

Chapter III: Budgetary Management

3.1 Introduction

This chapter reviews the integrity, transparency and effectiveness of the budgetary process and allocative priorities, including supplementary grants, and the concomitant financial management and assessing whether decisions taken at the policy level are implemented at the administrative level without diversion of funds.

3.2 Budget Process

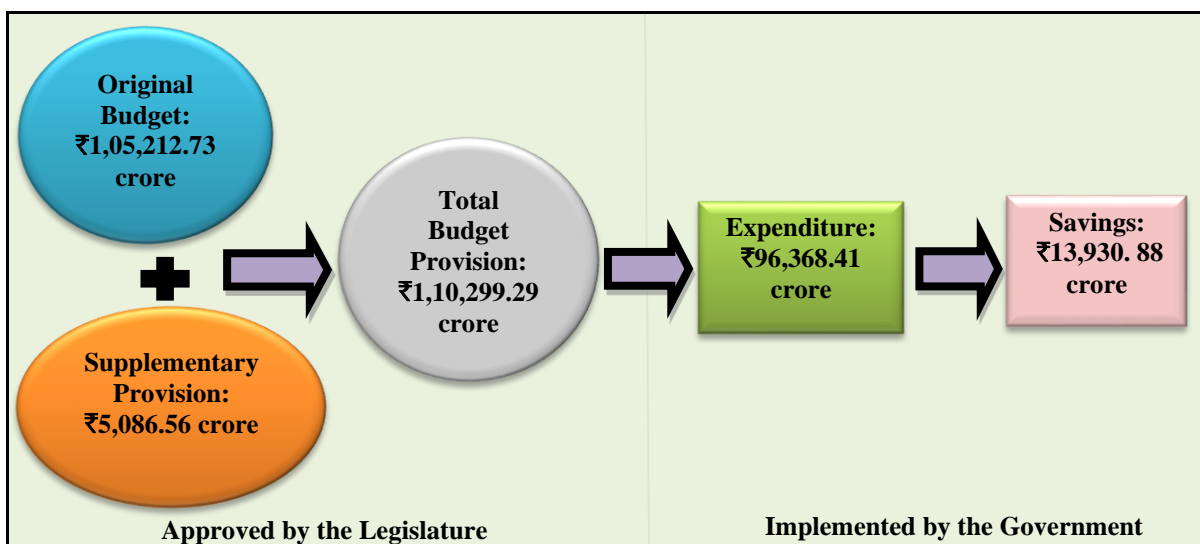
The annual exercise of budgeting is a tool for detailing the roadmap for efficient use of public resources. Government of Chhattisgarh follows a top-down approach for budget preparation. The process followed by the State for budget preparation is broadly as follows:

- ✦ At the beginning of the financial year, Finance Department undertakes a preliminary assessment of the financial resources that are likely to be available with the State in the ensuing financial year based on past trends with due consideration of policy announcements by the Union and State Governments and any recent developments that may significantly impact resource availability.
- ✦ Based on the quantum of resources estimated, Finance Department determines the affordable level of Government expenditure for the financial year.
- ✦ The Budget Circular includes the calendar of dates for submission and review of estimates to be prepared by departments. It is also accompanied by procedural details for the preparation of the Gender, Child, Youth, Agriculture and Outcome Budgets.
- ✦ Thereafter, Finance Department carries out the evaluation of the State's financial resources based on guidelines issued by the *Niti Ayog*. Various inputs from revenue-earning departments are also incorporated in these estimates. An estimation of resources of local bodies and State PSUs is also made. On receiving budget estimates of expenditure from departments, Finance Department scrutinizes and finalizes these estimates for which it holds discussions with department officials.

The estimates are compiled by Finance Department in prescribed formats in which they are to be presented to the Legislative Assembly for vote and approval for expenditure out of the Consolidated Fund of the State by presenting its Annual Budget and Demands for Grants/Appropriations. Supplementary or Additional Grant/Appropriation is provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount. Further, the State Government also re-appropriates/re-allocates funds from various units of Appropriations where savings are anticipated to units where additional expenditure is envisaged (within the Grant/Appropriation) during the year.

The total budget approved by the State Legislature including the original and supplementary budgets, expenditure, and savings during the year 2021-22 are depicted in **Chart 3.1**.

Chart 3.1: Summary of Budget and Expenditure of Chhattisgarh for 2021-22



3.3 Financial Accountability and Budget Review

3.3.1 Gender Budget

Gender budget is a part of the overall budget and is designed to aid the development of women. Schemes related to women are divided into two categories- (1) Women-specific schemes in which 100 *per cent* budget provision is related to women and (2) Pro-women schemes in which at least 30 *per cent* of budget provision is related to women.

During 2021-22, the State Government allocated ₹530.85 crore (original budget only) for 23 schemes which are 100 *per cent* women-centric. Out of the total budget of ₹530.85 crore, only ₹471.58 crore (88.83 *per cent*) was utilised and remaining ₹59.27 crore (11.17 *per cent*) was either surrendered or re-appropriated. Details are shown in *Appendix 3.1*.

The budget provision of ₹13,296.86 crore for 114 schemes in which a part of the budget (minimum 30 *per cent*) was to be spent on pro-women schemes during 2021-22 did not provide details of distinct sub-heads or object heads. Thus, the actual amount spent on women-centric schemes could not be verified during audit.

3.3.2 Youth Budget

Youth budget is a part of the overall budget and the schemes related to youth were divided into two categories- (1) Youth-specific schemes in which 100 *per cent* budget provision is related to youth, and (2) Pro-youth schemes in which at least 50 *per cent* of budget provision is related to youth.

During 2021-22, State Government made a budget provision of ₹1,464.64 crore (original

budget of ₹1,419.84 crore and supplementary budget of ₹44.80 crore) for 50 schemes which are 100 *per cent* youth-centric. Out of the total budget of ₹1,464.64 crore, only an expenditure of ₹719.73 crore (49.14 *per cent*) was incurred, and remaining ₹744.91 crore (50.86 *per cent*) was either surrendered or re-appropriated. Details are shown in **Appendix 3.2**.

The budget provision of ₹2,866.37 crore for 51 schemes in which a part of the budget (minimum 50 *per cent*) was to be spent on pro-youth schemes during 2021-22 did not specify distinct sub-heads or object heads. Thus, the actual amount spent on youth-centric schemes could not be verified in audit.

3.3.3 Agriculture Budget

This budget includes the development of agriculture sector and the interests of farmers' activities as well as information on expenditure on these activities.

During 2021-22, the State Government provided ₹19,313.63 crore in the budget (original budget of ₹18,513.39 crore and supplementary budget of ₹800.23 crore) for 261 schemes for agriculture under 13 departments¹. Out of this budget, an expenditure of ₹16,046.29 crore (83.08 *per cent*) was incurred and remaining ₹3,267.34 crore (16.92 *per cent*) was either surrendered or re-appropriated.

3.3.4 Child Budget

The state government has introduced child budget for the first time to provide adequate budget to about 80 lakh children in the state. Investing in children and adolescents is critical to achieving inclusive, equitable and sustainable development for the present and future generations and efficient spending ensures that the rights of all children are promoted and protected. Chhattisgarh has also incorporated this in its CG SDG (Chhattisgarh Sustainable Development Goals) Vision till 2030.

During 2021-22, the State Government provided ₹3,532.55 crore in the budget for 45 schemes under six departments². Out of this, a budget of ₹51.45 crore was allocated for 11 schemes which are 100 *per cent* child-centric. An expenditure of ₹25.85 crore (50.24 *per cent*) was incurred and remaining ₹25.60 crore (49.76 *per cent*) was either surrendered or re-appropriated.

3.3.5 Major Policy Initiatives/New Schemes

While presenting its Budget for the year 2021-22, the State Government announced a total

¹Agriculture Department, Animal Husbandry Department, Fisheries Department, Co-operative Department, Water Resource Department, Revenue Department, Panchayat and Rural Development Department, Forest Department, Energy Department, Finance Department, Food and Civil Supply Department, Ayacut Department, and Rural Industry Department

²Labour Department, Public Health & Family Welfare Department, School Education Department, Tribal Welfare Department, Social Welfare Department, and Women & Child Development Department

of 47 major policy initiatives/new schemes with an allocation of ₹1,256.15 crore. Out of these major policy initiatives/new schemes, it provided a total budget of ₹37.10 crore under seven major policy initiatives/new schemes (one crore and above) spanning across various departments in which no expenditure was incurred during the year and the entire amount was either surrendered/ re-appropriated mainly due to non/short release of funds by Government, non-receipt of proposals, non-approval of works etc. Details are shown in *Appendix 3.3*.

3.4 Appropriation Accounts

Audit of Appropriation Accounts by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorization made under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the relevant laws, rules, regulations and instructions.

