

## CHAPTER II

### ALLOCATIVE PRIORITIES AND APPROPRIATION

#### 2.1 Introduction

The Appropriation Accounts are prepared annually to indicate capital and revenue expenditure on various specified services vis-à-vis those authorized by the Appropriation Act(s) in respect of both charged and voted items of budget.

Audit of Appropriation Accounts by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act by the State Legislature for that year and the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

#### 2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2006-07 against 84 grants/ appropriations was as follows:

*(Rupees in crore)*

	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-) Excess(+)
Voted	I. Revenue	18411.93	2368.39	20780.32	18232.46	- 2547.86
	II. Capital	6099.16	1220.83	7319.99	5348.97	- 1971.02
	III. Loans & Advances	895.23	636.40	1531.63	1014.40 <sup>11</sup>	- 517.23
<b>Total Voted</b>		<b>25406.32</b>	<b>4225.62</b>	<b>29631.94</b>	<b>24595.83</b>	<b>- 5036.11</b>
Charged	IV. Revenue	4590.99	35.73	4626.72	4474.33	- 152.39
	V. Capital	3.82	7.00	10.82	11.41	+ 0.59
	VI. Public Debt	6195.00	--	6195.00	1731.53	- 4463.47
<b>Total Charged</b>		<b>10789.81</b>	<b>42.73</b>	<b>10832.54</b>	<b>6217.27</b>	<b>- 4615.27</b>
<b>Grand Total</b>		<b>36196.13</b>	<b>4268.35</b>	<b>40464.48</b>	<b>30813.10<sup>12</sup></b>	<b>- 9651.38</b>

The overall savings of Rs.9,651.38 crore was the net result of savings of Rs.9,687.38 crore in 178 cases of grants and appropriations offset by excess of Rs.36 crore in three cases of grants and appropriations.

<sup>11</sup> Includes Rs.60.00 crore on account of appropriation to contingency fund and Rs.1.33 crore in respect of Inter State Settlement.

<sup>12</sup> It was gross figure without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure: Rs.344.17 crore and capital expenditure: Rs.190.44 crore.

The table presents a picture of defective preparation of budget estimates of the State Government evidenced by significant saving of 72 per cent under Public Debt and overall unnecessary supplementary provision of Rs.4268.35 crore as the actual expenditure was even less than original provision.

Detailed comments on the expenditure and budgetary control systems in the case of some test-checked grants are contained in paragraph 2.7. Scrutiny of the Appropriation Accounts 2006-07 revealed the following further points:

**2.2.1 The actual expenditure shown under Consolidated Fund (in the table above) stands overstated to the following extent for the reasons mentioned below :**

Rupees 465.49 crore<sup>13</sup> being unspent amounts was transferred to Major Head 8443-Civil Deposits, 800-Other Deposits. Out of total deposits, Rs.65.26 crore was credited through NIL payment vouchers.

Rupees 351.35 crore (Deposits: Rs.886.32 crore less disbursements therefrom: Rs.534.97 crore) in respect of government institutions added to the balance of Major Head 8443- Civil Deposit, 106- Personal Deposit Account. Out of total deposit of Rs.886.32 crore during the year, Rs.177.88 crore were credited through NIL payment vouchers.

Genuineness of expenditure of Rs.54.85 lakh drawn on Abstract Contingent bills could not be vouchsafed, as Detailed Contingent bills were not submitted.

The savings/ excesses (Detailed Appropriation Accounts) were sent to the controlling officers requiring them to explain the significant variations. Out of total of 824 sub-heads commented upon in Appropriation Accounts, explanation for savings/ excesses in respect of 582 Sub-heads (70.6 per cent) were either not received or not to the point.

**2.3 Fulfilment of Allocative Priorities**

**2.3.1 Appropriation by Allocative Priorities**

Savings in a grant or appropriation indicate that the expenditure could not be incurred as estimated and planned. It points to poor budgeting or shortfall in performance depending upon the circumstances under which and the purpose for which the grant or appropriation was provided.

