Chapter III

Financial Reporting Practices

Chapter III: Financial Reporting Practices

This chapter provides broad based perspective on the quality of the State Government Accounts rendered by various authorities of the State Government and status of compliance with prescribed financial rules, procedures and directives.

Compliance with financial rules, procedures and directives as well as the completeness, timeliness and quality of reporting on the status of such compliance enhances relevance and reliability of the information presented in the financial reports.

Issues related to completeness of accounts

3.1 Off-budget borrowings through State owned PSUs/Authorities

Article 293(3) of the Constitution of India mandates consent of Government of India for a State Government's borrowing if it has any outstanding loans or guarantees from the Government of India. Further, the 15th Finance Commission recommended that the normal net borrowing ceiling (NBC) to the State Governments for 2023-24 to 2025-26 may be fixed at three *per cent* of GSDP.

Bypassing the above stipulated net borrowing ceiling, by routing loans outside budget, through various State Public Sector Undertaking (SPSUs)/ Corporations/ other Bodies, despite the State being responsible for repayment of such loans, pose a significant risk to the fiscal health and transparency in the Government finances. Borrowing Ceilings for a financial year of the State Governments are being now reduced by GoI to the extent of Off-Budget Borrowings.

The Chhattisgarh Fiscal Responsibility and Budget Management (FRBM) Act, 2005 outlined that the State Government shall take suitable measures to ensure greater transparency in its fiscal operations in public interest by disclosing the actual liabilities arising out of off budget borrowings by PSUs, Special Purpose Vehicles (SPVs) and other equivalent instruments where liability for repayment is on the State Government allocations. Further, the Chhattisgarh Fiscal Responsibility and Budget Management Rules, 2006 provided that the 'Medium Term Fiscal Policy (MTFP) Statement' laid before the Legislature along with Budget documents shall contain the three-year rolling targets with respect to Revenue Deficit, Fiscal Deficit and total outstanding liabilities[1] of the State Government.

[1] As defined in the State FRBM Act, total outstanding liabilities of the State includes borrowing by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal or interest are to be serviced out of the State Budget.

For the year 2024-25, debt stock was targeted as 25.43 *per cent* of GSDP under MTFP in the budget whereas the projections for the same as recommended by the 15th Finance Commission was 31.30 *per cent*. The ratio of total outstanding liabilities including off-budget borrowings to GSDP would be 27.45 *per cent*.

The State Government did not disclose the details of off budget borrowings for the year 2024-25 in budget documents of 2025-26. The State Government reported outstanding off budget borrowing of ₹ 2,781.78 crore as on March 2025 to the Ministry of Finance Government of India as detailed below in **Table 3.1.**

Table 3.1: Details of off-budget borrowings as on 31 March 2025 as informed by the State Government

(₹ in crore)

Entities borrowed on behalf of Government	Opening Balance as on 01 April 2024	Fund raised during the year	Outstanding loan as on 31 March 2025	Purpose of loan
State Urban Development Agency	1,444.23	-12.75	1,431.48	For State share of Pradhan Mantri Awas Yojana-Urban
Chhattisgarh Rural Housing Corporation	1,479.73	-129.43	1,350.30	For State share of Pradhan Mantri Awas Yojana-Gramin
Chhattisgarh Road and Infrastructure Development Corporation Limited	2,356.31	-2,356.31	0.00	Construction of Roads and Bridges
Chhattisgarh Housing Board	792.34	-792.34	0.00	Construction of residential buildings for state government employees
Chhattisgarh Police Housing Corporation Limited	518.95	-518.95	0.00	Construction of residential building for police personnel.
Total	**6,591.56**	**-3,809.78**	**2,781.78**	

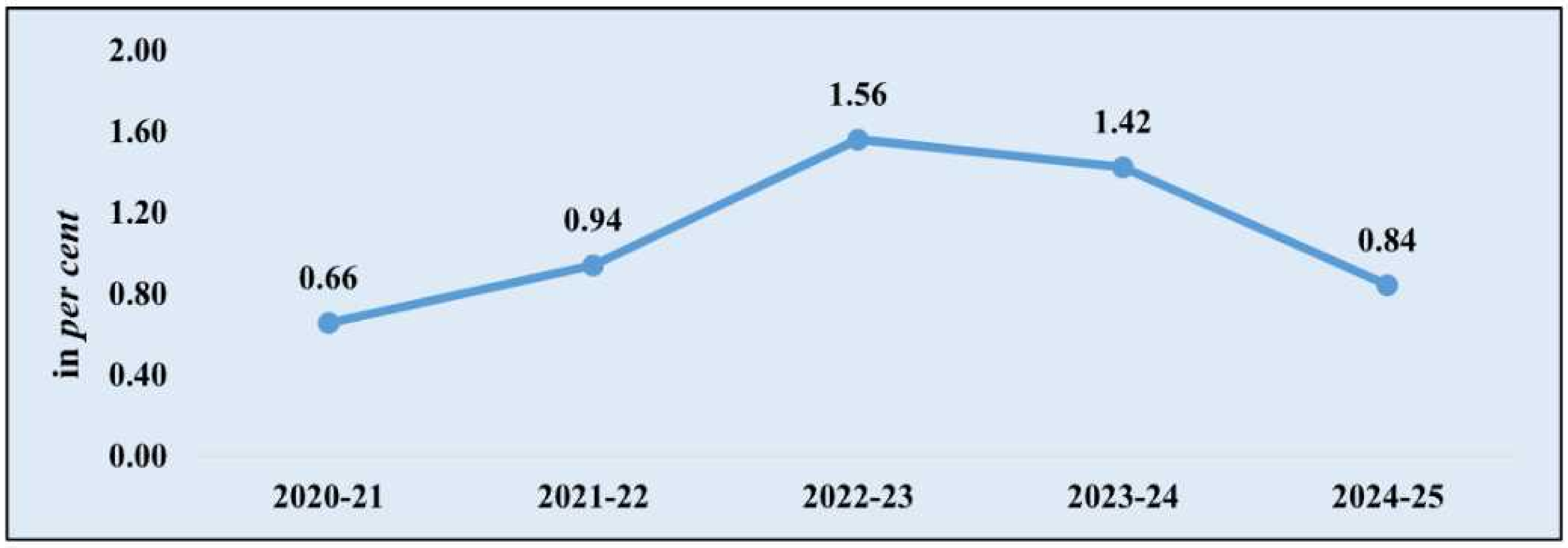
Source: Information provided by the State Finance Department to GoI

However, as per Ministry of Finance letter dated June 2025, Chhattisgarh State has also taken new off-budget borrowing of ₹ 584.21 crore during 2024-25. Further, the State Government did not mention the loan liabilities of ₹ 2,275 crore pertaining to power sector companies taken over by it during 2022-23 and 2023-24. During 2024-25, the State Government made budgetary provision of ₹ 454.62 crore (Principal ₹ 307.07 crore and Interest ₹ 147.55 crore) and against which ₹ 452.27 crore was released for servicing the above loan. A total amount of ₹ 1,410.58[2] crore was outstanding as of March 2025 towards the above liabilities of the State Government.

