

CHAPTER 2

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

This chapter is based on audit of Appropriation Accounts and it gives the grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments. Besides, comments arising out of audit of budgetary process and budget assumptions and outcome of inspection of treasuries are also being included in this chapter.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2012-13 against 74 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	27,383.85	3,086.06	30,469.91	25,709.38	(-) 4,760.53
	II Capital	7,269.45	900.00	8,169.45	4,913.95	(-) 3,255.50
	III Loans and Advances	1,964.54	133.50	2,098.04	1,887.99	(-) 210.05
	Total Voted	36617.84	4119.56	40,737.40	32,511.32	(-) 8,226.08
Charged	IV Revenue	1,808.38	13.22	1,821.60	1,598.32	(-) 223.28
	V Capital	4.06	4.51	8.57	5.62	(-) 2.95
	VI Public Debt-repayment	1,246.91	0.00	1,246.91	1,039.29	(-) 207.62
	Total Charged	3,059.35	17.73	3,077.08	2,643.23	(-) 433.85
	Appropriation to Contingency Fund	0.00	0.00	0.00	0.00	0.00
	Grand Total	39,677.19	4,137.29	43,814.48	35,154.55	(-) 8,659.93

(Source: Appropriation Accounts 2012-13)

The overall savings of ₹ 8,659.93 crore was the result of savings of ₹ 8,660.89 crore in 72 grants and 41 appropriations under Revenue Section, 48 grants and five appropriations under Capital Section and one appropriation (Public Debt) under the Loan Section, off-set by excess expenditure of ₹ 0.96 crore¹ in four grants under Revenue Section.

¹ Expenditure pertaining to Grant No. 06-Finance Department (₹ 0.09 crore), Grant No-40 Ayacut Department (₹ 0.07crore), Grant No. 45-Minor Irrigation Works (₹ 0.72 crore), Grant No. 55-Women and Child Welfare (₹ 0.08 crore).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit revealed that in 44 cases relating to 37 grants and one appropriation savings amounting to ₹ 5,775.95 crore exceeded ₹ 10 crore or more in each case and were also more than 20 per cent of the total provisions. This included savings of ₹ 4,867.16 crore under 17 grants exceeding ₹ 100 crore in each case as detailed in **Appendix-2.1 (A&B)**.

Further, against the total savings of ₹ 8,660.89 crore, savings (₹ 50 crore and above) of ₹ 3,593.72 crore (41.49 per cent) occurred in 22 cases relating to 18 grants 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 the Grant/Department	Original Grant	Supplementary Grant	Surrender	Total (4+5-6)	Actual Expenditure	Savings (excluding surrender)
1	2	3	4	5	6	7	8	9
REVENUE VOTED								
1	3	Police	1,729.11	52.09	0.00	1,781.20	1,672.86	108.34
2	6	Expenditure pertaining to Finance Department	2,646.29	2.67	0.00	2,648.96	2,452.18	196.78
3	12	Expenditure pertaining to Energy Department	307.27	610.32	11.11	906.48	824.40	82.08
4	19	Public Health and Family Welfare	627.11	45.44	0	672.55	582.72	89.83
5	27	School Education	2,521.99	129.83	0	2,651.82	2,058.88	592.94
6	33	Tribal Welfare	1,099.39	6.40	153.55	952.24	840.50	111.74
7	41	Tribal Area Sub-plan	3,328.48	364.88	359.67	3,333.70	3,064.30	269.40
8	48	Grants-in-Aid received under the recommendation of 13 th Finance Commission	410.91	13.95	22.68	402.18	263.54	138.64
9	64	Special Component plan for Scheduled Castes	1,084.43	126.63	98.02	1,113.04	926.63	186.41
10	79	Expenditure pertaining to Medical Education Department	258.30	0.44	0.00	258.74	202.63	56.11
11	80	Financial Assistance to Three Tier Panchayati Raj Institutions	2,236.29	460.28	122.97	2,573.60	2,358.83	214.77

Sl. No.	Grant No.	Name of the Grant/ Department	Original Grant	Supplementary Grant	Surrender	Total (4+5-6)	Actual Expenditure	Savings (excluding surrender)
CAPITAL VOTED								
12	12	Expenditure pertaining to Energy Department	400.00	704.00	0.00	1,104.00	704.00	400.00
13	24	Public Works - Roads and Bridges	845.00	0.80	0.00	845.80	772.17	73.63
14	25	Expenditure pertaining to Mineral Resources Department	82.00	0.00	0.00	82.00	0.00	82.00
15	39	Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	582.67	57.50	0.00	640.17	563.67	76.50
16	41	Tribal Area Sub plan	1,863.56	73.53	669.28	1,267.81	1,202.75	65.06
17	42	Public Works Relating to Tribal Area Sub-Plan- Roads and Bridges	459.60	0.30	0.00	459.90	225.10	234.80
18	48	Grants-in-Aid received under the recommendation of 13 th Finance Commission	327.17	41.41	6.06	362.52	277.70	84.82
19	64	Special Component plan for Scheduled Castes	1,053.79	30.67	193.97	890.49	769.70	120.79
20	67	Public Works- Buildings	307.76	40.02	0.00	347.78	198.64	149.14
21	68	Public Works relating to Tribal Area Sub plan- Buildings	132.43	49.95	0.00	182.38	108.14	74.24
22	76	Externally Aided Projects pertaining to Public Works Department	200.00	0.00	0.00	200.00	14.30	185.70
Total			22,503.55	2,811.11	1,637.31	23,677.36	20,083.64	3,593.72

(Source: Appropriation Accounts for the year 2012-13)

The reasons for savings were called for (August 2013) from the State Government and their reply is awaited (October 2013).

2.3.2 Unnecessary/ inadequate supplementary provisions

Supplementary provisions amounting to ₹ 1,388.72 crore obtained in 41 cases (₹ 50 lakh or more in each case) during the year 2012-13, proved unnecessary as the expenditure did not come up even to the level of the original provision as detailed in *Appendix-2.2*.

2.3.3 Excessive/unnecessary/insufficient re-appropriation of funds

Re-appropriation is the transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed.

