

## 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 2007-08 against 82 grants/ appropriations was as follows:

**Table No. 2.1: Summary of Appropriation Accounts**

<i>(Rupees in crore)</i>						
	Nature of expenditure	Original grants/ appropriations	Supplementary grants/ appropriations	Total	Actual expenditure	Saving(-) Excess(+)
Voted	I. Revenue	21854.50	3160.51	25015.01	21427.16	-3587.85
	II. Capital	6550.71	1910.05	8460.76	7170.87	-1289.89
	III. Loans & Advances	872.95	710.94	1583.89	1168.35 <sup>1</sup>	- 415.54
<b>Total Voted</b>		<b>29278.16</b>	<b>5781.50</b>	<b>35059.66</b>	<b>29766.38</b>	<b>-5293.28</b>
Charged	IV. Revenue	4662.53	84.27	4746.80	4649.54	-97.26
	V. Capital	5.87	6.77	12.64	11.95	-0.69
	VI. Public Debt	3681.48	0.00	3681.48	1677.00	-2004.48
<b>Total Charged</b>		<b>8349.88</b>	<b>91.04</b>	<b>8440.92</b>	<b>6338.49</b>	<b>- 2102.43</b>
<b>Grand Total</b>		<b>37628.04</b>	<b>5872.54</b>	<b>43500.58</b>	<b>36104.87<sup>2</sup></b>	<b>-7395.71</b>

The overall savings of Rs.7395.71 crore was the result of savings in 171 cases of grants and appropriations.

<sup>1</sup> Includes Rs. 2.06 crore in respect of Interstate Settlement.

<sup>2</sup> It was gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure: Rs. 475.59 crore and Capital expenditure: Rs. 361.53 crore.

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 2007-08 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 136.04 crore<sup>3</sup> being unspent amount was transferred to Major Head 8443-Civil Deposits, 800-Other Deposits. Out of total deposits, Rs 100.11 crore were credited through NIL payment vouchers.

Rupees 12.02 crore (Deposits: Rs.1313.87 crore -Disbursements: Rs.1301.85 crore) in respect of government institutions added to the balance of Major Head 8443- Civil Deposit, 106- Personal Deposit Account. Out of the total deposit of Rs.1313.87 crore during the year, Rs.705.97 crore were credited through NIL payment vouchers.

Genuineness of expenditure of Rs.27.91 lakh drawn on Abstract Contingent bills could not be vouchsafed, as Detailed Contingent bills were not submitted.

The savings/ excesses (Detailed Appropriation Accounts) were reported to the controlling officers requiring them to explain the significant variations. Out of total 859 sub-heads commented upon in Appropriation Accounts, explanation for savings/ excesses in respect of 639 Sub-heads (74.4 per cent) were either not received or were 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 showed the following cases of substantial savings:

**Grant No. 06-Finance**

*(Rupees in crore)*

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
2643.94	111.50	2755.44	2143.81	611.63

Supplementary grant of Rs. 111.50 crore proved unnecessary as the actual expenditure was less than the original provision. Saving occurred mainly under 2070-Other Administrative Services-State Plan Scheme (Normal)-Other Expenditure (Rs.495.00 crore), 2071-Pension and Other Retirement Benefits-

<sup>3</sup> Revenue (voted) section: Rs.123.11 crore, and Capital (voted) section: and Rs.12.93 crore.

Minor Head-104-Madhya Pradesh (Rs.24.72 crore), Composite State of Madhya Pradesh (Rs.96.19 crore) and 2075-Miscellaneous General Services - Minor Head 797-Transfer in Consolidated Deposit Fund (Rs.100 crore) which were partly off set by excess mainly under 2071-Pension and other Retirement Benefits(Minor head 101)-Composite State of Madhya Pradesh (Rs.37.15 crore) and Madhya Pradesh (Rs. 38.29 crore) and Minor Head 105-Composite State of Madhya Pradesh (Rs.53.73 crore). Reasons for saving and excess have not been intimated (August 2008).

