Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

2. Chapters I and II of this Report contain audit observations on matters arising from examination of the Finance Accounts and the Appropriation Accounts of the Government of Madhya Pradesh for the year ended 31 March 2009.

3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

<<<<<<<< >>>>>>>>>

Executive Summary

Background

In January 2006, the Madhya Pradesh Government enacted the Fiscal Responsibilities and Budget Management (FRBM) Act. It laid down a reform agenda through a fiscal correction path in the medium term with the long term goal of securing growth stability for its economy. The Government's commitment to carry forward these reforms is reflected in the policy initiatives announced in its subsequent budgets. The benefits of the FRBM legislation have been realised in terms of achieving of revenue and fiscal deficit targets relative to GSDP and keeping the ratio of total liabilities to GSDP within the ceiling limit of 40 *per cent* prescribed under the FRBM Act. However, a host of institutional and sectoral reform measures will go a long way in building up the much needed 'fiscal space' for improving the quality of public expenditure and to promote fiscal stability.

The Comptroller and Auditor General's (C&AG) Audit Reports have been commenting upon the Government's finances for over three years since the FRBM legislation. Since these comments formed part of the Civil Audit Report, it was felt that the audit findings on State finances remained camouflaged because the majority of audit findings were on compliance and performance audits. The obvious fallout of this all-inclusive reporting was that the audit findings on financial management did not receive proper attention. In recognition of the need to bring State finances to centre-stage once again, a stand-alone report on State Government finances was considered an appropriate audit response to this challenge. Accordingly, from the report year ended 2009 onwards, C&AG has decided to bring out a separate volume titled 'Report on State Finances.'

The report

Based on the audited accounts of the Government of Madhya Pradesh for the year ended March 2009, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter 1 is based on the audit of the Finance Accounts and gives an assessment of the Madhya Pradesh Government's fiscal position as at 31 March 2009. It provides an insight into the trends of committed expenditure and borrowing patterns besides giving a brief account of Central funds transferred directly to State implementing agencies through the off-budget route.

Chapter 2 is based on audit of Appropriation Accounts and gives a grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter 3 is an inventory of the Madhya Pradesh Government's compliance with various reporting requirements and financial rules. The report also compiles the data collated from various government departments/organisations in support of the findings.

Audit findings and recommendations

Management of fiscal imbalances and resource mobilisation: The fiscal position of the State viewed in terms of the key fiscal parameters – revenue, fiscal and primary deficit/surplus – indicated a declining trend in 2008-09 as the revenue surplus decreased and the primary surplus became primary deficit. Moreover, the fiscal deficit substantially increased relative to the previous year. Relative to GSDP there were no improvement in the State's own resources during the current year over the previous year.

Government investments and interest receipts on loans and advances: The average return on the investments made by the Government was 0.52 *per cent* during last three years while the Government paid an average interest rate of 7.61 *per cent* on its borrowings during 2006-09. Interest receipt as a percentage of outstanding loans and advances was meagre as against the interest percentage of payments to the outstanding fiscal liabilities of the State Government, resulting in a difference of 6.29 *per cent* between interest payments and interest receipts. The Government should invest in the high cost borrowings more judiciously to ensure better returns.

The increasing fiscal liabilities accompanied with negligible rates of return on Government investments and inadequate recovery of interest on loans and advances might put fiscal stress on the State in the medium to long run unless suitable measures are initiated to make the investments including loans and advances commercially viable; compress the Non Plan revenue expenditure (NPRE) and mobilize additional resources both through tax and non-tax sources in the ensuing years.

Expenditure Management : The expenditure pattern of the State revealed that the revenue expenditure as a percentage of the total expenditure continued to share a dominant proportion of total expenditure at 77 *per cent* during 2008-09, leaving less resources for expansion of services and creation of assets. The NPRE during the year remained significantly higher than the normative level assessed by the Twelfth Finance Commission (TFC). Further, three components (salary and wages expenditure, pension payments and interest payments) constituted about 69 *per cent* of the NPRE during the year. Decrease in the proportion of capital expenditure on social and economic services to the total expenditure and revenue expenditure on operation and maintenance of the existing social and economic services during the current year over previous year indicated decline in quality of services.

The expenditure pattern both in the education and health sectors needs correction in the ensuing year as per the norms of the TFC accordingly to which Non-Plan salary expenditure under education and health and family welfare should increase only by five to six *per cent* while non-salary expenditure under Non-Plan heads should increase by 30 *per cent* per annum during the award period.

Oversight of funds transferred directly from Government of India to State implementing agencies: Funds flowing directly to State implementing agencies through the off-budget routine inhibits FRBM requirements of transparency and therefore bypasses accountability. A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (A&E).

Financial management and budgetary control: Slow progress in implementation of various social and developmental programmes in the State left an overall saving of Rs 8,352.16 crore. Excess expenditure of Rs.4,686 crore pertaining to the period 1993-94,1994-95 and 1997-98 to 2007-08 requires regularisation under Article 205 of the Constitution of India. In the case of six grants, savings were observed in the last five years. There were instances of inadequate provision of funds and unnecessary or excessive re-appropriations. Rush of expenditure at the end of the financial year was another chronic feature noticed in the State. In many cases, the anticipated savings were either not surrendered or surrendered on the last two days of the year, leaving no scope for utilizing these funds for other developmental purposes. Detailed bills were not submitted for large amounts of advances drawn on abstract contingent bills. There was unreconciled expenditure of Rs.286.68 crore and transfers of Rs.289.59 crore to 8443-Civil Deposit and 800-Other Deposits. Moreover, Rs.1,488 crore was lying in 729 Personal Deposit Accounts as on 31 March 2009. Budgetary controls should be strictly observed to avoid such deficiencies in financial management. Last minute issuance of re-appropriation/ surrender orders should be avoided.

Financial Reporting: The State Government's compliance with various rules, procedures and directives was lacking in various Government departments. This was evident from delays in furnishing of utilization certificates against loans and grants by various grantee institutions. Delays were noticed in the submission of Annual Accounts by autonomous bodies and departmental undertakings. There were instances of losses and misappropriations for which departmental action was pending for long periods. Departmental inquiries in such cases should be expedited to bring the defaulters to book. Internal controls in all the organisations should be strengthened to prevent such cases in future.

Chapter

1 Finances of the State Government



1 Introduction

This chapter provides a broad perspective of the finances of the Government of Madhya Pradesh during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year, keeping in view the overall trends during the last five years. The structure and form of Government Accounts and the layout of the Finance Accounts are depicted in **Appendix 1.1-Part A and B.** The methodology adopted for the assessment of the fiscal position and norms/ceilings prescribed by the Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005 are depicted in **Appendix-1.2- Part A, B and C.**

In terms of the Madhya Pradesh Reorganization Act 2000 (No.28 of 2000), 16[1] districts of the erstwhile State of Madhya Pradesh formed the new State of Chhattisgarh on 1 November 2000. The apportionment of assets and liabilities of the composite State of Madhya Pradesh prior to the date of reorganization as well as other financial adjustments are carried out in accordance with the provisions of the Act[2]. The actual progress achieved in this direction is indicated in **Appendix-1.1-Part C.**

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2008-09) vis-à-vis the previous year while **Appendix 1.4 Part-A** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

---

1. *Bastar, Bilaspur, Dantewara, Dhamtari, Durg, Janjgir-Champa, Jashpur, Kanker, Kawardha, Korba, Koria, Mahasamund, Raigarh, Raipur, Rajnandgaon and Surguja.*
2. *ibid*



Table 1.1 Summary of Current Year's Fiscal Transactions

(Rupees in crore)

