

CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

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

Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act(s) and that 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 summarised position of actual expenditure during 2002-2003 against 97 grants/appropriation was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-) Excess(+)
Voted	I. Revenue	12227.97	1967.65	14195.62	12099.16	-2096.46
	II. Capital	3025.55	916.88	3942.43*	2511.10*	-1431.33
	III. Loans & Advances	789.48	103.18	892.66	480.70	-411.96
Total Voted		16043.00	2987.71	19030.71	15090.96	-3939.75
Charged	IV. Revenue	2514.96	246.01	2760.97	2629.74	-131.23
	V. Capital	0.93	0.12	1.05	0.41	-0.64
	VI. Public Debt	4602.95	2962.35	7565.30	7940.73	+375.43
Total Charged		7118.84	3208.48	10327.32	10570.88	+243.56
Grand Total		23161.84	6196.19	29358.03	25661.84	-3696.19

* Includes provision of Rs. 103.55 crore and expenditure of Rs. 82.42 crore being grants-in-aid to Local Bodies/ Institutions incorrectly classified and accounted for under capital head of Account, instead of Revenue Section.

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs 169.10 crore and capital expenditure Rs 56.61 crore.

The overall savings of Rs.3696.19 crore was the net result of savings of Rs. 4120.98 crore in 184 cases of grants and appropriations offset by excess of Rs. 424.79 crore in 8 cases of grants and appropriations. As the actual expenditure under Voted section was less than even the original provision, supplementary grants of Rs. 2987.71 crore proved unnecessary.

Detailed comments on the expenditure and budgetary control systems in the case of some test-checked grants are contained in paragraph 2.7.

The following further points emerge:

(a) The expenditure was overstated:

By Rs. 390.64 crore (Revenue section: Rs. 316.93 crore and Capital section: Rs. 73.71 crore) being unspent amounts transferred to Major Head 8443-Civil Deposit, 800- Other Deposit, through NIL payment vouchers.

By Rs. 448.94 crore (Deposits: Rs. 1344.95 crore less disbursements therefrom: Rs. 896.01 crore) to the balance of Major Head 8443- Civil Deposit, 106- Personal Deposit Account, in respect of government and semi-government institutions. Out of Rs. 1344.95 crore deposited during the year, Rs. 32.09 crore were credited through NIL payment vouchers.

Genuineness of expenditure of Rs. 3.90 crore drawn on Abstract Contingent bills could not be vouchsafed as Detailed Contingent bills were not submitted.

(b) The overstatement of total expenditure was partly offset by its understatement:

To the extent of Rs. 1.56 crore spent under various heads for which vouchers were not received from the treasuries during the year; the amount accordingly remained unaccounted for and was kept under objection in the books of the Accountant General (A&E) I.

The savings/excesses (detailed Appropriation Account) were sent to the controlling officers requiring them to explain the significant variations. Out of total of 1012 sub-heads commented upon in Appropriation Accounts, explanation for savings/ excesses in respect of 838 sub-heads (82.8 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

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

Grant no.12- Expenditure pertaining to Energy Department

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	470.00			
Supplementary:	32.31	502.31	167.75	334.56

Saving of more than 64 per cent of the original provision (Rs.302.25 crore) occurred under 6801- Loans for Power Projects - Other loans to Electricity Boards during the year. Even though supplementary grant was taken for Rs.32.31 crore. Reasons for saving have not been intimated by the department.

Grant no.30- Expenditure pertaining to Panchayat and Rural Development Department*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	277.89			
Supplementary:	23.28	301.17	46.29	254.88

Savings occurred mainly under 4515- Capital Outlay on Other Rural Development Programmes- Centrally Sponsored Schemes Normal- Madhya Pradesh Rural Road Development Authority (Rs. 254.69 crore).