**Grant No.12-Energy**

*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
1329.33	446.00	1775.33	1483.27	292.06

Supplementary grant of Rs 446.00 crore was excessive in view of final saving of Rs. 292.06 crore. Savings occurred mainly under 4801-Capital Outlay on Power Projects- Energy Development Fund-Investment for Satpura Thermal Power Extension Unit (Rs.40 crore), Externally Aided Project (Normal)-Investment for Transmission System Works ( Rs. 30.47 crore ), Strengthening of Sub-transmission and Distribution System (Rs. 56.66 crore), 6801- Loans for Power Projects-Externally Aided Projects (Normal)- Strengthening of Sub-transmission and Distribution System (Rs. 132.20 crore), State Plan Schemes (Normal)-Rajiv Gandhi Rural Electrification Scheme (Rs.56.95 crore) and Energy Development Fund- Other Loans to Electricity Board ( Rs. 37.86 crore).These savings were partly offset by excess under 4801-Capital outlay on Power Projects-State Plan Schemes (Normal)-Strengthening of Sub-transmission and Distribution System (Rs. 31.49 crore), and Energy Development Fund-Investment for Transmission System Works (Rs.50 crore).Out of saving of Rs. 56.66 crore mentioned above savings of Rs.15.17 crore attributed to abolition of Grant in new conditions issued by the Government of India, saving of Rs. 132.20 crore was attributed to slow progress of work in implementation of the project and that of Rs.56.95 crore was due to non-receipt of sanctions of remaining projects from the Government of India. Excess of Rs 31.49 crore and Rs. 50.00 crore above were attributed to inclusion of additional projects. Reasons for savings in other cases have not been intimated (August 2008).

**Grant No. 21-Housing and Environment**

*(Rupees in crore)*

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
121.23	324.00	445.23	162.45	282.78

Supplementary grant of Rs.324.00 crore was excessive in view of final saving of Rs.282.78 crore. Savings occurred mainly under 2217-Urban Development - State Plan Schemes (Normal)-Grant to M.P. Development Federation for

Minor and Medium Urban Infrastructure Development Scheme (Rs.268.31 crore) and Centrally Sponsored Scheme Normal-Integrated Development Scheme of Small and Medium Towns (Rs.5.13 crore). Reasons for savings have not been intimated (August 2008).

**Grant No.24-Public Works-Roads and Bridges**

*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
1006.15	357.14	1363.29	1097.91	265.38

Supplementary grant of Rs. 357.14 crore was excessive in view of final saving of Rs. 265.38 crore. Saving occurred mainly under 5053-Capital Outlay on Civil Aviation-State Plan Schemes (Normal)-Construction and extension of Air Strips (Rs.36.31 crore); 5054-Capital Outlay on Roads and Bridges - NABARD (Normal)-Construction of roads under NABARD Loan Assistance (Rs.33.73 crore), Construction of major Bridges under NABARD Loan Assistance (Rs.19.71 crore), Externally Aided projects (Normal)-M P Road Development Programme (Rs.20.23 crore), State Plan Schemes(Normal)-Up gradation of Main District Roads (Rs.71.95 crore), Development of well grounded roads from the funds of Twelfth Finance Commission (Rs.20.63 crore), Central Road Fund (Rs.21.73 crore), Construction of Rural Roads under Basic Minimum Services (Rs. 33.90 crore) and Minimum Need Programme (Including Rural Roads) (Rs. 14.67 crore) which were partly offset by excess mainly under 5054-Capital Outlay on Roads and Bridges-State Plan Schemes (Normal)-Construction of Major Bridges (Rs.8.35 crore) Construction of Roads in State-State Highways (Rs.13.76 crore) and Construction of roads through M. P Road Development Corporation (Rs16.33 crore).Saving of Rs. 20.23 crore and Rs. 71.95 crore above were attributed to non-commencement of work and non receipt of sanction of the scheme respectively while excess of Rs. 16.33 crore and Rs. 8.35 crore above were due to requirement of funds for land acquisition and as per cost of work plan of the Department and progress of construction work of major Bridges respectively. Reasons for savings and excess in other cases have not been intimated (August 2008).