We observed that there were excess/savings of more than ₹ one crore and above after re-appropriation, of which, in 10 schemes, the excess/savings were more than ₹ 20 crore as detailed in *Appendix-2.3*. This indicates that the estimates were not properly assessed, as even after the withdrawal/augmentation of funds through re-appropriation, there were final savings/excesses in the grants.

2.3.4 Substantial surrenders

Substantial surrenders (more than 50 *per cent* of the total provisions) were made in respect of 240 schemes on account of non-implementation or slow implementation of the schemes/programmes. Out of the total provisions amounting to ₹ 3,523.12 crore for these schemes, ₹ 2,791.47 crore (79.23 *per cent*) was surrendered, which included *cent per cent* surrenders in 100 schemes. This indicated that budgeting was not done with due prudence. The details are given in *Appendix-2.4*.

2.3.5 Surrender in excess of actual savings

In 13 cases, the amounts surrendered (₹ 50 lakh or more in each case) were in excess of the actual savings, indicating inadequate budgetary control in these departments. As against savings of ₹ 1,053.98 crore, the amount surrendered was ₹ 1,234.99 crore, resulting in excess surrender of ₹ 181.01 crore. The details are given in *Appendix-2.5*. The Departments concerned did not furnish reasons/explanations regarding surrenders (October 2013) in excess of the actual savings though called for in August 2013.

2.3.6 Anticipated savings not surrendered

At the close of the year 2012-13, there were 20 grants and three appropriations in which savings of more than ₹ one crore had occurred but no part of the same was surrendered by the Departments concerned. The total amount involved in these cases was ₹ 2,526.50 crore (29.17 *per cent* of the total savings of ₹ 8,660.89 crore) as detailed in *Appendix-2.6*.

Similarly, out of the savings of ₹ 3,674.84 crore under 20 other grants (after surrender, savings of ₹ one crore and above in each grant), provisions amounting to ₹ 1,462.89 crore (39.81 *per cent* of above savings) were not surrendered as detailed in *Appendix 2.7*.

Besides, in 44 cases (surrender of funds in excess of ₹ 10 crore in each case) ₹ 4,688.66 crore was surrendered on the last day of March 2013, as detailed in *Appendix-2.8*. This is indicative of inadequate financial control and consequent blocking of funds thereby resulting in non-availability of funds for alternative developmental purposes. The Departments did not furnish (October 2013) reasons/explanations regarding surrender of savings on the last day of the financial year.

2.3.7 Injudicious surrender

In one grant (Grant Number 45), an expenditure of ₹ 46.55 crore was incurred against the provision of ₹ 45.83 crore, resulting in excess expenditure of ₹ 0.72 crore. In spite of this, an amount of ₹ 1.51 crore was surrendered under this grant, which was injudicious. The details are given in **Table-2.3**.

Table -2.3: Injudicious surrender

(₹ in crore)

Sl. No	Grant No.	Name of Grant	Total provision	Expenditure	Excess expenditure	Amount surrendered
A - Revenue Voted						
1	45	Minor Irrigation Works	45.83	46.55	0.72	1.51
		Total	45.83	46.55	0.72	1.51

(Source: Appropriation Accounts 2012-13)

The department did not furnish (October 2013) reasons/explanations regarding injudicious surrender of funds.

2.3.8 Persistent savings

In 12 cases (11 Grants) during the period 2008-09 to 2012-13, there were persistent savings of more than ₹ 10 crore in each case as shown in **Table-2.4**. The savings ranged between *nine* and *51 per cent* of the total of the respective grants in the year 2012-13 which indicate that the budgeting was not realistic.

Table -2.4: List of Grants having persistent savings during 2008-2013

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Amount of Savings					Total Provision	As a Percentage of savings of 2012-13
			2008-09	2009-10	2010-11	2011-12	2012-13		
Revenue Voted									
1	10	Forest	44.11	23.62	34.10	12.01	73.40	671.56	11
2	20	Public Health Engineering	21.92	16.82	18.10	13.16	30.78	299.88	10
3	41	Tribal Areas Sub-Plan	258.32	212.90	295.37	78.74	629.07	3693.37	17
4	44	Higher Education	38.12	100.21	34.35	139.25	146.54	434.52	34
5	55	Expenditure pertaining to Women and Child Welfare	29.82	151.19	165.61	42.91	156.44	739.30	21
6	64	Special Component Plan for Scheduled Castes	80.44	60.64	117.25	37.19	284.43	1211.07	23
7	79	Expenditure pertaining to Medical Education Department	82.07	39.77	48.81	60.89	56.11	258.74	22

Sl. No.	Grant No.	Name of the Grant	Amount of Savings					Total Provision	As a Percentage of savings of 2012-13
			2008-09	2009-10	2010-11	2011-12	2012-13		
Capital Voted									
8	24	Public Works-Roads and Bridges	135.42	124.04	40.93	246.36	73.63	845.80	9
9	41	Tribal Area Sub-Plan	116.26	117.83	33.22	30.98	734.34	1,937.09	38
10	42	Public works relating to Tribal Area Sub-Plan-Roads and Bridges	139.91	133.50	115.70	232.71	234.80	459.90	51
11	67	Public Works-Buildings	53.31	52.14	57.55	263.62	149.14	347.78	43
12	68	Public Works relating to Tribal Area Sub-Plan-Buildings	75.45	73.92	38.92	57.10	74.24	182.38	41

(Source: Appropriation Accounts of respective years)

2.3.9 Excess over provisions relating to previous years (2000-12) requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, excess expenditure amounting to ₹ 2,133.47 crore for the period 2000-12 was yet to be regularized (October 2013) as detailed in **Appendix-2.9**.

2.3.10 Excess over provisions during 2012-13 requiring regularisation

Table-2.5 presents a summary of excess expenditure over provision of funds in two grants and two appropriations amounting to ₹ 0.96 crore during 2012-13, which requires regularisation under Article 205 of the Constitution.