Analysis of savings with reference to allocative priorities brought out the following:

**Grant No. 06-Finance**

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	2262.67	2262.74	1896.56	366.18
Supplementary:	0.07			

<sup>13</sup> Revenue (voted) section: Rs.315.24 crore, Revenue (charged) section: Rs.18.44 crore and Capital (voted) section: and Rs.131.81 crore.

Saving occurred mainly under 2070-Other Administrative Services-State Plan Scheme (Normal)-Other Expenditure (Rs.440 crore) and 2071-Pension and Other Retirement Benefits-Minor Head-104-Madhya Pradesh (Rs.25.70 crore), Composite State of Madhya Pradesh (Rs.93.73 crore) which were partly off set by excess mainly under 2071-Pension and other Retirement Benefits-Minor Heads 101-Superannuation and Retirement Allowances and 105-Family Pension, 2075-Miscellaneous General Services-Transfer to Guarantee Redemption Fund (Rs.102.80 crore). Reasons for saving and excess have not been intimated (August 2007).

### Grant No.12-Energy

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	1,335.61	1,979.61	1,633.76	345.85
Supplementary:	644.00			

Savings occurred mainly under 4801-Capital Outlay on Power Projects- State Plan Schemes (Normal)-Investment for Amarkantak Thermal Power extension unit-5 (Rs.50 crore), Investment for Birsinghpur Project (Rs.125 crore), 6801-Loans for Power Projects-State Plan Schemes (Normal)-Rajiv Gandhi Rural Electrification Scheme (Rs.30 crore), Energy Development Fund-Other Loans to Electricity Board (Rs.176.19 crore). These savings were partly off set by excess under 4801-Capital outlay on Power Projects-Energy Development Fund-Investment for Malwa Thermal Power Project (Rs.40 crore) and State Plan Schemes (Normal)-Investment in share capital of M.P. Power Trading Company Limited (Rs.20 crore).

### Grant No. 15-Financial Assistance to Three Tier Panchayati Raj Institutions Under Special Component Plan for Schedule Castes

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	365.81	521.73	365.45	156.28
Supplementary:	155.92			

Supplementary grant of Rs.155.92 crore proved unnecessary in view of final saving of Rs.156.28 crore, as the actual expenditure was less than the original grant. Savings occurred mainly under 2515-Other Rural Development Programmes-Central Sector Schemes S.C.P.-Transportation of Mid-day meal material (Rs.29.62 crore), 2215-Water Supply and Sanitation-Centrally Sponsored Schemes S.C.P.-Rural Cleanliness Programme (Rs.8.47 crore), 2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-Special Component Plan for Scheduled Castes-Hostels for Scheduled Castes (Rs.9.45 crore), Other Scholarship (Rs.6.94 crore), 2501-Special Programme for Rural Development-Central Sector Schemes S.C.P.-Backward Region Grand Fund Scheme (Rs.57 crore) and 2505-Rural Employment-Centrally Sponsored Schemes S.C.P.-National Rural Programme-Intact Rural Employment Scheme (Rs.18.28 crore). Savings under Transportation of mid day meal material and Backward Region Grand Fund Scheme were due to less

receipt of central share from Government of India; under other scholarships was due to non-receipt of sanction of the proposed amount of scholarship from the Government and under hostels for Scheduled Castes was due to non-increase in the rates of stipend to scheduled castes by Government as per proposal.

#### **Grant No.22-Urban Administration and Development-Urban Bodies**

*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	200.82	200.82	19.05	181.77
Supplementary:	Nil			

Savings occurred mainly under 4217-Capital Outlay on Urban Development Externally Aided Project (Normal)-Development of Basic facilities in Municipal Corporation (Rs.17.06 crore), 6217-Loans for Urban Development-Externally Aided Projects (Normal)-Development of Basic facilities in Capital (Rs.28.16 crore) and in Municipal Corporation (Rs.133.63 crore). These savings were due to reduction in allotment by the State Planning Board and non-preparation of Work Plan.