**Grant No.27-School Education (Primary Education)**

*(Rupees in crore)*

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
1872.26	167.58	2039.84	1539.93	499.91

Supplementary grant of Rs. 167.58 crore proved unnecessary as the actual expenditure was even less than the original grant. Savings occurred mainly under, 2202-General Education-Centrally Sponsored Scheme Normal-District Education and Training Institute (For Basic Minimum Services (Rs. 25.66 crore), Grant to Rajiv Gandhi Mission for National Programmes for Primary Education to Girls (Rs. 11.06 crore), Sarva Shiksha Abhiyan (Rs. 335.68 crore), Central Sector Schemes Normal-Modernisation of Madarsa (Rs. 6.48

crore), I E D (Rs. 7.57 crore). Savings of Rs. 25.66 crore, Rs. 6.48 crore and Rs. 7.57 crore above were mainly due to posts remaining vacant, non-conduction of training, non receipt of sanction / funds from the Government of India and adoption of economic measures. Reasons for savings in other cases have not been intimated (August 2008).

**Grant no.41 –Tribal Areas Sub-Plan**

*(Rupees in crore)*

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
857.46	389.57	1247.03	962.57	284.46

Supplementary grant of Rs.389.57 crore was excessive in view of final saving of Rs.284.46 crore. Significant saving occurred mainly under 2202-General Education-Centrally Sponsored Schemes TSP -Grant to Rajiv Gandhi Mission for National Programme of Primary Education to Girls (NPEGEL) (Rs. 10.35 crore), Sarva-Shiksha Abhiyan (Rs.110.46 crore), 2225-Welfare of Scheduled castes, Scheduled Tribes and Other Backward Classes-Central Sector Schemes T S P-Grant to M P Residential School Society under Article 275(1) (Rs.8.36 crore), 2236-Nutrition-Tribal Area Sub-Plan-Minimum Need Programme for Special Nutrition Schemes (Rs. 6.90 crore) and 2406-Forestry and Wild Life-Schemes financed out of Additive Funds from Government of India-Development of forest villages (Rs. 70.53 crore). These savings were partly off set by excess of Rs. 8.55 crore mainly under 2225-Tribal Aea Sub-Plan-Self-employment Scheme. Savings of Rs. 8.36 crore above was attributed to non receipt of funds from the Government of India. Reasons for other savings and excess in other cases above have not been intimated (August 2008).

**Grant no.45 – Minor Irrigation Works**

*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
286.12	229.38	515.50	368.19	147.31

Supplementary grant of Rs. 229.38 crore was excessive in view of final savings of Rs. 147.31 crore. Savings occurred mainly under 4702-Capital Outlay on Minor Irrigation-NABARD (Normal)-Direction and Administration (Rs. 13.35 crore), State Plan Schemes (Normal)-A I B P Schemes (Rs.88.92 crore) and Direction and Administration (Rs.24.03 crore). Saving of Rs. 88.92 crore above was attributed to late receipt of sanction from the Government of India. Reasons for savings in other cases above have not been intimated (August 2008).

**Grant no.57– Externally Aided Projects Pertaining to Water Resources Department**

*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
319.33	--	319.33	146.48	172.85

Significant savings occurred mainly under-4700-Capital Outlay on Major Irrigation -Externally Aided Projects (Normal)-Service Providing Irrigation and Water Drainage institutions-Water Resources Department (minor head 001) (Rs.23.70 crore), Improvement in productivity of Pre-constructed Irrigation Schemes of Five Basins-Fisheries Department (minor head 001) (Rs.8.46 crore), Agriculture Department (minor head 001) (Rs. 7.73 crore) Water Resources Department (minor head 001) (Rs.9.53 crore), Water Resources Department (minor head 052) (Rs.7.75 crore) and Water Resources Department (minor head 800) (Rs. 83.52 crore). These savings were partly off-set by excess of Rs. 13.99 crore under Major head 4700-Externally aided Projects (Normal)-Canal and Appurtenant Works mainly due to more payment on construction works. Savings were mainly due to slow progress of works, non completion of procedural works, non appointment of contract employees, economy measures and to provide funds under major head 4702 in grant no. 45.