Grant No. 41- Tribal Areas sub plan*(Rupees in crore)*

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	478.10			
Supplementary:	18.69	496.79	337.26	159.53

Savings occurred mainly under Agriculture Department- 2401-Crop Husbandry- Centrally Sponsored Schemes T.S.P.-Agriculture programme (Macro Management) (Rs.10.11 crore), School Education Department -2202-General Education-Centrally Sponsored Schemes-T.S.P-Sarva Shiksha Abhiyan (Education for all) (Rs.76.89 crore). Saving of Rs.76.89 crore under Sarva Shiksha Abhiyan was due to release of central share directly to mission by G.O.I. and sanction of proportionate amount of state share in the ratio of central share. Reasons for saving of Rs.10.11 crore under Agriculture programme (Macro Management) have not been intimated.

Grant No. 41 –Tribal Areas sub plan*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	306.25			
Supplementary:	60.38	366.63	243.48	123.15

Savings occurred mainly under Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department- 4225- Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes- Centrally Sponsored Schemes T.S.P.- Construction of Hostel Buildings (Rs.16.87 crore), Construction of buildings of Ashram/ Shala (Rs.18.58 crore), 4702- Capital Outlay on Minor Irrigation- Central Sector Schemes T.S.P.- Minor Irrigation Schemes (Rs.21.50 crore), Water Resources Department- 4701-Capital Outlay on Major and Medium Irrigation-Construction Work of Medium Projects(Mahi Project)(Rs.14.24 crore). Savings of Rs.16.87 crore and Rs.18.58 crore under Construction of Hostel Buildings and Construction of buildings of Ashram/Shala respectively were due to non receipt of sanction from the Government. Reasons for other savings have not been intimated.

Grant no.48 -Narmada Valley Development

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	632.66			
Supplementary:	489.63	1122.29	645.77	476.52

Savings occurred mainly under 4701- Capital Outlay on Major and Medium Irrigation - State Plan Schemes (Normal)- Bargi Canal Diversion Scheme (Rs.182.60 crore), Indira Sagar Project unit -I (Rs.9.81 crore), 4801- Capital outlay on Power Projects -Indira Sagar Project (Rs.30.77 crore), Machinery and Equipment (Rs.14.97 crore), Expenditure for Land Acquisition and other work in submerged area of Sardar Sarovar(Rs.264.24 crore). These savings were partly offset by excess of Rs.30.23 crore) under the head 4701- Capital Outlay on Major and Medium Irrigation- State Plan Schemes (Normal)-Dam and Appurtenant Work.

A part of saving of Rs.182.60 crore under Bargi Canal Diversion (Rs.15.74 crore) and part of saving of Rs.30.77 crore under Indira Sagar Project (Rs.27.77 crore) were attributed to delay in finalisation of Project and Agency due to technical reasons, restriction on drawals and economy measures. Reasons for other savings have not been intimated. The excess of Rs.30.23 crore under Dam and Appurtenant work was due to restructuring of the scheme and work in progress.

Grant no.81- Financial Assistance to Urban Bodies

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	570.79			
Supplementary:	123.26	694.05	553.47	140.58

Saving occurred mainly under 2202- General Education-Nutrition Grant to Rural and Urban Local Bodies (Rs.5.59 crore), 3604- Compensation and Assignments to Local Bodies and Panchayati Raj Institutions-Grants in aid to Urban Local Bodies for maintenance of Road from Receipt of Taxes on Vehicles(Rs.11.26 crore), Grant in aid to Urban Local Bodies equal to income received from Entry Tax(Rs.52.71 crore), Payment of surcharge to Local Bodies charged on Commercial Tax(Rs.56.56 crore) and Special grant to Urban Local Bodies in lieu of Abolished Passenger Tax(Rs.8.58 crore).

A part of savings of Rs.11.26 crore under Grants in Aid to Urban Local Bodies for maintenance of Roads from receipt of taxes on vehicles (Rs.10.90 crore) was mainly attributed to restriction on drawals. Reasons for other savings have not been intimated.