#### **Grant No.48-Narmada Valley Development**

*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	1352.31	1352.31	472.72	879.59
Supplementary:	Nil			

Significant savings occurred mainly under 4700-Capital Outlay on Major Irrigation-State Plan Schemes (Normal)-Bargi Canal Diversion Project (Rs.166.45 crore), Canal and Appurtenant Works (Rs.140.02 crore), 4801-Capital Outlay on Power Projects- State Plan Scheme (Normal)-Expenditure for land acquisition and other work in submerged area of Sardar Sarovar (Rs.201.76 crore) and Sardar Sarovar Project (Submerged) Special Liberal Package (Rs.300.35 crore). Saving of Rs.166.45 crore (Bargi Canal Diversion Project), above was mainly due to slow progress of work, increase in quantity of hard rock, obstruction in blasting owing to village nearby canal, continuous leakage owing to high level of underground water, slow progress in controlled blasting due to soft strata in tunnel and non-receipt of loan from NABARD under phase-3. Saving of Rs.140.02 crore (Canal and Appurtenant Works) above was mainly due to delay in acquisition of land for minor and sub minor works and slow progress of work. Saving of Rs.201.76 crore (Expenditure for land acquisition and other work in submerged area of Sardar Sarovar) was mainly due to non- completion of construction work owing to non-installation of many fold devices at various pumping stages. Reasons for other saving have not been intimated (August 2007).

**Grant no.52 –Financial Assistance to Tribal Area Sub- Plan-Three Tier Panchayati Raj Institutions**

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	606.19	735.52	603.83	131.69
Supplementary:	129.33			

Supplementary grant of Rs.129.33 crore was unnecessary as the actual expenditure was less than the original grant. Significant saving occurred mainly under 2501- Special Programmes for Rural Development-Central Sector Schemes T.S.P.-Backward Region Grand Fund Scheme (Rs.75 crore) and 2505 Rural Employment-Centrally Sponsored Schemes T.S.P.- National Programme- Fully Rural Employment Scheme (Rs.26.12 crore). These savings were attributed to less receipt of central share from Government of India owing to transfer of eighteen districts into Rojgar Guarantee Yojna.

**Grant no.80 – Financial Assistance to Three Tier Panchayati Raj Institutions**

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	1,119.42	1,410.76	1,225.47	185.29
Supplementary:	291.34			

Saving occurred mainly under 2501- Special Programmes for Rural Development- Central Sector Schemes Normal-Backward Region Grand Fund Scheme (Rs.59.04 crore), State Plan Schemes (Normal)-Gokul Gram Yojna (Rs.14.57 crore), 2505-Rural Employment-Centrally Sponsored Schemes Normal- Sampurna Gramin Rojgar Yojna (Rs.28.44 crore), 2235-Social Security and Welfare- Central Sector Schemes Normal-National Old Age Pension (Rs.13.52 crore), 2202-General Education-Grant for Salary of Shiksha Karmees (Rs.8.68 crore ). Saving of Rs.59.04 crore and Rs.28.44 crore given above, under Backward Region Grand Fund and Sampurna Gramin Rojgar Yojna respectively were mainly due to less receipt of Central share from Government of India.

In many other cases also, savings/ excesses occurred as follows:-

- In 19 cases, the entire budget provision of Rupees one crore and more in each case totaling Rs.270.93 crore, provided under various Central schemes remained unutilised, as detailed in **Appendix-2.1**.
- In 21 schemes, expenditure in each case exceeded the approved provisions by Rupees five crore or more and also by 100 *per cent* or more of the total provision, aggregating to Rs.579.75 crore. Excess indicate poor budgeting and weak expenditure control. Details are given in **Appendix-2.2**.