3.4.1 Summary of Appropriation Accounts

The summarized position of budget including supplementary budget, actual expenditure, and excess/savings during 2021-22 against 71 grants/ appropriations is given below:

Table 3.1: Summarised position of Expenditure vis-à-vis Budget Provision

(₹ in crore)

	Nature of Expenditure	Original Budget	Supplementary Provision	Total Budget	Expenditure	Savings (-)	Excess (+)	Surrender during March
Voted	Revenue	78,002.98	3,313.30	81,316.28	69,557.86	-12,348.56 (15.19)	590.14 (0.73)	12,248.64 (99.19)
	Capital	14,582.88	1,358.33	15,941.21	10,875.25	-5,066.23 (31.78)	0.27	5,058.31 (99.85)
	Loans and Advances	304.75	68.00	372.75	336.33	-36.42 (9.77)	0.00	94.60 (259.77)
	Total Voted	92,890.61	4,739.63	97,630.24	80,769.45	-17,451.21 (17.87)	590.41 (0.60)	17,401.55 (99.72)
Charged	Revenue	6,924.57	346.93	7,271.50	6,736.85	-535.07 (7.36)	0.42 (0.01)	533.68 (99.74)
	Capital	21.19	0.00	21.19	16.82	-4.37 (20.58)	0.00	4.36 (100.00)
	Public Debt	5,376.37	0.00	5,376.37	8,845.29	0.00	3,468.93 (64.52)	0.00
	Total Charged	12,322.12	346.93	12,669.05	15,598.97	-539.44 (4.26)	3,469.35 (27.38)	538.04 (99.74)
Grand Total	1,05,212.73	5,086.56	1,10,299.29	96,368.41	-17,990.65 (16.31)	4,059.76 (3.68)	17,939.59 (99.72)	

Source: Appropriation Account 2021-22

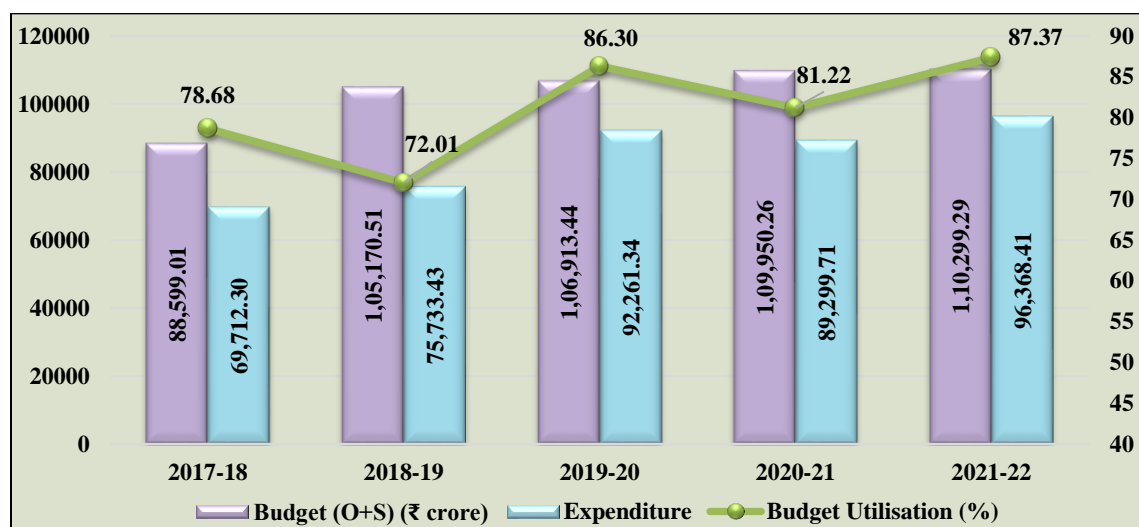
The total savings amounted to ₹17,990.65 crore (16.31 per cent of total grants/appropriation), and ₹18,509.20 crore was surrendered. Out of the total surrender of

₹18,509.20 crore, an amount of ₹17,939.59 crore (96.92 *per cent*) was surrendered in the month of March, hence leaving no scope for utilisation of these funds for other developmental purposes. Also, since the Government could not utilise the original provision, the supplementary provision of ₹5,086.56 crore proved unnecessary.

3.4.2 Utilisation of Budgeted Funds

The utilisation of budgeted funds by the State Government has been sub-optimal every year in the past years. The extent of utilisation of budget during the five-year period from 2017-18 to 2021-22 is shown in **Chart 3.2**.

Chart 3.2: Budget Utilisation during 2017-18 to 2021-22



Source: Appropriation Account of the respective years

The percentage of utilisation of budget increased from 78.68 *per cent* in 2017-18 to 87.37 *per cent* during 2021-22. Also, the utilisation of funds increased from 81.22 *per cent* in 2020-21 to 87.37 *per cent* of the total budgetary provision in 2021-22. This increase in utilisation of funds was mainly due to gradual unlocking of the economy after Covid-19 pandemic. There was an increase in revenue expenditure this year over the previous year mainly in Medical and Public health and in General Education. There was also an increase in capital expenditure due to according administrative approval of new work for construction of Roads and Bridges.

3.5 Comments on Integrity of Budgetary and accounting process

3.5.1 Misclassification of capital expenditure as revenue expenditure

The Indian Government Accounting Standard (IGAS)-2 regarding Accounting and Classification of Grants-in-Aid prescribes that the Grants-in-Aid disbursed by a grantor shall be classified and accounted for as revenue expenditure in the Financial Statements of the grantor irrespective of the purpose for which the funds were disbursed. Only in

cases, specifically authorised by the President of India on the advice of the Comptroller and Auditor General of India, can these be debited to Capital head of account in the Financial Statements of the Government.

Further, Rule 30 of Government Accounting Rule 1990 and Para 324 of Madhya Pradesh Financial Code-Volume-I (adopted by the State of Chhattisgarh) state the criteria for determining whether expenditure should be classified under heads of Capital Section or Revenue Section of the Consolidated Fund.

Expenditure of a capital nature to be classified in the Capital Section shall broadly be defined as expenditure incurred with the objective of increasing concrete assets of a material and permanent character. Expenditure on a temporary asset or expenditure on Grants-in-Aid to local bodies or institutions for the purposes of creating assets which will belong to these local bodies or institutions cannot ordinarily be classified as capital expenditure, except in cases specifically authorised by the President on the advice of the Comptroller and Auditor General be debited to Capital head of account.

During 2021-22, the Government of Chhattisgarh made budget provisions and misclassified Grants-in-Aid (GiA) of ₹2,227.04 crore provided for the creation of capital assets under Capital Section. The expenditure incurred out of GiA as capital expenditure during 2017-18 to 2021-22 is shown in **Table 3.2**.

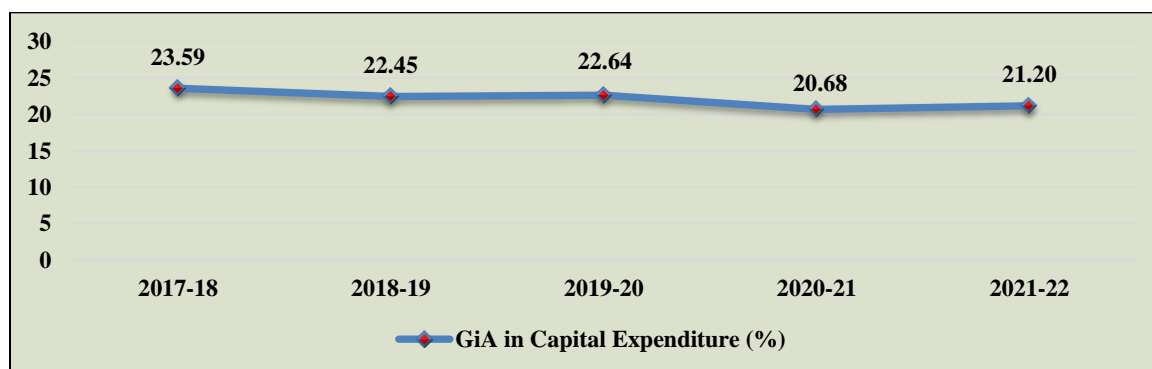
Table 3.2: Extent of classification of GiA as Capital Expenditure

(₹ in crore)

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	GiA booked as a Capital Expenditure	2,359.39	1,998.74	1,939.61	1,865.85	2,227.04
2	Total Capital Expenditure	10,000.96	8,903.45	8,566.39	9,024.19	10,504.22
3	Share of GiA in Capital Expenditure (%)	23.59	22.45	22.64	20.68	21.20

Source: Finance Account of the respective years

Chart 3.3: Share of Grants-in-aid in Capital Expenditure



Source: Appropriation Account of the respective years

3.5.2 Unnecessary or excessive supplementary grants

The State Legislature approved three supplementary allocations of ₹5,086.56 crore during 2021-22. Audit analysis of utilisation of these supplementary allocations showed that in 31 cases pertaining to 26 grants, supplementary provision of ₹50 lakh or more in each case aggregating ₹2,597.12 crore obtained during the year proved entirely unnecessary as the actual expenditure was even less than the original provision. Details are shown in **Appendix 3.4**.