[2] Against ₹ 2,275 crore, the principal of ₹307.07 crore paid during 2024-25 and principal of ₹557.35 crore was paid during previous years. Hence ₹1,410.58 crore (₹855.35 crores with CSPTCL and ₹555.23 crores with CSPGCL) outstanding as of March 2025.

Total outstanding off-budget borrowings as a percentage of GSDP is depicted in **Chart 3.1.**

Chart 3.1: Outstanding Off-Budget Borrowings as a percentage of GSDP as on 31 March 2025



Source: Finance Accounts of the respective years

During the year 2024-25, off budget borrowings of ₹ 5,160.07 crore was repaid by respective PSUs through financial assistance of the State Government. This included repayment of principal of ₹ 4,441.58 crore and interest of ₹ 718.49 crore as detailed in **Table 3.2.**

Table 3.2: Details of assistance for payment of interest and repayment of principal during 2024-25

(₹in crore)

Sl. No.	Name of the Entities	Assistance for payment towards Interest Amount	Assistance for re-payment towards Principal Amount
1	Chhattisgarh Housing Board	67.23	792.35
2	Chhattisgarh Police Housing Corporation Limited	46.00	519.97
3	State Urban Development Agency	133.24	98.92
4	Chhattisgarh Rural Housing Corporation	115.82	123.27
5	Chhattisgarh Road and Infrastructure Development Corporation Limited	211.00	2,600.00
6	CG Power Companies (Transmission and Generation) Limited	145.20	307.07
Total		**718.49**	**4,441.58**

Source: Finance Accounts 2024-25 and compiled from VLC data

It is evident from the above instances that use of borrowed funds raised outside the budget through other entities for financing the expenditure of the State Government not only led to understatement of revenue/capital expenditure and revenue/fiscal deficit but also ensured that borrowings remain outside the computation of debt in the accounts of the State Government. The burden of current expenditure would get shifted to future generations to the extent of service of debt through budget/budgetary support in subsequent years. The State Government has a net off budget liability of ₹ 4,776.57 crore in addition to the total budgeted liabilities of ₹ 1,53,211.77 crore outstanding as of 31 March 2025. Thus, the total liability of the State stood at ₹ 1,57,988.34 crore.

On being pointed out the State Government in reply (February 2026) stated that the state has disclosed off-budget borrowing for 2024-25 in FRBM disclosure document. Also, most off-budget borrowings have been repaid in FY 2024-25 and partly in current FY 2025-26.

The State Government also stated that as far as loans of power companies taken over in FY 2022-23 and 2023-24 are concerned, these loans were primarily taken by DISCOM without state government guarantee and due to Revamped Distribution Sector (RDS) scheme compliance, it was mandatory for the state government to take over the losses of DISCOM. Therefore, these loans have to be repaid by the state through budget provision. Hence, these loans do not fall under the State's off budget liabilities.

The facts remain that the State Government did not disclose the details of off-budget borrowings for the year 2024-25 in FRBM Disclosure document (Form-D2) and these borrowings remained outside the computation of debt in the accounts of the State Government.

3.2 Undischarged liabilities of the Government

Undischarged liabilities, such as non-transfer of collected cess to designated bodies or short remittances to the National Pension System (NPS), etc. can have significant long-term fiscal and governance implications. These unpaid obligations accumulate over time, creating hidden liabilities that distort the true financial position of the State. Further, delays in cess transfer hinder the intended development or welfare outcomes, defeating the purpose for which such levies were imposed. Similarly, short transfers to NPS not only violate statutory commitments but also compromise the financial security of employees. Over the years, such practices can erode trust, trigger legal liabilities and increase future expenditure obligations, thereby constraining fiscal space and weakening fiscal sustainability. Such cases are discussed in succeeding paragraphs.

3.2.1 Undischarged Interest liability

The Government has a liability to provide and pay interest on the amounts in the Interest-bearing Deposits/Reserve Funds.

Audit observed that ₹ 58.83 crore was required to be paid as interest on the balance of ₹ 710.93 crore lying under interest bearing Deposits/Reserve Funds as on 1 April 2024 as shown in **Table 3.3.**

Table 3.3: Details of interest liability not discharged in respect of Interest-bearing Deposits/Reserve Funds

(₹ in crore)

Sl. No.	Name/Head of the interest-bearing deposit	Opening Balance as on 1 April 2024	Basis for calculation of interest	Amount of interest not paid/provisioned
1.	Defined Contribution Pension Scheme for Government Employees	21.58	Interest calculated as per the rate of interest notified by the Government/payable to General Provident Fund @7.1 *per cent*	1.32
2	State Disaster Response Fund	489.93	Interest calculated at the rate applicable to overdraft which is at Repo rate plus two *per cent* (8.50)	32.71
3	National Disaster Response Fund (NDRF)		Delay in transfer of Central share received on 4.12.2024 (₹ 33.24 crore) at Bank rate i.e 6.75 *per cent* for 6 days	0.04
			Delay in transfer of State share (₹ 11.08 crore) against Central share of ₹ 33.24 crore received on 4.12.2023 at Bank rate i.e 6.75 *per cent* for 43 days.	0.09
4	State Disaster Mitigation Fund	199.42	Non-investment of Fund at Repo rate plus two *per cent* (8.50)	24.67
Total		**710.93**		**58.83**

Source: Finance Accounts 2024-25

Non-transfer of interest to interest-bearing funds and deposit accounts resulted in understatement of the Revenue Deficit and Fiscal Deficit by ₹ 58.83 crore. Further, the accumulation of undischarged interest liability shifts the burden to future years, exerting additional pressure on the Government's Revenue Expenditure.

3.2.2 Short contribution in National Pension System

The State Government implemented the Defined Contribution Pension Scheme (DCPS) under the National Pension System (NPS) for employees appointed on or after 1 November 2004. Under the scheme, both the employee and the employer are required to contribute 10 *per cent* of the employee's basic pay and dearness allowance. The State Government of Chhattisgarh vide letter No. 282 dated 11 May 2022 has issued notification for reversion to Old Pension Scheme (OPS) w.e.f. 1 November 2004. Out of total employees covered under NPS, 2,90,598 employees have opted for the OPS and 10,349 have opted for New Pension Scheme.