**Grant No. 75 - Financial assistance to Urban Bodies.**

*(Rupees in crore)*

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
1703.07	108.71	1811.78	1567.95	243.83

Supplementary grant of Rs.108.71 crore was unnecessary as the actual expenditure was even less than the original grant. Substantial savings occurred mainly under 2217-Urban Development-State Plan Scheme (Normal)-Jawahar Lal Nehru National Punarnavi Mission (Rs.156.80 crore) and Integrated Urban and Slum Development Programme (Rs.71.53 crore). These savings were mainly due to non-receipt of sanction for new projects from the Government of India.

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

- In 23 cases, the entire budget provision of Rupees one crore and more in each case totaling Rs.299.46 crore under various Central schemes including externally aided projects remained unutilized, as detailed in **Appendix-2.1**.
- In 17 schemes, expenditure in each case exceeded the approved provisions by Rupees five crore or more and also by more than 100 per cent of the total provision, aggregating to Rs.379.26 crore. Excesses indicate poor

budgeting and weak expenditure control. Details are given in **Appendix-2.2.**

- In 65 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.3773.21 crore was noticed. In 40 of these schemes, the entire provision remained unutilized. The details are given in **Appendix-2.3.**

### 2.3.2 Persistent savings

In 17 cases of grants and appropriations 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 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 State Government to get the excess over a grant/ appropriation regularized by the State Legislature. However, the excess expenditure amounting to Rs.5161.40 crore during the years 1993-94 to 2006-07 had not been regularized so far (August 2008). This was breach of Legislative control over appropriations. The details are as follows:

**Table No. 2.2: Excess requiring regularisation**

*(Rupees in crore)*

Year	No. of grants/ appropriation	Amount of excess	Amount for which explanations not furnished to PAC
1993-1994	21	258.11	Furnished
1994-1995	15	407.46	Furnished
1995-1996	21	251.59	Furnished
1996-1997	18	224.17	Furnished
1997-1998	13	302.79	0.23
1998-1999	17	1276.45	Furnished
1999-2000	17	1584.94	Furnished
2000-2001	07	265.07	Furnished
2001-2002	03	6.26	Furnished
2002-2003	08	424.79	Furnished
2003-2004	07	2.54	2.46
2004-2005	15	83.66	4.45
2005-2006	06	37.58	29.23
2006-2007	03	35.99	35.99
<b>Total</b>		<b>5161.40</b>	<b>72.36</b>

- (ii) No excess over the voted and charged grants appropriations occurred during the year 2007-08.

### **2.3.4 Original budget and supplementary provision**

Supplementary provision (Rs.5872.54 crore) made during this year constituted 13.50 *per cent* of the total provision (Rs.43500.58 crore) as against 10.55 *per cent* in the previous year.

### **2.3.5 Unnecessary/ excessive supplementary provisions**

Supplementary provision of Rs.901.43 crore made in 38 cases during the year proved unnecessary in view of aggregate saving of Rs.2443.74 crore (saving in each case exceeding Rs. 10 lakh), as detailed in **Appendix-2.5**.

In 46 cases, against additional requirement of only Rs.2546.69 crore, supplementary grants of Rs.4836.66 crore were obtained, resulting in savings in each case exceeding Rs.10 lakh, aggregating to Rs.2289.97 crore. Details of these cases are given in **Appendix-2.6**.

### **2.3.6 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 77 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 increased the excess expenditure, (b) withdrawal of funds resulted in excess expenditure, (c) unnecessary augmentation of funds despite saving, and (d) augmentation of funds resulted in final savings. The details are given in **Appendix-2.7**.

### **2.3.7 Anticipated savings not surrendered**

(a) 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 2007-08, there were 130 cases of grants/ appropriations in which savings of Rs.4294.86 crore had not been surrendered by the departments. Out of these, in 45 cases, 69 per cent of available savings, aggregating to Rs.4250.17 crore (Rupees five crore and above in each case) were not surrendered, as per details given in **Appendix 2.8**.