Under 17 Grants, there was significant savings of ₹100 crore and above out of original budget provision, and yet supplementary provision was obtained. Details are given below in **Table 3.3**.

Table 3.3: Case where supplementary provision was obtained even though savings were ₹100 crore and above out of the original budget provision

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Original Budget	Supplementary	Actual Expenditure	Saving out of Original Budget	
						Amount	%
Revenue (Voted)							
1	02	Other expenditure pertaining to General Administration Department	346.18	5.87	159.28	-186.90	53.99
2	03	Police	5,073.18	15.83	4,471.03	-602.15	11.87
3	08	Land Revenue and District administration	918.94	201.00	806.38	-112.56	12.25
4	23	Water Resources Department	620.31	3.11	474.32	-145.99	23.54
5	27	School Education	5,140.25	57.29	4,586.48	-553.77	10.77
6	29	Administration of Justice and Elections	478.05	9.71	364.16	-113.89	23.82
7	30	Expenditure pertaining to Panchayat and Rural Development Department	3,049.75	160.79	2,024.41	-1,025.34	33.62
8	39	Food Civil Supplies and Consumer Protection	2,333.05	41.50	2,024.51	-308.53	13.22
9	41	Tribal Area Sub-Plan	16,242.98	601.19	13,884.41	-2,358.57	14.52
10	55	Expenditure pertaining to Women and Child Welfare	1,016.19	6.65	748.67	-267.53	26.33
11	64	Special Component Plan for Scheduled Castes	5,136.72	379.01	4,489.82	-646.90	12.59
12	69	Urban Administration and Development Department-Urban	895.12	258.62	774.38	-120.74	13.49
13	79	Expenditure pertaining to Medical Education Department	903.03	7.00	672.67	-230.35	25.51
Total-Revenue Voted			42,153.75	1,747.56	35,480.52	-6,673.23	15.83

Capital (Voted)							
14	08	Land Revenue and District administration	231.89	4.00	4.86	-227.03	97.90
15	23	Water Resources Department	519.16	0.12	232.25	-286.91	55.26
16	41	Tribal Area Sub-Plan	3,233.04	395.19	2,516.54	-716.50	22.16
17	67	Public Works-Buildings	785.44	0.01	307.90	-477.53	60.80
Total-Capital Voted			4,769.53	399.32	3,061.56	-1,707.97	35.81
Grand Total			46,923.28	2,146.88	38,542.08	-8,381.20	17.86

Source: Appropriation Accounts 2021-22

Further, under 20 sub-heads, entire supplementary provision of ₹ one crore or more in each case amounting to ₹193.36 crore remained unutilised as shown in **Table 3.4**. This indicates that supplementary provisions were made without realistic estimation of requirement of funds and reflects poor budget management.

Table 3.4: Details where entire supplementary provision (₹1 crore and above) remained unutilised

(₹ in crore)				
Sl. No.	Scheme Name	Original Budget	Supplementary Budget	Total Budget
1	03- 2055- 1- 7811- Dial 100/112	45.00	1.00	46.00
2	03- 4055- 208- 101- 2629- Police	82.00	1.00	83.00
3	17- 4425- 200- 311- 8545- NABARD Assistance Godown Construction	0.00	3.92	3.92
4	19- 2210- 1- 2283- Direction and Administration (Rajiv Gandhi Mission, Basic Services)	0.20	1.03	1.23
5	19- 2210- 200- 101- 6362- Dr. Khoobchand Baghel Swasthya Sahayata Yojana	275.00	50.00	325.00
6	41- 2202- 109- 702- 8979- Integrated Umbrella Scheme	72.00	4.80	76.80
7	41- 2202- 112- 702- 6933- Midday Meals Programme in Middle Schools	58.96	8.78	67.74
8	41- 2210- 101- 6390- Mukhyamantri Haat Bazar Clinic Yojana	1.90	1.33	3.23
9	41- 2408- 102- 102- 8674- Compensation to Expenditure Incurred in Food Procurement to the State Co-operative Marketing Federation	115.57	31.54	147.11
10	41- 2501- 102- 702- 7490- National Rural Livelihood Mission	152.00	26.01	178.01
11	41- 4425- 200- 312- 8545- NABARD Assistance Godown Construction	0.00	1.09	1.09
12	41- 4702- 101- 102- 3828- Minor Irrigation Schemes	250.00	3.60	253.60
13	45- 4702- 101- 101- 3803- Minor and Micro minor Irrigation schemes	199.80	1.01	200.81
14	64- 2202- 112- 703- 6933- Midday Meals Programme in Middle Schools	35.80	5.33	41.13
15	64- 2202- 109- 103- 7363- Youth Career Development Scheme	0.45	3.00	3.45

Sl. No.	Scheme Name	Original Budget	Supplementary Budget	Total Budget
16	64- 4225- 102- 603- 7626- Local Development Programme by Special Central Assistance	51.77	4.00	55.77
17	64- 4702- 102- 103- 5059- Construction of Anicut/stop dam	20.00	11.92	31.92
18	79- 4210- 110- 101- 6385- Medical College Attached Hospital	1.20	2.00	3.20
19	79- 4210- 105- 101- 6386- Medical Dental Physiotherapy College	1.50	2.00	3.50
20	79- 4210- 105- 101- 6386- Medical Dental Physiotherapy College	3.50	30.00	33.50
Total		1,366.65	193.36	1,560.01

Source: Appropriation Account of 2021-22

3.5.3 Unnecessary or excessive re-appropriation

Reappropriation is the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the grant or charged appropriation.

During 2021-22, in 15 cases pertaining to eight grants, there were savings after re-appropriation as detailed in **Table 3.5**. It shows that re-appropriations were made without adequate assessment and reflects poor financial management.

Table 3.5: Unnecessary/Excessive re-appropriation

Sl. No.	Grant No. and Head of Accounts	Original	Supplementary	Re-Appropriation	Total	Actual expenditure	Final Excess (+)/ Saving (-)
							(₹ in crore)
1	33- 2202- 2- 110- 307- Contribution of Non-government Institution	0.10	0.00	8.88	8.98	0.00	-8.98
2	58- 2245- 2- 111- 7352- Grant in aid to grieving family	23.00	0.00	3.02	26.02	18.92	-7.10
3	45- 4702- 102- 101- 5059- Construction of Anicut/stop dam	100.00	0.00	20.89	120.89	120.07	-0.82
4	67- 2059- 1- 53- 3692- State Legislature	1.50	0.00	0.50	2.00	1.47	-0.53
5	67- 2059- 80- 1- 101- 2418- Execution	2.00	0.00	0.75	2.75	2.29	-0.46
6	67- 2059- 80- 1- 101- 3300- Circle establishment	0.40	0.00	0.10	0.50	0.35	-0.15
7	67- 2059- 80- 1- 101- 3566- Headquarter Establishment	0.40	0.00	0.10	0.50	0.37	-0.13
8	10- 2406- 2- 110- 2900- Sanctuary Area	3.00	0.00	0.77	3.77	3.68	-0.09
9	67- 2059- 80- 1- 101- 3300- Circle establishment	0.01	0.00	0.05	0.06	0.03	-0.04
10	33- 2202- 2- 109- 979- Sports Complex	0.25	0.00	0.01	0.26	0.23	-0.03
11	66- 2225- 3- 102- 6749- State Backward Class Commission	0.01	0.00	0.04	0.05	0.02	-0.03

12	08- 2053- 93- 1510- District Establishments	0.00	0.00	0.02	0.02	0.00	-0.02
13	58- 2245- 80- 1- 2304- Direction and Administration	0.07	0.00	0.01	0.08	0.06	-0.02
14	41- 2202- 2- 796- 109- 102- 1395- Hostels	0.20	0.00	0.03	0.23	0.21	-0.01
15	41- 2202- 2- 796- 109- 102- 1395- Hostels	0.10	0.00	0.03	0.13	0.12	-0.01

Source: Appropriation Account of 2021-22

3.5.4 Entire budget provision not utilised under sub-heads

In 76 cases under 28 grants and two appropriations, the entire provision (₹10 crore and above) made under various sub-heads aggregating to ₹5,027.45 crore remained unutilised as shown in *Appendix 3.5*. Significant cases of un-utilised budget provision of ₹100 crore and above, are detailed below in **Table 3.6**.