2007-08	Receipts	2008-09	2007-08	Disbursements	2008-09		
				Section-A: Revenue	Non-Plan	Plan	Total
30,688.74	Revenue Receipts	33,577.21	25,601.11	Revenue expenditure	21,892.29	7,621.59	29,513.88
12,018.18	Tax revenue	13,614.05	9,354.35	General services	10,126.15	36.19	10,162.34
2,738.19	Non-tax revenue	3,342.86	8,145.46	Social services	6,005.84	4,140.10	10,145.94
10,202.96	Share of Union Taxes/ Duties	10,766.59	6,537.46	Economic services	4,211.83	3,219.33	7,431.16
5,729.41	Grants from Government of India	5,853.71	1,563.84	Grants-in-aid and Contributions	1,548.47	225.97	1,774.44
				Section-B: Capital			
11.07	Misc. Capital Receipts	24.00	6,832.70	Capital Outlay	209.70	6,503.45	6,713.15
105.24	Recoveries of Loans and Advances	53.62	1,154.88	Loans and Advances disbursed	1184.28	677.18	1,861.46
1.79	Inter-State settlement	0.79	2.06	Inter-State settlement	--	--	0.73
3,370.95	Public Debt receipts*	6,552.97	1,677.00	Repayment of Public Debt*	--	--	1,961.01
--	Contingency Fund	--	--	Contingency Fund	--	--	--
39,895.93	Public Account receipts	46,460.26	39,423.29	Public Account disbursements	--	--	45,988.97
2,409.77	Opening Cash Balance	1,792.45	1,792.45	Closing Cash Balance			2,422.10
76,483.49	Total	88,461.30	76,483.49	Total	23,286.27	14,802.22	88,461.30

*Excluding net transactions under Ways and Means advances and overdrafts.
(Source: State Finance Accounts of the respective years)

The following are the major changes during 2008-09 over the previous year:

- Revenue receipts increased by Rs 2,888 crore (nine *per cent*), mainly due to increase in the State's own tax revenue by Rs 1,596 crore (13 *per cent*), non-tax revenue by Rs 605 crore (22 *per cent*), State's share of Union taxes and duties by Rs 563 crore (five *per cent*) and grants from Government of India (GOI) by Rs 124 crore (two *per cent*). The State also received debt relief of Rs 363.06 crore under Debt Consolidation and Relief Facility (DCRF) from GOI.
- Revenue expenditure increased by Rs 3,913 crore (15 *per cent*) {(Non-Plan: Rs 3,097 crore (17 *per cent*) and Plan: Rs 816 crore (12 *per cent*)}and Capital expenditure decreased by Rs 120 crore (two *per cent*) {(Non-Plan: Rs 112 crore (-34.78 *per cent*) and Plan: Rupees eight crore(-0.12 *per cent*)}.
- The recovery of loans and advances decreased to Rs 54 crore (49 *per cent*) during the current year from Rs 105 crore in the previous year mainly under Loans for Miscellaneous General Services (Rs 23 crore) and Industries and Minerals (Rs 45 crore), partly offset by increase under Water Supply, Sanitation and Urban Development (Rs 15 crore) and loans to Government Servants (Rupees three crore). Disbursement of loans and advances by the State Government increased by Rs 706 crore, mainly on account of loans under power projects (Rs 1,055 crore) and Transport (Rs 19 crore), partly offset by decrease under Water Supply, Sanitation, Housing and Urban



Development (Rs 103 crore), Miscellaneous General Services (Rs 231 crore) and Agriculture and Allied Activities (Rs 33 crore).

- Public debt receipts and repayments increased by Rs 3,182 crore (94 *per cent*) and Rs 284 crore (17 *per cent*) respectively in 2008-09 over the previous year. The increase in public debt receipts was mainly due to increase in internal debt by Rs 2,567 crore and loans and advances by GOI (Rs 615 crore).
- Public Account receipts and disbursements increased by Rs 6,564 crore and Rs 6,566 crore respectively in 2008-09 relative to the previous year resulting in a net decrease of Rupees two crore.
- As a result of inflow/outflow of the funds stated above, the cash balances of the State at the close of 2008-09 increased by Rs 630 crore over the previous year.

1.1.2 Review of the fiscal position

In response to the Twelfth Finance Commission's (TFC) recommendation, the Government of Madhya Pradesh enacted its Fiscal Responsibility and Budget Management Act with a view to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, sustainable debt management consistent with fiscal deficit, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term fiscal framework.

An increase of 15.28 *per cent* (Rs 3,913 crore) in revenue expenditure during 2008-09 in comparison to that of 9.41 *per cent* (Rs 2,888 crore) in revenue receipts resulted in a decline in the revenue surplus from Rs 5,088 crore in 2007-08 to Rs 4,063 crore in 2008-09. Given the decline of Rs 1,025 crore in the revenue surplus and Rs 39 crore in non-debt capital receipts during the year accompanied by decline of Rs 120 crore in capital expenditure and increase of Rs 705 crore in the disbursement of loans and advances including inter-State settlement, there was an increase of Rs 1,649 crore in the fiscal deficit in 2008-09 over the previous year. Given the increase in fiscal deficit (Rs 1,649 crore) as well as in interest payments (Rupees one crore), the primary surplus of Rs 1,407 crore in 2007-08 became a primary deficit of Rs 241 crore in 2008-09.The fiscal performance of the State vis-à-vis FRBM targets and those framed in the Mid-Term Fiscal Policy Statement (MTFPS) for the year 2008-09 is presented in **Table 1.2** below:

Table 1.2

Fiscal forecasts	FRBM Targets	Projection as per MTFPS	Actual
Revenue Deficit (-)/ Surplus (+) (Rupees in crore)	To be wiped out by 2008-09	(+) 2,840	(+) 4,063
Fiscal Deficit (-)/ Surplus (+) (Rupees in crore)	To reduce to not more than 3 *per cent* of GSDP by 2008-09 (4876)	(-) 4,741 FD to be 3 *per cent* of GSDP	(-) 4,433 (2.72 *per cent* of GSDP)
Total Fiscal Liabilities (including guarantees)	40 *per cent* of GSDP by 31 March 2015	43.65 *per cent* of GSDP	38.37 *per cent* of GSDP
Outstanding Guarantees	Not to exceed 80 *per cent* of the total RR of preceding year	73.19 *per cent* of RR of preceding year	6.29 *per cent** of RR of preceding year

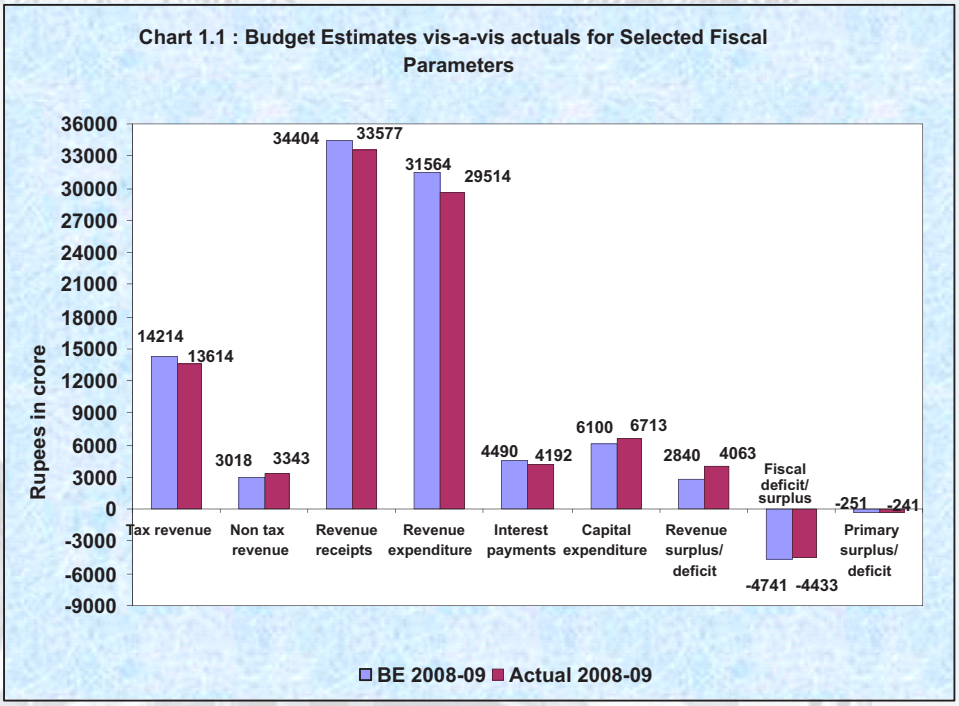
*To the extent information was available in Finance Accounts.

