last month of the financial year was more than 50 *per cent* of the total expenditure as detailed in *Appendix-2.11*.

**2.4 Outcome of review of selected grants**

A review of Grant No.- 21 Expenditure pertaining to Housing and Environment Department and Grant No.-44 Expenditure pertaining to Higher Education Department for the year 2011-12 revealed that:

**2.4.1 Excess expenditure over provision**

During 2011-12, under Grant Number 44 an expenditure of ₹ 10.98 lakh was incurred against the total provision of ₹ 10.10 lakh which had resulted in excess expenditure of ₹ 0.88 lakh (8.75 *per cent*). On being pointed out (September 2012), the Joint Director (Finance), Higher Education Department stated (September 2012) that information has been called for from the branches. Final reply is awaited (November 2012).

**2.4.2 Injudicious supplementary provision**

A provision of ₹ 130 lakh was made under Grant Number 44 (2202-03-104-0101-3444-Maintenance grant to Colleges) and supplementary provision of ₹ 36 lakh was also made during the year. However, at the end of 2011-12 an amount of ₹ 60 lakh remained unspent indicating injudicious supplementary provision.

On this being pointed out (September 2012), the Department accepted (September 2012) the facts, but did not furnish the reasons for injudicious supplementary provisions.

**2.4.3 Non-reconciliation of departmental expenditure figures**

As per the instruction issued (August 2010) by the Finance Department, Government of Chhattisgarh, the Departments should invariably reconcile

their expenditure under different heads of accounts with the figures booked by the Accountant General (A&E).

A review of Grant No. 44 however revealed that departmental figures mentioned under the following heads were not reconciled as shown in the **Table-2.6**.

**Table-2.6: Non-reconciliation of expenditure**

(₹ in lakh)

Heads of Account	Expenditure as per AG (A&E)	Expenditure as per Department	Difference Excess(+)/Less(-)
2202-03-001-3443 Higher Education	250.09	250.54	(+) 0.45
2202-03-001-701-3753NSS	308.60	307.14	(-) 1.46
2202-03-103-798 Arts, Science and Commerce College	14179.93	13441.80	(-)738.13
2202-03-103-0101-798 Arts,Science and Commerce College	3286.34	2920.27	(-)366.07
<b>Total</b>	<b>18024.96</b>	<b>16919.75</b>	<b>(-) 1105.21</b>

(Source: Appropriation Accounts 2011-12 and departmental figures)

On this being pointed out (September 2012), the Joint Director (Finance), Higher Education Department stated (September 2012) that reconciliation had not been done due to shortage of staff in the Budget Section. It further added that the departmental figures are based on manual compilation of figures received from the various colleges and hence, there is a possibility of error.

#### 2.4.4 Rush of expenditure

Rush of expenditure, particularly in the closing month of the financial year should be avoided. The review of the Grant Number 44 revealed that under the following two heads relating to Higher Education Department, funds to the extent of 98 to 100 per cent were utilised in the month of March as detailed in **Table-2.7**.

**Table-2.7: Rush of expenditure**

(₹ in lakh)

Major Head	Total expenditure	Expenditure during 2011-12		Percentage of expenditure during- 2011-12	
		Last quarter	March	Last quarter	March
2202-03-103-0101-4120 Maintenance expenditure for development of Government colleges assistance of UGC	2	2	2	100	100
2202-03-103-0101-5671 BPL book bank scheme	28.28	28.28	27.78	100	98.23

(Source: Departmental figures)

On this being pointed out in Audit, the Department did not furnish (November 2012) any specific reply with regard to expenditure incurred in the last month of the financial year.



### 2.4.5 Inflated budget provisions and non-surrender of savings

The Department should surrender appropriation or portions thereof, which are not likely to be required during the financial year, as soon as lapses or savings are foreseen.

During review of Grant Number 44 we observed that during the year 2011-12, a budget provision of ₹ 1.96 crore was made under the minor heads mentioned below against which, cent *per cent* savings had occurred. However, the Higher Education Department had not surrendered the savings of ₹ 1.96 crore as detailed in **Table-2.8**.