Table -2.5: Excess over provisions requiring regularisation during 2012-13

(₹ in crore)					
Sl No	Grant No	Name of Grant/ Department	Total Grant/ Appropriation	Actual expenditure	Excess expenditure requiring regularization
Revenue Voted					
1	40	Expenditure pertaining to Ayacut Department	5.09	5.16	0.07
2	45	Minor Irrigation Works	45.83	46.55	0.72
Revenue Charged					
3	6	Expenditure pertaining to Finance Department	0.17	0.26	0.09
4	55	Expenditure pertaining to Women and Child Welfare	0.00	0.08	0.08
Total			51.09	52.05	0.96

(Source: Appropriation Accounts 2012-13)

The reasons for excess expenditure over the provisions were called for (August 2013) from the State Government and their reply was awaited (October 2013).

2.3.11 Rush of Expenditure

Rush of expenditure, particularly in the closing month of the financial year should be avoided. Contrary to this, in 39 Major Heads, expenditure (₹ 6,431.54 crore) during the last quarter was more than 50 *per cent* of the total expenditure (₹ 9,606.99 crore) and exceeded ₹ 10 crore in each case, while in 17 cases, the expenditure (₹ 1,822.10 crore) in the last month of the financial year was more than 50 *per cent* of the total expenditure (₹ 2,384.35 crore) incurred during 2012-13 as detailed in **Appendix-2.10**.

2.4 Advances from the Contingency Fund

As per the Contingency Fund Act, 2001 of the State, no advance shall be made out of the Fund, except for the purposes of meeting unforeseen expenditure pending authorisation of such expenditure by the Legislature of the State under appropriation made by law. The Fund is operated in the form of an imprest with corpus limit of ₹ 40 crore. During the year 2012-13 the following instances of departure from the procedure laid down in the Act, *ibid*, regarding drawal of funds from the Contingency Fund amounting to ₹ 15.36 crore were noticed.

- An amount of ₹ seven crore was sanctioned (July 2012) to School Education Department as advance for free distribution of uniform to the students of pre-primary and primary schools belonging to Above Poverty Line.
- An amount of ₹ five crore was sanctioned (October 2012) as advances for celebrating *Rajyotsav* to General Administration Department.
- An amount of ₹ one crore was sanctioned (October 2012) to Tribal Welfare Department as advance for establishment of 500 seater boys and 500 seater girls residential hostel at *Narayanpur*.
- An amount of ₹ one crore was sanctioned (October 2012) to Revenue Department for printing diary and calendar for the year 2013.
- An amount of ₹ 25 lakh was sanctioned (November 2012) to the Sports and Youth Welfare Department for Exhibition of sports activities on occasion of *Rajyotsav* 2012.
- An amount of ₹ one crore was sanctioned (June 2012) to General Administration Department as advance for conducting Civil Service Examination of Chhattisgarh Public Service Commission.
- An amount of ₹ 10.80 lakh was sanctioned (June 2012) to Law and Legislature Department as advance to Hidayattulla Law University, Raipur for providing internship to passed students for providing legal assistance to Government departments.

It may be seen from the above that the expenditure incurred out of the contingency fund were neither unforeseen and nor of emergent nature. Hence the withdrawals of funds from the Contingency Fund for meeting above expenditure were irregular.

2.5 Outcome of Inspection of Treasury

2.5.1 Non submission of vouchers in support of payments

On receipt of monthly account from Treasuries, the details of vouchers not attached against payments are intimated to the treasury concerned by the Accountant General (Accounts & Entitlements), so that the same may be forwarded to the AG (A&E) for timely compilation of vouchers in due time.

Inspection of the treasuries during 2012-13, revealed that 160 vouchers amounting to ₹ 1.46 crore were not received by AG (A&E) till 31st March 2013 from 17 treasuries as detailed in **Table 2.6:**

Table 2.6 : Vouchers not received from treasuries during 2012-13

(₹ in lakh)

Sl No.	Treasury	No. of Vouchers	Amount
1	Bijapur	02	2.07
2	Korea	09	3.44
3	Raipur City	02	4.81
4	Jashpur	01	0.06
5	Jagdapur	19	19.88
6	Rajnandgaon	06	2.22
7	Durg	06	2.25
8	Raigarh	08	3.26
9	Kanker	13	17.29
10	Balodabazar	03	0.60
11	Balod	01	0.13
12	Gariaband	01	0.01
13	Raipur	54	45.69
14	Mungeli	04	20.48
15	Balrampur	02	0.53
16	Bilaspur	26	21.30
17	Janjgir	03	2.46
Total		160	146.48

(Source: Treasury Inspection Report 2012-13)

2.5.2 Excess/Under payments of Pensions/Gratuity

Scrutiny of Pension Pay Order/Gratuity Pay Order register maintained in four treasuries revealed that 18 pensioners had not received pension/gratuity as detailed in **Appendix 2.11.**

2.6 Preparation of Budget Estimates

The Finance Department (FD) issues instructions every year for submission of necessary information and data relating to requirement of funds for the next financial year, by the respective Departments. The Heads of departments and other Controlling Officers prepare the budget estimates, as per the instruction

issued by the FD, for each Head of account and forward the same to the FD for finalization. On the basis of the estimates submitted by the various departments, the budget estimates are prepared by the FD for submission to the State Legislature.

Analysis of the information collected from the FD and Directorate of Agriculture and Engineer-in-Chief, PHED on preparation and submission of budget estimates at the State level revealed the followings:

2.6.1 Misclassification of heads

Heads of accounts of Union and States are prescribed by the Controller General of Accounts (CGA), Ministry of Finance, Government of India on the advice of the Comptroller and Auditor General (CAG) of India. Classification of transactions in Government Accounts has to be as per the heads of accounts prescribed in the List of Major and Minor Heads of Account of Union and States issued by the CGA.

We noticed (May 2013) from the budget books of few grants pertaining to the Government of Chhattisgarh (GoCG) for the year 2012-13 that classifications in respect of four heads were not done in appropriate heads of account as detailed in **Table 2.7**.