(Source: Statement laid before the legislature under FRBM Act during 2008-09 & State Finance Accounts of the respective years)

The table reveals that the State Government had achieved revenue surplus four years ahead of the scheduled period and contained the fiscal deficit well within the limit of three *per cent* of GSDP prescribed in the FRBM targets and the projections of MTFPS. The total fiscal liabilities (including guarantees) to GSDP ratio at 38.37 *per cent* was within the FRBM target to be achieved by 31 March 2015 but was significantly less than the projected 44 *per cent* in MTFPS. The outstanding guarantees during the year were only 6.29 *per cent* of the revenue receipts of the preceding year as against the MTFPS projection of 73 *per cent* and the FRBM target of 80 *per cent* for the year.

The actual tax revenue and non-plan revenue expenditure (NPRE) in 2008-09 were more than the normatively assessed level of TFC but less than the projection made by the State Government in its MTFPS while that of non-tax revenue was more than both the assessed levels of TFC and MTFPS.

Chart 1.1 presents the budget estimates and actuals for some important fiscal parameters:



(Source: State Finance Accounts and Budget Estimates 2008-09)

The key fiscal indicators viz revenue surplus, fiscal deficit and primary deficit showed improvement with reference to the budget estimates (BE). Revenue expenditure and interest payments were well within the BE while capital expenditure and non-tax revenue were more than the BE. Tax revenue was less than the BE mainly due to less receipt under taxes and duties on electricity (Rs 807 crore), stamp duty and registration fees (Rs 361 crore) and taxes on vehicles (Rs 227 crore), partly offset by more receipts under land revenue (Rs 212 crore), state excise (Rs 227 crore), taxes on sales, trades etc. (Rs 243 crore) and taxes on goods and passengers (Rs 133 crore). Capital expenditure was more than the BE due to more expenditure under Major Irrigation (Rs 398 crore) and Power Projects (Rs 298 crore), partly offset by less expenditure under Medical and Public Health (Rs 113 crore).

1.2 Resources of the State

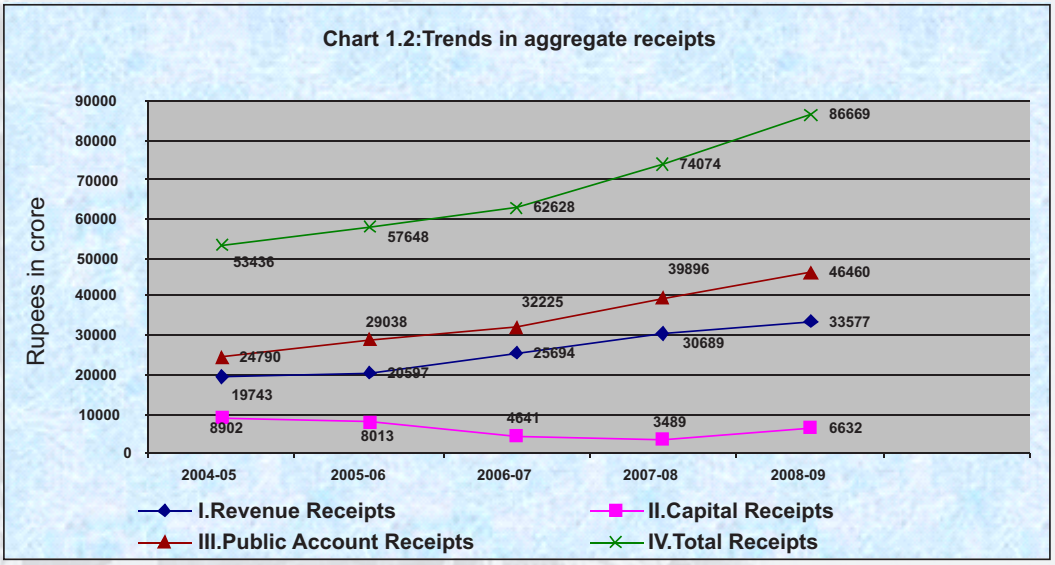
1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of



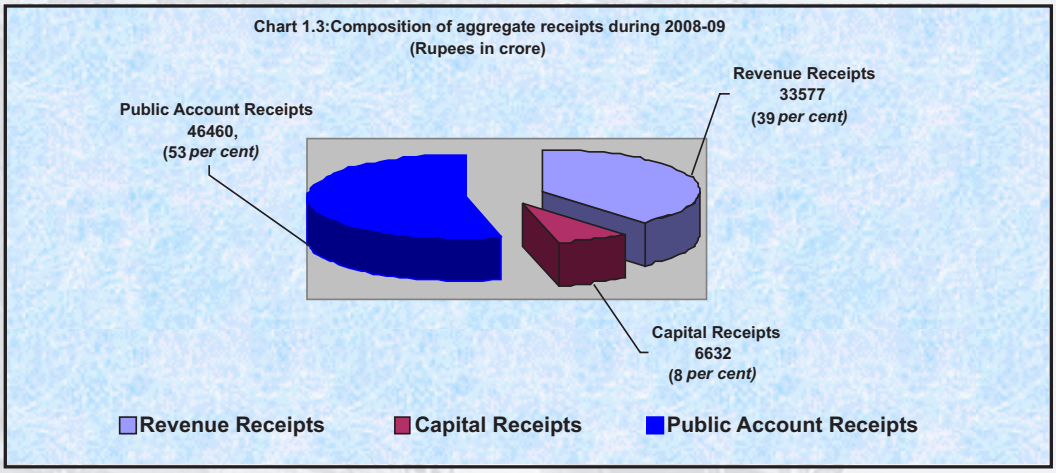
tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from the GOI. Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans and borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from the Public Account. **Table-1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2** depicts the trends of various components of the receipts of the State during 2004-09. **Chart 1.3** depicts the composition of resources of the State during the current year.

Chart 1.2:Trends in aggregate receipts



(Source: State Finance Accounts of the respective years)

Chart 1.3:Composition of aggregate receipts during 2008-09
(Rupees in crore)



(Source: State Finance Accounts of the respective years)



The revenue, capital and Public Account receipts constituted 39, eight and 53 *per cent* of the total receipts respectively during 2008-09. The total receipts of the State increased by 62 *per cent* during 2004-09, of which revenue receipts increased by 70 *per cent* while the capital receipts decreased by 25 *per cent*. The relative share of revenue receipts in total receipts increased from 36.94 *per cent* in 2004-05 to 38.74 *per cent* in 2008-09 and the share of capital receipts in total receipts decreased from 16.65 *per cent* in 2004-05 to 7.65 *per cent* in 2008-09, mainly due to a decline in debt receipts. The increase in public debt receipts from Rs 3,371 crore (4.55 *per cent*) in 2007-08 to Rs 6,553 crore (7.56 *per cent*) in 2008-09 was due to an increase in market loans and GOI loans. Although the receipts under the Public Account increased at an annual growth rate of 17.48 *per cent* during the period 2004-09, their share in the total receipts of the State ranged between 46 *per cent* in 2004-05 and 53 *per cent* during 2008-09. The revenue buoyancy decreased from 2.13 in 2007-08 to 0.67 in 2008-09 mainly due to the mismatch between the growth rates of revenue receipts and GSDP.