- In 80 schemes, substantial saving of Rupees five crore or more and also more than 80 per cent of the provision in each case, aggregating to Rs.7,336.06 crore was noticed. In 41 of these schemes, the entire provision remained unutilised. The details are given in **Appendix-2.3**.

### 2.3.2 Persistent savings

In 17 cases of grants, there were persistent savings of more than Rupees one crore and also 20 per cent or more of provision in each case. Persistent savings indicate budgeting based on inappropriate assumptions. Details are given in **Appendix-2.4**.

### 2.3.3 Persistent excess

In two cases of grants, significant excess were persistent as under:

*(Amount in rupees)*

Description of Grant	Amount of excess and percentage in bracket		
	2004-05	2005-06	2006-07
24-Public Works-Roads and Bridges	13,77,26,635 (11.2)	7,75,06,394 (2.7)	2,48,32,322 (0.6)
67-Public Works –Buildings	24,87,20,288 (12.5)	59,49,876 (0.3)	27,78,77,375 (10.3)

### 2.3.4 Excess requiring regularisation

#### (i) Excess over provision relating to previous years requiring regularisation

As per 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. However, the excess expenditure amounting to Rs.5,125.41 crore during the years 1993-94 to 2005-06 had not been regularised so far (August 2007). This was breach of Legislative control over appropriations. The details are as follows:

*(Rupees in crore)*

Year	No. of grants/ appropriation	Amount of excess	Amount for which explanations not furnished to PAC
1993-94	21	258.11	Furnished
1994-95	15	407.46	Furnished
1995-96	21	251.59	Furnished
1996-97	18	224.17	Furnished
1997-98	13	302.79	0.97
1998-99	17	1276.45	Furnished
1999-2000	17	1584.94	Furnished
2000-2001	07	265.07	Furnished
2001-2002	03	6.26	0.64
2002-2003	08	424.79	Furnished
2003-2004	07	2.54	2.46
2004-2005	15	83.66	8.14
2005-06	6	37.58	37.58
<b>Total</b>		<b>5125.41</b>	<b>49.79</b>

**(ii) Excess over provisions during 2006-07 requiring regularisation**

The excess of Rs.35,99,34,526 under three grants and appropriation during the year requires regularisation under Article 205 of the Constitution. Details are given below:

(Amount in rupees)

Sr. No.	Grant No.	Name of Grant/ Appropriation	Total Provision	Actual Expenditure	Amount of Excess (Percentage of Excess)
(1)	(2)	(3)	(4)	(5)	(6)
<b>A-REVENUE- VOTED</b>					
1	24	Public Works- Roads and Bridges	4,13,81,09,100	4,16,29,41,422	2,48,32,322 (0.6)
2	67	Public Works- Buildings	2,70,91,50,100	2,98,70,27,475	27,78,77,375 (10.3)
<b>Total-A</b>			<b>6,84,72,59,200</b>	<b>7,14,99,68,897</b>	<b>30,27,09,697</b>
<b>C-CAPITAL-CHARGED</b>					
3	24	Public Works- Roads and Bridges	1,00,00,000	6,72,24,829	5,72,24,829 (572.2)
<b>Total-B</b>			<b>1,00,00,000</b>	<b>6,72,24,829</b>	<b>5,72,24,829</b>
<b>Grand Total (A+B)</b>			<b>6,85,72,59,200</b>	<b>7,21,71,93,726</b>	<b>35,99,34,526</b>

Reasons for the excesses had not been furnished by the Government as of August 2007.

**2.3.5 Original budget and supplementary provision**

Supplementary provision (Rs.4,268.35 crore) made during this year constituted 10.55 per cent of the total provision (Rs.40,464.48 crore) as against 18.05 per cent in the previous year.

**2.3.6 Unnecessary/ excessive/ inadequate supplementary provisions**

Supplementary provision of Rs.872.84 crore made in 42 cases during the year proved unnecessary in view of aggregate saving of Rs.2,115.34 crore (saving in each case exceeding Rs.10 lakh), as detailed in **Appendix-2.5**.