Table 3.6: Details where un-utilised budget provision was ₹100 crore and above

Sl. No.	Scheme Name	Original Budget	Supplementary	Total Budget
1	30- 2216- 03- 105- 701- 7807- Pradhan Mantri Awas Yojana (Rural)	620.00	0.00	620.00
2	CH1- 6003- 110- 637- Ways and Means Advances	581.88	0.00	581.88
3	41- 2216- 03- 796- 105- 702- 7807- Pradhan Mantri Awas Yojana (Rural)	456.00	0.00	456.00
4	CH2- 2049- 01- 101- 2199- New Market Loan	275.00	0.00	275.00
5	CH1- 6003- 110- 779- Advance to meet Shortfall	250.00	0.00	250.00
6	42- 5054- 04- 796- 337- 702- 7842- R.R.P. PHASE - II	230.00	0.00	230.00
7	30- 2215- 02- 107- 701- 7610- Swachh Bharat Abhiyan	200.00	0.00	200.00
8	41- 2215- 02- 796- 107- 702- 7610- Swachh Bharat Abhiyan	152.00	0.00	152.00
9	64- 2216- 03- 789- 105- 703- 7807- Pradhan Mantri Awas Yojana (Rural)	144.00	0.00	144.00
10	80- 2853- 02- 800- 101- 6299- Transfer of Revenue received from minor mineral of rural areas to Panchayats	139.37	0.00	139.37
11	79- 4210- 03- 105- 701- 6386- Medical Dental Physiotherapy College	100.00	0.00	100.00
Total		3,148.25	0.00	3,148.25

Source: Appropriation Account of 2021-22

3.5.5 Large Savings/Surrenders

Against the total savings of ₹17,990.65 crore, savings of more than ₹100 crore occurred under 30 grants/appropriations amounting to ₹15,989.22 crore which is 88.87 per cent of the overall savings during the year as detailed in *Appendix 3.6*. Out of these 30 grants/appropriations, savings of more than ₹500 crore was observed in eight grants amounting to ₹9,132.79 crore as detailed in *Appendix 3.7*. Further, surrender of more than ₹10 crore was made in 61 grants/appropriations amounting to ₹18,901.27 crore as detailed

in *Appendix 3.8*.

There were huge savings during 2021-22, with eight out of 71 Grants/Appropriations showing utilisation of less than 50 per cent of the budget allocation. Utilisation of budgetary allocation in these eight Grants/Appropriations for the five-year period from 2017-18 to 2021-22 is shown in **Table 3.7**.

Table 3.7: Grants/ Appropriations where utilisation of budget was less than 50 per cent

Sl. No.	Grant Name	2017-18	2018-19	2019-20	2020-21	2021-22	No. of Years*	Budget 2021-22	Total Budget (5 years)
		(budget utilisation in per cent)						(₹ in crore)	
1	02- Other expenditure pertaining to General Administration Department	65	58	46	06	37	3	432.11	750.33
2	09- Expenditure pertaining to Revenue Department	36	37	58	24	37	4	21.24	108.45
3	15- Financial Assistance to Three Tier Panchayati Raj Institutions Under Special Component Plan For SC	92	42	85	58	43	2	166.35	2,013.06
4	22- Urban Administration and Development Department-Urban Bodies	87	82	73	24	44	2	13.68	116.91
5	46- Science and Technology	36	35	34	34	39	5	28.78	119.98
6	57- Externally Aided Projects pertaining to Water Resources Department	-	-	-	00	00	2	7.00	107.00
7	75- NABARD aided projects pertaining to WRD	74	66	29	25	23	3	699.06	3,496.78
8	82- Financial Assistance to Tribal Area Sub-Plan - Three Tier Panchayati Raj Institutions	87	49	81	53	46	2	325.65	5,682.38

*Number of years with utilisation below 50 per cent

Source: Appropriation Account of the respective years

Low Budget utilisation is indicative of systemic lacunae that warrant a close review by the Government to enable initiation of expeditious corrective measures. Reasons for repeated low utilisation in Grant 46– Science and Technology may be examined by Government and corrective action be taken.

Inability to utilise the budgeted provision deprives allocation of resources to other priority sectors and leads to poor legislative control over public finances.

3.5.6 Missing/ Incomplete Explanation for Variation from Budget

Apart from showing the expenditure against the approved budget, Appropriation Accounts also provide explanation for cases where the expenditure varies significantly from the budgeted provision (Original and Supplementary). The limit beyond which, such variation

at the Sub-Head/Sub-Sub-Head level (Unit of Appropriation) are to be explained in the Appropriation Accounts is set by the Public Accounts Committee (PAC).

Accountant General (A&E) provides the draft Appropriation Accounts to the Controlling Officers of the Departments and seeks the reasons/ explanation for the variations in expenditure with reference to approved budgetary allocation in keeping with the limits set by the PAC.

The following criteria have been prescribed by the PAC for the selection of sub-heads (excess/savings) for comments to be included in the Appropriation Accounts:

1. Comments are to be made on Savings (Voted):

- Overall saving exceeding two *per cent* of the total provision (Original *plus* Supplementary).
- Individual sub-heads for saving exceeding ₹ five lakh in case of Grants less than ₹10 crore.
- Individual sub-heads for saving exceeding ₹10 lakh in case of Grants between ₹10 crore and ₹30 crore.
- Individual sub-heads for saving exceeding ₹20 lakh in case of Grants exceeding ₹30 crore.

2. Comments are to be made on Savings (Charged) for all sub-heads where the variation is more than ₹ five lakh.

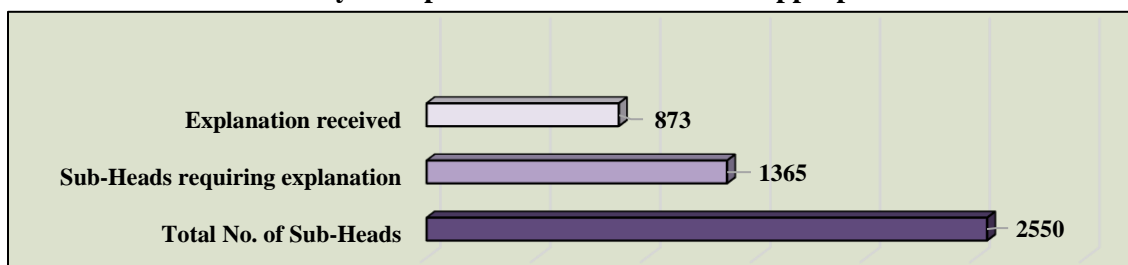
3. Comments are to be made on Excess (Voted):

- Individual sub-heads for excess exceeding ₹ five lakh in case of Grants less than ₹10 crore.
- Individual sub-heads for excess exceeding ₹10 lakh in case of Grants between ₹10 crore and ₹30 crore.
- Individual sub-heads for excess exceeding ₹20 lakh in case of Grants exceeding ₹30 crore.
- General comments for regularisation of excess over the provision in all cases where there is overall excess (any amount) in grant.

4. Comments are to be made on Excess (Charged) in respect of all sub-heads where the variation is more than ₹ five lakh.

Audit of Appropriation Accounts of 2021-22 revealed that the Controlling Officers have not provided explanation for the variations in the expenditure *vis-à-vis* budgeted allocation in 36.04 *per cent* of the cases. Out of the total 2,550 Sub-Heads, reasons for variation were required in respect of 1,365 Sub-Heads as shown in **Appendix 3.9**. However, appropriate reasons for variations in 492 Sub-Heads were not furnished by the Controlling Officers of Government Departments. The total number of Sub-Heads in the accounts, Sub-heads requiring explanation and the Sub-Heads where explanations were received for variations from allocations, are shown in **Chart 3.4**.

Chart 3.4: Summary of Explanation for Variation in Appropriation Accounts



Absence of explanation for variation between the budgeted allocation and its utilisation, limits legislative control over budget as a means of ensuring financial accountability of the Government.

3.5.7 Excess expenditure and its regularisation

Under Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/ appropriation regularised by the State Legislature. As per Para 26.15 of Budget Manual, cases where excess expenditure has occurred, based on recommendations of the Public Accounts Committee, this excess expenditure should be regularized by presenting it to the Legislative Assembly as required under Articles 205 (1) (b) of the Constitution by the Finance Department in the form of Excess Grants.

There was an excess expenditure of ₹4,059.76 crore over the authorisations made by the State Legislature under two Grants and three Appropriations during the financial year 2021-22. This was mainly due to excess expenditure of ₹4,217.51 crore incurred by the State Government without budget provision, to recoup the temporary loan granted to the State Government by the Reserve Bank of India as collateral advance against the investment in Treasury bills to maintain cash balance under Special Drawing Facility. Details are given below in **Table 3.8**.