As per the prescribed accounting procedure, the Government's contribution is initially debited to Majar Head (MH) 2071-Pension and Other Retirement Benefits and, along with employees' contributions, it is subsequently credited to the Public Account under MH 8342-Other Deposits-Minor head-117 (Defined Contribution Pension Scheme). The consolidated balance in the Public Account is required to be remitted to the

National Securities Depository Limited (NSDL)/Trustee Bank for investment and fund management in accordance with NPS guidelines.

However, the State Government's contribution is debited to Major Head 2071 and directly transferred to the Trustee Bank without routeing it through Major Head 8342-117 during the previous years.

During the year 2024-25, total contribution to the NPS was ₹ 63.18 crore (Employees' contribution ₹ 25.54 crore, Government contribution ₹ 35.25 crore and Employee and Employer Contribution of Employees posted on deputation ₹ 2.39 crore). Against the total contribution of ₹ 63.18 crore, Government Contribution of ₹ 0.62 crore was directly transferred to Trustee Bank by debiting the Major Head 2071, and ₹ 61.71 crore was transferred to the Trustee Bank from Public Accounts (8342-117). The fund transfer to Trustee Bank was short by ₹ 0.85 crore resulting in overstatement of Cash Balance.

As of March 2025, the State Government short transferred ₹ 22.43 crore (₹ 21.58 crore for earlier years and ₹ 0.85 crore for 2024-25) to the Trustee bank, resulting in overstatement of cash balance to that extent.

3.2.3 Short tranfer of Building and Other Construction Workers Welfare Cess

Government of India enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 aimed at providing safety, health and welfare measures for the benefit of building and other construction workers. GoI also enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess at the rate of one *per cent* of the cost of construction, as stipulated under the Buildings and Other Construction Workers Act, with the aim of improving the working conditions of workers and to provide financial aid to them and framed the relevant Rules under the above Acts. The Act, inter alia, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by all State Governments to exercise the powers conferred under the Act.

Accordingly, GoCG constituted (September 2008) Building and Other Construction Workers Welfare Board. The Board collects Labour cess at the rate of one *per cent* of cost of construction from the employers and utilises it for the implementation of its schemes as per BOCW Welfare Cess Act 1996.

As per the Finance Accounts 2024-25, under the Major Head 8443-108/111 other Departmental/Public Works Deposit, ₹ 49.53 crore of labour cess was deposited during the year. The State Government transferred ₹ 50.15 crore against ₹ 54.71 crore (₹ 49.53 crore and un-transferred balance of ₹ 5.18 crore of previous year) payable to the Board. The balance of ₹ 4.56 crore remained un-transferred to the Board, resulting in overstatement of cash balance.

3.2.4 Non-transfer of Infrastructure Development Cess

As per provision made under Chhattisgarh (*Adhosanrachna Vikas Evam Paryavaran) Upkar Adhiniyam,* 2005, the Infrastructure Development Cess (ID Cess) shall be levied and collected on all lands on which land revenue or rent is levied. The ID Cess collected should be transferred to the Infrastructure Development Fund (ID Fund) and shall be utilised for implementation of such infrastructure development projects in the State as may be prescribed. The Infrastructure Development Fund is maintained in Public Account (8229 Development and Welfare Fund-200-0026).

During the year 2023-24 and 2024-25, the Government collected ₹ 197.95 crore and ₹ 180.67 crore respectively, being the collection of Infrastructure Development Cess. Out of the funds collected during the previous year, no amount was transferred during 2024-25 to the designated fund by the State Government. This resulted in short transfer of ₹ 197.95 crore which understated the Revenue Expenditure.

Thus, failure to transfer the cess collections to designated fund was in contravention of the provisions of the Act and the objective of fiscal decentralisation.

3.2.5 Non-transfer of Environment Cess

As per provision made under Chhattisgarh (*Adhosanrachna Vikas Evam Paryavaran) Upkar Adhiniyam,* 2005, an Environment Fund shall be established in GoCG. Environmental cess so collected should be transferred to the Environment Fund and should be utilised by the State Government for implementation of such environment projects in the State of Chhattisgarh as may be prescribed. Environment Fund is maintained in Public Account (8229-200-0021).

During the years 2023-24 and 2024-25, the Government collected ₹ 197.50 crore and ₹ 180.67 crore respectively, being the collection of Environment Cess. Out of the funds collected during the previous year, no amount was transferred during 2024-25 to the designated fund by the State Government. This resulted in short transfer of ₹ 197.50 crore which understated the Revenue Expenditure.

Thus, failure to transfer the cess collections to designated fund was in contravention of the provisions of the Act and the objective of fiscal decentralisation.

3.2.6 National Mineral Exploration Trust Fund

The National Mineral Exploration Trust (NMET) was established in August 2015 under Section 9C of the MMDR Act, 1957. As per Section 9C (4) of this Act, holder of a mining lease or a mineral concession are required to contribute two *per cent* of the royalty paid to the trust. As per the NMET Rules, the State Government is responsible for collecting these contributions, depositing them in the Public Account under Major Head '8449–123–NMET Deposits', and transferring the funds monthly to the Consolidated Fund of India.

In FY 2024-25, ₹ 140.01 crore was deposited under this head, and the entire amount has been transferred to the NMET by the State Government.

There were no delays or short transfers noticed during the year. However, continuous verification of lessee contribution and reconciliations between departmental collections and treasury accounts need to be emphasised.

3.2.7 Short transfer of Central Road and Infrastructure Fund

The erstwhile Central Road Fund (CRF) has been renamed as the Central Road and Infrastructure Fund (CRIF) vide GoI's Gazette notification dated 31 March 2018. The CRIF will be used for development and maintenance of National Highways, Railway projects, improvement of safety in Railways, State and Rural roads and other infrastructure.

In terms of the extant accounting procedure, the grants received by the State from the Centre are to be initially booked as Revenue Receipts under Major Head 1601. Thereafter, the amount so received is to be transferred by the State Government to the Public Account under Major Head 8449-103-Subvention from Central Road and Infrastructure Fund through functional Major Head(s).

During the year 2024-25, the State Government received grants of ₹ 177.28 crore towards Central Road and Infrastructure Fund and transferred ₹ 210.16 crore pertaining to 2023-24 to the Fund. The State Government did not transfer ₹ 177.28 crore received for the year 2024-25 to the Fund maintained in the Public Account as on 31 March 2025. The short transfer of ₹ 177.28 crore understated the revenue expenditure.

3.2.8 Non transfer in Chhattisgarh Mineral Development Fund

As per section 3 (2) of Chhattisgarh Mineral Development Fund Act, 2003, every year an amount equivalent to five *per cent* of mineral revenue collected during the preceding financial year shall be earmarked and contributed to the Mineral Development Fund.