**Table-2.8: Non-surrender and unspent provisions under Grant No-44**

(₹ in lakh)

Major Head	Total provision	Expenditure	Savings (per cent)
2202-03-102-0101-6891- <i>Chhattisgarh Sahitya Academy</i>	10	Nil	100
2202-03-102-0161-7483- <i>Kaushal Vikas Yojana</i>	10	Nil	100
2202-03-102-0101-7484- <i>Bilaspur Vishwavidyalaya</i>	100	Nil	100
2202-03-104-0101-5715- <i>Pratiyogita Parikshaon hetu Coaching Sansthaen</i>	50	Nil	100
2202-03-800-0101-5550- <i>Niji Kshetra Vishwavidyalaya Niyamak Ayog</i>	25	Nil	100
2202-05-102-0801-5716- <i>Hindi Granth Academy</i>	1	Nil	100
<b>Total</b>	<b>196</b>		

(Source: Appropriation Account and Departmental figures)

On this being pointed out (September 2012), the Joint Director (Finance), Higher Education Department stated (September 2012) that the budget provisions could not be utilised due to non-establishment of *Chhattisgarh Sahitya Academy* and University in Bilaspur, non-release of funds by the Government in respect of *Hindi Granth Academy* and *Niji Kshetra Vishwavidyalaya* and non receipt of proposal for establishment of coaching institute in respect of *Pratiyogita Parikshaon hetu Coaching Sansthaen*. However, no reply in respect of *Kaushal Vikas Yojana* was furnished by the Department.

### 2.4.6 Irregular drawal of fund of ₹ 50 lakh

The Housing and Environment Department, Government of Chhattisgarh had sanctioned eight posts for establishment of Arpa Special Area Development Authority (ASADA) in March 2011 and allocated ₹ 50 lakh as Grant-in-aid under Grant number 21 (expenditure pertaining to Housing and Urban Development) for Pay and Allowances of the staff. As per the sanction order (March 2011), the funds were to be drawn by the Director, Town and Country Planning (DTCP).

We observed that the DTCP intimated (June 2011) to the Principal Secretary, Housing and Environment Department, Government of Chhattisgarh that the cheque of ₹ 50 lakh received from the Treasury could not be deposited into the bank till 31 March 2011. The Treasury Officer informed the Joint Director

(DTCP) that the cheque had lapsed on 1 April 2011. However, the sum of ₹ 50 lakh was subsequently drawn from the Treasury by submitting a duplicate bill for ₹ 50 lakh in May 2011.

We further observed from the Appropriation Accounts for the year 2010-11 that the entire provision of ₹ 50 lakh under the scheme head 7411-Grant to Development Authorities was surrendered. Similarly, in the Appropriation Accounts for the year 2011-12 the entire provision of ₹ one crore under the said scheme was surrendered. However, an amount of ₹ 50 lakh was also shown as expenditure though there was no budget provision for the same. Thus, there was irregular drawal of the sum of ₹ 50 lakh in the financial year 2011-12 through a duplicate bill in May 2011.

On this being pointed out, (September 2012), the Assistant Director (Establishment), Town and Country Planning stated (September 2012) that the cheque issued by the Treasury could not be deposited into the bank on 31 March 2011. Subsequently, the fund was drawn through a duplicate bill from the Treasury on 30 May 2011 and deposited in the account of the ASADA.

The reply, however, did not explain the circumstances under which the sum of ₹ 50 lakh was drawn in 2011-12 without any budget provision.

#### **2.4.7 Non-obtaining of utilisation certificates**

Rule 182 and 229 (f) of the Chhattisgarh State Financial Rules provides that Utilisation Certificates (UCs) for grants provided for specific purposes should be obtained by the departmental officers from the grantees and forwarded to the Accountant General (A&E), after verification, within 18 months from the date of their sanction unless specified otherwise.

During scrutiny of records we observed that during the period 2009-11, under Grant Number-44, an amount aggregating to ₹ 2.15 crore was given as grants to two Universities, eight ad-hoc Colleges and one *Hindi Granth* Academy as shown in **Appendix-2.12**. However, Utilisation Certificates (11), as envisaged in the financial rules *ibid* were not obtained from the grantees since 2009-10 till date (September 2012).

