

EXECUTIVE SUMMARY

Based on the audited accounts of the Government of Chhattisgarh for the year ended 31 March 2014, this Report provides an analytical review of the Annual Accounts of the State Government. The financial performance of the State has been assessed based on the Fiscal Responsibility and Budget Management (FRBM) Act, 2005, as amended in 2011, Budget documents, Medium Term Fiscal Policy Statement, Economic Review norms recommended by the Thirteenth Finance Commission (ThFC) and other financial data obtained from various Government departments and organisations. The Report is structured in three Chapters.

Chapter - 1 is based on the audit of Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2014. 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 account of the funds transferred by the Government of India (GOI) directly to the State implementing agencies through the off-budget route.

Chapter - 2 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.

Chapter - 3 is an inventory of the Chhattisgarh Government's compliance with various reporting requirements and financial rules.

Audit Findings

Chapter: 1 Finances of the State Government

Fiscal Situation

- The growth rate of Gross State Domestic Product (GSDP) during 2013-14 was 13.21 *per cent* against the Thirteenth Finance Commission (ThFC) projection of 12.50 *per cent*.
- The State had a Revenue Deficit of ₹ 809 crore during 2013-14 and it failed to maintain zero revenue deficit as envisaged in the ThFC and FRBM targets. Fiscal Deficit (₹ 5,057 crore) was 2.73 *per cent* of GSDP during 2013-14, which was well within the three *per cent* estimated under FRBM Act and ThFC projection.
- The Revenue Receipts (₹ 32,050 crore) grew at 8.36 *per cent* in 2013-14 compared to growth of 14.35 *per cent* in previous year.

Transfer of funds to State Implementing Agencies

- Government of India directly transferred ₹ 4,046.30 crore to the State Implementing Agencies during 2013-14 for implementing various schemes. These funds were not routed through State Budget.

Expenditure Management and Fiscal priorities

- Revenue Expenditure was 85 *per cent* of the Total Expenditure (₹ 38,757 crore) and 18 *per cent* of GSDP during 2013-14. Share of Plan Revenue Expenditure in Total Revenue Expenditure decreased from 46 *per cent* in 2012-13 to 42 *per cent* in 2013-14. Non-plan Revenue Expenditure (₹ 19,110 crore) increased by 32 *per cent* in 2013-14 over the previous year and constituted 58 *per cent* of Revenue Expenditure.
- During 2013-14, Capital Expenditure decreased by seven *per cent* over the previous year. The decrease was mainly under Capital Outlay on Power Projects, Urban Development and Water Supply and Sanitation.
- Financial assistance by the State to Local Bodies and other institutions increased from ₹ 7,043.85 crore in 2012-13 to ₹ 7,650.73 crore during 2013-14. The expenditure on subsidies increased by ₹ 1,365 crore (76 *per cent*).

Incomplete projects

- Expenditure of ₹ 4,198 crore incurred on 166 incomplete projects of Public Works and Water Resources remained unfruitful as of 31 March 2014.

Return of Government investments

- As of 31 March 2014, Government of Chhattisgarh invested ₹ 1,866.44 crore in Government Companies, Co-operatives, Banks and Societies etc. The return (₹ 14.21 crore) on investment was 0.76 *per cent* against average borrowings cost of 6.12 *per cent* during the year.

Fiscal Liabilities

- During 2013-14, Fiscal Liabilities of the State (₹ 24,902 crore) grew by 29.24 *per cent* over the previous year. The Fiscal Liabilities were 13.46 *per cent* of GSDP as compared to 11.79 *per cent* of GSDP during previous year.

Debt Management

- The net availability of borrowed funds increased from ₹ 1,012 crore in 2012-13 to ₹ 4,283 crore in 2013-14. The ratio of Interest Payments to Revenue Receipts increased from 3.90 in 2012-13 to 4.22 *per cent* in 2013-14.

Chapter: 2 Financial management and budgetary control

- There were large savings of ₹ 10,171.76 crore during 2013-14 indicating improper budget estimation. Persistent savings for the last five years were also noticed in 10 grants related to Social Services and Economic Services.

Advances from Contingency Fund

- Advances amounting ₹ 32.84 crore on 13 occasions were withdrawn from Contingency Fund during 2013-14 to meet expenditure which was neither unforeseen nor of emergent nature.

Excess over provisions during 2013-14 requiring regularisation

- Excess expenditure of ₹ 178.96 crore was incurred over provisions during 2013-14 in five grants/appropriations, which requires regularisation under Article 205 of the Constitution of India. Besides, excess expenditure of ₹ 2,134.43 crore occurred during 2000-13 was still to be regularised.

Chapter: 3 Financial Reporting

Outstanding Utilisation Certificates against the Grants

- Large number of Utilisation Certificates (14902) in respect of grants given for by the State Government amounting to ₹ 8,864.38 crore were awaited from the grantee institutions, indicating lack of proper monitoring by the concerned Departments in the utilisation of grants.

Drawal of funds on Abstract Contingent Bills

- An amount of ₹ 63.13 crore drawn on Abstract Contingent (AC) bills during 2012-14 remained outstanding as of March 2014 due to non submission of Detailed Contingent bills.

Maintenance of Personal Deposit Account

- There was significant closing balance of ₹ 1,665.62 crore in 322 Personal Deposit (PD) Accounts at the end of March 2014. PD Accounts were continued even after close of the financial year in violation of Chhattisgarh Treasury Code.