Table 2.7 Classification not in appropriate heads

Sl. No.	Classification as per budget book	Classification as per List of Major & Minor Head of Account
1	10-2406-02-070	10-2406-01(Forestry)-070
2	39-4408-02-191	39-4408-02-195 (Investments in Cooperatives)
3	17-4408-02-191	17-4408-02-195 (Investments in Cooperatives)
4	41-4408-02-191	41-4408-02-195 (Investments in Cooperatives)

As may be seen from the table, Minor Head 070-Communications and Buildings exists under Sub Major Head 01-Forestry which was classified under 02-‘Environmental Forestry and Wild Life’ under Major Head 2406-Forestry and Wild Life. Similarly ‘Investments in Co-operatives’ which is under the Minor Head 195 was misclassified under Minor Head-191 as per the list of Major and Minor Heads of Account.

As per para 3.4 of general direction of the List of Major and Minor Heads of Account of Union and States, the minor head “Transfer to Reserve Funds/Deposits Accounts (code 797)”, may be opened wherever necessary under the functional major/sub major heads in the Section Expenditure Heads (Revenue Account). The actual expenditure will be debited to the relevant programme Minor Head under the functional major head in the Revenue Section, Capital Section or Loan Section depending upon the nature of the expenditure. Amounts financed from the Reserve Fund/Deposit Accounts in these cases will be shown as a deduct entry under minor heads with separate code say ‘902’, etc., under the functional major/sub-major head in the Revenue, Capital or Loan Section where under the actual expenditure stands debited.

During review of the Budget book, we observed that as many as 11 heads were misclassified and did not match with the heads prescribed in the list of Major and Minor Heads of Account. For instance, instead of opening the minor head the minor head '797- Transfer to Reserved Funds/Deposits Accounts' under the major head 2045–Other Taxes and Duties on Commodities and Services in the Section Expenditure Head (Revenue Account), the minor head 103–Collection Charges–Electricity Duty (1) and 200–Collection Charges–Other Taxes and Duties(2) was opened.

Similarly, in other eight cases in place of minor head 902 – 'Deduct – Amount met from (Various Reserve Funds) classifications under five major heads, minor heads 102, 101 and 800 were made. In one case, Maintenance of tube well should have been mentioned under 03–103 instead of 02–103 Ground water tubewells under Major Head 2702–Minor Irrigation. Details of misclassifications are given in **Appendix –2.12**.

On this being pointed out in audit, Joint Secretary, FD, stated (September 2013) that a letter has been sent to the AG (A&E) on May 21, 2013 for rectification of errors and amendment in classifications. The misclassifications have been rectified in March Supplementary Accounts of the year 2012-13.

2.6.2 Budget provision made without provision in Annual Plan

As per para 38, Chapter III of the Madhya Pradesh Budget Manual (as adopted by the Government of Chhattisgarh) separate estimate should be furnished for expenditure under "Non-Plan", "Plan", "Centrally Sponsored Schemes" and "Central Sector Scheme" in the prescribed form duly supported by detailed explanatory notes. For the development schemes under 'Plan', provisions should be included for such expenditure in addition to or extensions of existing institutions, establishment etc. for which prior approval of the State Planning Department have been obtained. As such, the estimates should be got approved by the State Planning Department before their inclusion in the budget estimates.

During review of budget proposal of Agriculture Department, we observed (June 2013) that the Department had proposed for budget provision of ₹ 2.52 crore under the plan scheme 7333- Advertising of Post Harvest Technology in Agricultural Equipments for the year 2012-13. Against this proposal, budget provision of ₹ 1.40 crore was made under the head, out of which the Department re-appropriated ₹ 93.41 lakh and incurred expenditure of ₹ 44.94 lakh with final savings of ₹ 1.65 lakh. But the provision for this plan scheme was not included in the Annual Plan (2012-13) of the State Government.

After this being pointed out, Additional Director (Finance), Agriculture stated (June 2013) that the Scheme was included in the Annual Proposal of the Department. Finance Department stated (September 2013) that the provision was not made in the Annual Plan of the State Government due to non-receipt of instruction from the Government of India for continuation of the Scheme in 12th Five Year Plan. However, the budget provision was made considering the utilization and needs of the agriculture sector. The Agriculture Department, however, did not furnish any explanatory notes along with the proposal. The

above indicates non-adherence to the provision of the Manual while preparing the budget estimates.

2.6.3 Inaccurate budgeting

As per paragraph 25, Chapter III of the Madhya Pradesh Budget Manual, the estimates should be framed on the basis of the expenditure likely to be incurred in the coming year on account of the officers and subordinates likely to be on duty and the actual pay likely to be drawn by them, irrespective of the sanctioned strength.

During scrutiny of the records (June 2013) of Director, Agriculture Department, we observed that the department prepared budget estimates for non-plan expenditure *viz.* pay and allowances for the year 2012-13 on the basis of sanctioned strength which resulted in surrender/savings of ₹ 2.32 crore.

On this being pointed out in audit, Additional Director (Finance), Agriculture stated (July 2013) that the savings was due to non-filling up of the vacant posts. This indicates that estimates were prepared without adhering to the provision of the Budget Manual.

2.7 Outcome of review of selected grant

A review of Grant No. 27- School Education for the year 2012-13 was undertaken and the findings of the review are discussed in the succeeding paragraphs.

Three Budget Controlling Officers (BCO) namely Commissioner, Director of Public Instruction (DPI); Director, State Council of Education Research and Training (SCERT) and Director, National Cadet Corps (NCC) receive budget under Grant No-27, School Education. A review of Grant No.-27, School Education for the year 2012-13 revealed the followings :

2.7.1 Unnecessary supplementary budget provision

We observed that in some schemes, supplementary provisions were made but total expenditure during 2012-13 was less than the original provision in these schemes as detailed in **Table - 2.8**

Table 2.8: Savings after supplementary provision

(₹ in crore)

Heads of Account	BCO	Original Provision	Supplementary provision	Total Grant	Expenditure	Savings out of original provision
1	2	3	4	5	6	7 (3-6)
27-2202-01-107-0701-1502(District Education and Training institutions)	DPI	15.01	3.20	18.21	13.05	1.96
27-2202-02-105-0701-3694 (Re-organisation of State Institute of Education)	SCERT	0.83	0.20	1.03	0.50	0.33
27-2202-02-109-0101-578 (Higher Secondary School)	DPI	332.00	0.25	332.25	236.30	95.70
Total		347.84	3.65	351.49	249.85	97.99

(Source: Appropriation Accounts 2012-13)

It is evident from the Table that supplementary provision of ₹ 3.65 crore made during 2012-13 proved unnecessary as the expenditure was even less than the original provision. In view of the saving of ₹ 97.99 crore, augmentation of funds through supplementary provision proved unnecessary. On this being pointed out, DPI stated (September 2013) that due to non-filling up of the vacant posts and delay in sanction of work plan for training of officials, savings occurred. SCERT stated (September 2013) that saving was due to non-release of funds by the Government of India (GoI) in time.