Table 3.8: Excess over provision requiring regularisation during 2021-22

(₹ in crore)

Sl. No.	Department Name	Grant No.	Grant Description	Total Grant/Appropriation	Total Expenditure	Excess Expenditure
Revenue Voted						
1	Finance Department	06	Expenditure pertaining to Finance Department	6,974.74	7,564.88	590.14
Capital Voted						
2	Religious Trusts and Endowments Department	51	Religious Trusts and Endowments	4.50	4.77	0.27
Revenue Charged						
3	Finance Department	06	Expenditure pertaining to Finance Department	0.46	0.87	0.41

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4	Women and Child Welfare Department	55	Expenditure pertaining to Women and Child Welfare	0.00	0.01	0.01
Capital Charged						
5	-	CH1	Public Debt	5,376.37	8,845.29	3,468.93
Total				12,356.07	16,415.83	4,059.76

Source: Appropriation Account 2021-22

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative Sanction but is also an indicative of bad planning, which could have been avoided by keeping a track of expenditure progression with the budget made for the purpose.

Excess expenditure of ₹13,376.63 crore over provision for the years 2000-01 to 2020-21 is yet to be regularised as detailed in **Appendix 3.10**. This is in violation of Article 204 (3) and Article 205 of the Indian Constitution which provides that no money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources. The State Government may fix responsibility for non regularisation of excess expenditure.

Details of excess expenditure over legislative authorisation during period 2000-01 to 2020-21 are given in the **Table 3.9**.

Table 3.9: Excess over provision requiring regularisation during 2000-01 to 2020-21

(₹ in crore)

Sl. No.	Year	No. of Grants	No. of Appropriations	Amount of excess
1	2000-01	11	2	10.21
2	2001-02	14	2	115.90
3	2002-03	8	2	114.59
4	2003-04	4	2	591.12
5	2004-05	4	5	133.36
6	2005-06	4	2	23.27
7	2006-07	4	1	5.13
8	2007-08	3	3	15.99
9	2008-09	9	1	115.26
10	2009-10	10	5	216.77
11	2010-11	22	6	293.78
12	2011-12	24	1	498.09
13	2012-13	2	2	0.96
14	2013-14	3	3	178.96
15	2014-15	4	2	833.54
16	2015-16	3	2	98.24
17	2016-17	2	3	12.38
18	2017-18	3	3	2.61
19	2018-19	2	4	1.67
20	2019-20	3	4	6,682.69
21	2020-21	2	2	3,432.11
Total		141	57	13,376.63

Source: Appropriation Accounts of respective years

Major head-wise excess disbursement of ₹4,167.09 crore over the authorization in 10 Major Heads under 12 grants/appropriations during 2021-22 are detailed in *Appendix 3.11*.

3.6 Rush of Expenditure

As per Paragraph 92 of the Madhya Pradesh Budget Manual (as followed by Government of Chhattisgarh), rush of expenditure, particularly in the closing months of the financial year, should be avoided. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety.

An expenditure of ₹1,976.13 crore was incurred in 13 Major Heads which was more than 50 per cent of the total expenditure of the concerned Major Head in March 2022. Details are given in the following **Table 3.10**.

Table 3.10: Rush of Expenditure

(₹ in crore)								
Major Head	Description	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total Expenditure (TE)	Expenditure in the month of March	Expenditure in March as a percentage of TE
2435	Other Agricultural Programs	0.00	0.00	0.00	12.00	12.00	12.00	100.00
4220	Capital Outlay on Information and Publicity	0.00	0.00	0.00	0.06	0.06	0.06	100.00
6425	Loans For Cooperation	0.00	0.00	0.00	50.00	50.00	50.00	100.00
4853	Capital Outlay on Nonferrous Mining and Metallurgical Industries	0.00	0.17	0.33	13.26	13.76	12.47	90.59
4055	Capital Outlay on Police	0.48	3.88	5.17	89.72	99.25	88.09	88.75
4070	Capital Outlay on Other Administrative Services	0.00	0.00	0.25	4.68	4.93	4.33	87.88
4235	Capital Outlay on Social Security and Welfare	0.00	0.12	0.25	3.58	3.94	3.15	79.91
6217	Loans For Urban Development	0.00	9.50	16.00	80.70	106.20	71.20	67.04
2245	Relief On Account of Natural Calamities	68.35	61.05	132.30	618.57	880.27	562.73	63.93

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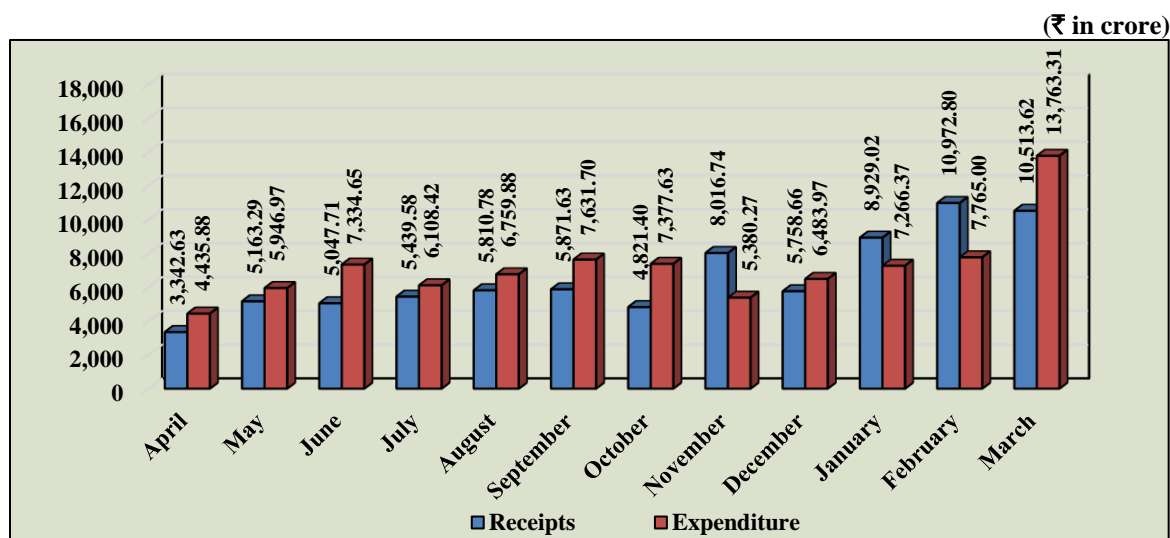
3275	Other Communication Services	0.00	4.69	11.00	32.13	47.82	30.23	63.21
2702	Minor Irrigation	19.29	18.22	16.35	58.47	76.50	47.74	62.41
4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes Other Backward Classes & Minorities	12.71	47.95	81.22	239.52	381.40	197.74	51.85
2048	Appropriation For Reduction or Avoidance of Debt	0.00	0.00	0.00	300.00	300.00	150.00	50.00
Total		100.83	145.58	262.87	1,502.69	1,976.13	1,229.74	62.23

Source: Appropriation Accounts and data from VLC

In *three* major heads, 100 *per cent* expenditure was incurred in the month of March 2022. It shows poor utilisation of funds over the fiscal year. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalance and temporary cash crunches due to mismatch of revenue-expenditure during a particular month arising out of unanticipated heavy expenditure in that particular month.

Month-wise trend of expenditure and receipts for the financial year ended 31 March 2022 is shown in **Chart 3.5**.

Chart 3.5: Monthly receipts and expenditure during FY2021-22



Source: VLC Data 2021-22

Funds received in the last quarter (Jan-Mar 2022) was 38.16 *per cent* of the total receipts. Release of funds in the last quarter is one of the reasons for experiencing rush of

expenditure. Funds which cannot be "profitably utilised" should be returned to the exchequer without waiting for the fiscal year to end. This will help avoid rush of expenditure, particularly in the closing months of the financial year.

3.7 Status of DDO Accounts

Drawing and Disbursing Officer (DDO) is a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function and is responsible for all moneys received or disbursed in his office and the maintenance of accounts thereof.

As per Rule 284 of MP Treasury Code Vol.1, no money shall be drawn from the treasury unless it is required for immediate disbursement. It is a serious irregularity to draw advances from the treasury in anticipation of demands, or to prevent the lapse of budget grants, and persons at fault render themselves liable to disciplinary action for such drawal. As of 31 March 2022, an amount of ₹266.06 crore was lying in the 371 DDO accounts of the State Government. Even though this amount has already been accounted for as expenditure from the consolidated fund of the State, they are still lying idle parked outside the Government Accounts.

3.8 Review of Selected Grant

For the year 2021-22, Grant No.03- Police and Grant No. 30- Expenditure pertaining to Panchayat & Rural Development were selected for detailed audit to review compliance with prescribed budgetary procedures, monitoring of funds, control mechanisms and implementation of schemes within the grant. Findings of the grant review are discussed in the succeeding paragraphs.

3.8.1 Grant No. 03 - Police

The Police Department is responsible for maintaining law and order in the State through various enforcement and development agencies and taking actions, initiatives and efforts for establishing credible policing. Four Budget Controlling Officers (BCO) namely Director General of Police; Chief Commandant (Home Guard) and Director General, Public Security, Raipur; Director, Public Prosecution and Directorate of State Forensic Science Laboratory receive budget under this grant.