1.2.2 Funds Transferred to State Implementing Agencies outside the State Budgets

The Central Government has been transferring a sizeable quantum of funds directly to State implementing agencies[3] for the implementation of various schemes/programmes in the social and economic sectors. As these funds are not routed through the State Budget/State Treasury System, the Annual Finance Accounts do not capture the flow of these funds and to that extent, the State's receipts and expenditure as well as other fiscal variables/ parameters derived from them are underestimated. To present a holistic picture on availability of aggregate resources, funds directly transferred to State implementing agencies during 2008-09 are presented in **Table 1.3**:

3 *State implementing agencies include any organizations/institutions including non-governmental organizations which are authorized by the State Government to receive funds from the Government of India for implementing specific programmes in the State, e.g. State implementation society for Sarva Shiksha Abhiyan, State Health Mission for NRHM etc.*

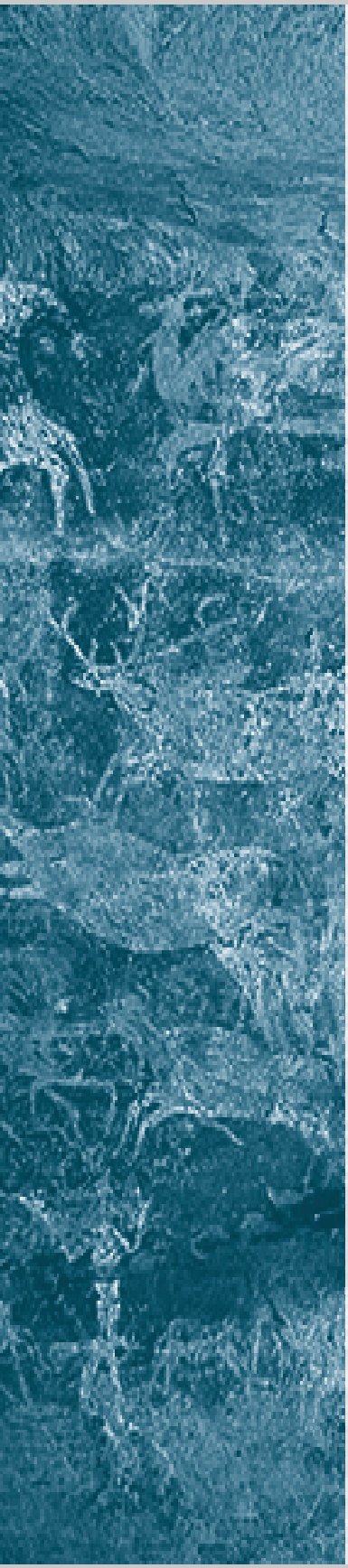


Table 1.3: Funds Transferred Directly to State Implementing Agencies

(Rupees in crore)

Sl. No	Implementing Agency(Department) in the State	Name of the Programme/ Scheme	Opening Balance on 1 April 2008	2008-09					Closing balance on 31 March 2009
				Central Share	State Share	Misc.	Total receipts during the year	Expen-diture during the year	
1.	Department of School Education and Literacy	Rajiv Gandhi Shiksha Mission (SSA)	583.90	811.74	462.17	5.00	1,278.91	1,351.43	511.38
2.	Department of School Education and Literacy	National Programme of Education for Girls at Elementary Level (NPEGEL)	35.75	19.47	17.29	0.75	37.51	127.06	-53.80
3.	Department of School Education and Literacy	Kasturba Gandhi Balika Vidyalaya (KGBV)	27.45	24.48	3.68	0.50	28.66	52.44	3.67
4.	Ministry of New and Renewable Energy	M.P. Urja Vikas Nigam Ltd.	3.60	6.60	--	--	6.60	8.79	1.41
5.	Department of Rural Development	M.P. Rural Road Development Authority (MPRRDA)	699.36	1,843.70	37.32	51.15	1,932.17	2,199.21	432.32
6.	Department of Commerce	M.P. Laghu Udyog Nigam Ltd.	--	0.46	--	--	0.46	--	0.46
7.	Department of Health and Family Welfare	RCH/NRHM Immunisation	0.40	4.79	0.90	--	5.69	4.79	1.30
8.	Department of Health and Family Welfare	Rashtriya Kushth Unmoolan Karyakram	0.55	2.73	--	0.18	2.91	1.71	1.75
9.	Department of Health and Family Welfare	Integrated Disease Project (IDSP)	3.80	--	0.60	0.08	0.68	2.08	2.40
10.	Department of Health and Family Welfare	Revised National T.B. Control Programme (RNTBCP)	2.18	8.10	--	0.10	8.20	8.04	2.34
		Total	**1,356.99**	**2,722.07**	**521.96**	**57.76**	**3,301.79**	**3,755.55**	**903.23**

(Source: Information furnished by A.G.(A&E) Madhya Pradesh)

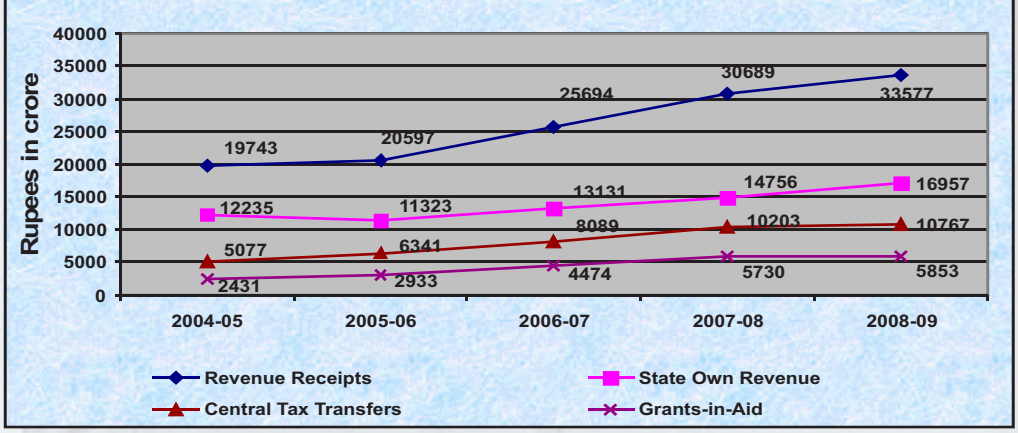
The above table indicates that there was an opening balance of Rs 1,357 crore as on 1 April 2008 in respect of funds directly received by the State implementing agencies for implementation of various schemes/ programmes. During 2008-09, these agencies received Rs 3,302 crore (Central share: Rs 2,722 crore, State share:Rs 522 crore) and others (Rs 58 crore) and booked an expenditure of Rs 3,756 crore, leaving a closing balance of Rs 903 crore as on 31 March 2009. The State's receipts and expenditure during 2008-09 as well as other fiscal variables/ parameters derived from them are underestimated to that extent. Considering the impact of receipts and expenditure during 2008-09 of these agencies, the revenue surplus would have declined and the fiscal and primary deficits would have increased to the extent of Rs 454 crore. The major receipts and expenditure during 2008-09 were noticed under the Rajiv Gandhi Shiksha Mission (SSA) and M.P. Rural Road Development Authority (MPRRDA).