2.7.2 Rush of expenditure

As per Para 92, Chapter X of Madhya Pradesh Budget Manual (as adopted by the Government of Chhattisgarh) rush of expenditure particularly in closing month of the financial year should be avoided.

During scrutiny of the records of DPI pertaining to Grant No.27, we observed that out of the total provision of ₹ 261.37 crore, funds amounting to ₹ 257.15 crore (98.38 *per cent*) were expended in the last quarter of the financial year 2012-13. Further analysis of the expenditure of the department, it was noticed that percentage of expenditure in last quarter ranged between 73 and cent *per cent* in 19 schemes as detailed in **Appendix- 2.13**.

On this being pointed out in audit, DPI stated (September 2013) that expenditure incurred in last quarter was due to release of funds by GoI in the last quarter and delay in obtaining administrative approval. No data regarding expenses incurred in March 2013 was provided to audit though called for September 2013.

2.7.3 Unnecessary re-appropriation 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. During the year 2012-13, re-appropriation of funds amounting to ₹ 75.48 lakh were made in two heads as detailed in **Table -2.9**.

Table 2.9: Unnecessary re-appropriation

(₹ in lakh)

S. No	Head of Account	Total Provisions	Total expenditure	Re-appropriation	Savings
1	27-2202-05-001-3858	878.80	772.24	0.60	107.16
2	27-2202-80-800-1084	321.00	270.41	74.88	125.47
Total		1,199.80	1,042.65	75.48	232.63

(Source: Appropriation Accounts 2012-13)

As may be seen from the above, additional funds amounting to ₹ 75.48 lakh provided by re-appropriation resulted in overall unutilized provision of ₹ 2.33 crore and the re-appropriation of funds made was proved unnecessary.

On this being pointed out, DPI, stated that due to non-receipt of information regarding actual expenditure from various district offices in due time, the aforesaid amount could not be surrendered.

This indicates lack of proper monitoring and control over budget and expenditure.

2.7.4 Unrealistic preparation of estimates

As per Para 31 of Chapter III of Madhya Pradesh Budget Manual, (as adopted by the Government of Chhattisgarh), it is probable that estimates carefully prepared in accordance with the foregoing instructions may still be too high. They should therefore, be examined with reference to the difference between the estimate and the actual in past three years and proposed amount should be reduced on that basis. Lump sum provisions should not as a rule be made in budget estimates.

During review of Grant No.27, we observed that substantial savings of ₹ 18.80 crore (88 *per cent*) against provisions of ₹ 21.27 crore occurred under five schemes during the year 2012-13 and surrenders under these schemes ranged between 84 and cent *per cent* as detailed in **Table 2.10**

Table 2.10: Substantial savings

(₹ in lakh)

S. No	Head of Account	BCO	Provision	Expenditure	Savings	Percentage of savings
1	2204-00-800-0000-1084-25-001	DPI	121.00	0	121.00	100
2	2202-80-001-0101-5528-14-001	DPI	5.00	0	5.00	100
3	2202-80-800-1201-6725-14-012	DPI	368.00	0	368.00	100
4	2202-02-109-6794	DPI	1,528.00	240.38	1,287.62	84.27
5	2202-04-200-6943	DPI	105.00	6.96	98.04	93.37
	Total		2,127.00	247.34	1,879.66	88.37

(Source: Departmental figures)

In reply, DPI stated (September 2013) that the fund under 2202-80-001-5528-14-001 head could not be spent due to non-filling up of the post of the Chairman and the Secretary in *Chhattisgarh Bhasha Parishad* and further stated that the reasons for non-utilization of funds under 2202-80-800-1201-6725-14-012 head would be provided separately. As regards savings under other heads DPI attributed the savings to delay in obtaining administrative approval and non-release of funds under European State Partnership Programme from the Government.

This indicates that estimates were prepared without assessing the actual requirements and hence were unrealistic.

2.7.5 Lapse of budget provision

As per Para 91(3), Chapter-X of Madhya Pradesh Budget Manual “All anticipated savings should be surrendered to Government immediately, if they are foreseen without waiting till end of year, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. No saving should be held in reserve for possible future excesses”.

During scrutiny of the records of the Director, SCERT relating to Grant No-27, we observed that out of budget provision of ₹ 27.72 crore, funds amounting to ₹ 10.36 crore (37 per cent) were lapsed under *nine* plan schemes during the year 2012-13 and the *percentage* of the funds lapsed ranged between 28 and 92 as detailed in **Table 2.11**.

Table 2.11: Lapse of budget provision

(₹ in lakh)

Scheme	Plan		
	Total Provision including supplementary	Lapsed amount	Percentage of lapsed amount
27-2202-5708(Yoga training)	43.00	28.07	65
27-2202-701-1502 (District Education and Training Institute)	1,820.90	534.15	29
27-2202-801-1502 (District Education and Training Institute)	338.30	159.65	47
27-2202-801-4402 (Government Education College)	21.20	16.14	76
27-2202-801-3694 (SCERT)	220.40	120.38	55
27-2202-801-5569 (State Institute of Educational Management and Training)	69.50	19.14	28
27-2202-801-67 (English Language Education Institution)	60.40	17.99	30
27-2202-701-4402(Government Education College)	95.60	87.63	92
27-2202-701-3694 (SCERT)	103.00	53.00	51
Total	2,772.30	1,036.15	

(Source: Departmental figures)

Lapse of budget indicates lack of proper monitoring and control over utilization of funds. On this being pointed out, SCERT stated (September 2013) that expenditure could not be incurred due to various reasons such as non-filling up of sanctioned posts, training not being organized as per annual plan and delay in release of funds by Ministry of Human Resource and Development, GoI.