Further, four Major Heads viz. 2049- Interest Payments, 2055- Police, 2070- Other Administrative Services and 4055- Capital Outlay on Police are operated under this grant.

3.8.1.1 Budget and expenditure

The overall position of budget provision, actual expenditure and savings/ excess under this grant during the three-year period 2019-22 is given below:

Table 3.11: Budget and Expenditure

(₹ in crore)

Sl. No.	Provision	2019-20	2020-21	2021-22
Revenue Provision		4,602.53	4,998.58	5,090.97
1	Expenditure	4,300.62	4,070.25	4,472.77
2	Savings	301.91	928.33	618.20
3	Savings (%)	6.56	18.57	12.14
Capital Provision		66.40	135.39	133.74
4	Expenditure	43.02	106.21	98.96
5	Savings	23.38	29.18	34.78
6	Savings (%)	35.21	21.55	26.01
Total Budget Provision		4,668.93	5,133.97	5,224.71
7	Total Expenditure	4,343.64	4,176.46	4,571.73
8	Total Savings	325.29	957.50	652.98
9	Savings (%)	6.97	18.65	12.50

Source: Appropriation Account 2019-22

As can be seen from the above table, savings as a percentage of total budget provision ranged from 6.97 to 12.50 *per cent* during the period 2019-22. Persistently large savings is an indicative of incorrect assessment of actual needs and it requires a review of budget preparation exercise of the Department. This also shows that budget allocations were made without considering previous year's trends in expenditure which resulted in persistent savings.

3.8.1.2 Injudicious Budget Proposal

Table 3.12: Details of budget proposed and provisions made

(₹ in crore)

Sl. No.	Scheme Code and Name	Budget Proposed	Budget Provision made	Expenditure	Savings out of Budget Proposal	
					Amount	%
1	4491- General Expenditure (District Establishment)	2,460.08	2,429.71	2,132.63	327.45	13.31
2	4492- General Expenditure (Special Police)	1,469.43	1,468.68	1,376.58	92.85	6.32
3	7918- Assistance to Naxal affected Districts	266.64	266.64	182.75	83.89	31.46
4	2629- Police	185.00	173.50	152.63	32.37	17.50
5	3680- State Headquarters	107.39	111.43	88.68	18.71	17.42
6	7811- Dial 100/112	92.00	68.00	42.03	49.97	54.32
7	195- Other Police Training Schools	60.44	57.44	47.85	12.59	20.83
8	4155- Wireless Centre, Raipur	57.99	57.08	43.92	14.07	24.26

Source: Appropriation Account as rendered by the department

As it can be seen from the above table, department has submitted inflated budget proposals in some cases where expenditure occurred is less than the approved budget provision.

Therefore, BCOs made budget proposals without realistic estimation of requirement of funds and reflects poor financial management.

3.8.1.3 Surrender of Savings

According to Chhattisgarh Budget Manual, a Budget Controlling Officer should anticipate savings under a Grant and communicate them to the Finance Department not later than 15th February of each year. **Table 3.11** reveals that out of a total budget provision of ₹5,224.71 crore during 2021-22, there was a savings of ₹652.98 crore.

3.8.1.4 Unnecessary supplementary grant and subsequent surrender under the schemes

Audit noticed irregular supplementary provision and subsequent surrender under the following scheme heads during 2021-22, as shown in **Table 3.13**:

Table 3.13: Unnecessary supplementary Provision

Sl. No.	Head Classification	Scheme Name	Original provision	Supplementary Provision	Total Provision	Total Expenditure	Surrender
1	2055-00-001-0000-7811-10-009	Dial 100/112	45.00	1.00	46.00	36.83	9.17
2	4055-00-208-0101-2629-26-003	Police	82.00	1.00	83.00	64.70	18.30

(₹ in crore)

Source: Appropriation Account 2021-22

On this being pointed out, Additional Director General of Police, Police Headquarters stated (September 2022) that Dial 100/112 scheme is presently operational in 11 districts of Chhattisgarh. Due to non-availability of administrative approval for the remaining 17 districts, government could not utilise the whole budget provision.

3.8.1.5 Persistent savings under Scheme Heads

As per paragraph 31 of Chhattisgarh Budget Manual, ‘it is probable that estimates carefully prepared in accordance with the foregoing instructions may still be too high. They should, therefore, be examined with reference to the difference between the estimate and the actual in the past three years and the proposed amount should be on that basis.’

In *three* scheme heads there was persistent savings during three-year period 2019-22 as shown in **Table 3.14**.

Table 3.14: Persistent Savings under Scheme Heads

Scheme Code and Name	2019-20			2020-21			2021-22		
	P	S	S	P	S	S	P	S	S
	₹ in lakh	%		₹ in lakh	%		₹ in lakh	%	
7660- Crime Research Unit for Women	350.64	350.64	100	350.64	350.64	100	359.44	359.44	100
5611- Establishment of Police Public School	2.70	2.70	100	2.70	2.70	100	2.70	2.70	100
5612- Establishment of Police Hospital	2.80	2.80	100	2.80	2.80	100	2.80	2.80	100

Source: Appropriation Account of respective years

P = Provision, S = Savings

Persistent savings to the extent of 100 per cent under the above scheme heads during the last three years i.e., 2019-22 indicates that the budgeting process in the Department was unrealistic, and funds to the extent of savings were not required during the years.

On this being pointed out, Additional Director General of Police, Police Headquarters stated (September 2022) that the budget provision could not be utilised due to non-filling of 330 vacant posts under the scheme 7660- Crime Research Unit for Women.

3.8.1.6 Non-utilisation of budget provision during 2021-22

Non-utilisation of the entire budget provision in these schemes during 2021-22 shows the budgeting process and assessment of the scheme requirements was unrealistic. Details of savings of entire budget provision are shown in Table 3.15.

Table 3.15: Non-utilisation of budget provision

Sl. No	Scheme Head	Original grant	Actual Expenditure	(₹ in lakh)
				Re-appropriated/ Surrendered
1	2055-0801-7811 Dial 100/112	10.00	Nil	10.00
2	2055-0801-7935 For controlling crime in Narcotics drugs and psychotropic	10.00	Nil	10.00
3	2055-09-701-7660 Crime research unit for woman	359.44	Nil	359.44
4	2070-107-2710 Office of the commandant general and other subordinate offices - Charged	6.00	Nil	6.00
5	4055-207-6717 reimbursable expenditure related to security	50.10	Nil	50.10
6	2055-109-701-5612 Establishment of police hospital	2.80	Nil	2.80
7	4055-0101-800-7012 Police accountability authority	2.50	Nil	2.50
8	2055-109-701-5611 Establishment of police public school	2.70	Nil	2.70
Total		443.54	0	443.54

Source: Appropriation Account as rendered by the department

On this being pointed out, the Department stated (September 2022) that the provisions

were demanded for creation of new posts under various schemes. On further enquiring about the reasons for non-creation of posts, department did not furnish any replies.

3.8.1.7 Non-reconciliation of departmental expenditure figures

As per the instructions 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 Principal Accountant General (A&E).

A review of Grant No. 03 revealed that departmental figures mentioned under the following heads were not reconciled as shown in the **Table 3.16**.

Table 3.16: Non-reconciliation of expenditure

Sl. No.	Scheme Head classification	(₹ in crore)			
		As per the O/o of the PAG (A&E)		As per the Department (e-kosh*)	
		Total budget	Expenditure	Total budget	Expenditure
1	03-2055-001-3680 State Headquarters	98.83	85.67	96.86	85.97
2	03-2055-003-195 Other Police Training Schools	56.80	47.29	56.47	47.70
3	03-2055-104-4492 General Expenditure (Special Police)	1,459.68	1,367.72	1,443.88	1,390.56
4	03-2055-109-4491 General Expenditure (District Establishment)	2,410.45	2,115.59	2,423.05	2,130.95
5	03-2055-109-6717 Reimbursable Expenditure Related to Security	202.38	196.64	207.88	196.8
6	03-2055-109-8333 Expenditure from Road Security Fund	20.00	20.00	20.00	15.00
7	03-2055-111-2531 Supervisory Staff (Rail Police - Eastern Section)	39.17	30.38	39.17	30.60
8	03-2055-114-4155 Wireless Centre, Raipur	53.95	41.81	53.95	42.19
Total		4,341.26	3,905.1	4,341.26	3,939.77

Source: Appropriation Account 2021-22 and departmental figures

**Online Computerisation of Treasuries, Chhattisgarh accessible at ekoshonline.cg.nic.in*

3.8.1.8 Rush of expenditure

As per paragraph 92 of Madhya Pradesh Budget Manual, any grant that cannot be profitably utilised should be surrendered. Rush of expenditure particularly in the closing month of the financial year should be avoided. Further, in order to implement Cash Management System with a view of enhancing quality in government expenditures, the Finance Department has instructed the departments to frame a suitable plan to control the expenditure of budget during the year so as to avoid rush of expenditure during the last quarter. However, rush of expenditure was observed in some scheme heads as shown in the **Table 3.17**.