In 46 cases, against additional requirement of only Rs.1,873.29 crore, supplementary grants of Rs.3,250.65 crore were obtained, resulting in savings in each case exceeding Rs.10 lakh, aggregating to Rs.1,377.36 crore. Details of these cases are given in **Appendix-2.6**.

In 2 cases, supplementary provision of Rs.40.40 crore proved insufficient leaving an uncovered excess expenditure of Rs.30.26 crore. Details are given in **Appendix-2.7**.

**2.3.7 Excessive/ unnecessary re-appropriations/ surrender of funds**

Re-appropriation is a transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. There were 55 cases where the re-appropriations / surrender of funds of more than rupees one crore in each case proved injudicious due to (a) withdrawal of funds from heads where excess expenditure had already occurred, (b) withdrawal of funds in excess of available saving, (c) unnecessary augmentation of funds despite saving, and (d) augmentation of

funds by more than the amount required to cover the excess. The details are given in **Appendix-2.8**.

### **2.3.8 Anticipated savings not surrendered**

(a) According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2006-07, there were 126 cases of grants/ appropriations in which large savings had not been surrendered by the departments; the amount involved was Rs.5,978.09 crore. Out of these, in 40 cases, significant amounts of available savings (over Rupees five crore), aggregating to Rs.5,922.59 crore, were not surrendered, as per details given in **Appendix 2.9**.

(b) Besides, in 137 cases, Rs.2,049.66 crore (54.4 *per cent*) were surrendered on the last day of March 2007, out of total surrender of Rs.3,764.59 crore, indicating inadequate financial control over expenditure.

### **2.3.9 Injudicious surrender of funds**

In 17 cases, the amount surrendered was in excess of the available saving, which indicated inefficient budgetary control. It was noticed that as against the total available savings of Rs.701.56 crore, the amount surrendered was Rs.756.88 crore, resulting in injudicious excess surrender of Rs.55.32 crore. Details are given in **Appendix 2.10**.

### **2.3.10 Expenditure without Budget Provision**

Expenditure should not be incurred on any scheme / service without provision of funds through budget. It was however, noticed that in grant no.6-Finance under the scheme 7610-202-5297-Advance for purchase of Motor Conveyance to other Government Servants, expenditure of Rs.2,000 was incurred without the provision having been made in the original estimates/ supplementary demands.

### **2.3.11 Unnecessary Drawl of funds and incorrect depiction of expenditure in accounts**

No money shall be drawn from the treasury unless it is required for immediate disbursement. Test check (May 2007) of records of Director Horticulture, Bhopal revealed that Director drew (30 March 2007), an amount of Rs.1.01 crore provided under grant no.64-Special Component Plan for Scheduled Castes for establishment of 'Horticulture Information Centres' in the districts with a large scheduled caste population, by exhibiting as final expenditure in the accounts. The said amount as an advance was paid to Nodal Agency "The Madhya Pradesh State Agro-Industries Development Ltd. Bhopal" designated for setting up the centres. No physical progress in the direction of setting up centres was made till the end of May 2007. On being pointed out in audit, Commissioner cum Director of Horticulture finally replied (August 2007) that a Network under the scheme State Wide Area Network (SWAN) is being established in the state by Information Technology Department for Publicity



and Broadcasting of Information Technology which will also fulfill the requirement of Horticulture Information Centres. Therefore there is no need to establish these Horticulture Information Centres ibid by Horticulture Department. As a result the said drawl amount was deposited (June-2007) in Government Accounts after getting back from the Nodal Agency.

Thus, there was unnecessary drawl of funds and incorrect depiction of expenditure of Rs.1.01 crore in the Accounts for 2006-07.

### **2.3.12 Unauthorized Expenditure**

National Highways passing through State are constructed/maintained by the National Highways Division functioning under the administrative control of the State Public Works department. The admissible cost incurred on construction/ maintenance of National Highways is reimbursed to the State Government by Ministry of Surface Transport through PAO (NH) Jaipur. The claims of the State Government for such reimbursements are routed through the Accountant General (A&E) Madhya Pradesh.

It was observed in the office of the Accountant General (A&E), M.P., Gwalior (June 2007) that the amount held under Suspense Head 8658-Suspense-101-PAO Suspense/3054/5054 related to the maintenance/construction of National Highways increased from Rs.4.56 lakh in the year 1984-85 to Rs.20.11 crore as on 31st March 2007. This increase occurred because of withholding/disallowance of inadmissible expenditure by the PAO (NH) Jaipur, which was incurred on maintenance/construction of National Highways by the various National Highway Divisions in Madhya Pradesh.

An analysis of records revealed that out of the outstanding amount of Rs.20.11 crore, a sum of Rs.7.77 crore was accumulated since the reorganization of M.P. in November 2000 to March 2007, of this Rs.2.88 crore was accumulated in 2006-07. The reasons for disallowance of major part of the amount were absence of Revised Estimates for the works undertaken; excess expenditure over amount sanctioned; want of sanction of Flood/Damage report; Expenditure not chargeable to National Highway work; payment of Petrol, Oil and Lubricant etc. This amounts to serious irregularities and incurring of expenditure without the sanction of the competent authorities. The matter was reported to the Government in June 2007, reply had not been received as of September 2007.

## **2.4 Unreconciled expenditure**

Financial rules require Departmental Controlling Officers to reconcile periodically the departmental figures of expenditure with those booked by the Accountant General (A&E). The reconciliation of expenditure of Rs.2,916.28 crore in respect of 10 major heads involving 15 grants, representing 9.5 *per cent* of the total expenditure during the year, had however, remained in arrears in several departments. Details are given in **Appendix-2.11**.

## **2.5 Defective sanctions for re-appropriations/surrenders**

As per instructions (November 2006) of State Government and financial rules, (i) all sanctions for re-appropriations / surrenders should be issued before the end of the financial year and should be received in Accountant General (A&E) office well in time for incorporation in the Accounts, (ii) budget provision under the head "salary", "wages" and "office expenses" should not be increased by more than 10 *per cent* of the provided amount under that head without consent of Finance Department; (iii) no amount can be re-appropriated from Charged to Voted and Revenue to Capital and vice versa (iv) proper details of schemes should be furnished from which surrenders/ re-appropriations are sanctioned and total of both sides of re-appropriation sanction should tally etc. Audit observed that Rs.220.61 crore were re-appropriated/ surrendered during the year in violation of these instructions. However, these were not accepted by Accountant General (A&E) for inclusion in accounts. Details are given in **Appendix-2.12**.

## **2.6 Rush of expenditure**

The financial rules require that Government expenditure should be evenly distributed throughout the year. The rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial rules. The position in respect of expenditure for the four quarters and also for the month of March 2007 is depicted in **Appendix-2.13** which shows that the expenditure incurred in March 2007 in 14 cases ranged approximately between 30 to 77 *per cent* of the total expenditure during the year indicating a tendency to utilise the budget at the close of the financial year.

## **2.7 Budgetary Control**

A review of budgetary procedure and control over expenditure and test check of records in case of eight grants<sup>14</sup> revealed the following:

### **2.7.1 Non maintenance of Expenditure Control Registers**

For the purpose of effective control and monitoring over expenditure, a register is required to be maintained in the office of Grants controller and the subordinate offices are required to send the monthly expenditure statement regularly to the controlling officer. The Figures of expenditure so received were to be posted in the Expenditure Controls Register and progressive total thereof worked out month-by-month by the controlling officer to enable him to update the position of expenditure.

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<sup>14</sup> 1-General Administration (Revenue voted), 17-Co-operation (Revenue and Capital Voted), 21-Housing and Environment (Revenue and Capital Voted), 31-Planning, Economics and Statistics (Revenue Voted), 41-Tribal Areas Sub-Plan (Revenue and Capital Voted), 55-Women and Child Development (Revenue and Capital voted), 57-Externally Aided Projects pertaining to Water Resources Department (Capital Voted), 78- NABARD Aided projects pertaining to Narmada Valley Development (Revenue Voted).

Test check of records relating to these eight grants revealed that neither Expenditure Control Registers were maintained in any of the controlling offices nor Monthly Expenditure Statements were sent regularly by subordinate offices. This was indicative of absence of proper control and monitoring of expenditure which led to (a) heavy excesses/ large savings over the provisions under certain sub-heads, (b) inadequate/unnecessary/ excessive supplementary provisions and (c) irregular re-appropriations and non-surrender of funds thereof.

### **2.7.2 Defective preparation of budget estimates**

The procedure followed in test-checked grants and the Appropriation Accounts, 2006-07 revealed that demands for budget estimates were prepared on adhoc basis. The poor quality of budget preparation and budgetary operations led to:

- (i) Excessive provisions totaling to Rs.324.28 crore ranging between Rs.7.34 crore and Rs.181.88 crore were made in seven grants (1, 17, 21, 31, 41, 55 and 78) under Revenue voted section. In Capital voted section also, excessive provisions totaling to Rs.251.13 crore ranged from Rs.8.17 crore to Rs.106.38 crore in five grants (17,21,41,55 and 57).
- (ii) Substantial savings of Rupees two crore or more and also more than 20 per cent of the provision in each case aggregating to Rs.588.59 crore under 52 schemes of test checked grants during 2006-07 (in 19 schemes persistent saving had occurred) as per details given in **Appendix-2.14**. While under 17 schemes, substantial excesses of more than Rupees one crore in each case, totaling Rs.134.30 crore during 2006-07 (in one scheme persistent excess had occurred) were noticed as per details given in **Appendix-2.15**.

### **2.7.3 Unnecessary/excessive/inadequate supplementary provisions under schemes**

In 11 schemes of test checked grants supplementary provisions totaling Rs.47.94 crore remained unutilized and proved unnecessary, in 16 schemes supplementary provisions were excessive by Rs.59.11 crore and in one scheme supplementary provision of Rs.12.92 crore proved inadequate in view of final excess of Rs.4.69 crore. Details are given in **Appendix-2.16**.

### **2.7.4 Rush of expenditure in March under schemes**

Regular flow of expenditure throughout the year is the primary requirement of budgetary control. In 11 Schemes as per details given in **Appendix-2.17** the entire expenditure totaling to Rs.36.57 crore was incurred during March-2007 which indicate poor financial control and possibility of drawl of funds to avoid lapse of budget provision.

### 2.7.5 Non-reconciliation of expenditure

In order to enable the controlling officer to ascertain exact and updated position of expenditure, the figures of expenditure in Departmental records should be reconciled with those shown in the records of office of the Accountant General (A&E)-I, Madhya Pradesh. Test check revealed that reconciliation of Departmental expenditure figures for the year 2006-07 with the figures of Accountant General (A&E)-I Madhya Pradesh Gwalior were not carried out by any of the Controlling officer of grant no. 1, 17, 21, 31, 41, 55, 57 and 78 resulting in ineffective control over expenditure. The controlling officers accepted the fact.

### 2.7.6 Parking of Funds in Civil Deposits

Financial Rules prohibit drawl of money from treasury unless required for immediate disbursement. Test check of the records and Appropriation Account 2006-07 revealed that the drawl of Rs.125.43 crore was made on the last day of Financial Year and credited to Major Head-8443-Civil Deposits-800-Other Deposits on 31 March 2007 after exhibiting as expenditure in accounts to avoid lapse of budgetary provision. Details are as under: -

(Rupees in crore)