During 2024-25, the State Government was required to transfer ₹ 639.77 crore to Chhattisgarh State Mineral Development Fund (five *per cent* of Mineral Revenue of ₹ 12,795.35 crore collected during 2023-24) against which no amount was transferred by the State Government. Short contribution of ₹ 639.77 crore resulted in understatement of the Revenue expenditure to that extent.

3.2.9 Short transfer in Pension Fund

The State Government of Chhattisgarh vide notification dated 29 March 2003 has established Pension Fund. Rule 6 of the Chhattisgarh State Pension Fund Rules states that government shall transfer to the fund an amount not less than five *per cent* of the total liabilities in the Major Head 2071 towards pensionary liabilities in the immediate preceding year provided that the State Government may keeping in view the available resources, transfers a larger amount into the fund.

The pension fund was created at sub-head level below Major Head-8229-200 Other Development Funds. Total expenditure under Major Head -2071 as on 31 March 2024 was ₹ 9,111.82 crore, five *per cent* of which comes to ₹ 455.59 crore which was to be contributed to the Fund in 2024-25.

The opening balance of the Fund as on 1 April 2024 was ₹ 737.08 crore. During the year, an amount of ₹ 340.00 crore was transferred to the Fund against the required contribution of ₹ 455.59 crore. Short contribution of ₹ 115.59 crore understated the revenue expenditure to that extent.

3.2.10 Pendency of refund cases

Promptness in disposal of refund cases is an important indicator of performance of the Department concerned. Three tax collection Departments provided data on the pendency of refund cases.

The details of refund cases during the year 2024-25, as reported by the departments concerned are at **Table 3.4.**

Table 3.4: Details of refund cases

(₹ in crore)

Sl. No.	Particulars	State Excise		Forest		Energy	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	26	0.85	15	1.00	0	0.00
2.	Claims received during the year	62	5.98	0	0.00	0	0.00
3.	Refunds made during the year	70	5.06	0	0.00	0	0.00
4.	Refunds rejected during the year	0	0.00	0	0.00	0	0.00
5.	Balance outstanding at the end of year	18	1.77	15	1.00	0	0.00

Source: Information provided by the respective Departments

Prompt disposal of refund cases is an important indicator of the efficiency of tax administration, as delays adversely affect taxpayers and reflect deficiencies in departmental functioning. Non-production of information indicates inadequate monitoring and reporting mechanisms.

On being pointed out the State Government in reply (February 2026) stated that instructions are being issued to ensure the timely transfer of funds to the Public Accounts, including the Central Road and Infrastructure Fund and the State Mineral Development Fund and further stated that actions are being taken to ensure that interest on interest-bearing deposits is provisioned correctly to avoid understating the revenue deficit.

Issues related to transparency

3.3 Delay in submission of Utilisation Certificates

Rule 182 of the Chhattisgarh Financial Code stipulates that where Grants-in-Aid (GIA) is annual or a non-recurring grant, has been given for one year only, the departmental officer on whose signature or counter signature the grant-in-aid bill was drawn, shall on or before September 30, of the year following that to which the grant related, furnish

Utilisation Certificates (UCs) to the Accountant General.

During the year 2024-25, 141 UCs amounting to ₹ 1,198.90 crore became due for submission (grant-in-aid bills drawn up to 31 March 2024). No UC was outstanding at the beginning of the year. During the year, 138 outstanding UCs amounting to ₹ 1,198.59 crore were cleared, leaving three outstanding UCs of ₹ 0.31 crore as on 31 March 2025 as given in **Table 3.5.**

Table 3.5: Details of pendency of Utilisation Certificates

(₹ in crore)

UC due year	Financial Year	Number of pending UCs	Amount
2024-25	Upto 2023-24	03	0.31
Total		**03**	**0.31**

Source: Finance Accounts 2024-25

Only Revenue Department has outstanding UCs (03 nos.) as on 31 March 2025.

The largely timely submission of UCs indicates improvement in financial accountability and adherence to codal provisions. However, continued monitoring is required to ensure that all UCs are submitted within the prescribed time limit.

3.4 Abstract Contingent bills

When money is required in advance or when they are not able to calculate the exact amount required, Drawing and Disbursing Officers (DDOs) are permitted to draw money without supporting documents, through Abstract Contingent (AC) bills, by debiting service heads and the expenditure is reflected as an expense under the service head.

Rule 327 of Chhattisgarh Treasury Rules provides that Drawing and Disbursing Officers (DDOs) are required to present Detailed Contingent (DC) bills containing vouchers in support of financial expenditure not later than 25^{th} of the following month in which such amounts were drawn. Delayed submission or prolonged non-submission of DC bills may affect the completeness and correctness of accounts.

Out of 412 AC bills amounting to ₹ 8,061.68 crore drawn during the year 2024-25, 123 AC bills amounting to ₹ 2,741.37 crore (34.00 *per cent*) were drawn in March 2025 and 76 AC bills amounting to ₹ 8,045.23 crore were adjusted up to 31 March 2025.

The details of unadjusted AC bills as pending submission of DC bills are shown in **Table 3.6.**