As these funds are not routed through State Government accounts, the direct transfer of funds from the Union Government to the State implementing agencies runs the risk of oversight of maintenance of accounts and utilisation of funds by these agencies. In the absence of uniform accounting practices followed by all these agencies, proper documentation and timely reporting about the status of expenditure by these said implementing agencies was not in place.

1.3 Revenue Receipts

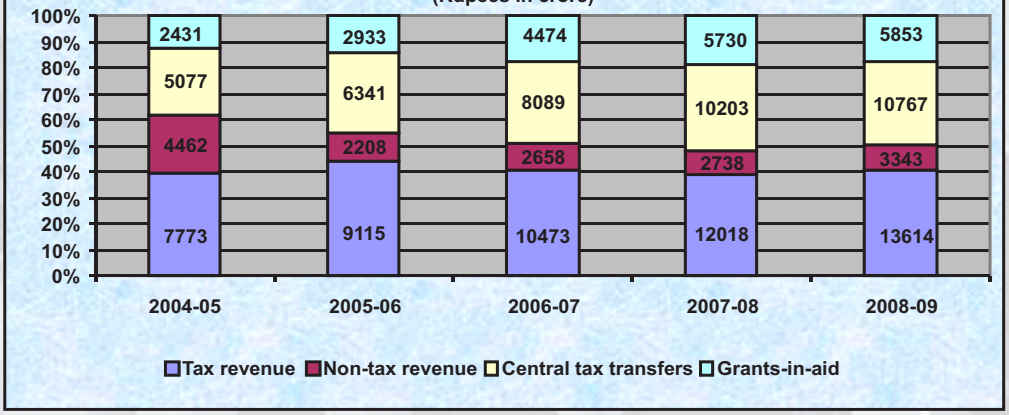
Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of the States own tax and non-tax revenues, Central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2004-09 are presented in **Appendix 1.3** and also depicted in **Charts 1.4** and **1.5** respectively.

Chart 1.4: Trends of Revenue Receipts



(Source: State Finance Accounts of the respective years)

Chart 1.5: Composition of Revenue Receipts during 2004-09
(Rupees in crore)



(Source: State Finance Accounts of the respective years)

The revenue receipts of the State consistently increased at an average annual growth rate of 14.01 *per cent* from Rs 19,743 crore in 2004-05 to Rs 33,577 crore in 2008-09. While 50.5 *per cent* of the revenue receipts during 2008-09 had come from the State's own resources comprising tax and non-tax revenue, the balance 49.5 *per cent* was contributed by Central tax transfers and grants-in-aid together. The relative shares of the State own tax and non-tax



revenue exhibited relative stability during the period 2004-09 (except in 2004-05 in respect of non-tax revenue) while that of Central tax transfers and grants-in-aid showed an increasing trend except in 2008-09. Of the total increase of Rs 2,888 crore in the revenue receipts of the State during 2008-09, Rs 687 crore (24 *per cent*) was contributed by Central transfers and the remaining Rs 2,201 crore (76 *per cent*) by the State's own resources. The trends of revenue receipts relative to GSDP are presented in **Table 1.4** below:

Table 1.4: Trends of revenue receipts relative to GSDP

(Rupees in crore)

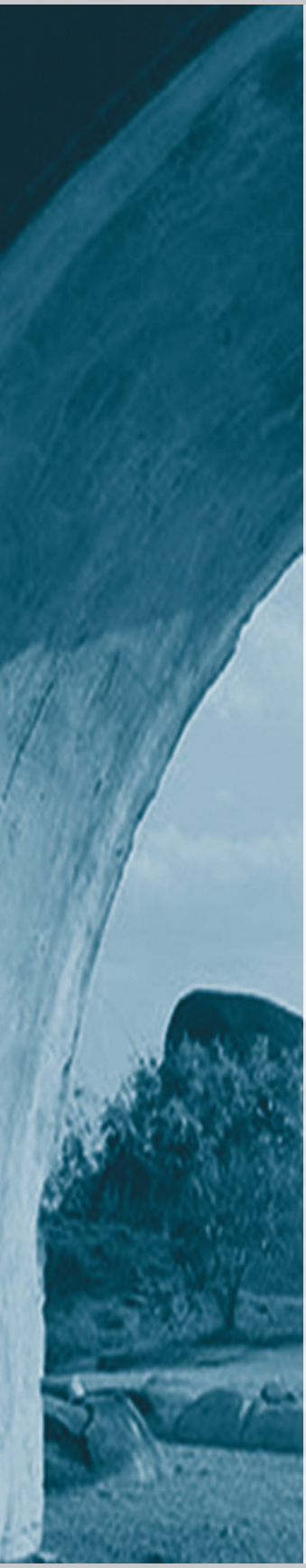
	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue receipts (RR)	**19,743**	**20,597**	**25,694**	**30,689**	**33,577**
Rate of growth of RR (*per cent)*	38.17	4.33	24.75	19.44	9.41
RR/GSDP (*per cent)*	18.48	17.61	19.68	21.54	20.66
Buoyancy Ratios[4]					
Revenue buoyancy with reference to GSDP	9.89	0.46	2.12	2.13	0.67
State's Own Tax Buoyancy with reference to GSDP	3.75	1.82	1.28	1.61	0.95
Revenue Buoyancy with reference to State's own taxes	2.63	0.25	1.66	1.32	0.71

(Source: State Finance Accounts of the respective years and information furnished by Directorate of Economic and Statistic Government of Madhya Pradesh)

The revenue receipts relative to GSDP, indicate the adequacy and accessibility of State to resources which increased from 18.48 *per cent* in 2004-05 to 21.54 *per cent* in 2007-08 but decreased to 20.66 *per cent* in 2008-09.

The revenue receipts as well as the State's own tax buoyancies declined in 2008-09 as compared to the previous year primarily on account of the fall in the rates of growth of both revenue receipts and the State's own taxes and the higher growth of GSDP during the current year. A steep decline by about 10 percentage points in the rate of growth of revenue receipts along with a decline of about 1.5 *per cent* in the growth of the State's own taxes in 2008-09 as compared to the previous year led to a fall in revenue buoyancy with reference to the State's own taxes in the current year.

4 *Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one per cent.*



1.3.1 State's Own Resources

As the State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central tax receipts, Central assistance for Plan schemes etc, the State's performance in mobilization of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. The gross collection in respect of major taxes and duties as well as the components of non-tax receipts vis-à-vis budget estimates, the expenditure incurred on their collection and the percentage of such expenditure to the gross collection during the years from 2004-05 to 2008-09 along with the respective all India average are presented in **Appendix 1.5.**

During 2008-09, the percentage of expenditure on the collection of State excise duty, Stamp duty and registration fees was considerably higher than the all India average for 2007-08 (this needs to be looked into by the Government), while that of taxes on sales trades etc. was comparable with the all India average for 2007-08. In the case of State excise, the reason for excess expenditure on cost of collection was as the department paid cost of liquor to the manufacturers from the budget provisions, expenditure for which was Rs 398.56 crore during 2008-09. During 2008-09, the gross collection was more than the BE in respect of taxes on sales, trades etc., State excise, non-ferrous mining and metallurgical industries and forestry and wild life and less than BE in respect of taxes on vehicles, mainly on account of receipts under the State Motor Vehicles Taxation Acts and Stamp duty and Registration fees under non judicial stamps and registration fees. The current levels of cost recovery of operation and maintenance (O&M) expenses (ratio of non tax revenue receipts to O&M expenses) were 46.84 for education, 4.10 for Health and Family Welfare, 0.24 for Water Supply, Sanitation, Housing and Urban Development, 109.16 for Agriculture and Allied Activities, negligible for Power, 1.14 for Irrigation and Flood Control and 0.01 for Transport. This indicated that O&M expenses on Water Supply, Sanitation, Housing and Urban Development, Power and Transport sectors were more than the non-tax revenue in these sectors.