Table 3.17: Rush of expenditure

(₹ in crore)

Sl. No.	Scheme Head	Scheme Name	Total Budget Provision	Expenditure occurred in last quarter	Total Expenditure	Expenditure occurred in the month of March	Expenditure occurred in last quarter (%)	Expenditure occurred in the month of March (%)
1	8333	Expenditure from Road Security Fund	20.00	20.00	20.00	15.00	100.00	75.00
2	0121	Deployment of Central Police Force	11.00	10.57	10.57	10.57	96.11	96.11
3	6460	Anti-Human Trafficking Unit	3.60	3.36	3.60	3.36	93.28	93.28
4	7936	Special Infrastructure Scheme with Strong Construction Police Stations	40.00	31.25	37.78	16.21	78.12	40.51
5	2629	Police	85.50	64.01	66.47	63.48	74.87	74.25
6	7633	Crime and Criminal Tracking Network System	9.00	6.12	8.12	6.12	67.99	67.99
7	7918	Assistance to Naxal affected Districts	266.64	140.00	182.75	140.00	52.51	52.51
8	2710	Office of the Commandant General and other	0.72	0.32	0.32	0.32	44.79	44.79
9	6717	Reimbursable Expenditure Related to Security	202.88	67.04	196.64	35.74	33.04	17.61

Source: Appropriation Account 2021-22

On this being pointed out, the department replied (September 2022) that rush of expenditure was a result of delay in obtaining administrative approvals and re-appropriation orders in heads where savings were anticipated.

3.8.2 Grant No. 30 - Expenditure pertaining to Panchayat and Rural Development Department

This Department implements schemes for generation of self-employment and wage employment, provision of housing and minor irrigation assets to rural poor, social assistance to the destitute and Rural Roads. Apart from this, the Department provides the support services and other quality inputs such as assistance for strengthening of DRDA Administration, Panchayati raj institutions, training research, human resource development, development of voluntary action etc. for the proper implementation of the programmes.

Two Budget Controlling Officers (BCO) namely Director, Panchayat and Development Commissioner, Rural Development receive budget under this grant.

Further, *nine* Major Heads viz. 2215- Water Supply and Sanitation, 2216- Housing, 2235- Social Security and Welfare, 2501- Special Programmes for Rural Development, 2505- Rural Employment, 2515- Other Rural Development Programmes, 3054- Roads and Bridges, 4515- Capital Outlay on Other Rural Development Programmes Interest Payments and 5054- Capital Outlay on Roads and Bridges are operated under this grant.

3.8.2.1 Budget and expenditure

The overall position of budget provision, actual expenditure and savings/ excess under this grant during the three-year period 2019-22 is given below:

Table 3.18: Budget and Expenditure

		(₹ in crore)		
Sl. No	Provision	2019-20	2020-21	2021-22
Revenue Provision		2,947.10	3,219.66	3,210.73
1	Expenditure	1,906.11	1,486.52	2,024.41
2	Savings	1,040.99	1,733.14	1,186.32
3	Savings (%)	35.32	53.83	36.95
Capital Provision		981.73	868.59	929.89
4	Expenditure	825.17	765.12	783.78
5	Savings	156.56	103.47	146.11
6	Savings (%)	15.95	11.91	15.71
Total Budget Provision		3,928.83	4,088.25	4,140.62
7	Total Expenditure	2,731.28	2,251.64	2,808.19
8	Total Savings	1,197.55	1,836.61	1,332.43
9	Savings (%)	30.48	44.92	32.18

Source: Appropriation Account 2019-22

As can be seen from the above table, savings as a percentage of total budget provision ranged from 30.48 to 44.92 *per cent* during the period 2019-22. This persistently large savings is an indicative of incorrect assessment of actual needs or shortfall in performance or both. This also shows that budget allocations were made without considering previous years' trends in expenditure which resulted in persistent savings.

3.8.2.2 Non-utilisation of budget provision during 2021-22

Non-utilisation of the entire budget provision in these schemes during 2021-22 shows the budgeting process and assessment of the scheme requirements was unrealistic. Details of savings of entire budget provision are shown in **Table 3.19**.

Table 3.19: Non-utilisation of budget provision

(₹ in crore)

Sl. No	Scheme Head & Name	Original Provision	Actual Expenditure	Re-appropriated/ Surrendered
1	30- 2215- 107- 701- 7610 <i>Swachh Bharat Abhiyan</i>	200.00	Nil	200.00
2	30- 5054- 337- 101- 4855 <i>Pradhan Mantri Gram Sadak Yojana</i>	30.00	Nil	30.00
3	30- 5054- 101- 101- 4871 Construction of Bridges on PMGSY Roads	20.00	Nil	20.00
4	30- 4515- 102- 101- 6437 Gauthan Construction in Village Areas	1.50	Nil	1.50
5	30- 4515- 102- 801- 7644 Rural Road Network Training and Research Centre	1.00	Nil	1.00
6	30- 2235- 196- 101- 7974 <i>Abhisarit Aam Aadami Bima Yojana</i>	0.50	Nil	0.50
7	30- 2235- 196- 101- 7975 <i>Abhisarit Pradhan Mantri Jiwan Jyoti Bima Yojana / Pradhan Mantri Suraksha Yojana</i>	0.50	Nil	0.50
Total		253.50	0.00	253.50

Source: Appropriation Account as rendered by the department

On this being pointed out, the Department stated (October 2022) the following:

- 4855- *Pradhan Mantri Gram Sadak Yojana* & 4871- Construction of Bridges on PMGSY Roads: There was no requirement under these schemes. Hence, respective budgets have been reappropriated and allocated to CSS under PMGSY and the same were utilised..
- 6437- Gauthan Construction in Village Areas: Under convergence in all the districts, the work of construction of Gauthans (cow sheds) in rural areas was being done by the Collector. For this reason, due to non-demand of the fund provided in the budget, the amount was not withdrawn and the entire amount was surrendered.
- 7644- Rural Connectivity Training And Research Centers (RCTRC) & Rural Road Network Management Units (RRNMU): Budget provision was made for purchase of furniture, computers etc. to be installed in the nearly finished 4th floor of the building but due to delay in completion of construction, the entire amount was not utilised.
- 7974- *Abhisarit Aam Aadami Bima* & 7975- *Abhisarit Pradhan Mantri Jiwan Jyoti Bima Yojana*: Due to non-renewal of insured beneficiaries since 01 June 2019 under this scheme by LIC, the entire amount was not utilised.

3.8.2.3 Persistent savings under Scheme Heads

As per paragraph 31 of Chhattisgarh Budget Manual, 'it is probable that estimates carefully prepared in accordance with the foregoing instructions may still be too high. They should, therefore, be examined with reference to the difference between the estimate and the actual

in the past three years and the proposed amount should be on that basis.”

In seven scheme heads there was cent *per cent* persistent savings during three-year period 2019-22 as shown in **Table 3.20**.

Table 3.20: Persistent Savings cent *per cent* under Scheme Heads

(₹ in lakh)

Sl. No	Scheme Head & Name	Budget Provision		
		2021-22	2020-21	2019-20
1	4515-102-101-3064 Building Construction	2.00	2.00	24.00
2	5054-101-101-4871 Construction of bridges on PMGSY roads	2,000.00	2,000.00	2,000.00
3	2501-60-196-101-6768 GiA to unemployment allowance fund	5.00	20.00	20.00
4	2501-60-196-101-7588 Maternity allowance under MGNREGA	0.25	0.25	0.25
5	2515-102-801-7644 Rural Road Network Training & Research Centre	10.60	10.60	10.00
6	2515-102-801-7658 <i>Sansad Adarsh Gram Yojana</i>	8.60	8.60	8.60
7	2515-102-801-7659- <i>Vidhayak Adarsh Gram Yojana</i>	8.60	8.60	12.10

Source: Appropriation Account 2019-22

Persistent savings to the extent of 100 *per cent* under the above scheme heads during the last three years *i.e.*, 2019-22 indicates that the budgeting process in the Department was unrealistic, and funds to the extent of savings were not required during the years.

On this being pointed out, the Department stated (October 2022) the following:

- 4871- Construction of bridges on PMGSY roads: Construction of bridges on PMGSY roads was done from the funds available under other centrally sponsored scheme (CSS) head (5054-04-337-4855) hence no fund allocated under this head (5054-101-101-4871) was utilised and the same was surrendered/re-appropriated.
- 6768- GiA to unemployment allowance fund: Due to zero demand from the districts, entire budget provision was not utilised.
- 7588- Maternity allowance under MGNREGA: Allowances provided under this head are being made from previous years withdrawn funds, hence this token budget provision could not be utilised.
- 7644- Rural Road Network Training & Research Centre: Budget provision was made for purchase of furniture, computers etc. but due to delay in completion of construction of 4th floor in the building, the entire amount was not utilised in the years 2019-20 and 2020-21. Hence, there was no release of funds this year.
- 7658- *Sansad Adarsh Gram Yojana* & 7659- *Vidhayak Adarsh Gram Yojana*: Budget provision was made for purchase of stationaries, computers and other office expenses but expenditure was made from funds available under other schemes as

ordered by administration and HRD department of the office. Hence entire budget provision made under this head was not utilised.