On this being pointed out (September 2012), the Joint Director (Finance), Higher Education Department stated (September 2012) that UCs have been called for from the grantees and would be furnished on receipt. However, further reply is awaited (November 2012).

#### **2.4.8 Drawal of Grants-in aid on simple receipt bill forms**

As per Rule 426 of the Madhya Pradesh Treasury Code (MPTC), as adopted by the Government of Chhattisgarh, the Grants-in-aid amounts should be drawn on Form Number MPTC 46. Further Rule 182 of the Chhattisgarh State Financial Code also provides that utilisation certificates (UCs) for Grants provided under Grants-in-aid for specific purposes should be obtained by the departmental officers from the grantees and forwarded to the Accountant General (A&E), Chhattisgarh after verification, within 18 months from the date of their sanction unless specified otherwise.

Further, as per Rule 282 of the MPTC a Government officer who has to make payments for contingent expenditure, may make payments out of permanent advance on a simple receipt bill form (MPTC 76). Our scrutiny (August and September 2012) of records of Director, Town and Country Planning and Commissioner, Higher Education, however, revealed that during 2011-12 an amount of ₹ 2.02 crore sanctioned as Grant-in-aid (Object Head-14<sup>4</sup>) under Grant Numbers-21 and 44 were drawn on Form number MPTC -76. Since the funds were sanctioned as Grant-in-aid, the same should have been drawn on Form number MPTC-46, but the two Departments had drawn the said amount on form number MPTC-76, thereby escaping the rigours of utilisation certificate to AG (A&E), Chhattisgarh. The details of simple receipt bills of ₹ 2.02 crore drawn on Form number MPTC-76 are given in **Table-2.9**

**Table-2.9: Details of Funds drawn irregularly on Simple Receipt Bills (MPTC-76) under Grant Nos-21 & 44**

( ₹ in crore )

Major Head	Grant No.	Voucher No./ Month	Amount
2217-05-800-0101-7411-14-012	21	5/2011	0.50
2217-01-051-1201-7334-14-012	21	7/2011	0.15
2217-01-051-1201-7334-14-012	21	1/2012	0.07
2202-03-104-3444-14-002	44	1/2012	0.22
2202-03-103-101-798-14-012	44	1/2012	0.01
2202-03-104-0101-3444-14-001	44	2/2012	0.36
2202-03-104 0101-3444-14-001	44	3/2012	0.65
2202-03-104-0101-3444-14-001	44	3/2012	0.05
2202-03-103-0101-798-14-012	44	2/2012	0.01
<b>Total</b>			<b>2.02</b>

On this being pointed out (August 2012), the Joint Director (Finance), Higher Education Department stated (September 2012) that bills were prepared by the concerned colleges and drawals were made by the concerned treasuries. The Assistant Director (Establishment), TCP, while accepting the mistake, stated (August 2012) that it is noted for future compliance.

## 2.5 Preparation of budget estimates

### 2.5.1 Introduction

The Finance Department issues instructions every year for submission of necessary information and data relating to requirement of funds for the next financial year, by the respective Departments. The Heads of Departments and other Controlling Officers prepare the budget estimates, as per the instructions issued by the Finance department, for each Head of account and forward the same to the Finance department for finalisation. On the basis of the Estimates submitted by the various Departments, the budget estimates are prepared by the Finance Department for submission to the State Legislature.

Analysis of the information collected (November 2012) regarding preparation and submission of budget estimates from four randomly selected Administrative Departments (Higher Education, Scheduled Tribe and

<sup>4</sup> Object Head-14 represents Grant-in-aid.

Scheduled Caste Development, Public Works and Agriculture Departments) at the State level revealed the following:

### 2.5.2 Inaccurate Budgeting

As per paragraph 25 of Budget Manual of Madhya Pradesh as adopted by Chhattisgarh, the estimates should be framed on the basis of the expenditure likely to be incurred in the coming year on account of the officers and subordinates likely to be on duty and the actual pay likely to be drawn by them, irrespective of the sanctioned strength.

Analysis of the data furnished by three Departments (Higher Education, Scheduled Tribe and Scheduled Caste Development and Agriculture Departments)<sup>5</sup> revealed that the budget estimates of pay and allowances of these three departments were prepared on the basis of sanctioned strength which resulted in surrender of a sum of ₹ 104.68 crore.