(b) Besides, in 138 cases, Rs.2174.88 crore (69.46 per cent) were surrendered on the last day of March 2008, out of total surrender of Rs.3131.11 crore, indicating inadequate financial management.

### **2.3.8 Injudicious surrender of funds**

In ten cases of grants/appropriations, 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.255.77 crore, the amount surrendered was Rs.286.03 crore, resulting in injudicious excess surrender of Rs.30.26 crore. Details are given in **Appendix 2.9**.



### **2.3.9 Expenditure without Budget Provision**

Expenditure should not be incurred on any scheme / service without provision of funds by budget. It was however, noticed that in Grant no.21-Housing and Environment under the scheme 2070-112-828-Rent Control, expenditure of Rs.1.31 lakh was incurred without the provision having been made in the original estimates/ supplementary demands.

### **2.3.10 Parking of funds in Civil Deposit**

As per Government of India (GOI) guidelines on the Accelerated Rural Water Supply Programme (ARWSP), central assistance provided for concerned/relevant financial year should be utilized within the same year. The Government is required to biannually provide utilisation certificate to certify that the expenditure reported on ARWSP is actual and does not include any unutilized advance nor any unspent amount lying in the Civil deposit.

Further, rule 284 of MP Treasury Code stipulates that no money should be drawn from the treasury unless it is required for immediate disbursement.

The Engineer-in-Chief (E-in-C), Public Health Engineering (PHE) in violation of all codal provisions and the GOI instructions, issued (28<sup>th</sup> March 2008) directives to the field offices not to surrender the unspent ARWSP funds of 2007-08 if funds were not completely utilised on the programme. He also directed that the balance funds be remitted into the Personal Deposit Account (PD) of the Madhya Pradesh Laghu Udyog Nigam (MPLUN) Bhopal so that the supply of material may be received in the subsequent years.

In compliance with the instructions of the E-in-C, the Executive Engineers (EEs) of 43 Divisions withdrew funds amounting to Rs 111.39<sup>4</sup> crore and remitted the same to PD account of MPLUN through Major head 8448-Civil Deposit-120 Other Deposits. In the Divisional accounts the expenditure was exhibited as final expenditure under Major Heads '2215 and 4215-Water Supply and Sanitation-Centrally sponsored schemes.

Out of the advance payment of Rs 111.39 crore, material worth Rs 59.99 crore only was supplied by MPLUN upto March 2008 and bills for supply of material of Rs 7.09 crore were pending. The particulars of payment made to the suppliers by MPLUN through its deposit accounts were not available on record. As of May 2008, there was an unspent balance of Rs 44.31 crore lying with the MPLUN.

On this being pointed out, the EEs stated that they followed the orders of the department. The E-in-C while admitting the facts stated (May 2008) that MPLUN is the state agency for supply of material and in order to enforce timely supply of material for drinking water supply schemes, advance payment was made in view of their request. The reply is not acceptable because by

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<sup>4</sup> Rs 60 crore on 13<sup>th</sup> November 2007 and balance on 31<sup>st</sup> March 2008

camouflaging advance payments as final expenditure, GOI guidelines for essential utilisation of funds in the same year were clearly violated.

The matter was reported to Government (April 2008) and the reply has not been received (November 2008).

### **2.3.11 Non-credit of lapsed deposit of Rs.3.40 crore to Government Account**

Subsidiary rule 562 of Madhya Pradesh Treasury Code Vol. I provides that all the balances of deposit remaining unclaimed for more than three complete account years shall, after the close of March in each year, be credited to the Government Account through transfer entries in Accountant General (A&E) office. A list of lapsed deposits and balances must be submitted by the Treasury Officers in FORM MPTC-71 to the Accountant General immediately after 31<sup>st</sup> March.