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

- In other 73 grants/appropriation, savings exceeding Rs.1 crore in each case and also by more than 10 per cent of total provision amounted to Rs.2043.97 crore as indicated in **Appendix XI**. In 3 of these (serial nos. 39, 43 and 47) the entire provision totalling Rs.21.30 crore were not utilised.
- In 32 cases, the entire budget provision of rupees one crore and more in each case totalling Rs.257.78 crore, provided under various Central schemes remained unutilised, as detailed in **Appendix XII**.
- Of the excess of Rs.424.79 crore under 8 grants and appropriations requiring regularisation by the Legislature, the excess under Appropriation- Public Debt alone amounted to Rs.375.43 crore.
- In 11 schemes, expenditure in each case exceeded the approved provisions by Rs. 5 crore or more and also by more than 100 per cent of the total provision, aggregating to Rs. 3225.09 crore. Details are given in **Appendix XIII**.
- In 62 schemes, substantial saving of Rs. 5 crore or more and also more than 80 per cent of the provision in each case, aggregating to Rs. 1407.53 crore was noticed. In 37 of these schemes, the entire provision remained unutilised. The details are given in **Appendix XIV**.

2.3.2 Persistent savings

In 35 cases of grants/appropriations, there were persistent savings of more than Rupees one crore in each case and 20 per cent or more of provision. Persistent savings indicate budgeting based on inappropriate assumptions. Details are given in **Appendix XV**.

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 a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs. 5144.25 crore for the years 1990-91 to 2001-02 had not been regularised so far (October 2003). 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
1990-91	22	119.51	Furnished
1991-92	16	258.58	Furnished
1992-93	21	189.32	Furnished
1993-94	21	258.11	2.05
1994-95	15	407.46	0.39
1995-96	21	251.59	Furnished
1996-97	18	224.17	Furnished
1997-98	13	302.79	9.67
1998-99	17	1276.45	1.84
1999-2000	17	1584.94	Furnished
2000-2001	07	265.07	265.07
2001-2002	03	6.26	6.26
Total		5144.25	285.28

(ii) **Excess over provisions during 2002-03 requiring regularisation**

The excess of Rs.424.79 crore under 8 grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given below :

Sr.No.	No. and name of Grant/appropriation	Total Grant/ appropriation	Actual expenditure	Excess
<i>Amount in Rupees</i>				
A-Revenue (Voted)				
1.	24-Public Works-Roads and Bridges	1852876100	2219716999	366840899
2.	53- Financial Assistance to Urban Bodies under Special Component Plan for Scheduled Castes	214300000	214331000	31000
3	67-Public Works- Buildings	1853145900	1975076782	121930882
Total-(A)- voted		3920322000	4409124781	488802781
B-Revenue (Charged)				
4.	44-Higher Education	500000	3200000	2700000
5.	67-Public Works-Buildings	500000	2506537	2006537
Total-(B)		1000000	5706537	4706537
C-Capital-(Charged)				
6	-Public Debt	75653001000	79407304328	3754303328
7	21-Expenditure pertaining to Housing and Environment Department	100000	133207	33207
8	23- Water Resources Department	2000000	2080985	80985
Total- (C)		75655101000	79409518520	3754417520
Total-(B+C) Charged		75656101000	79415225057	3759124057
TOTAL(A+B+C)		79576423000	83824349838	4247926838

Reasons for the excesses had not been furnished by the Government as of October 2003.

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs.6196.19 crore) made during this year constituted 26.75 per cent of the original provision (Rs.23161.84 crore) as against 43.8 per cent in the previous year.

2.3.5 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs.745.19 crore made in 65 cases during the year proved unnecessary in view of aggregate saving of Rs.2772.58 crore (saving in each case exceeding Rs. 10 lakh), as detailed in **Appendix XVI**.

In 32 cases, against additional requirement of only Rs.1381.74 crore, supplementary grants and appropriations of Rs.2423.97 crore were obtained, resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.1042.23 crore. Details of these cases are given in **Appendix XVII**.

In 3 cases, supplementary provision of Rs.2978.55 crore proved insufficient leaving an uncovered excess expenditure of Rs.424.30 crore. Details are given in **Appendix XVIII**.

2.3.6 Persistent excesses

Significant excess was persistent in one appropriation as detailed below :-

Description of Appropriation	Amount of excess (in Rupees) and percentage in bracket		
	2000-2001	2001-02	2002-03
Capital (Charged)			
<i>23-Water Resources Department</i>	<i>1947969 (97.4)</i>	<i>573333 (28.7)</i>	<i>80985 (4)</i>

2.3.7 Excessive/unnecessary re-appropriation/ surrender of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where the re-appropriation/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 and (c) augmentation of funds by more than the amount required to cover the excess, are given in **Appendix XIX**.