Tax Revenue

Taxes on sales, trades etc. were the major contributors (50 *per cent*) of the State's own tax revenue followed by State excise (17 *per cent*), Stamps and Registration fees (11 *per cent*), taxes on goods and passengers (10 *per cent*) and taxes on vehicles (six *per cent*) during 2008-09. There was a growth of 13 *per cent* in taxes on sales, trades etc., 24 *per cent* in State excise, 46 *per cent* in taxes on goods and passengers and a decline of 45 *per cent* in growth of taxes and duties on electricity and 3.5 *per cent* in stamps and registration fees in 2008-



09 over the previous year. The increase in receipts under taxes on sales, trades etc. was mainly due to introduction of VAT with effect from 2006-07. The increase in State excise receipts was mainly under country spirits (Rs 533 crore) and foreign liquor and spirit (Rs 396 crore), which was partly offset by decrease in receipts under country fermented liquors (Rs 210 crore) and the residual head 'Other Receipts' (Rs 268 crore). The increase of Rs 417 crore under taxes on goods and passengers was mainly under the head 'Tax on entry of goods in local areas'. The decrease under Stamps and Registration fees was because of less receipts under the heads 'Stamps Non-judicial' (Rs 50 crore) and 'Registration fees' (Rs 286 crore), which was partly offset by enhanced receipts under the head Stamps judicial (Rs 283 crore). The decrease under taxes and duties on electricity was mainly under the heads 'Taxes on Consumption and Sale of Electricity' (Rs 207 crore) and Other Receipts (Rs 50 crore). **Table-1.5** below shows the trends of the composition of tax revenue of the State during 2004-09:

Table 1.5 : Tax Revenue

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
Taxes on Sales, Trades etc	3,913	4,508	5,261	6,045	6,843
State Excise	1,193	1,370	1,547	1,854	2,302
Stamps and Registration fees	789	1,009	1,251	1,532	1,479
Taxes on Vehicles	489	556	634	703	773
Land Revenue	47	77	132	129	339
Taxes on goods and passengers	468	579	745	916	1,333
Other Taxes	874	1,016	903	839	545*
Total	7,773	9,115	10,473	12,018	13,614

* Other taxes include taxes and duties on electricity (Rs 343 crore), other taxes on income and expenditure (Rs 172 crore), other taxes and duties on commodities and services (Rs 20 crore) and hotel receipt tax (Rs 10 crore).

(Source: State Finance Accounts of the respective years)

Non Tax Revenue

Non-tax revenue increased by Rs 605 crore from Rs 2,738 crore in 2007-08 to Rs 3,343 crore in 2008-09, mainly due to increase in receipt under Education, Sports, Art and Culture (Rs 305.22 crore), Non-Ferrous Mining and Metallurgical Industries (Rs 235.69 crore) and Forestry and Wildlife (Rs 76.71 crore) , partly offset by decrease of Rs 43.78 crore in interest receipts. Non-tax revenue of Rs 3,343



crore during 2008-09 included debt relief of Rs 363.06 crore and thus, the actual cash based non-tax revenue was Rs 2,980 crore. Of the non-tax revenue sources, Non-Ferrous Mining and Metallurgical Industries (41 *per cent*), Forestry and Wildlife (21 *per cent*), Miscellaneous General Services which included booking of debt waivers of Rs 363.06 crore received for the current year (11 *per cent*), Education, Sports, Art and Culture (10 *per cent*) and interest receipts, dividend and profits (seven *per cent*) were the major contributors during 2008-09.

The actual receipts under the State's tax revenue and non-tax revenue vis-à-vis assessments made by TFC and the State government during 2008-09 are given in **Table 1.6** below:

Table 1.6 Non Tax Revenue

(Rupees in crore)

	Assessments made by TFC	Projections by State Government in MTFPS	Actuals
Tax Revenue	13,526	14,214	13,614
Non-Tax Revenue	2,957	3,018	3,343

(Source : State Finance Accounts of the respective year & Statement laid before the legislature under F.R.B.M. Act during 2008-09 and T.F.C. recommendation 2005-10)

Actual realization under tax revenue was slightly higher than the assessment made by TFC (0.65 *per cent*) but lower than the MTFPS projection (4.22 *per cent*). Although the actual non-tax revenue was higher than the projections made by TFC and in MTFPS, higher collection was mainly due to a contra-entry of the debt waiver of Rs 363.06 crore received under Debt Consolidation and Relief Facility as per the recommendations of TFC as receipts under the head 'Miscellaneous General Services'.

1.3.2 Loss of Revenue due to evasion of Taxes, Write off / Waivers and Refunds

About 8379 cases (Sales tax: 467, State excise:38 and Stamp duty and registration fees:7874) of evasion of taxes were pending as on 31 March 2009, while 1671 refund cases involving Rs 26.67 crore were outstanding at the end of the year 2008-09 as reported by the Sales Tax, State Excise and Stamp Duty and Registration Fee Departments. Details of outstanding refund cases are given in **Table 1.7** below:

Table: 1.7. Loss of Revenue due to Evasion of Taxes, Write off/Waivers and Refunds

Head	No. of cases	Amount (Rupees in crore)
State Excise	47	9.22
Sales Tax	653	15.70
Stamp duty and Registration fees	971	1.75
Total	1671	26.67

(Source: Audit Report Revenue Receipt 2008 -09)

There was an increase in the number of pending cases under all the three heads in respect of evasion of tax as well as refund cases at the end of the year in comparison to the previous year. Had these cases been settled, there would have been an increase in State's own revenue.

Test check of records in respect of sales tax, land revenue, State excise, taxes on vehicles, stamp duty and registration fees, other tax receipts, forest receipts and other non-tax receipts conducted during the year 2008-09 revealed underassessment/ short levy/loss of revenue amounting to Rs 2,342.15 crore in 296745 cases. During the year, the departments accepted underassessment and other losses of Rs 804.20 crore in 77791 cases. An amount of Rs 18.95 crore had been recovered in 1426 cases relating to different years.

1.3.3 Revenue Arrears

Department-wise status of arrears of revenue including arrears pending on account of litigation in courts during 2008-09 is given in **Table 1.8** :

Table No. 1.8: Department-wise status of arrears of revenue during 2008-09

(Rupees in crore)

Sl No.	Department	Arrears of revenue	Arrears of revenue for more than five year	Arrears of revenue pending in courts	Outstanding revenue arrears in respect of other items
1.	Transport (Tax on vehicles)	31.17	Information not furnished	--	--
2.	State Excise	59.60	55.49	--	--
3.	Electricity	19.72	13.86	3.09	16.63
4.	Sales Tax	546.04	424.29	44.43	501.61
5.	Mining	12.19	12.19	--	--
6.	Co-operation	9.23	5.51	--	--
7.	Stamp duty and Registration	87.50	21.69	--	--
	Total	765.45	533.03	47.52	518.24

(Source: Audit Report Revenue Receipt 2008-09)