Test check of the records (January-2007 to June-2007 and February-2008) of three treasuries and thirteen sub-treasuries revealed that a sum of deposit amount of Rs.3.40 crore pertaining to the period 1979-80 to 2004-05 was remained unclaimed for more than three complete account years but the details in FORM MPTC-71 were not submitted to the Accountant General for credit to the Government Account as per provisions of the above Rule. Treasury wise and year wise breakup of unclaimed deposit amounts are given in the **Appendix 2.10.**

The matter was referred to Government (December 2007); reply had not been received (September-2008)

## **2.4 Unreconciled expenditure**

Departmental Controlling Officers are required to reconcile periodically the departmental figures of expenditure with those booked by the Accountant General (A&E). The reconciliation of expenditure of Rs.2534.78 crore in respect of 11 major heads involving 13 grants, representing 7.02 per cent of the total expenditure during the year, had however, remained unreconciled in several departments. Details are given in **Appendix-2.11.**

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

As per instructions (November 2006) of the 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) proper details of schemes should be furnished and (iii) Provision in concerned heads should be available from which surrenders/ re-appropriations are sanctioned etc. Audit observed that Rs.68.26 crore were re-appropriated/ surrendered during the year

in violation of these instructions. However, these were not accepted by the 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 financial impropriety. The position in respect of expenditure for the four quarters and also for the month of March 2008 is depicted in **Appendix-2.13** which shows that the expenditure incurred in March 2008 in 20 cases ranged between 31 and 84 *per cent* of the total expenditure during the year indicating a tendency to utilize 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 pertaining to ten grants<sup>5</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 by Grants controlling officers and the subordinate offices are required to send the monthly expenditure statement regularly to the controlling officer. The Figures of expenditure so received are to be posted in the Expenditure Control Register and progressive total thereof worked out month-by-month by the controlling officer to enable him to update the position of expenditure.

Test check of records of ten grants<sup>5</sup> 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 indicated absence of proper control and monitoring of expenditure which led to (a) heavy excesses/ large savings over the provisions under certain sub-heads, and (b) inadequate/unnecessary/ excessive supplementary provisions. The Controlling officers of Grant nos. 22 and 67 stated in their reply that all the monthly expenditure control is managed by computer and all the records related to budget are available in computer.

<sup>5</sup> 08-Land Revenue and District Administration (Revenue voted), 16-Fishries (Revenue Voted), 20-Public Health Engineering (Revenue Voted), 22-Urban Administration and Development (Revenue and Capital Voted), 25-Mineral Resources (Revenue Voted), 30-Rural Development Department (Revenue Voted), 40-Expenditure Pertaining to Water Resources Department-Command Area Development (Capital Voted), 67-Public Works-Buildings (Revenue Voted), 71-Bio-diversity and Bio-Technology Department (Revenue Voted), 72-Gas Tragedy Relief and Rehabilitation (Revenue and Capital Voted)

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

The procedure followed in test-checked grants<sup>5</sup> and the Appropriation Accounts, 2007-08 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 Rs147.04 crore ranging between Rs.1.00 crore and Rs.65.20 crore in nine grants (8, 16, 20, 22, 25, 30, 67, 71 and 72) under Revenue voted section. In Capital voted section also, excessive provisions totaling to Rs.7.96 crore ranged from Rs.0.50 crore to Rs.6.05 crore in three grants (22 , 40 and 72).

(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.111.65 crore under 13 schemes of test checked grants during 2007-08 (in eight schemes persistent saving had occurred) as per details given in **Appendix-2.14**. Under 13 schemes, substantial excesses of more than Rupees one crore in each case, totaling Rs.87.12 crore during 2007-08 (in six schemes persistent excess had occurred) were noticed as per details given in **Appendix-2.15**.

### **2.7.3 Unnecessary/ excessive/inadequate supplementary provisions under schemes of selected grants.**

In seven schemes of test-checked grants, supplementary provisions totaling Rs.17.48 crore remained unutilized and proved unnecessary and in nine schemes supplementary provisions were excessive by Rs.21.33 crore. In four other schemes, supplementary provisions were inadequate in view of excess of Rs. 54 crore. Details are given in **Appendix-2.16**.