Table 3.21: Persistent Savings (up to 96 per cent) under Scheme Heads

(₹ in crore)

Scheme classification	2019-20			2020-21			2021-22		
	Budget	Exp	Savings	Budget	Exp	Savings	Budget	Exp	Savings
2216-03-105-701-7807-PMAY (Rural)	894.00	305.57	588.43 (66%)	800.00	179.42	620.58 (78%)	900.00	195.84	704.16 (78%)
4515-102-701-7759-Shyama Prasad Mukherjee Rurban Mission	55.00	18.00	37.00 (67%)	55.00	30.00	25.00 (45%)	50.00	2.72	47.28 (96%)

Source: Appropriation Account 2019-22

On this being pointed out, the Department stated (October 2022) the following:

- 7807-PMAY (Rural): Budget provision of ₹894.00 crore (Centre- ₹584 crore & State- ₹310 crore) was made in the year 2019-2020. To achieve the target of construction of houses, Central government released ₹224.84 crore in the first instalment, to match the contribution, state government took a loan in 2018-19 and made interest payments of ₹80.72 crore in 2019-20, hence making the expenditure of ₹305.57 crore. In the subsequent years, since there was no release of funds from the centre as state could not provide its matching contribution, only interest payments and principal repayments were made of ₹179.42 crore in 2020-21 and of ₹195.84 crore in 2021-22.
- 7759- Shyama Prasad Mukherjee Rurban Mission: Due to lesser release of funds against the budgeted provision by the Central government, expenditure made under this scheme (Grant 30) is low.

3.8.2.4 Rush of Expenditure

As per paragraph 92 of Madhya Pradesh Budget Manual, any grant that cannot be profitably utilised should be surrendered. Rush of expenditure particularly in the closing month of the financial year should be avoided. Further, in order to implement Cash Management System with a view of enhancing quality in government expenditures, the Finance Department has instructed the departments to frame a suitable plan to control the expenditure of budget during the year so as to avoid rush of expenditure during the last quarter. However, rush of expenditure was observed in some scheme heads as shown in the **Table 3.22**.

Table 3.22: Rush of Expenditure

(₹ in crore)						
Sl. No.	Scheme Head & Name	Total Budget	Qtr4 Expenditure	March 2022 Expenditure	Qtr4 Expenditure (%)	March 2022 Expenditure (%)
1	30- 4515- 102- 101- 7658 <i>Sansad Adarsh Gram Yojana</i>	4.00	4.00	4.00	100.00	100.00
2	30- 4515-102- 101- 7659 <i>Vidhayak Adarsh Gram Yojana</i>	4.00	4.00	4.00	100.00	100.00
3	30- 3054- 4- 105- 4855 <i>Pradhan Mantri Gram Sadak Yojana</i>	600.00	330.16	240.16	55.03	40.03

Source: Appropriation Account 2021-22

On this being pointed out, Department stated (October 2022) the following:

- 7658- *Sansad Adarsh Gram Yojana* & 7659- *Vidhayak Adarsh Gram Yojana*: Funds provisioned under this scheme are utilised on the recommendation of honourable ministers and department of P&RD. Since the recommendations were received in the month of March, *cent per cent* expenditure was made in March 2022. Department ensured to take care of it in the future.
- 4855- *Pradhan Mantri Gram Sadak Yojana*: Permission for withdrawal of funds amounting to ₹330.00 crore was granted by Govt. of Chhattisgarh, P&RD in 4th quarter (on dates 15/03/2022, 30/03/2022 & 14/02/2022) of the year 2021-22. Accordingly, expenditure was made in last quarter.

3.8.2.5 Surrender of complete/entire budget provision

During the scrutiny of the records provided by Office of Development Commissioner, Vikas Bhavan, it was observed that under the following heads, entire budget provision was surrendered.

Table 3.23: Surrender of complete/entire budget provision

(₹ in lakh)			
Sl. No	Head Classifications	Budget Provision	Amount Surrendered
1	2216-03-105-701-7807-14-007 PMAY (Rural)	62,000.00	62,000.00
2	2515-00-102-801-7644-04-003 Rural Road Network Training & Research Centre	10.60	10.60
3	4515-00-102-801-7644-26-003 Rural Road Network Training & Research Centre	100.00	100.00
4	2515-00-102-101-7658 <i>Sansad Adarsh Gram Yojana</i>	8.60	8.60
5	2515-00-102-101-7659 <i>Vidhayak Adarsh Gram Yojana</i>	8.60	8.60
6	4515-00-102-101-6437 Gauthan Construction in Village Areas	150.00	150.00
Total		62,277.80	62,277.80

Source: Appropriation Account 2021-22

On this being pointed out, Department stated (October 2022) the following:

- 7807- PMAY (Rural): There was no expenditure made under this head and entire provision was surrendered, due to non-acceptance of central target of construction of 7,81,999 houses by the State Government in 2021-22.
- 7644- Rural Road Network Training & Research Centre: No expenditure was made due to non-release of funds by the state government this year.
- 7658- *Sansad Adarsh Gram Yojana* & 7659- *Vidhayak Adarsh Gram Yojana*: Budget provision was made for purchase of stationaries, computers and other office expenses but expenditure was made from funds available under other schemes. Hence entire budget provision made under this head was not utilised.
- 6437- Gauthan Construction in Village Areas: Gauthans (cow sheds) are constructed under the orders of District collectors, since there was no demand from collectors this year the entire provision was surrendered.

3.8.2.6 Blockade of funds

During scrutiny of records provided by the Office of Development Commissioner, Rural Development, it was noticed that Chhattisgarh Rural Housing Corporation (SPV created for implementation *Pradhan Mantri Awas Yojana (Gramin)*) entered into an agreement with Canara Bank for availing loan of ₹1000 crore in October 2018 for the constructing houses in rural areas. The Chhattisgarh Government has given guarantee for the above loan. However, the agreement included a clause for marking lien of 12 *per cent* (120 crore) of the total loan amount. Accordingly, an amount of ₹126.74 crore available in 37 bank accounts of other flagships schemes like MGNREGA, Shyama Prasad Mukherjee Rurban Mission etc. was marked as lien due to which the lien amount could not be utilised.

On this being pointed out, Rural Development Department accepted (October 2022) this and replied that Department is in constant talks with higher executives of the bank and has also raised the matter in State Level Bankers Committee (SLBC) to remove the lien marked since Chhattisgarh Government has already given ‘Deed of Guarantee’.

Thus, inclusion of 12 *per cent* lien in the agreement despite Government’s guarantee of repayment of loan and marking lien on other bank accounts where funds were available for the implementation of the other schemes restricted the government to make expenditure under those schemes and hence lead to blocking of funds and underutilisation.

3.9 Conclusion

Budgetary assumptions of the State Government were not realistic during 2021-22 resulting in savings/excesses. Besides, budgetary control mechanism for execution and monitoring of budget to ensure that savings are curtailed, large savings within the Grants/Appropriations are controlled by proper re-appropriations, and anticipated savings are identified and surrendered within the specified timeframe so that the funds

can be utilised for developmental purposes was inadequate. Also, the percentage of utilisation (87.37 per cent) of Budgeted funds increased during 2021-22 compared to the previous year (81.22 per cent).

Excess expenditure of ₹4,059.76 crore pertaining to two Grants and three Appropriations during 2021-22 requires regularisation from the State Legislature. Further, a total of ₹13,376.63 crore is pending for regularisation from 2000-01 to 2020-21.

Supplementary Grants/ Appropriations were obtained without adequate justification. The savings were neither surrendered on time nor explanations provided to the Accountant General (A&E) for variations in expenditure vis-à-vis allocations. The Departments were neither cautioned against persistent savings; nor were their budgets varied in accordance with their ability to absorb the allocations.

3.10 Recommendations

- i.** Government should be more realistic in its budgetary assumptions and ensure efficient control mechanisms to curtail savings/ excess expenditure.
- ii.** An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the Grants/Appropriations are controlled, and anticipated savings are identified and surrendered within the specified timeframe so that the funds can be utilised for developmental purposes.
- iii.** Excess expenditure over grants approved by the Legislature is in violation of the will of the Legislature. Therefore, excess expenditure over grants/appropriations during the period 2000-01 to 2021-22 needs to be regularized at the earliest.
- iv.** The State Government needs to formulate a realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources.
- v.** Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.