Sr. No.	Grant No. and Name	Major Head	Amount
1	17-Co-operation	2425	100.14
2	21-Housing and Environment	4217	10.00
3	31-Planning, Economics and Statistics	3454	0.41
4	41-Tribal Areas Sub-Plan	2215, 4210, 4215	5.76
5	55-Women and Child Development	2235	9.12
<b>Total</b>			<b>125.43</b>

### 2.7.7 Budgetary review of Public Works-Roads and Bridges Department with excess expenditure

Test check of records and Appropriation Account for the year 2004-05 to 2006-07 pertaining to Revenue (Voted) Section in Grant No.24-Public Works-Roads and Bridges revealed overall excess expenditure during 2004-05 to 2006-07 as under: -

(Rupees in crore)

Grant No. and Name	Section	Excess expenditure			Total Excess
		2004-05	2005-06	2006-07	
24-Public Works-Roads and Bridges	Revenue (Voted)	13.77	7.75	2.48	24.00

The excess of Rs.24 crore in Grant no.24 during 2004-05 to 2006-07 was mainly under Major head 3054-Roads and Bridges-Maintenance and Repairs - ordinary repairs. The details of substantial excess/saving and also inadequate supplementary provisions under Grant no.24 during 2004-05 to 2006-07 are given in **Appendix-2.18**. This indicates defective preparation of Budget estimates, improper control and monitoring of expenditure by the Controlling Officers.

Further it was also observed that the controlling officer of Grant no. 24

- had neither maintained expenditure control registers nor the subordinate officers sent monthly expenditure reports to the Controlling Officers regularly which indicate lack of effective control and monitoring of expenditure.
- had not reconciled the departmental figure of expenditure with those booked by Accountant General (A&E) I Madhya Pradesh, Gwalior.
- had not maintained the regular flow of expenditure throughout the year which is the primary requirement of budgetary control. As a result in seven cases under grant 24, the expenditure during March 2007 ranged between 35 per cent and 100 per cent as under:-

(Rupees in lakh)

Sr. No.	Particulars of Grant No. and schemes	Total Expenditure	Expenditure in March-07	Percentage of Expenditure in March-07
1	3054-04-800-7081-Renovation,Upgradation and Bitumenisation of Highways/ main District Roads	702.91	245.88	35
2	3054-04-800-7087-Upgradation, Bitumenisation and Renovation	2477.92	892.55	36
3	3053-60-102-4727-Construction and extension of Air Strips	24.92	24.92	100
4	3054-01-337-134-Maintenance and repairs- Ordinary Repairs	682.98	253.56	37
5	3054-01-337-1366-Widening	89.18	32.96	37
6	3054-04-337-1366-Widening	213.09	78.73	37
7	3054-04-337-4557-Strengthening	124.97	80.67	65

Besides above, the department has also incurred Rs.32.40 crore expenditure in excess to the balance available in last month of the financial year as per details given below: -

(Rupees in lakh)

Sr. No.	Particulars of schemes	Available balance in March-07	Expenditure in March-07	Excess Expenditure
1	24-3054-01-337-134- Maintenance and repairs- Ordinary Repairs	25.19	253.56	228.37
2	24-3054-04-337-1366- Widening	(-) 60.01	78.73	138.74
3	24-3054-04-337-4557- Strengthening	(-) 60.62	80.67	141.29
4	24-3054-04-337-134- Maintenance and repairs- Ordinary Repairs	4801.65	6982.94	2181.29
5	24-3054-04-337-4090-Special Repairs	419.30	776.82	357.52
6	24-3054-03-337-1366-widening	3.79	15.21	11.42
7	24-3054-03-337-4090-Special Repairs	137.46	212.98	75.52
8	24-3054-03-337-4557-Strengthening	(-) 1.36	10.40	11.76
9	24-3054-04-800-7087- Upgradation, Bitumenisation and Renovation	798.77	892.55	93.78
<b>Total</b>		<b>6064.17</b>	<b>9303.86</b>	<b>3239.69</b>

No reply was furnished by controlling officer of Grant No.-24.