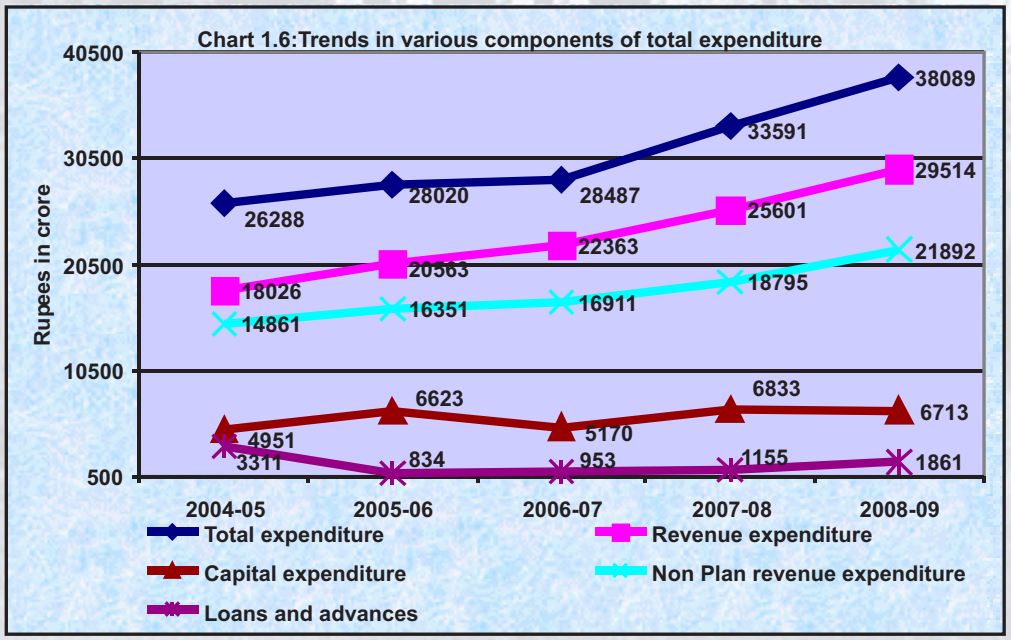
The arrears of revenue as on 31 March 2009 (given in Table No. 1.8) amounted to Rs 765.45 crore, of which Rs 533.03 crore (excluding the amount related to Transport Department) were outstanding for more than five years. The position of arrears of revenue in respect of other departments at the end of 2008-09 had not been furnished (October 2009) by the Government. Also, the stages at which arrears were pending for collection were not furnished by the departments (October 2009).

1.4 Application of resources

Analysis of the allocation of expenditure at the State Government's level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is, therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially expenditure directed towards development and social sectors.

1.4.1 Growth and Composition of Expenditure

Chart 1.6 presents the trends in total expenditure over a period of five years (2004-09). Its composition, both in terms of 'economic classification' and 'expenditure by activities', is depicted respectively in **Charts 1.7** and **1.8.**



(Source : State Finance Accounts of the respective years)



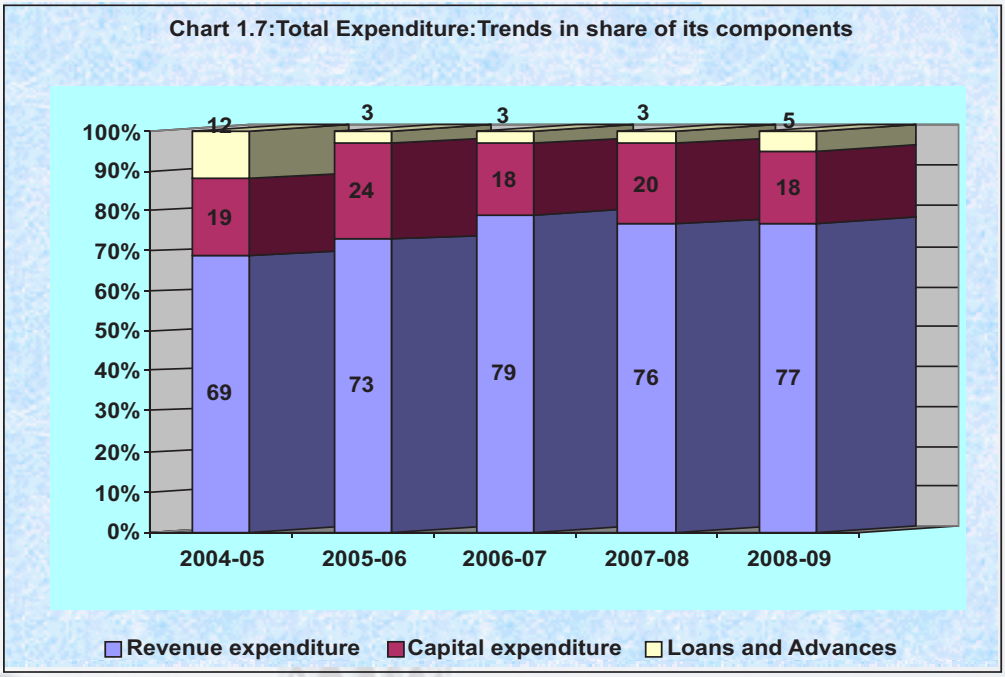
The total expenditure of the State increased from Rs 26,288 crore to Rs 38,089 crore at an annual average growth rate of nine *per cent* per annum during 2004-09. The capital and revenue expenditure components increased by Rs 1,762 crore (36 *per cent*) and Rs 11,488 crore (64 *per cent*) respectively during the period 2004-09. These trends indicate that the increase in capital and revenue expenditure was in the ratio of 1:6.5 during the five year period.

The ratio of revenue expenditure to total expenditure increased from 69 *per cent* in 2004-05 to 77 *per cent* in 2008-09 with inter-year variations and continued to share the dominant portion of the total expenditure of the State Government. The Capital expenditure relative to total expenditure correspondingly decreased from 19 *per cent* in 2004-05 to 18 *per cent* in 2008-09 with inter-year fluctuations. In terms of Plan and Non-Plan expenditure, the Plan expenditure increased by Rs 1039 crore and Non-Plan expenditure registered a growth of Rs 3,459 crore over the last year.

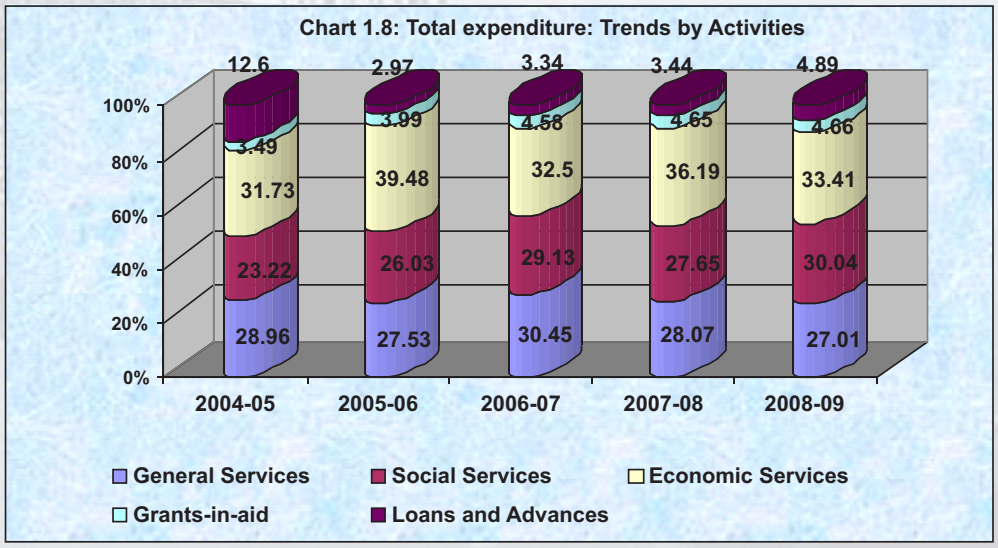
The significant increase of Rs 4,498 crore in total expenditure (13.39 *per cent*) during 2008-09 over 2007-08 was mainly due to increase of Rs 3,913 crore in revenue expenditure, Rs 705 crore in disbursement of loans and advances including Inter-State Settlement and decline of Rs 120 crore in capital expenditure. The decline in capital expenditure by Rs 120 crore in 2008-09 was mainly due to decrease in Capital Outlay on Roads and Bridges (Rs 228 crore), Medium Irrigation (Rs 95 crore), Minor Irrigation (Rs 68 crore), Medical and Public Health (Rs 43 crore) and other capital outlay on Industries and Minerals (Rs 128 crore), which was partly offset by increase under Education, Sports, Art and Culture (100 crore), Major Irrigation (Rs 285 crore), Social Security on Welfare (Rs 37 crore) and Welfare of SC, ST and OBCs (Rs 34 crore).

