

CHAPTER-II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of voted grants and appropriations charged for different purposes, as specified in the schedules appended to the Appropriation Acts. These Accounts show the original budget estimates, supplementary grants, surrenders and re-appropriations and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorized by the Appropriation Act in respect of both charged and voted items of the budget. Appropriation Accounts thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure incurred under various grants is within the authorizations given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure 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 2010-11 against 75 grants/ appropriations is given in **Table -2.1**.

Table-2.1: Summarized Position of Actual Expenditure vis-à-vis Original/Supplementary Provisions

(₹ in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving (-) / Excess (+)
1	2	3	4	5	6	7
Voted	I Revenue	18,631.47	2,706.34	21,337.81	18,264.99	(-)3,072.82
	II Capital	4,099.35	292.04	4,391.39	3,044.00	(-)1,347.39
	III Loans and Advances	951.17	157.78	1,108.95	568.89	(-)540.06
Total Voted		23,681.99	3,156.16	26,838.15	21,877.88	(-)4,960.27
Charged	IV Revenue	1,514.81	11.97	1,526.78	1,430.33	(-)96.45
	V Capital	0.66	0.00	0.66	0.38	(-)0.28
	VI Public Debt-Repayment	902.21	0.00	902.21	690.87	(-)211.34
Total Charged		2,417.68	11.97	2,429.65	2,121.58	(-)308.07
Appropriation to Contingency Fund (if any)		0.00	0.00	0.00	0.00	0.00
Grand Total		26,099.67	3,168.13	29,267.80	23,999.46	(-)5,268.34

(Source: Appropriation Accounts 2010-11 and Budget Estimate)

The net savings of ₹ 5,268.34 crore were the result of savings of ₹ 5,463.47 crore in 63 grants and 37 appropriations under the Revenue Section, 42 grants and four appropriations under the Capital Section and one appropriation (Public Debt) under the Loan Section, offset by excess of ₹ 195.13 crore in four grants and two appropriations under the Revenue Section and two grants and one appropriation under the Capital Section.

The savings/excesses in all grants/appropriations were intimated (June 2011) to the Finance Department, requesting them to explain the significant variations. All the Controlling Officers were also requested (June 2011) to furnish reasons. Out of 1068 sub-heads commented upon in the Appropriation Accounts (2010-11), explanations for variations were not received (September 2011) in respect of 954 sub-heads (savings: 801 sub-heads and excess: 153 sub-heads).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis allocative priorities

The outcome of appropriation audit reveals that in 14 cases related to 12 grants and one appropriation, savings exceeded ₹ 10 crore in each case and also were more than 20 per cent of the total provisions. This included huge savings of ₹ 923 crore under four grants exceeding ₹ 100 crore in each case as detailed in *Appendix-2.1*.

Further, against the total savings of ₹ 5,463.47 crore, savings (₹ 50 crore and above) of ₹ 1,582.99 crore (28.97 per cent) occurred in merely 10 cases relating to nine grants and one appropriation as indicated in **Table -2.2**.

Table-2.2: List of grants with savings of ₹ 50 crore and above

(₹ in crore)								
Sl. No.	Grant No.	Name of Grant	Original	Supplementary	Surrender	Total (4+5-6)	Expenditure	Savings (excluding surrender)
1	2	3	4	5	6	7	8	9
Revenue – Voted								
1	24	Public Works-Roads and Bridges	332.03	0.00	0.00	332.03	222.62	109.41
2	27	School Education	2,066.72	47.45	0.00	2,114.17	1,582.37	531.80
3	33	Tribal Welfare	862.32	21.70	51.00	833.02	773.52	59.50
4	41	Tribal Areas Sub-Plan	2,376.72	472.62	193.11	2,656.23	2,360.86	295.37
5	55	Expenditure pertaining to Women and Child Welfare	552.95	12.01	39.00	525.96	360.35	165.61
6	64	Special Component Plan for Scheduled Castes	959.37	25.80	75.24	909.93	792.68	117.25
7	80	Financial Assistance to Three Tier Panchayati Raj Institutions	1,023.73	313.88	116.90	1,220.71	1,156.56	64.15
Capital – Voted								
8	42	Public Works relating to Tribal Areas Sub-Plan-Roads and Bridges	267.87	11.40	0.00	279.27	163.56	115.71
9	67	Public Works-Buildings	210.96	2.85	0.00	213.81	156.26	57.55
Revenue – Charged								
10	12	Expenditure pertaining to Energy Department	100.90	0.00	0.00	100.90	34.26	66.64
Total			8,753.57	907.71	475.25	9,186.03	7,603.04	1,582.99

(Source: Appropriation Accounts 2010-11)

Reasons for savings called for (June 2011) from the State Government were awaited (September 2011).

2.3.2 Persistent Savings

In 10 cases during the last five years, there were persistent savings of more than ₹ 10 crore in each case as shown in **Table-2.3** and the savings ranged between three and 41 *per cent* of the total of the respective grants in the year 2010-11.

Table -2.3: List of grants having persistent savings during 2006-2011

(₹ in crore)

Sl. No.	Grant No.	Name of Grant						Percent of 2010-11
			2006-07	2007-08	2008-09	2009-10	2010-11	
1	2	3	4	5	6	7	8	
Revenue Voted								
1	20	Public Health Engineering	17.78	20.29	21.92	16.82	18.10	7
2	27	School Education	52.88	82.57	197.58	64.28	531.80	25
3	41	Tribal Areas Sub-Plan	124.79	238.89	258.32	212.90	295.37	10
4	64	Special Component Plan for Scheduled Castes	36.52	116.76	80.44	60.64	117.25	12
5	79	Expenditure pertaining to Medical Education Department	18.47	50.77	82.07	39.77	48.81	25
6	81	Financial Assistance to Urban Bodies	15.75	68.76	68.64	154.87	49.99	5
Capital Voted								
7	41	Tribal Areas Sub-Plan	90.57	69.34	116.26	117.83	33.22	3
8	42	Public Works relating to Tribal Area Sub-Plan Roads and Bridges	55.56	74.89	139.91	133.50	115.70	41
9	67	Public Works-Buildings	27.28	49.66	53.31	52.14	57.55	27
10	68	Public Works relating to Tribal Area Sub-Plan-Buildings	25.42	39.30	75.45	73.92	38.92	34

(Source: Appropriation Accounts 2010-11)

2.3.3 Excess over provisions relating to previous years requiring regularization

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get excess over grants/appropriations regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Article, the regularization of excess expenditure is to be done after the completion of discussion of the Appropriation Accounts and the connected Audit Reports by the Public Accounts Committee (PAC). However, excess expenditure amounting to ₹ 1,341.60 crore for the period 2000-10 were still to be regularized as detailed in **Appendix-2.2**.

2.3.4 Excess over provisions during 2010-11 requiring regularization

Table-2.4 contains a summary of total excess over provision of funds in 21 grants and seven appropriations amounting to ₹ 293.78 crore during 2010-11 requiring regularization under Article 205 of the Constitution.

Table -2.4: Excess over provisions requiring regularization during 2010-11

(₹ in crore)

Sl. No	Grant No.	Name of Grant	Total Grant/ Appropriation	Expenditure	Excess
1	2	3	4	5	6
Revenue Voted					
1	1	General Administration	72.03	72.15	0.12
2	2	Other Expenditure Pertaining to General Administration Department	7.69	8.20	0.51
3	6	Expenditure pertaining to Finance Department	1681.41	1,843.66	162.25
4	7	Expenditure pertaining to Commercial Tax Department	148.45	155.98	7.53
5	8	Land Revenue and District Administration	227.51	230.40	2.89
6	9	Expenditure pertaining to Revenue Department	4.34	4.36	0.02
7	12	Expenditure pertaining to Energy Department	165.54	180.73	15.19
8	18	Labour	17.14	17.49	0.35
9	23	Water Resources Department	226.00	231.89	5.89
10	25	Expenditure pertaining to Mineral Resource Department	104.54	139.49	34.95
11	29	Administration of Justice and Elections	104.88	108.03	3.15
12	30	Expenditure pertaining to Panchayat and Rural Development Department	536.59	547.96	11.37
13	45	Minor Irrigation Works	36.98	37.83	0.85
14	49	Scheduled Caste Welfare	34.79	35.90	1.11
15	56	Rural Industries	46.58	47.24	0.66
16	58	Expenditure on Relief on account of Natural Calamities and Scarcity	188.29	203.77	15.48
17	82	Financial Assistance to Three Tier Panchayat Raj Institutions under Tribal Area Sub- Plan	501.80	514.95	13.15
Revenue Charged					
18	.	Interest Payments and Servicing of Debt	1296.36	1298.38	2.02
19	1	General Administration	8.01	8.43	0.42
20	20	Public Health Engineering	0.05	0.07	0.02
21	29	Administration of Justice and Elections	17.78	17.79	0.01
22	36	Transport	0.20	0.23	0.03
Capital Voted					
23	6	Expenditure pertaining to Finance Department	0.21	2.34	2.13
24	23	Water Resources Department	307.01	316.85	9.84

1	2	3	4	5	6
25	30	Expenditure pertaining to Panchayat and Rural Development Department	0.25	0.26	0.01
26	39	Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	219.83	220.49	0.66
27	40	Expenditure pertaining to Ayacut Department	38.88	38.93	0.05
28	57	Externally Aided Projects pertaining to Water Resources Department	50.12	52.93	2.81
29	75	NABARD Aided Projects pertaining to Water Resources Department	65.90	65.99	0.09
30	82	Financial Assistance to Three Tier Panchayati Raj Institutions under Tribal Area Sub- Plan	45.45	45.60	0.15
Capital Charged					
31	..	Public Debt	690.83	690.87	0.04
32	23	Water Resources Department	0.25	0.28	0.03
		Total	6,845.69	7,139.47	293.78

(Source: Appropriation Accounts 2010-11)

Reasons for excess over provisions called for (June 2011) from the State Government were awaited (September 2011).

2.3.5 Unnecessary/Inadequate supplementary provisions

Supplementary provisions aggregating ₹ 1,063.80 crore obtained in 39 cases (₹ 50 lakh or more in each case) during the year 2010-11, proved unnecessary as the expenditure did not even come up to the level of original provisions as detailed in **Appendix-2.3**.

In 15 cases, supplementary provisions of ₹ 423.84 crore proved insufficient (by more than ₹ one crore in each case) leaving an aggregate uncovered excess expenditure of ₹ 289.78 crore as shown in **Appendix-2.4**.

2.3.6 Excessive/unnecessary/insufficient re-appropriation of funds

A 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. It was noticed that in 134 schemes, there were excess/savings of more than ₹ one crore after making re-appropriation, of which, in 13 schemes, the excess/savings were more than ₹ 20 crore as detailed in **Appendix-2.5**.

2.3.7 Substantial surrenders

Substantial surrenders (more than 50 per cent of the total provisions) were made in respect of 164 schemes on account of non-implementation or slow implementation. Out of the total provisions amounting to ₹ 1,416.83 crore for these schemes, ₹ 1,161.51 crore (81.98 per cent) was surrendered, which included cent per cent surrender in 83 schemes. Details are given in **Appendix-2.6**.

2.3.8 Surrender in excess of actual savings

In 14 cases, the amounts surrendered (₹ 50 lakh or more in each case) were in excess of the actual savings, indicating inadequate budgetary control. As against savings of ₹ 660.19 crore, the amount surrendered was ₹ 737.01 crore, resulting in excess surrender of ₹ 76.82 crore. Details are given in **Appendix-2.7**. The concerned departments did not furnish reasons/explanations regarding the surrenders (September 2011) in excess of the actual savings.

2.3.9 Anticipated savings not surrendered

According to paragraph 131 of the Chhattisgarh Budget Manual, a statement of anticipated savings should be submitted by all Controlling Officers so as to reach the Finance Department not later than 15 January each year. At the close of the year 2010-11, there were, however, 20 grants and three appropriations in which savings of more than ₹ one crore had occurred but no part of the same had been surrendered by the concerned departments. The total amount involved in these cases was ₹ 1,269.84 crore (23.24 per cent of the total savings) as detailed in **Appendix-2.8**.

Similarly, out of the savings of ₹ 2,740.02 crore under 21 other grants (after surrender, savings of ₹ one crore and above in each grant), amounts aggregating ₹ 975.07 crore (35.59 per cent of above savings) were not surrendered as detailed in **Appendix 2.9**.

Besides, in 35 cases (surrender of funds in excess of ₹ 10 crore in each case), ₹ 3,185.01 crore was surrendered on the last day of March 2011, indicating weak financial control, as detailed in **Appendix-2.10**. As a result, these funds could not be utilized for other developmental purposes. The departments did not furnish reasons/explanations regarding surrender of savings on the last day of the financial year.

2.3.10 Injudicious surrender

In four grants, there was expenditure of ₹ 2,199.78 crore against the provision of ₹ 2,006.91 crore, resulting in excess expenditure of ₹ 192.87 crore. Despite this, there was surrender of ₹ 20.64 crore which was injudicious, as detailed in **Table-2.5**.

Table -2.5: Injudicious surrender

(₹ in crore)

Sl. No	Grant No.	Name of Grants	Total provision	Expenditure	Excess expenditure	Amount surrendered
1	2	3	4	5	6	7
A - Revenue voted						
1	6	Expenditure pertaining to Finance Department	1,691.53	1,843.66	152.13	10.13
2	12	Expenditure pertaining to Energy Department	169.46	180.73	11.27	3.92
3	25	Expenditure pertaining to Mineral Resources Department	110.31	139.49	29.18	5.77
4	49	Scheduled Caste Welfare	35.61	35.90	0.29	0.82
		Total -	2,006.91	2,199.78	192.87	20.64

(Source: Appropriation Accounts 2010-11)

2.3.11 Rush of expenditure

According to Rule 92 of Chhattisgarh Budget Manual, rush of expenditure, particularly in the closing month of the financial year should be avoided. Contrary to this, in 28 Major Heads, expenditure during the last quarter was more than 50 per cent of the total expenditure and each expenditure exceeded ₹ 10 crore, while in 14 cases, the expenditure in the last month of the financial year was more than 50 per cent of the total expenditure as detailed in **Appendix-2.11**.

In Major Heads 2810 (New and Renewable Energy) and 4425 (Capital Outlay on Co-operation), expenditure incurred during last quarter i.e. January to March 2011 as a percentage of total provision was 227.90 per cent and 100.35 per cent respectively. Similarly, the expenditure incurred during March 2011 under these Heads also exceeded the total provision indicating deficient financial management and non-maintenance of uniform flow of expenditure which is a primary requirement of budgetary control.

2.4 Outcome of review of selected Grants

Review of Grant No. 06- Expenditure pertaining to Finance Department and Grant No. 25- Expenditure pertaining to Mineral Resource Department for the year 2010-11 revealed the following :-

2.4.1 Excess over provision

Review of Grant No. 6 revealed that in four cases, an expenditure of ₹ 1,713.15 crore was incurred against the total provision of ₹ 1,154.95 crore as detailed in **Table-2.6**

Table-2.6: Excess over provision

(₹ in crore)

Heads of Account	Total Provision	Expenditure	Excess	Percentage of excess
2071-01-101-2413-Payable to retired salaried personnel	786.88	1,069.89	283.01	35.97
2071-01-104-4590-Service and Death-Cum-Retirement Gratuity	146.84	268.25	121.41	82.68
2071-01-105-2514-Family Pensions	174.58	282.94	108.36	62.07
2071-01-115-5438-Leave Encashment	46.65	92.07	45.42	97.36
Total	1,154.95	1,713.15	558.20	

(Source: Appropriation Accounts 2010-11)

On being pointed out, no specific reasons for excess had been elucidated (September 2011).

2.4.2 Injudicious Supplementary provision

In the following Heads of Account under Grant No-6, huge supplementary provisions were sought during the year. However, at the end of 2010-11, substantial amounts remained unspent/ excess indicating injudicious supplementary provision as detailed in **Table-2.7**.

Table-2.7: Injudicious Supplementary provision

(₹ in lakh)

Heads of Account	Original Provision	Supplementary	Re-appropriation /Surrender	Total Budget	Expenditure	Unspent balance(-)/ Excess expenditure (+)
1.	2.	3.	4.	(2+3-4) = 5	6	7
2054-098-4361-Local Fund Accounts	1,191.55	70.00	(-) 444.13	817.42	789.14	(-) 28.28
2071-01-117-6801-State Government Share	5,000.00	700.00	--	5,700.00	6,882.29	(+) 1,182.29

(Source: Appropriation Accounts 2010-11 and Departmental Figures)

On being pointed out, Department accepted (September 2011) the facts but reasons of supplementary provisions and source from which excess was met out had not been mentioned.

2.4.3 Non-reconciliation of Departmental receipt/expenditure figures

At the end of the financial year, department should invariably reconcile their receipt/expenditure under different heads of Account with the Accountant General (A&E) figures. Review of Grant No. 25 and 6 revealed that departmental figures furnished under following heads were not reconciled as detailed in **Table-2.8** and **2.9** respectively.

Table 2.8: Non-reconciliation of receipts*(₹ in lakh)*

Heads of Account	Receipts as per AG (A&E)	Receipts as per Department	Difference Excess(+)/Less(-)
0853-101-Geological Survey of India	19.00	--	(+) 19.00
0853-102-Mineral Concession Fees, Rents and Royalties	18,432.52	--	(+) 18,432.52
0853-104-Mines Department	2.46	--	(+) 2.46
0853-800-Other Receipts	2,28,594.49	2,46,145.77	(-)17,551.28
0853-900- Deduct Refunds	(-) 4.22	--	(-) 4.22
Total	2,47,044.25	2,46,145.77	(+) 898.48

(Source: Finance Accounts 2010-11 and Departmental Figure)

During 2009-10 there was a difference of ₹ 4.99 crore (AG figure: ₹ 1,660.87 crore and Departmental figure: ₹ 1,655.87 crore), which was not reconciled so far.

Table-2.9: Non-reconciliation of Departmental expenditure*(₹ in lakh)*

Heads of Account	Total Provision	Expenditure as per AG(A&E)	Expenditure as per Department	Difference Excess(-)/less(+)
2047-103-2696-Publicity	8.35	1.29	1.42	(+) 0.13
2054-095-4307-Divisional Establishment	270.99	269.17	270.99	(+) 1.82
2054-095-2274-Direction & Administration	441.45	441.60	441.45	(-)0.15
2054-097-1026-Treasury Establishment	1,476.15	1,487.04	1,476.15	(-)10.89
2054-098-4361-Local Fund Accounts	817.42	789.14	817.42	(+) 28.28

(Source: Appropriation Accounts and Departmental Figures)

On being pointed out, Finance Department stated (September 2011) that reconciliation had been done. However, the reasons for excess/savings had not been mentioned.

2.4.4 Rush of Expenditure

According to Rule 92 of Chhattisgarh Budget Manual, rush of expenditure, particularly in the closing month of the financial year should be avoided. Grant review revealed that in two heads under Grant No. 25, funds upto 100 per cent were utilized in the month of March as detailed in **Table-2.10**.

Table-2.10: Rush of Expenditure

(₹ in lakh)

Major Head	Total Expenditure	Expenditure during 2011		Percentage of Expenditure during-2011	
		last quarter	March	last quarter	March
2885- Other Outlays on Industries and Minerals	30.00	30.00	30.00	100	100
4853- Capital Outlay on Non-Ferrous, Mining and Metallurgical Industries	3,000	3,000	3,000	100	100

(Source: Departmental Figures)

The matter is brought to the notice of the Department, however, reply is awaited (September 2011).

2.4.5 Inflated budget provisions and non-surrender of savings

The list of Major and Minor Heads of Account of Union and States under Major Head 2070-Other Administrative Services-Minor Head 800 includes expenditure on (a) taxes on non-residential buildings occupied by Departments other than Defence Department, and paid by Department nominated by Government and not passed on to the occupying department, (b) Deportation of foreigners, (c) rewards for destruction of wild animals.

According to paragraph 118(8) of the Chhattisgarh Budget Manual, the department should surrender appropriation or portions thereof, which are not likely to be required during the financial year, as soon as lapses or savings are foreseen.

Review of Grant No. 6 revealed that during the year 2004-05 to 2010-11, huge budget provision of ₹ 1,802 crore was made under above minor head. Out of these provisions, expenditure of only ₹ five lakh (0.003 per cent) was incurred in the said duration. The department could neither utilize the provision nor did it surrender the saving amount as detailed in **Table-2.11**.

Table-2.11: Non-surrender of unspent provisions

(₹ in Crore)

Year	Total Provision	Expenditure	Savings
2004-05	150.00	NIL	150.00
2005-06	215.00	NIL	215.00
2006-07	175.00	*	175.00
2007-08	300.00	#	300.00
2008-09	200.00	NIL	200.00
2009-10	362.00	0.05	361.95
2010-11	400.00	NIL	400.00
Total	1,802.00	0.05	1,801.95

(Source: Departmental Figures)

* The expenditure was ₹ 0.145 lakh

The expenditure was ₹ 0.023 lakh

Moreover, during the year 2010-11 under this Minor Head, budget provision of ₹ 400.00 crore was made for pay and allowances of Finance Department, which was violating the inter alia list of Major and Minor Heads of Account. This shows inflated budget provisions and non-surrender of savings since last seven years under this Minor Head.

Reasons for savings called for from the Finance Department were awaited (September 2011).

2.4.6 Short transfer of amount to Mineral Development Fund

According to the provisions of paragraph 3(2) of Chhattisgarh Mineral Development Fund Bill 2003, an equivalent of five *per cent* of the total mineral revenue each year was to be transferred to Mineral Development Fund. During the period 2002-03 to 2009-10, mining revenue of ₹ 7,355 crore was realised. Out of this, five *per cent* (₹ 367.75 crore) was to be allocated to the Mineral Development Fund.

Scrutiny of records revealed that during the period 2002-09, less than the five *per cent* each year and during 2009-10 more than five *per cent* amounting to ₹ 297.17 crore (4.04 *per cent*) was transferred to Mineral Development Fund, resulting in short transfer of ₹ 70.58 crore as detailed in **Appendix 2.12**.

On being pointed out, Mining Department accepted (September 2011) the facts and stated that due to non-preparation of Working Plan, less amount was allocated in the initial years. Reply is not acceptable as the provisions of Chhattisgarh Mineral Development Fund were not followed and prescribed amount was not transferred by the Department to the above fund.

2.4.7 Booking of Royalty and Security Deposits in unspecified Heads of Account

As per the list of Major and Minor Heads of Account of Union and States the royalties realised from mines should be classified under Major Head 0853 Non-Ferrous Mining and Metallurgical Industries-Minor Head 102- Mineral Concession fees, rents and royalties.

Revenue of ₹ 10,699.77 crore (Main Mineral ₹ 10,228.59 crore and Minor Mineral ₹ 471.18 crore), as detailed in **Appendix 2.13**, was realised on account of royalties by the Mining Department during the year 2000-01 to 2010-11 but the entire revenue receipts were not booked under the specified Minor Head 102 since 2000-01.