Table 3.6: Age-wise pending adjustment of AC bills

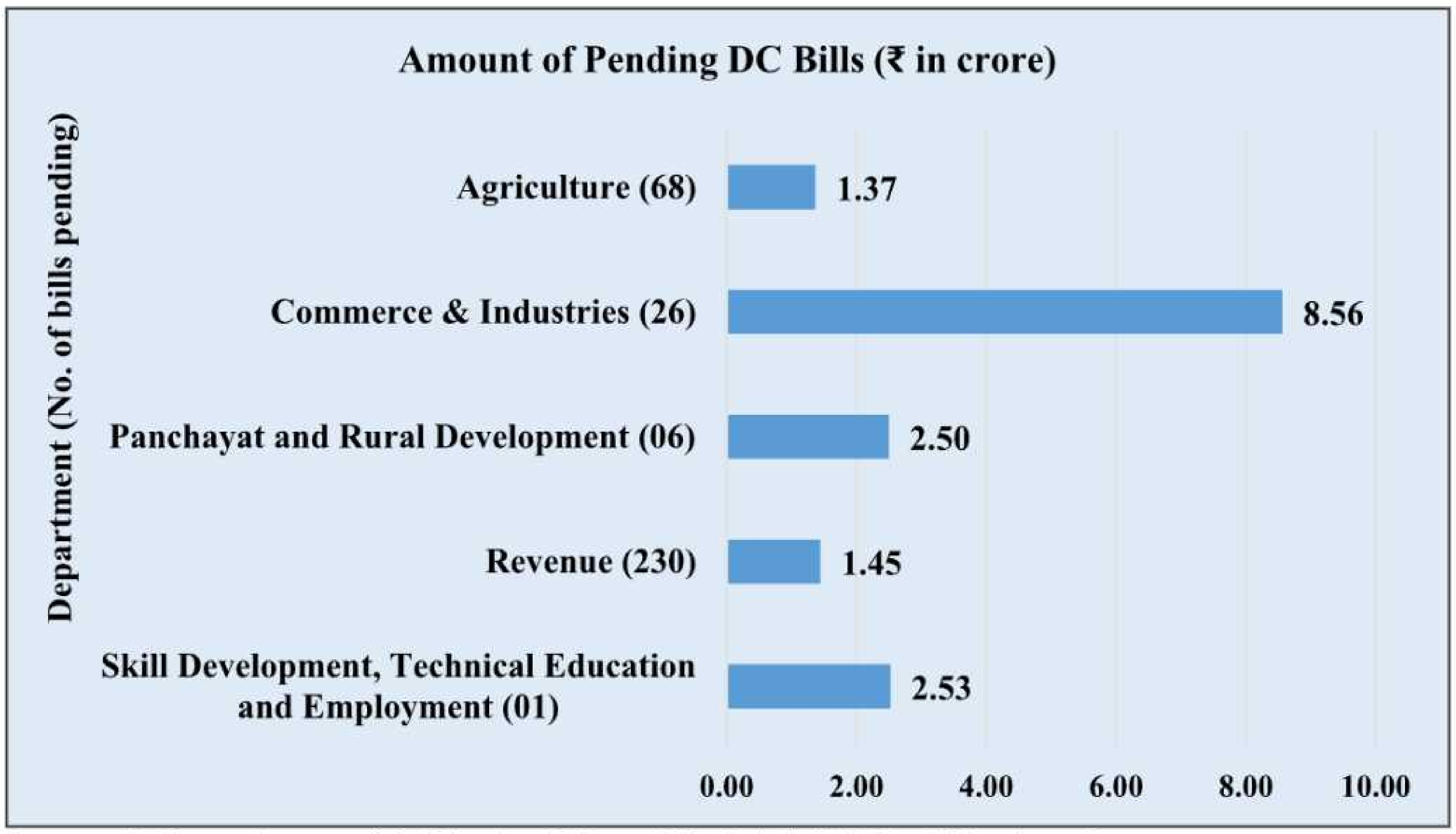
(₹ in crore)

Due year	Number of AC Bills	Amount
Upto 2022-23	56	2.53
2023-24	112	0.67
2024-25	336	16.45
Total	**504**	**19.65**

Source: Finance Accounts 2024-25

Total 336 outstanding AC bills pertained to seven Departments out of which 331 AC bills amounting to ₹ 16.40 crore were pending from the five Departments as depicted in **Chart 3.2.**

Chart 3.2: Pending DC Bills in respect of five major Departments



Source: Information provided by the Office of the PAG (A&E), Chhattisgarh

Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore requires close monitoring by the respective DDOs for ensuring submission of DC bills. Further, to the extent of non-receipt of DC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

On this being pointed out the State Government in reply (February 2026) stated that formal letters are being issued to the departments concerned for immediate compliance.

3.5 Personal Deposit Accounts

The Personal Deposit (PD) Accounts are Deposit Accounts of the nature of deposits not bearing interest opened under 8443-Civil Deposits 106 Personal Deposit and kept in Treasuries in the name of the Administrators of the Accounts. The account kept at the treasury is of the nature of a banking deposit account, the receipts and payments being recorded in personal ledgers. These Accounts can be opened with the approval of the Finance Department. Accountant General's consent is not required as per the existing rules. As per subsidiary rule 543 of the State Treasury Code, the State Government is authorised to open Personal Deposit Account (which form part of the Public Account) wherein, funds are drawn from the Consolidated Fund (by debiting expenditure head) to be utilised for specific purposes. Unspent balances lying in PD accounts are required to be transferred back to the Consolidated Fund before the closure of the Financial Year by minus debit of the balance to the relevant service heads.

Table 3.7 provides the status of funds lying in PD Accounts on the last day of the financial year during the last five-year period.

Table 3.7: Details of Personal Deposit Accounts during 2020-25

(₹ in crore)

Sl. No.	Year	Opening Balance as on 1 April		Accounts opened during the year/ Amount received		Accounts Closed during the year/ Amount Disbursed		Closing Balance as on 31 March	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
1	2020-21	223	1,585.26	03	502.34	18	526.65	208	1,560.95
2	2021-22	208	1,560.95	02	287.56	71	444.13	139	1,404.38
3	2022-23	139	1,404.38	02	250.56	10	290.74	131	1,364.20
4	2023-24	131	1,364.20	02	149.09	03	160.39	130	1,352.90
5	2024-25	130	1,352.90	03	224.69	04	205.32	129	1,372.27

Source: Finance Accounts of respective years

As can be seen from **Table 3.7**, during 2020-21 to 2024-25, a total of 12 PD accounts were opened, and 106 accounts were closed. As of 31 March 2025, 129 PD accounts were in existence and the closing balance in these accounts was ₹ 1,372.27 crore. Out of total balance amount of ₹ 1,372.27 crore, ₹ 995.09 crore in 43 PD accounts pertains to the unpaid amount of compensation of Land Acquisition.

During the year 2024-25, out of the total ₹ 224.69 crore transferred in PD accounts an amount of ₹ 25.84 crore was transferred from Consolidated Fund of the State. This includes ₹ 11.53 crore transferred in March 2025. Out of the total amount of ₹ 205.32 crore shown as disbursed, an amount of ₹ 23.18 crore was transferred to Major Head 8443-101 (Revenue Deposit) of Public Account instead of minus debit to the concerned service heads after closing of four PD accounts. Remaining amount of ₹ 182.14 crore was disbursed during the year 2024-25.

Further, four PD accounts with balance of ₹ 4.90 crore were inoperative for more than last three years and are yet to be closed.

The closing balance in PD Accounts indicated that the administrators did not close the PD Account by minus debit to relevant service head at the close of financial year as required under the rules. Since the amounts transferred to PD Accounts are shown as final expenditure in the Consolidated Fund of the State, not closing of PD Accounts at the close of the year, resulted in overstatement of expenditure under Consolidated Fund during the year.

On this being pointed out the State Government in reply (February 2026) stated that formal letters are being issued to the departments concerned for immediate compliance.

3.6 Operation of Minor Head-800

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Regular operation of Minor Head-800 is to be discouraged, since it renders the accounts opaque. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

During the year 2024-25, ₹ 771.18 crore under 28 Major Heads of accounts, constituting 0.53 *per cent* of the total expenditure of ₹ 1,45,444.44 crore (Revenue expenditure-₹ 1,25,389.82 crore and Capital expenditure-₹ 20,054.62 crore) was classified under the Minor Head-800-Other Expenditure in the accounts.