### **2.7.4 Parking of Funds under Civil Deposit and Bank Account**

Financial Rules prohibit drawal of money from treasury unless required for immediate disbursement. Test check of records and Appropriation Account 2007-08 revealed that money was drawn and credited to Civil Deposit, Bank Account after exhibiting as final expenditure in accounts to avoid lapse of budget provisions. Details are given below:-

(i) A sum of Rs. 3.29 crore was drawn under the Scheme 2029-103-0801-Central Sector Scheme Normal-5917-Extension of Computerization Scheme of Land Records in grant no. 8 and credited to Major head 8443-Civil Deposit-800-Other Deposit on 31<sup>st</sup> March 2008.

(ii) During 2007-08, a sum of Rs. 245.23 crore was drawn under the Schemes<sup>6</sup> pertaining to Development of Basic facilities in Municipal

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<sup>6</sup> 2217-05-800-1201-7905 (Rs.3.21 crore), 4217-60-051-1201-7905(Rs.15.41 crore), 6217-60-800-1201-7905 (Rs.191.15 crore), 4217-01-051-1201-7986 (Rs.3.50 crore), 6217-01-800-1201-7986 (Rs.31.96 crore).

Corporations in Grant No.22 and credited to 8443-Civil Deposit-106-Personal Deposit Account under M P Urban (ADB) Project (Urban Water Supply and Environment Improvement Project). Balance of Rs.20.38 crore as on 31.3.2008 was still lying in the aforesaid P.D. Account. In addition, Rs.11.34 crore relating to Schemes 2217/4217/6217-7986/7905 (Rs.10.18 crore) and 2217-7321-Urban Services Programme for poor people (Rs.1.16 crore) were also lying in Bank Account as on 31.3.2008.

(iii) An amount of Rs.7.61<sup>7</sup> crore was drawn during 19<sup>th</sup> to 31<sup>st</sup> March 2008 by various DDOs under Major Heads 2225,2801,2525 and 2235 in Grant nos. 15,41,52,64 and 80 and deposited to 8443-Civil Deposit-106-Personal Deposit.

### **2.7.5 Non-reconciliation of expenditure under selected grants**

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 the Accountant General (A&E)-I, Madhya Pradesh. Test check revealed that reconciliation of Departmental expenditure figures for the year 2007-08 was not carried out with the figures of Accountant General (A&E)-I by any of the Controlling officer of grant no. 8, 16, 20, 30, 40, 67 and 72 resulting in ineffective control over expenditure. The controlling officers accepted the fact.

### **2.7.6 Non-receipt of Utilization Certificates**

A sum of Rs. 6.51 crore was transferred (September 2007, March 2008) to Municipal Corporations<sup>8</sup> from the Scheme 2217-05-800-1201-7321-Urban Services Programme for Poor under Grant No. 22 by the Project Director, Madhya Pradesh Urban Services for Poor people, but the Utilization Certificates were not received by the Department (June 2008). The Department accepted the facts and stated that Utilisation Certificates are being called for from the concerned Municipal Corporations.

### **2.7.7 Rush of expenditure in March under schemes of selected grants.**

Regular flow of expenditure throughout the year is the primary requirement of budgetary control. In 37 Schemes, the expenditure ranging from 42 percent to 100 percent totaling to Rs.391.54 crore was incurred during March-2008 which indicate poor financial control. Details are given in **Appendix-2.17**.

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<sup>7</sup> Shivpuri Treasury: Rs.0.75 crore (Major Heads 2225 (Rs.0.53 crore), 2801 (Rs.0.22 crore), Betul Treasury: Rs.6.65 crore (Major Heads 2225 (Rs.5.93 crore),2235 (Rs. 0.25 crore) and 2525 (Rs.0.68 crore)

<sup>8</sup> Bhopal (Rs. 1.44 crore), Indore (Rs. 1.50 crore), Jabalpur (Rs. 1.69 crore) and Gwalior (Rs. 1.88 crore) .