The decreasing ratio of Total Expenditure (TE)/Revenue Receipts (RR) from 133 *per cent* in 2004-05 to 113 *per cent* in 2008-09 indicates increasing reliance on revenue receipts to finance the TE and decreasing dependence on borrowed funds. This is also reflected by the decreasing trend of the fiscal liabilities to revenue receipts ratio during the period 2004-09. The buoyancy ratio of TE with reference to GSDP decreased from 1.96 in 2007-08 to 0.95 in 2008-09 due to less growth of TE and higher growth of GSDP and with reference to RR, increased from 0.92 in 2007-08 to 1.42 in 2008-09 due to less growth of revenue receipts.





(Source: State Finance Accounts of the respective years)



(Source: State Finance Accounts of the respective years)

The share of revenue expenditure in total expenditure showed an increasing trend during 2004-07, declined in 2007-08 with a marginal increase in 2008-09. The share of loans and advances in total expenditure showed an increasing trend during 2005-09 while that of capital expenditure showed a decreasing trend with inter-year variations during 2004-09. It was observed that a major portion of the total capital expenditure was Plan capital expenditure during the period. During 2008-09, 96.87 *per cent* of the total capital expenditure



was Plan capital expenditure (Rs 6,503 crore) which decreased by Rupees eight crore from the level of Rs 6,511 crore in 2007-08.

The share of General Services (including Interest Payments), considered as non-developmental expenditure declined marginally from 28.96 *per cent* to 27.01 *per cent* over the period 2004-09 while the share of Social Services increased by 6.82 *per cent* over the period 2004-09. The share of Economic Services indicated a marginal increase from 31.73 *per cent* in 2004-05 to 33.41 *per cent* in 2008-09 with wide inter-year fluctuations. The development expenditure comprising Social and Economic Services together decreased only marginally from 63.84 *per cent* in 2007-08 to 63.45 *per cent* in 2008-09. The share of grants-in-aid and loans and advances showed an increasing trends during the period 2004-09.

Trends in the growth of revenue expenditure

The overall revenue expenditure of the State increased from Rs 18,026 crore in 2004-05 to Rs 29,514 crore in 2008-09, showing an increase of 64 *per cent* over the period. Of the total increase of revenue expenditure of Rs 3913 crore (15.28 *per cent*) during 2008-09, NPRE amounted to Rs 3097 crore (79 *per cent*) while Rs 816 crore (21 *per cent*) was incurred under plan revenue heads. The increase in NPRE during the current year was mainly due to increase in expenditure on General Education (Rs 805 crore), Pension and other retirement benefits (Rs 469 crore), Food storage and Warehousing (Rs 441 crore), Power (Rs 322 crore), Police (Rs 249 crore), Compensation and assignment to local bodies and Panchayati Raj Institutions (Rs 227 crore) and State Excise (Rs 109 crore),which was partly offset by a decrease in expenditure on Other taxes and duties on commodities and services (Rs 100 crore). The actual NPRE vis-à-vis the assessment made by TFC and the State government are given in **Table 1.9.**

Table 1.9: Trends in the growth of revenue expenditure

(Rupees in crore)

Year	Assessments made by TFC (1)	Assessments made by 'State Government in MTFPS (2)	Actual NPRE (3)
2006-07	14,173	17,347	16,911
2007-08	16,478	19,113	18,795
2008-09	17,819	23,245	21,892

(Source : State Finance Accounts of the respective year & T.F.C. Recommendation and Statement laid under F.R.B.M. Act)

The actual NPRE at Rs 21,892 crore in 2008-09 was more than the normatively assessed level of TFC (22.9 *per cent*) but less than the projection made by the State Government in its MTFPS (5.8 *per cent*). Relative to the assessment made by TFC, the increase was mainly under interest payments (Rs 148 crore), General Services excluded interest payments (Rs 1,242 crore), Social Services (Rs 842 crore) and Economic Services (Rs 2,400 crore).

The Plan revenue expenditure (PRE), which consistently increased during the period 2004-09, increased by 11.99 *per cent* during the current year. The increase in PRE in 2008-09 was mainly under General Education (Rs 317 crore), Social Security and Welfare (Rs 252 crore), Rural Employment (Rs 169 crore), Medical and Public Health (Rs 124 crore), Urban Development (Rs 109 crore) and Crop Husbandry (Rs 103 crore), which was partly offset by a decrease in expenditure under Special Programme for Rural Development (Rs 160 crore) and Other Rural Development Programme (Rs 197 crore).

1.4.2 Committed Expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.10** and **Chart 1.9** present the trends of expenditure on these components during 2004-09.

Table-1.10: Components of Committed Expenditure

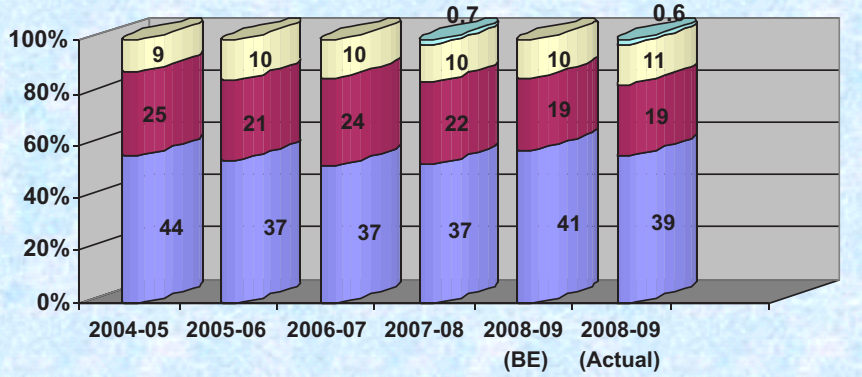
(Rupees in crore)

Components of Committed Expenditure	2004-05	2005-06	2006-07	2007-08	208-09	
					BE	Actuals
Salaries & Wages , of which	6,545 (33.15)	6,024 (29.25)	6,337 (24.66)	6,984 (22.76)	9,550 (27.76)	8,547 (25.45)
Non-Plan Head	NA	5,258	5,639	6,221	9,550	7,660
Plan Head**	NA	766	698	763	--	887
Interest Payments	3,661 (18.54)	3,422 (16.61)	4,029 (15.68)	4,191 (13.66)	4,490 (13.05)	4,192 (12.48)
Expenditure on Pensions	1,330 (7)	1,557 (8)	1,752 (7)	1,964 (6)	2,299 (7)	2,433 (7)
Subsidies	NA	NA	NA	141@ (0.46)	NA	132@ (0.39)
Total	11,536 (58)	11,003 (53)	12,118 (47)	13,280 (43)	16,339 (47)	15,304 (46)

Figures in parentheses indicate percentage of Revenue Receipts
** Plan Head also includes the salaries and wages paid under Centrally Sponsored Schemes.
@ To the extent information is available in the Finance Accounts

(Source: State Finance Accounts of the respective years and information furnished by A.G. (A&E) Madhya Pradesh.)

Chart 1.9:Share of committed expenditure in Non-Plan revenue expenditure during 2004-09 (*per cent*)



(Source : State Finance Accounts of the respective years and information furnished by A.G. (A&E) