



**REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL  
OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 2011**

**STATE FINANCES**

**No. 1**

**GOVERNMENT OF MADHYA PRADESH**

---

[www.cag.gov.in](http://www.cag.gov.in)

## TABLE OF CONTENTS

Description	Paragraph	Page No.
Preface		vii
Executive Summary		ix
<b>CHAPTER-I</b>		
<b>FINANCES OF THE STATE GOVERNMENT</b>		
<b>Introduction</b>	<b>1.1</b>	<b>1</b>
<b>Summary of Fiscal Transactions</b>	<b>1.2</b>	<b>2</b>
<b>Review of the Fiscal position</b>	<b>1.3</b>	<b>3</b>
<b>Budget 2010-11</b>	<b>1.4</b>	<b>4</b>
<b>Resources of the State</b>	<b>1.5</b>	<b>5</b>
Resources of the State as per Annual Finance Accounts	1.5.1	5
Funds transferred to State implementing agencies outside the State budget	1.5.2	6
<b>Revenue Receipts</b>	<b>1.6</b>	<b>7</b>
State's Own Resources	1.6.1	9
Loss of revenue due to evasion of taxes, write off/waivers	1.6.2	11
Revenue Arrears	1.6.3	12
<b>Application of resources</b>	<b>1.7</b>	<b>12</b>
Growth and Composition of Expenditure	1.7.1	12
Committed Expenditure	1.7.2	16
Financial Assistance by State Government to local bodies and other institutions	1.7.3	19
Release and utilisation of Thirteenth Finance Commission grants to local bodies etc.	1.7.4	20
<b>Quality of Expenditure</b>	<b>1.8</b>	<b>22</b>
Adequacy of Public Expenditure	1.8.1	22
Efficiency of Expenditure Use	1.8.2	23
<b>Financial Analysis of Government Expenditure and Investments</b>	<b>1.9</b>	<b>26</b>
Investment and Returns	1.9.1	27
Loans and Advances by the State Government	1.9.2	27

<b>Description</b>	<b>Paragraph</b>	<b>Page No.</b>
Cash Balances and Investment of Cash Balances	1.9.3	28
<b>Assets and Liabilities</b>	<b>1.10</b>	<b>29</b>
Growth and composition of Assets and Liabilities	1.10.1	29
Fiscal Liabilities	1.10.2	30
Status of Guarantees – Contingent Liabilities	1.10.3	31
<b>Debt Sustainability</b>	<b>1.11</b>	<b>32</b>
Debt Stabilisation	1.11.1	33
Sufficiency of Non-debt receipts	1.11.2	33
Net availability of funds	1.11.3	33
Maturity Profile of State Debt	1.11.4	34
<b>Fiscal imbalances</b>	<b>1.12</b>	<b>35</b>
Trends of deficits	1.12.1	35
Components of fiscal deficit and its financing pattern	1.12.2	36
Quality of Deficit/Surplus	1.12.3	37
<b>Conclusion</b>	<b>1.13</b>	<b>38</b>
<b>Recommendations</b>	<b>1.14</b>	<b>39</b>
<b>CHAPTER-II</b>		
<b>FINANCIAL MANAGEMENT AND BUDGETARY CONTROL</b>		
<b>Introduction</b>	<b>2.1</b>	<b>41</b>
<b>Summary of Appropriation Accounts</b>	<b>2.2</b>	<b>41</b>
<b>Financial accountability and budget management</b>	<b>2.3</b>	<b>43</b>
Appropriation vis-à-vis allocative priorities	2.3.1	43
Persistent savings	2.3.2	45
Excess expenditure under schemes	2.3.3	46
Unutilised provisions under schemes	2.3.4	46
Excess over provisions relating to previous years requiring regularisation	2.3.5	46
Excess over provisions during 2010-11 requiring regularisation	2.3.6	47
Unnecessary/Excessive/Inadequate supplementary provision	2.3.7	48

<b>Description</b>	<b>Paragraph</b>	<b>Page No.</b>
Excessive/unnecessary re-appropriation/ surrender of funds	2.3.8	48
Defective sanctions for re-appropriation/ surrender of funds	2.3.9	48
Substantial surrenders	2.3.10	49
Unrealistic and injudicious surrenders	2.3.11	49
Anticipated savings not surrendered	2.3.12	49
Rush of expenditure	2.3.13	50
Misclassification of budget provisions in demand for grant	2.3.14	51
<b>Outcome of Review of Selected Grants</b>	<b>2.4</b>	<b>51</b>
Defective preparation of budget and budgetary control	2.4.1	51
Parking of funds under Civil Deposit	2.4.2	52
Rush of expenditure in March	2.4.3	52
<b>Conclusion</b>	<b>2.5</b>	<b>53</b>
<b>Recommendations</b>	<b>2.6</b>	<b>53</b>
<b>CHAPTER-III</b>		
<b>FINANCIAL REPORTING</b>		
<b>Delay in furnishing utilization certificates</b>	<b>3.1</b>	<b>55</b>
<b>Delays in submission of accounts/audit reports of autonomous bodies</b>	<b>3.2</b>	<b>55</b>
<b>Misappropriations, losses, defalcations, etc.</b>	<b>3.3</b>	<b>56</b>
<b>Pendency in submission of DCC Bills, Non- reconciliation of Departmental figures and Non-adjustment of Temporary Advances</b>	<b>3.4</b>	<b>57</b>
Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills	3.4.1	57
Reconciliation of Receipts and Expenditure	3.4.2	58
Non-adjustment of temporary advances	3.4.3	59
Delay in Rendition of Accounts	3.4.4	60
<b>Personal Deposit Accounts</b>	<b>3.5</b>	<b>60</b>
<b>Conclusion</b>	<b>3.6</b>	<b>62</b>
<b>Recommendations</b>	<b>3.7</b>	<b>63</b>

## APPENDICES

Sl. No.	Particulars	Page No.
1.1	State Profile (Madhya Pradesh)	65
1.2 PART-A	Structure and Form of Government Accounts	66
1.2 PART-B	Layout of Finance Accounts	66
1.2 PART-C	Statement showing apportionment of assets and liabilities of the erstwhile State of Madhya Pradesh as on 31 March 2011 between successor States of Madhya Pradesh and Chhattisgarh	68
1.3 PART-A	Methodology adopted for the assessment of fiscal position	69
1.3 PART-B	Fiscal Responsibility and Budget Management (FRBM) Act, 2005	71
1.3 PART-C	Trends in select fiscal indicators	72
1.4	Time series data on the State Government finances	73
1.5 PART-A	Abstract of receipts and disbursements for the year 2010-11	76
1.5 PART-B	Summarised financial position of the Government of Madhya Pradesh as on 31 March 2011	80
1.6	Details showing the collection of tax and non-tax revenue in respect of Major Components and expenditure incurred on their collection	82
1.7	Details showing the cost of Operations and Maintenance charges (O&M) in respect of major components incurred in non-tax revenue	83
1.8	Funds transferred directly from Government of India to Non-Government Organisations/ Voluntary Organisation for ₹ 25 lakh or more each during 2010-11	84
1.9	Financial position of Statutory Corporations/ Government Companies as on 31 March 2011 running in loss for the latest year for which accounts were finalised	86
2.1	Statement of various grants/appropriations where saving was more than ₹ 10 crore and more than 20 <i>per cent</i> of the total provision	87

Sl. No.	Particulars	Page No.
2.2 (A)	Statement of various schemes under grants/appropriations where expenditure was more than ₹ 10 crore each and also more than 20 <i>per cent</i> of the total provision	89
2.2 (B)	Cases of schemes in which entire provision of ₹ Five crore or more remained unutilized	92
2.3	Excess over provision of previous years requiring regularization	98
2.4	Cases where supplementary provision (₹ 50 lakh or more in each case) proved unnecessary	101
2.5	Cases where supplementary provision proved excessive	103
2.6	Statement of various grants/appropriation where supplementary provision proved insufficient	106
2.7	Excessive/unnecessary re-appropriation/surrender of funds	107
2.8	Defective sanction for re-appropriations/surrenders	110
2.9	Results of review of substantial surrenders made during the year	111
2.10	Surrenders in excess of actual savings (₹ 50 lakh or more)	117
2.11	Statement of various grants/appropriations in which savings occurred but no part of which had been surrendered	118
2.12	Details of savings of ₹ one crore and above not surrendered (Excluding the cases given in Appendix 2.11)	119
2.13	Cases of surrender of funds in excess of ₹ 10 crore on 31 March 2011	121
2.14	Rush of Expenditure	123
2.15	Statement showing transfer of funds to 8443-Civil Deposit-800-Other Deposits in respect of Central Scheme	128
2.16 (A)	Statement showing provision under 63-Machines and 64-Major Construction Works relating to capital section classified in revenue section	131
2.16 (B)	Statement showing provision under 42-Grant in aid relating to revenue section classified in capital section	132
2.17	Substantial savings of more the ₹ two crore and more than 20 <i>per cent</i> of provision under schemes of selected grants	133

<b>Sl. No.</b>	<b>Particulars</b>	<b>Page No.</b>
2.18	Substantial excess of ₹ one crore or more under schemes of selected grant	134
2.19 (A)	Cases where supplementary provision under schemes proved unnecessary in respect of selected grants	135
2.19 (B)	Cases where supplementary provision proved excessive under schemes of selected grants	135
2.19 (C)	Cases where supplementary provision proved inadequate under schemes of selected grants	135
2.20	Cases of Rush of expenditure in March 2011 noticed in Review of Selected Grant	136
3.1	Statement showing status of accounts of the autonomous bodies	137
3.2	Department-wise/duration-wise break-up of cases of misappropriation, defalcation, etc.,	139
3.3	Department-wise details of cases of write-offs for 2010-11	141
3.4	Department/category-wise details in respect of the cases of loss to Government due to theft, misappropriation/loss of Government material	142
3.5	Pending DC bills for the years up to 2010-11	144
	Glossary of Abbreviations	145