2.7.6 Delay in sending Surrender proposals

We observed that DPI sent (31 March 2013) proposal of surrenders amounting to ₹ 587.34 crore under both Plan (₹ 424.25 crore) and Non-Plan (₹ 163.09 crore) heads to the FD. However, the same was not depicted in the Appropriation Accounts 2012-13. This indicates that proposals were not accepted by the FD and ultimately got lapsed at the end of the financial year 2012-13. This also indicates lack of adequate monitoring and budgetary control.

On this being pointed out, DPI stated (September 2013) that funds could not be surrendered in anticipation of expenditure till the end of the financial year.

2.8 Review of Simple Receipts (SR) Bills

Introduction

Chhattisgarh Treasury Code (CGTC) prescribes the Form of Bills for drawal of funds from the treasury to meet expenditure of all heads. It is the responsibility of the Drawing and Disbursing Officer (DDO) to submit bill in appropriate form to treasury for the drawals. Simple Receipt Bills (SR Bills) deal with subsidiary Rules 282, 441(a) (ii), 618 and 630 of CGTC with a purpose to draw funds from treasury as an advance through form CGTC 76. Rule 282 of CGTC provides that where payment of contingent expenditure has to be made before submitting the bill to the treasury, DDO may make the payment from permanent advance or imprest held with him by drawing permanent advance in CGTC 76 form and subsequently forward a copy of such sanctions of permanent advance to AG. Rule 441 also provides that *pateli commission*² charges may be drawn from treasury in form CGTC 76. Further as per Rule 618, payment for loans and advances and other miscellaneous advances may be drawn from treasury in CGTC 76. SR Bills are not to be used for other object heads of expenditure except for the specific object heads viz. permanent advance, *Pateli commission* and loans and advances. For other object heads of expenditure, other forms of bills are prescribed (*Appendix-2.14*).

2.8.1 Status of drawal of funds through SR Bills

During 2009-13 an amount of ₹ 16,664 crore was drawn through SR Bills in the State and the same was booked as final expenditure. Position of drawal of funds through SR Bills during 2009-13 is as shown in the following **Table 2.12:**

Table 2.12 :- Funds drawn through SR Bills during 2009-13 in the State

(₹ in crore)

Year	SR Bills drawals	Total Expenditure ³	Percentage to Total Expenditure
2009-10	3,593	20,910	17
2010-11	4,240	22,876	19
2011-12	5,582	27,957	20
2012-13	3,249	33,780	10
Total	16,664	1,05,523	16

(Source: VLC data)

The table-2.12 indicates that magnitude and percentage of drawals through SR Bills to total expenditure which was 17 *per cent* during 2009-10 increased to 20 *per cent* during 2011-12. However, the same decreased to ten *per cent* in 2012-13. Even though the percentage of SR Bills drawals to total expenditure decreased from 17 in 2009-10 to 10 in 2012-13, an amount of ₹ 192.71 crore related to the object heads of Pay & allowance, office expenditure, materials & supplies, maintenance work, construction works, grants-in-aid, purchase of

² Commission given for collection of land revenue

³ Total Expenditure includes Revenue Expenditure and Capital outlay and Loans and advances including inter State settlement.

vehicles etc., were drawn irregularly through SR Bills on Form no. CGTC 76 in the State during January 2013 to March 2013 despite issue of instructions (December 2012 and February 2013) of Finance Department (FD), Government of Chhattisgarh (GoCG) for drawing funds through appropriate form of bills to avoid irregular drawal on SR Bills. Non-compliance to the instruction indicates lack of internal control, monitoring and supervision on drawals and disbursement.

Scrutiny of records of SR Bills in eight selected DDOs revealed cases of irregular drawals, non-refund of unspent balances, non-production of vouchers/completion certificate/utilization certificate and non-submission of paid vouchers as discussed below :-

2.8.2 Irregular drawal of funds through SR Bills

During test check (June, July & September 2013) of records of eight DDOs, we observed that funds amounting to ₹ 2,260.09 crore were drawn through SR Bills during 2009-10 to 2012-13 for withdrawing the funds under object head of Pay and allowance (01), Wages (02), Office expenditure (04), Training (05), Advertisement and Publicity (09), Payment for commercial services (10), Scholarships and other benefits (11), Grants-in-aid (14), Conference (17), Prize (18), Maintenance work (24), Material and Supplies (25), Minor Construction works (27) and Construction works (97) etc. through SR Bills in form CGTC 76. Irregular drawal of funds on SR Bills during 2009-13 is shown in the following **Table 2.13:**

₹ 2260.09 crore was drawn irregularly through SR Bills by the test checked eight DDOs during 2009-10 to 2012-13.

Table 2.13:- Irregular drawal through SR Bills

(₹ in crore)

SN	Name of DDO	Amount drawn through SR Bills
1	CEO ZP Raipur	414.81
2	ACTD Raipur	203.07
3	CEO ZP Bilaspur	430.68
4	ACTD Bilaspur	148.43
5	CEO ZP Jagdalpur	133.53
6	ACTD Jagdalpur	149.36
7	CEO ZP Ambikapur	692.78
8	ACTD Ambikapur	87.43
	Total	2,260.09

In order to draw the funds for the above stated object heads, prescribed forms of bills were to be used duly supported with the vouchers as detailed in **Appendix-2.14**. But these drawals were made in form CGTC 76 supported with allotment letters and sanction orders of the competent authority only. The use of SR Bills for drawing funds of such heads was in violation of CGTC and orders of the FD (December 2012) as funds drawn through SR Bills were booked as final expenditure in the Government Accounts and thereby escaping the rigours of Utilisation certificates (UCs)/adjustment vouchers to Treasuries and Accountant General (A&E), Chhattisgarh.

On this being pointed out in audit, DDOs (CEO ZP Bilaspur, ACTD Bilaspur CEO ZP Jagdalpur and CEO ZP Ambikapur) stated (June & September 2013)

that funds were drawn through SR Bills in form CGTC 76 as there were no such directions from the Government in this regard. ACTD, Bilaspur also stated that now the funds are being drawn in appropriate form of bills after getting the direction from the Government since January 2013. Replies from rest of the DDOs were awaited as of October 2013.

The replies are not acceptable as CGTC Rules regarding drawals through SR Bills and other forms of bills for various object heads of expenditure were effective from November 2000. Besides, FD also issued instruction (December 2012) to comply with the CGTC rules, to all the department of the State. Hence, reply regarding non receipt of the directions regarding drawal of funds through SR Bill is not acceptable. It is also pertinent to mention here that despite confirmation of compliance of the instruction since January 2013 by ACTD, Bilaspur, Raipur, Ambikapur, Jagdalpur and CEOs *Janpad Panchyat* Jagdalpur and Ambikapur, an amount of ₹ 30.12⁴ crore was drawn irregularly by six out of eight test checked DDOs through SR Bills between January 2013 and March 2013.

2.8.3 Non -refund of unspent balance of ₹185. 61 crore drawn through SR Bills

As per paragraph 118(8) of the Madhya Pradesh 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. Further, subsidiary Rule 284 of CGTC also provides that no money will be drawn from treasury unless there is immediate requirement.

Unspent amount of ₹ 185.61 crore was not refunded to the Government account and irregularly kept in PD Account and Savings Bank Accounts.

We noticed from the records of eight DDOs that out of ₹ 2,260. 09 crore drawn through SR Bills during 2009-10 to 2012-13, Fund amounting to ₹ 185.61 crore remained unspent as on 31 March 2013. Details are shown in the following **Table 2.14** :

Table 2.14 :- Unspent amount not refunded to the Government Account
(₹ in crore)

SN	Name of DDO	Amount remained unspent
1	CEO ZP Raipur	0.72
2	CEO ZP Bilaspur	77.88
3	ACTD Bilaspur	7.30
4	ACTD Jagdalpur	24.11
5	CEO ZP Ambikapur	75.60
	Total	185.61

Out of this, ₹ 1.55 crore ⁵ was kept in Personal Deposit (PD) Account of ACTD, Bilaspur as on 31 March 2013. The remaining amount of ₹ 183.57 crore was kept in bank accounts of the DDOs as on 31 March 2013. Out of ₹183.57 crore, ₹ 26.11 crore remained unspent for more than three years with

⁴ CEO, ZP, Jagdalpur = ₹ 3.21 crore, CEO, ZP, Ambikapur = ₹ 20.94 crore, ACTD, Raipur = ₹ 0.02 crore, ACTD, Bilaspur = ₹ 0.03 crore, ACTD, Jagdalpur = ₹ 3.78 crore and ACTD, Ambikapur = ₹ 2.14 crore

⁵ 2010-11 = ₹ 0.25 crore, 2011-12 = ₹ 0.79 crore, 2012-13 = ₹ 0.51 crore

three⁶ DDOs and an amount of ₹ 72.48 crore remained unspent with two⁷ DDOs since more than two years. The unspent amount was not refunded to the Government Account till date (September 2013).

On this being pointed out in audit, CEO, ZP Bilaspur Stated (June 2013) that unspent amount was kept in Savings Bank Accounts of schemes and transferred to the implementing agencies as per their demands. ACTD, Bilaspur stated (June 2013) that the unspent amount relating to ongoing construction works, was kept in PD Account (₹ 1.55 crore) and unspent amount of scholarships was kept in nodal bank accounts. CEO, ZP Ambikapur stated (September 2013) that unspent amount was kept in Saving Bank account as sanctioned works were in progress.

CEO, ZP, Raipur, ACTD, Raipur, ACTD, Jagdalpur and ACTD, Ambikapur did not furnish the replies.

The replies furnished by the above DDOs are an acceptance of the fact that unspent amount was not surrendered/refunded at the end of the financial year and was kept in Savings Bank Account and PD Account. It indicates that the funds were irregularly drawn from treasury through SR Bills without immediate requirement.

2.8.4 Non-production of Vouchers/Completion certificates/Utilization certificate (CC/UC) of ₹504.05 crore

As per Rule 190 of CGTC, there shall be voucher against each payment made on behalf of the Government.

Vouchers/CCs of ₹ 504.05 crore drawn through SR Bills were not produced to audit.

It was noticed that an expenditure amounting to ₹ 504.05 crore was incurred under various object heads such as office expenditure, material & supplies, maintenance work, scholarship, construction works, grant-in-aid, purchase of vehicles etc. on various schemes implemented from the selected eight DDOs against the drawals through SR Bills amounting to ₹ 2,260.09 crore during the period 2009-13. During scrutiny, it was found that vouchers/CCs/utilization certificates (UCs) for authentication of expenditure were not produced to audit. Details are shown in the following Table 2.15

Table 2.15 :- Non-production of Vouchers/Completion certificates

(₹ in crore)

Sl. No.	Name of DDOs	Amount
1	CEO ZP BILASPUR	163.58
2	CEO ZP JAGDALPUR	84.52
3	ACTD Jagdalpur	85.80
4	CEO ZP Raipur	0.10
5	ACTD Bilaspur	39.82
6	CEO ZP Ambikapur	130.23
Total		504.05

⁶ ACTD Bilaspur- ₹ 58.72 lakh, ACTD Jagdalpur-₹ 16.87 crore, CEO ZP Ambikapur-₹8.65 crore

⁷ CEO ZP Raipur- ₹ 0.68 crore, CEO ZP Bilaspur- ₹ 71.80 crore

On this being pointed out in audit, DDOs stated (June & September 2013) that vouchers/CCs/UCs were maintained by the final implementing agencies such as CEO, Janpad Panchayats (JP) and Block Education Officers (BEO) and vouchers/CCs were not submitted by them.

Similarly, scrutiny also revealed that funds amounting to ₹ 11.55 crore, out of ₹ 84.52 crore drawn through SR Bills by CEO, ZP, Jagdalpur, was remitted to BEO Jagdalpur, during 2009-13 for cost of cooking and payment of honorarium to cook under Mid-Day Meal (MDM) Scheme under object head of material and supply (25) and wages (02). Out of this, cumulative amount of ₹ 2.51 crore remained unspent (March 2013) with BEO, Jagdalpur and was kept in Savings Bank account since 2009-10 and no UCs/adjustment vouchers were submitted to the CEO, ZP Jagdalpur.