Similarly, ₹ 5,794.58 crore under 44 Major Heads of Account, constituting 4.82 *per cent* of the total Revenue Receipts (₹ 1,20,290.35 crore) was classified under 800-Other Receipts in the accounts. Of these, ₹ 11.99 crore received as royalty under the Major Head 0853 was classified under Minor Head-800-Other Receipts despite availability of appropriate Minor Heads 107 for royalty thereunder as detailed in **Table 3.8.**

Table 3.8: Receipts misclassified under Minor Head 800-Other Receipts during 2024-25

(₹in crore)

Details of head under booking was wrongly classified	Amount	Nature of Receipt	Correct classification
Major Head 0853-Non-ferrous Mining and Metallurgical Industries below Minor Head 800-Other Receipts	11.99	Royalty	Major Head 0853-Non-ferrous Mining and Metallurgical Industries below Minor Head 107-Minor Mineral Concession fees, rents and royalties
Total	**11.99**		

The continued operation of the omnibus Minor Head 800, despite the availability of a specific functional minor head, violates principles of transparency and fiscal discipline prescribed under the accounting framework. The improper use of Minor Head 800 conceals the true nature of the transaction, and it does not disclose the schemes/programmes etc to which it relates thereby diminishing the quality of financial reporting and accountability of departmental operations.

On this being pointed out the State Government in reply (February 2026) stated that specific directions are being sent to stop the over-reliance on Minor Head 800 (Other Receipts) to ensure more granular and transparent financial reporting.

Issues related to measurement

3.7 Outstanding balance under major Suspense and DDR Heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items balances for the last three years have been shown in **Table 3.9.**

Table 3.9: Balances under Suspense and Remittance Heads

(₹ in crore)

Head of Account		2022-23		2023-24		2024-25	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658	**Suspense Account**						
101	Pay and Accounts Office-Suspense	67.19	36.13	77.11	20.21	26.28	29.03
	Net Debit (Dr.) /Net Credit (Cr.)	**Dr. 31.06**		**Dr. 56.90**		**Cr. 2.75**	
102	Suspense Account-(Civil)	0.00	5.93	0.00	7.98	0.37	18.70
	Net Debit (Dr.) /Net Credit (Cr.)	**Cr. 5.93**		**Cr. 7.98**		**Cr. 18.33**	
109	Reserve Bank Suspense-(Headquarters)	-1.13	-0.08	-1.83	-0.16	-1.49	-0.09
	Net Debit (Dr.) /Net Credit (Cr.)	**Cr. 1.05**		**Cr. 1.67**		**Cr. 1.40**	
110	Reserve Bank Suspense-(Central Accounts Office)	4.44	0.00	2.90	0.00	4.64	0.00
	Net Debit (Dr.) /Net Credit (Cr.)	**Dr. 4.44**		**Dr. 2.90**		**Dr. 4.64**	
112	Tax deducted at Source (TDS) Suspense	0.00	140.14	0.00	94.74	0.00	112.19
	Net Debit (Dr.) /Net Credit (Cr.)	**Cr. 140.14**		**Cr. 94.74**		**Cr. 112.19**	
113	Provident Fund Suspense	12.86	0.00	1.88	0.00	0.74	0.00
	Net Debit (Dr.) /Net Credit (Cr.)	**Dr. 12.86**		**Dr. 1.88**		**Dr. 0.74**	
123	AIS Officer's Group Insurance Scheme	0.00	0.46	0.00	0.28	0.00	0.07
	Net Debit (Dr.) /Net Credit (Cr.)	**Cr. 0.46**		**Cr. 0.28**		**Cr. 0.07**	
129	Material Purchase Settlement Suspense Account	0.00	81.67	0.00	81.67	0.00	81.67
	Net Debit (Dr.) /Net Credit (Cr.)	**Cr. 81.67**		**Cr. 81.67**		**Cr. 81.67**	
8782	**Cash Remittance and adjustments between officers rendering accounts to the same Accounts Officer**						
102	Public Works Remittances	53.75	14.83	62.76	9.12	123.55	9.13
	Net Debit (Dr.) /Net Credit (Cr.)	**Dr. 38.92**		**Dr. 53.64**		**Dr. 114.42**	
103	Forest Remittances	44.53	5.24	45.81	5.59	53.36	7.41
	Net Debit (Dr.) /Net Credit (Cr.)	**Dr. 39.29**		**Dr. 40.22**		**Dr. 45.95**	
8793	**Inter-State Suspense Account**	91.13	-10.50	101.63	11.28	1782.99	0.00
	Net Debit (Dr.) /Net Credit (Cr.)	**Dr. 101.63**		**Dr. 90.35**		**Dr. 1782.99**	

***Source:** Finance Accounts of respective years*

Non-clearance of outstanding balances under these heads affects the accuracy of receipt/expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the State Government.

3.8 Reconciliation of Departmental figures

To exercise effective budgetary control over revenue/expenditure and to ensure accuracy in accounts, State Financial Rules stipulate that Chief Controlling Officers (CCOs)/Controlling Officers (COs) are required to reconcile every month, the receipts and expenditure recorded in their books with the figures of the Principal Accountant General (A&E).