Scrutiny of records revealed that revenue amounting to ₹ 10,699.77 crore on account of royalty on Major Mineral and Minor Mineral was booked by operating new Sub Heads (0277) Receipts of Main Mineral and Sub Head (0278) Receipts of Minor Mineral, under Minor Head (800) “Other Receipts” of Major Head 0853.

Similarly, Security Deposits were to be classified under Major Head 8443-Civil Deposit - Minor Head 103- Security Deposits. It was noticed that contrary to above, Security Deposits were booked under Sub Head (0229) “Other Receipts” of Minor Head (800) of Major Head 0853 during the period

2005-06 to 2010-11. This resulted in the Royalty and Security Deposits being booked under unspecified Heads of Account.

On being pointed out (September 2011), the facts were accepted by the Mining Department and it was stated that these Sub Heads were opened under Minor Head (800) Other Receipts of Major Head 0853 as were defined in the Revenue Receipts Public Account Budget Estimate Book (Part II) of the Chhattisgarh State Finance Department. Reply is not acceptable because these Sub Heads are not specified for booking of the receipts on account of Royalty and Security Deposit.

2.4.8- Inflating the Mining revenue receipts and non-obtaining of Utilization Certificates

As per Rule 56(2) of Chhattisgarh Minor Mineral Rules 1996, the revenue collected on account of Minor Minerals should be transferred yearly to District Collectors for distribution to concerned Panchayats/Autonomous bodies. The Chhattisgarh State Financial Code (Rule 182) provides that Utilisation Certificates (UCs) for grants provided for specific purposes should be obtained by the departmental officers from the grantees and forwarded to the Accountant General after verification within 18 months from the date of their sanction unless specified otherwise. During the year 2000-01 to 2010-11, an amount of ₹ 471.18 crore was collected on account of Minor Mineral and the entire amount was transferred accordingly and shown utilized in the respective years (**Appendix 2.14**) by the Mining Department.

However, scrutiny of records revealed that Utilization Certificate as per rule was not obtained. Further it was observed that ₹ 2.87 crore (₹ 0.94 crore in 2008-09, ₹ 0.55 crore in 2009-10 and ₹ 1.38 crore in 2010-11) was transferred by the Collector, Kanker to the Panchayats, which was again credited as Revenue Receipts in the Major Head 0853 by the bank. This had inflated the net revenue receipt on account of Mining of the State by ₹ 2.87 crore while the concerned Panchayats of Kanker District was deprived of the intended benefits of these releases.

On being pointed out (September 2011), department had accepted the facts and stated that Utilisation Certificates would be ensured in future.

2.5 Conclusion

During 2010-11, expenditure of ₹ 23,999.46 crore was incurred against total grants and appropriations of ₹ 29,267.80 crore, resulting in savings of ₹ 5,268.34 crore. The overall savings were the net result of savings of ₹ 5,463.47 crore, offset by excess of ₹ 195.13 crore. The excess required regularization under Article 205 of the Constitution of India. In 92 cases, surrender of funds amounting to ₹ 3,311.15 crore were made on the last working day of the financial year, while in 20 grants and three appropriations, savings amounting to ₹ 1,269.84 crore (savings of ₹ one crore and above) were not surrendered. In 14 cases, a total amount of ₹ 76.82 crore (amount surrendered in excess was ₹ 50 lakh or more in each case) was surrendered in excess of the actual savings. Similarly, out of the total savings of ₹ 2,740.02 crore (savings of ₹ one crore and above) under 21 other grants, only

₹ 1,764.95 crore was surrendered. Despite excess expenditure of ₹ 192.87 crore, there was surrender of ₹ 20.64 crore in case of four grants.

2.6 Recommendations

- Budgetary control should be strengthened in all the Government departments.
- Issuance of re-appropriation/surrender orders at the end of the financial year should be avoided.
- Regularization of excess expenditure pending since the year 2000 should be taken up on priority basis.
- Regular flow of the expenditure should be maintained so as to avoid rush of expenditure in the month of March.
- Supplementary provisions should be obtained after ascertaining the actual requirements of the department concerned.