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 2002-03, there were 151 cases of grants/ appropriations in which large savings had not been surrendered by the departments; the amount involved was Rs.2329.13 crore. In 41 cases, significant amounts of available savings (of Rs.5 crore and above in each case), aggregating to Rs.2242.52 crore, were not surrendered as per details given in **Appendix XX**.

(b) Besides, in 116 cases, Rs.1806.00 crore (99.1 per cent) were surrendered on the last day of March 2003 out of total surrender of Rs.1821.94 crore, indicating inadequate financial control over expenditure.

2.3.9 Injudicious surrender of funds

(a) In 14 cases, the amount surrendered was in excess of the available saving, which indicated inefficient budgetary control. As against the total available savings of Rs. 268.40 crore, the amount surrendered was Rs. 298.48 crore, resulting in excess surrender of Rs. 30.08 crore. Details are given in **Appendix XXI**.

(b) In 2 cases, Rs. 0.03 crore were surrendered though there was excess expenditure of more than Rs. 12.19 crore. Details are given in **Appendix XXII**.

2.3.10 Expenditure without Budget Provision

Expenditure should not be incurred on any scheme / service without provision of funds by budget. It was however, noticed that expenditure of Rs. 31200.28 lakh was incurred in 2 cases without the provision having been made in the original estimates/ supplementary demands as per details given in **Appendix XXIII**.

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.3073.50 crore in respect of 10 major heads, representing 12 per cent of the total expenditure during the year, had however, remained in arrears in several departments. Details are given in **Appendix XXIV**.

2.5 Defective sanctions for re-appropriations/surrenders

As per instructions (August 1996) 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 "office expenses" should not be increased by re-appropriation in any circumstances; (iii) no amount can be re-appropriated from one grant to another grant; (iv) re-appropriations are not permissible, beyond Rs.10 lakh, without prior approval of Finance Department, from "Salary and wages" head to other heads and vice versa. (v) budget provision should be available under the head from which re-appropriations / surrenders are sanctioned; (vi) 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. Rs.118.66 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 XXV**.

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 2003 is depicted in **Appendix XXVI** which shows that the expenditure incurred in March 2003 in eight cases ranged between 54 and 100 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* revealed the following:

(a) Non-receipt of monthly expenditure statements

Monthly statement of expenditure were not received or called for regularly by the Controlling Officers of Grants number 5, 44, 58, 67, 81 and 83 from their subordinate units. Expenditure control registers were also not maintained in any of these offices. Thus the upto date progressive totals of expenditure monthwise could not be worked out by the controlling officers. 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 there of, as discussed earlier.

The controlling officer of Grants no. 5, 90 and 58 accepted the fact and stated that expenditure control register would be maintained in future and be kept updated. No specific reply was given by other controlling officers.

(b) Non-realistic budget estimates

The procedure followed in test-checked grants* and the Appropriation Accounts, 2002-03 revealed that demands for budget estimates were prepared on ad hoc basis. The poor quality of budget preparation and budgetary operations led to:

- (i) Excess provisions ranging from Rs.0.70 crore to Rs.140.58 crore in seven grants (5, 14, 44, 58, 81, 83 and 90) under Revenue voted section. In capital voted section also, excess provisions ranged from Rs.0.65 crore to Rs.37.95 crore in five grants (14, 44, 58, 67 and 81).

* 5-Jail, 14-Expenditure pertaining to Animal Husbandry Department, 44- Higher Education, 58-Expenditure on relief on Account of Natural Calamities and Scarcity, 67- Public works-Buildings, 81- Financial Assistance to Urban Bodies, 83- Financial Assistance to Urban Bodies under Tribal Areas Sub-Plan and 90- Upgradation of Standards of Administration under recommendation of Eleventh Finance Commission- Public Health and Family Welfare.