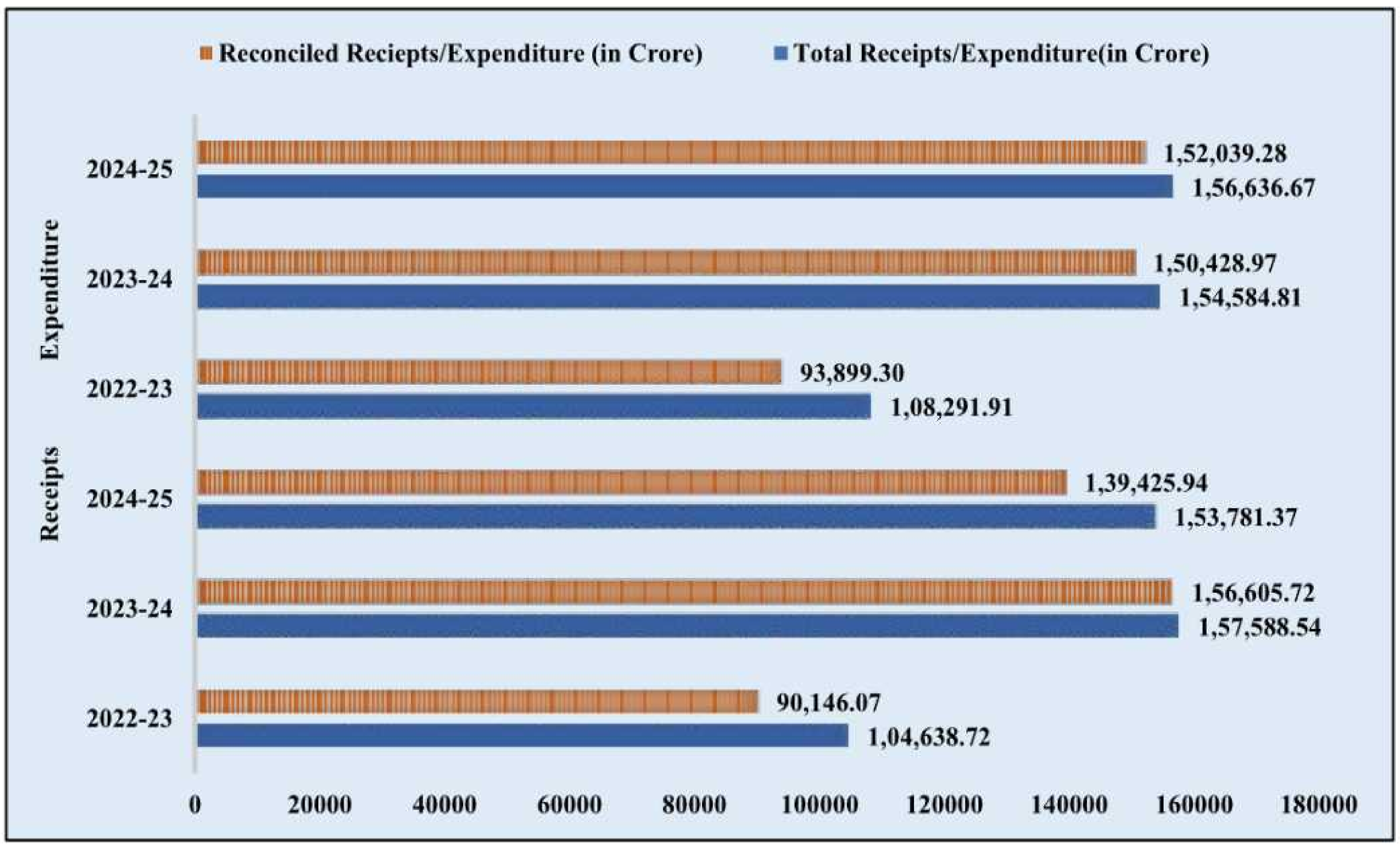
The status of reconciliation of figures by the Controlling Officers is given in **Table 3.10 and Chart 3.3.**

Table 3.10: Status of Reconciliation of Receipts and Expenditure by Controlling Officers

Year	Total No. of Controlling Officers	No. of Controlling Officers reconciled their receipts/ expenditures		
		Fully Reconciled	Partially Reconciled	Not Reconciled
Receipts				
2022-23	54	52	00	02
2023-24	54	50	00	04
2024-25	55	51	00	04
Expenditure				
2022-23	94	87	00	07
2023-24	95	88	00	07
2024-25	95	88	00	07

Source: Information provided by the Office of the PAG (A&E), Chhattisgarh

Chart 3.3: Status of Reconciliation of Receipts and Expenditure during the year 2022-25



Source: Information provided by the Office of the PAG (A&E), Chhattisgarh

During 2024-25, 91 *per cent* of total Revenue Receipts and 97 *per cent* of total Expenditure were reconciled. Overall, an amount of ₹ 14,355.43 crore under receipts and ₹ 4,597.39 crore under expenditure remained unreconciled. Compared to 2023-24, reconciliation of Revenue expenditure remained on par, while reconciliation of receipts decreased from 99 *per cent* to 91 *per cent*.

Seven Budget Controlling Officers[3] have not reconciled expenditure figures persistently for the past three years (2022-25).

Non-reconciliation impacts the assurance that all the receipts/expenditure have been taken to the final Head of Account properly. Failure to exercise this check might result in misclassification and incorrect booking of receipts and expenditure in the accounts. Necessary action for reconciliation in respect of all receipts and expenditure is required to be taken.

3.9 Reconciliation of Cash Balances

As per accounts of the Principal Accountant General (A&E), Chhattisgarh, the Cash Balance of the State Government as on 31 March 2025 was ₹ 223.19 crore (Debit) while the same was reported as ₹ 234.97 crore (Credit) by the Reserve Bank of India. As such, there was an unreconciled difference of ₹ 11.78 crore (Credit) mainly due to erroneous reporting by the accredited banks to the Central Accounts Section, RBI, Nagpur which was under reconciliation between the Principal Accountant General (A&E) Chhattisgarh and the State Government. After the closure of November 2025 Account, the said net difference was ₹ 26.77 lakh (Credit).

Issues related to disclosure

3.10 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India (CAG), prescribe the form of accounts of the Union and of the States. On the advice of the CAG, the President of India has so far notified four Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by the State Government as well as deficiencies therein during 2024-25 is detailed in **Table 3.11.**

Table 3.11: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
1	IGAS-1: *Guarantees given by government– Disclosure requirements*	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Not fully complied	During 2024-25, though the State Government disclosed Sector-wise/ Class-wise details of Guarantees given, the information regarding Maximum amount guaranteed during the year was not disclosed.

[3] 1. Secretary, GoCG, Home Department 2. Secretary, GoCG, Dharmik Nyas & Dharmasva Department 3. Secretary, GoCG, Energy Department 4. Secretary, GoCG, Ayakut Department 5. Secretary, GoCG, Agriculture Department 6. Secretary, Chhattisgarh State Finance Commission and 7. Commissioner, Archeology and Culture.

2	IGAS-2: *Accounting and Classification of Grants-in-Aid*	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Partially complied	Grants-in-Aid (₹ 5,126.55 crore) were classified under Capital section in contravention of the accounting standards.
3	IGAS-3: *Loans and Advances made by Government*	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its financial statements to ensure complete, accurate and uniform accounting practices.	Partially complied	Details of loans given were not confirmed by State Government/ certain Loan entities.
4	IGAS-4: *Prior period adjustments*	This Standard meant for accounting on cash basis recognises prior period items for rectification of errors or adjustment of financial statements for one or more prior periods for which the accounts have been closed.	Complied	------

Source: Indian Government Accounting Standards and Finance Accounts

Non-compliance with the Accounting Standards affects fiscal transparency and hinders true and fair representation of finances.

3.11 Submission of accounts of Autonomous Bodies

As on 31 March 2025, 106 accounts in respect of 24 Autonomous Bodies (ABs) were pending as detailed in ***Appendix 3.1***.