The Scheduled Tribe and Scheduled Caste Development Department stated (November 2012) that the budget for pay and allowances was prepared on the basis on actual persons-in-position. The reply of the Tribal Development Department was not in conformity with the status given by them in the Surrender Statement for the year 2011-12 submitted to the AG (A&E), Chhattisgarh, which indicates heavy surrenders under the head Pay and Allowances due to non filling up of the vacant posts.

### 2.5.3 Non-adherence to the principles governing preparation of Departmental estimates

As per Para 20 of the MP Budget Manual, as adopted by Chhattisgarh, the budget for the coming year should be prepared on the basis of average of the actuals of the past three years. However, the budget estimates for expenditure were prepared on the basis of expenditure incurred during four months of the previous year and eight months of the current year. Analysis of the budget estimates for the expenditure of four departments revealed wide variations indicating unrealistic preparation of estimates as shown in **Table-2.10** below.

**Table-2.10: Details of variations in the estimated expenditure vis-à-vis actual expenditure**

(₹ in crore)

Year	Estimated Expenditure	Actual Expenditure	Percentage of variation (-/+)
<b>Agriculture Department</b>			
2007-08	302.15	206.12	-32
2008-09	446.28	353.15	-21
2009-10	552.06	417.79	-24
2010-11	897.10	746.06	-17
2011-12	885.36	685.75	-23
<b>Tribal Development Department</b>			
2007-08	1383.72	1249.98	-10
2008-09	1697.92	1406.74	-17
2009-10	2018.05	1837.23	-9
2010-11	2464.35	2205.08	-11
2011-12	2957.75	2581.04	-15

<sup>5</sup> Information was not furnished by Public Works Department

Year	Estimated Expenditure	Actual Expenditure	Percentage of variation (-/+)
<b>Public Works Department</b>			
2007-08	1976.86	1752.95	-11
2008-09	2186.12	1670.44	-24
2009-10	1996.88	1554.67	-22
2010-11	1840.59	1508.58	-18
2011-12	2356.95	1346.22	-43
<b>Higher Education Department</b>			
2007-08	153.09	73.89	-52
2008-09	152.27	102.11	-33
2009-10	189.37	136.43	-28
2010-11	248.84	314.11	+26
2011-12	444.57	246.16	-45

(Source: Information collected from the Departments)

It may be seen from the above Table that the percentage of variation in budget estimates and actual expenditure ranged between nine and 52 per cent during 2007-12 pertaining to the above four Departments, which is indicative of unrealistic budget preparation.

## 2.6 Conclusion

During 2011-12, an expenditure of ₹ 29,218 crore was incurred against total grants and appropriations of ₹ 36,044 crore, resulting in savings of ₹ 6,826 crore. The overall savings were the net result of savings of ₹ 6,878 crore, off-set by excess of ₹ 52.58 crore. The excess expenditure incurred required regularisation under Article 205 of the Constitution of India.

In 13 cases, a total amount of ₹ 349 crore was surrendered in excess of the actual savings. In 19 grants and one appropriation, savings amounting to ₹ 1,325 crore were not surrendered, while in 32 cases, surrender of funds amounting to ₹ 3,832 crore were made on the last working day of the financial year. Similarly, out of the total savings of ₹ 3,709 crore under 21 other grants, only ₹ 2,579 crore was surrendered. Despite excess expenditure of ₹ 46.74 crore, there was surrender of ₹ 94.41 crore in case of two grants. Cent per cent saving of the budget provision of ₹ 1.96 crore under Grant number 44 was not surrendered by the Higher Education Department during 2011-12. Grants-in-aid of ₹ 2.02 crore were drawn by two departments on simple receipt forms thereby bypassing the requirement for submission of utilisation certificates.

## 2.7 Recommendations

- Budgetary control mechanism should be strengthened in all the Government Departments. Realistic budget estimates should be prepared in order to avoid large savings/ excesses and re-appropriation/surrender orders at the end of the financial year.
- Regular flow of expenditure should be maintained to avoid rush of expenditure at the fag end of the financial year.
- Excess expenditure pending since the year 2000-01 should be got regularised on priority.