On this being pointed out in audit, BEO, Jagdalpur stated (June 2013) that amount remained unspent because amount received was more than the actual expenditure and Monthly Expenditure Return (MER) showing income and expenditure was submitted to CEO, ZP, Jagdalpur. Balance amount would be surrendered to the Government account on receipt of the instructions /guidelines from higher authorities.

The reply is an indicative of the fact that funds were drawn without ascertaining the actual requirement and drawn irregularly through SR Bills and the same was transferred to the implementing agencies despite non-receipt of any demand for funds. Also authenticity of actual expenditure could not be established due to non-availability of UCs or adjustment vouchers with DDOs.

2.8.5 Non-submission of paid vouchers for ₹ 121.14 crore on account of scholarships

Finance Department directed (February 2013) that funds under Scholarship (object head 11) Schemes should be drawn either through form CGTC 47 (supported with sanction order of competent authority) or through SR Bills in CGTC 76 as advance drawal subject to condition that original paid vouchers with details would be submitted to AG timely.

Test check (June 2013) of records of ACTD, Bilaspur revealed that funds amounting to ₹ 83.87 crore was drawn through SR Bills under the head of Scholarship. Out of which ₹ 77.26 crore was shown as disbursed to BEOs during 2009-13 leaving an unspent amount of ₹ 6.61 crore which was lying in the Savings Bank account number of ACTD Bilaspur since 2009-10. Against the above disbursed amount, paid vouchers of only ₹ 7.39 crore were made available and remaining vouchers for ₹ 69.87 crore were not furnished to audit for verifying the authenticity of expenditure. Besides, these vouchers were also not submitted to the AG (A&E). Similarly, ACTD Jagdalpur had also drawn ₹ 60.07 crore through SR Bills during 2009-13 and showed ₹ 58.97 crore as finally disbursed to BEOs. Balance amount of ₹ 1.10 crore was lying unspent in the Savings Bank account of ACTD, Jagdalpur since 2009-10. Against the stated expenditure of ₹ 58.97 crore, paid vouchers of ₹ 7.70 crore only were made available. The paid vouchers of ₹ 51.27 crore were not produced to audit.

Paid vouchers for ₹ 121.14 crore on account of scholarships were not submitted to audit.

Thus, the expenditure amounting to ₹ 121.14 crore (₹ 69.87 crore + ₹ 51.27 crore) as of March 2013 could not be authenticated due to non-furnishing of paid vouchers by the department.

On this being pointed out in audit, ACTD Bilaspur stated (June 2013) that vouchers were maintained and UCs/expenditure returns were received from BEOs. ACTD, Jagdalpur stated (July 2013) that paid vouchers were not submitted by BEOs.

The reply of ACTD, Bilaspur is not acceptable as no vouchers, UCs/expenditure vouchers in support of their reply were furnished to audit.

Further scrutiny at the level of BEOs revealed that out of ₹ 60.07 crore drawn through SR Bills by ACTD, Jagdalpur, ₹ 7.91 crore was remitted to BEO, Jagdalpur during 2009-13. BEO issued cheques in favour of Bank Managers to deposit the money in the accounts of Heads of Institute/Principals/Superintendent of schools, Ashrams and Hostels for final disbursement of scholarships to the beneficiaries. Records of BEO, Jagdalpur revealed that against this, only ₹ 7.50 crore was reported as expenditure and amount of ₹ 0.48 crore remained unspent as on March 2013 which was kept in Saving Bank Account with the BEO, Jagdalpur since 2009-10. Against the expenditure of ₹ 7.50 crore, ₹ 32.10 lakh was only supported with paid vouchers and remaining paid vouchers for ₹ 7.18 crore were not made available to audit.

On this being pointed out in audit, BEO Jagdalpur stated (July 2013) that because of less demand of funds for second installment of scholarship due to absence of students and less enrolment, funds remained unspent. The unspent amount was not refunded to the Government Accounts due to non-finalization of adjustment. Amount of expenditure without paid vouchers were kept in bank accounts of Heads of Institutes for final disbursement to the students.

The reply of BEO, Jagdalpur is self-explanatory that though amount were withdrawn from the Government account through SR Bills but remained unspent with various implementing agencies and authenticity of actual expenditure could not be established due to non-availability of paid vouchers.

2.9 Conclusion

During 2012-13, an expenditure of ₹ 35,154.55 crore was incurred against total grants and appropriations of ₹ 43,814.48 crore, resulting in savings of ₹ 8,659.93 crore. The overall savings were the net result of savings of ₹ 8,660.89 crore, off-set by excess of ₹ 0.96 crore. In 13 cases, a total of ₹ 181.01 crore was surrendered in excess of the actual savings. In 20 grants and three appropriations, savings amounting to ₹ 2,526.50 crore were not surrendered, while in 44 cases, surrender of funds amounting to ₹ 4,688.66 crore were made on the last working day of the financial year. Despite excess expenditure of ₹ 0.72 crore, ₹ 1.51 crore was surrendered in case of one grant. The excess expenditure incurred required regularisation under Article 205 of

the Constitution of India. Withdrawals of ₹ 15.36 crore were made from the Contingency Fund for expenses which were not of emergent nature.

Funds were drawn on the basis of budget allotment received instead of actual requirement through SR Bills and the same were transferred to implementing agencies without obtaining demands from them. The trail of SR Bills drawals showed that funds so drawn were not finally disbursed though booked as final expenditure and lying unspent in bank accounts of various implementing agencies. Drawals and disbursing of funds to implementing agencies were treated as final expenditure without ensuring utilization or payment.

2.10 Recommendations

The Government should ensure that:

- *Expenditure in excess of budget allocation should be avoided.*
- *Excessive/unnecessary supplementary grants and injudicious re-appropriation of funds should be avoided.*
- *Expenditure from Contingency fund should be sanctioned only to the extent required and only for emergent nature.*
- *Chhattisgarh Treasury Code and direction of Finance Department regarding drawals of funds and use of SR Bills should be adhered to and continuously monitored.*
- *Utilization Certificates/expenditure returns should be submitted timely by the grantee.*