The controlling officer of grant no. 5 stated that excess provision was due to posts remaining vacant and economy cut by Finance Department, while the controlling officer of Grant no. 81 stated that no proposals were called far from the subordinate Local Bodies and provision under plan were restricted to plan limit whereas under non plan, the provisions were made on percentage basis. The controlling officer of grant no. 58 stated that it was very difficult to assess the actual requirement of natural calamities, hence no proposals were obtained from collectors and adhoc estimation was done. The reply is not tenable as the estimates were neither realistic nor based on any norms/proposals from subordinate units. No specific reply was given by other controlling officers.

(ii) Substantial savings of Rs. 2 crore or more and also more than 30 per cent of the provision in each case aggregating to Rs.156.36 crore under 15 schemes of test checked grants during 2002-03 (in 5 schemes persistent saving had occurred) as per details given in **Appendix XXVII**. In 4 of these schemes (serial number 1, 2, 8 and 10) the entire provision totaling Rs.53.16 crore remained unutilised during 2002-03 while under 11 schemes, substantial excesses of more than 1 crore in each case, totaling Rs.85.85 crore during 2002-03 (in 7 schemes persistent excess had occurred) were noticed as per details given in **Appendix XXVIII**.

(c) Unnecessary/excessive/inadequate supplementary provisions

In 12 schemes of test checked grants supplementary provisions totaling Rs.138.39 crore remained unutilised and proved unnecessary, in 6 schemes supplementary provisions were excessive by Rs.26.68 crore and in 5 schemes supplementary provision of Rs.11.48 crore proved inadequate in view of excess of Rs.18.20 crore. Details are given in **Appendix XXIX**.

(d) Financial assistance to Urban Bodies

Surrender of Rs.158.55 crore under Grant no. 81 (Revenue Voted) was in excess of the available saving of Rs.140.58 crore. This indicated surrender was made without properly assessing the expenditure needs.

(e) Drawal on the last day of financial year

Rupees 187.21 crore were drawn on last day of financial year and credited to Major Head 8443-Civil Deposits-800 other deposits on 31st March 2003 as under and shown as expenditure in accounts to avoid lapse of budgetary provision. This also resulted in undue inflation of expenditure to that extent.

(Rupees in crore)

Section	Grant No.	Amount
Revenue Voted	5	0.70
Revenue Voted	44	21.00
Revenue Voted	58	122.34
Revenue Voted	81	16.15
Capital Voted	81	27.02
	Total	187.21

The controlling officer of grant no. 5 stated that amount was kept in Civil Deposits due to non completion of purchase formalities, controlling officer of grant no. 81 stated that amount was kept in Civil Deposits under the sanction of Finance Department while controlling officer of grant no. 58 stated that amount was kept in Civil Deposits as per decision of cabinet sub committee. The reply is not tenable, as the unutilised amount should be surrendered to Government before close of financial year and provision be made in next financial year.

(f) Blocking of funds in bank account

The amount of Rs.4.35 crore provided to Grant no. 14- Animal Husbandry Department under the scheme 6403-109-0101-5038- Loan for Rehabilitation of Milk Federation during 2002-03, was drawn from the treasury (26 March 2003) and shown as expenditure in the Accounts. While this amount was retained by the Milk Federation Bhopal in its Bank Account and not utilised so far. This resulted in avoiding of lapse of budget grant and incorrect depiction of expenditure in the Accounts. The department stated that amount was drawn as per sanction of Government. The reply is not tenable as Financial rules prohibit drawal of funds in anticipation of requirement.

(g) Non-reconciliation of expenditure

Reconciliation of Departmental expenditure figures for the year 2002-03 with the figures of Accountant General (A&E) M.P. Gwalior, were not carried out by the controlling officers of grants no. 5, 44, 58, 67, 81, 83 and 90 resulting in ineffective control over expenditure. The controlling officers accepted the fact and stated that reconciliation of expenditure will be done/being done.