The continued delay and non-submission of accounts reflect weak internal control mechanisms and inadequate oversight by administrative departments. This adversely affects timely assessment of financial operations, transparency, and accountability. Delays also hinder the consolidation of government accounts and subsequent audit.

On this being pointed out the State Government in reply (February 2026) stated that the concerned departments would be directed to expedite the submission of 106 pending accounts for autonomous bodies.

Other Issues

3.12 Misappropriations, losses, thefts, etc.

Rule 22 and 23 of the Chhattisgarh Finance Code Vol.-I stipulates that every Government employee would be held personally responsible for any loss sustained by Government through fraud or negligence on his part or any loss arising from fraud or negligence on the part of any other Government employee to the extent that he contributed to the loss by his own action or negligence. Further, as per Rule 22 ibid, the cases of defalcations and losses are required to be reported to the AG (A&E).

As on 31 March 2025, 2,181 cases of misappropriation, losses, theft, etc. involving ₹ 124.72 crore were pending. The department-wise break-up of pending cases is given in ***Appendix 3.2.***

Out of the total 2,181 cases, in respect of 735 cases involving ₹ 88.06 crore, departments have not initiated departmental and criminal investigation, while in respect of 1,433 cases involving ₹ 36.60 crore, departmental actions have been initiated but not finalised. In 13 cases involving ₹ 0.06 crore, departmental and criminal proceedings were finalised but recovery of amount pending.

The age-profile of the pending cases and the number of cases pending in each category-theft and misappropriation/loss of Government material is summarised in **Table 3.12**

Table 3.12: Profile of misappropriations, losses, defalcations, etc.

(₹ in crore)

Age Profile of Pending Cases			Nature of Pending Cases		
Range in Years	**Number of Cases**	**Amount involved**	**Nature of the Cases**	**Number of Cases**	**Amount Involved**
0-5	175	2.32			
6-10	231	8.80	Theft	121	0.54
11-15	507	92.40	Defalcation	67	5.88
16-20	283	10.06			
21-25	172	2.74	Loss	1993	118.30
Above 25	813	8.40	**Total**	**2181**	**124.72**
Total	**2181**	**124.72**			

Source: Departmental data/information

Out of the total 2,181 cases, 121 cases amounting to ₹ 0.54 crore were related to theft of Government money/stores, whereas 1,775 cases involving ₹ 113.60 crore pertaining to misappropriation/loss of Government material were pending for more than ten years.

On this being pointed out the State Government in reply (February 2026) stated that necessary action would be taken to write-off and resolve long-standing cases of misappropriation/defalcations.

3.13 Follow up action on State Finances Audit Report

In every State, the Public Accounts Committee (PAC)/Finance Department require the line departments to provide a suo-motu Explanatory Note (EN) on the paragraphs featuring in the Audit Reports within one month of placing the Reports in the Legislature. The line departments are also required to provide Action Taken Notes (ATNs) to the AG (for vetting and onward transmission to the PAC) within three months of tabling the Reports.

State Finances Audit Report is being presented to the State Legislature from 2008-09 onwards. However, the Public Accounts Committee (PAC) of Chhattisgarh State Legislative Assembly is yet to take up these reports for discussion (April 2025).

The continued pendency of these Reports for legislative examination indicates the absence of an effective follow-up mechanism and weak enforcement of accountability at the departmental and committee levels.

3.14 Conclusion

The State Government has a net off-budget liabilities of ₹4,776.57 crore in addition to total budgeted liabilities of ₹ 1,53,211.77 crore outstanding as of March 2025. Government of Chhattisgarh has not disclosed in its budget, its entire liabilities with regard to the loans obtained by various public sector entities at its behest for implementation of various socio-economic developmental programmes for which the State Government had given the guarantee to repay the principal and interest.

As of March 2025, 504 DC bills worth ₹19.65 crore were pending for submission. Non-submission of DC bills by departments for funds drawn for specific developmental programmes/projects and non-submission of accounts by public sector entities were violation of prescribed financial rules and directives. This points to inadequate internal controls and deficient monitoring mechanism of the State Government and increases the risk/possibility of wastage/misappropriation/ malfeasance etc.

As of 31 March 2025, 129 PD Accounts were in existence with a closing balance of ₹ 1,372.26 crore. Non-transfer of unspent balances lying in PD Accounts to the Consolidated Fund of the State entails the risk of misuse of public fund, fraud and misappropriation.

Operation of omnibus Minor Head 800–'Other Receipts' (₹5,798.58 crore constituting 4.82 per cent of total revenue receipts of ₹1,20,290.35 crore) and 'Other Expenditure' (₹771.18 crore constituting 0.53 per cent of total revenue and capital expenditure of ₹1,45,444.44 crore) affected transparency in financial reporting and obscured proper analysis of allocative priorities and quality of expenditure.

Non-compliance with the Accounting Standards affects fiscal transparency and hinders true and fair representation of finances. Autonomous Bodies are functioning without submitting their accounts for longer periods, whilst the State Government also supports them with grants, loans and guarantees.

3.15 Good Practices

In FY 2024-25, ₹ 140.01 crore was deposited in the Public Account under Major Head 8449-123-NMET Deposits for the National Mineral Exploration Trust head, and the entire amount has been transferred to the NMET by the State Government. There were no delays or short transfers noticed during the year.

During the year 2024-25, 141 UCs amounting to ₹ 1,198.90 crore became due for submission (grant-in-aid bills drawn up to 31 March 2024). No UC was outstanding at the beginning of the year. During the year, 138 outstanding UCs amounting to ₹ 1,198.59 crore were cleared, leaving three outstanding UCs of ₹ 0.31 crore.

3.16 Recommendations

The Government may

- disclose all its liabilities, including off budget borrowings transparently while presenting its budget, to enable proper appreciation of its financial position.
- need to make special efforts to settle old outstanding AC bills keeping in view that submission of DC bills from 2022-23 onwards are still pending. At the same time, the DDOs should be asked to ensure that the DC bills are submitted within prescribed time, in order to avoid accumulation of unadjusted AC bills.
- review all Personal Deposit (PD) accounts and ensure that the amounts transferred to PD accounts by debiting the service heads but unnecessarily lying in these PD accounts are immediately transferred to the Consolidated Fund as per the extant rules. The inoperative PD accounts should be closed timely as per government directives.
- discourage the use of omnibus Minor Head 800 and chalk out a specific timeframe, in consultation with the Principal Accountant General (A&E), to identify appropriate Heads of Account to classify the transactions correctly in the books of accounts.

Raipur
The : 06 May 2026

(MOHD. FAIZAN NAYYAR)
Accountant General (Audit)
Chhattisgarh

Countersigned

New Delhi
The : 13 May 2026

(K. SANJAY MURTHY)
Comptroller and Auditor General of India