(h) Rush of expenditure in March

The percentage of expenditure during March 2003, under various grants was as under :

Grant No.	Major Head/Scheme	Percentage of expenditure
14	2403 Animal Husbandry (Plan)	36.3
58	2245-02-101-2018 Cash Doles	37.7
58	2245-02-122-989-Re-establishment and repairs of damaged irrigation and flood control works	85.4
58	2245-01-800-7024-National Contingent Calamity Relief Fund	100
58	2702-80-3819-Minor Irrigation Agriculture	52.4
67	4059-01-051-7093-Construction of District Forum Buildings of New Districts	100
67	4059-01-051-8739-Construction of Jail Buildings	100

The controlling officer of grant no. 58 stated that due to frost and hail storm in January and February 2003 aid was distributed in March. Also, after Rabi crops employment and labours was necessary, hence rush of expenditure in March. The reply is not tenable as despite frost and hail storm in January and

February 2003, the expenditure in March 2003 was not justified. Non compliance of prescribed procedure, rush of expenditure in March 2003 can not be ruled out.

(i) Irregular diversion of Calamity Relief Fund

An amount of Rs. 166.55 crore was provided by Government of India to State Government in March 2003 (supplementary Budget) under Grant no. 58-2245-01-800-7024-Amount received from National Contingent Calamity Relief Fund. Against this, expenditure of Rs.143.93 crore, earmarked for payment of input subsidy to the farmers, have been shown in the Account. However, out of this, an amount of Rs.111.59 crore was irregularly allotted by the State Government for payment/adjustment of loan/interest by farmers from co-operative Bank during 2001 and 2002, without specific approval of the Government of India. Out of this allotment of Rs.111.59 crore to the Co-operation Department, Rs. 21.59 crore was spent, leaving a balance of Rs. 90.00 crore. Thus out of Rs. 143.93 crore, Rs. 21.59 crore was irregularly spent and the balance amount of Rs. 122.34 crore were credited to Major Head 8443-Civil Deposits- 800-Other Deposits on 31 March 03 by showing as expenditure in the Accounts. This resulted in irregular expenditure and transfer of funds to Deposit head to avoid lapse of budget grant.

The controlling officer of Grant no. 58 stated that input subsidy was utilised for adjustment of bank loans/ interest by farmers and the balance amount deposited in Civil Deposits for further utilisation of amount for same purpose as per decision (11 March 2003) of Cabinet Sub Committee headed by the Chief Minister. The reply is not tenable as prior approval of Government of India was not obtained for doing so.

(j) Misutilisation of Relief Fund

Allotment of Rs. 7.63 crore to 12 districts not declared affected by drought, was irregularly made by the State Government under Grant no. 58 without approval of Government of India for various items of work, as shown under:-

(Rupees in Lakh)

No. of unaffected districts	Allotment made on items						Total
	Drinking Water arrangement (Urban)	Drinking Water arrangement (Rural)	Transportation of Water	Relief work	Cattle fodder veterinary	Other works	
12 Districts	208.50	297.10	148.20	70.00	5.00	33.70	762.50

Details of expenditure against the above allotment were not made available. The controlling officer of grant no. 58 stated that decision to take up relief work in unaffected districts was taken up by Cabinet Sub Committee and allotment/ expenditure was done accordingly. The reply is not tenable since the allotment/ expenditure is done out of National Calamity relief fund and prior approval of Government of India to spend money in unaffected districts was to be obtained.

(k) Irregularities in issue of LOCs

Test check of records of Chief Engineer Capital Project, Zone P.W.D. Bhopal under grant no. 67 revealed mismatch between allotment, Letters of credit (LOCs), and expenditure. In two cases LOCs issued were in excess of allotment and in other case LOC issued (Rs.20.02 lakh) was less than allotment (Rs.38.07 lakh), whereas expenditure (Rs.109.03 lakh) incurred during the year was excess by 186.4 per cent of allotment. Details are as under:-

Head of Account	Name of Division	Total Allotment	LOC Issued	Expenditure
(Rupees in Lakh)				
4059/1481	Rajgarh	38.07	20.02	109.03
4202/3490	Raisen	12.08	29.70	13.53
4211	Vidisha	5.78	15.20	Nil

It was further noticed that while issuing LOCs under a particular Major Head, details of minor/sub-heads etc. were not shown on LOCs leaving scope for re-appropriation of LOCs from one Minor/ sub-head to the other. The matter was reported to Government (August 2003); reply had not been received.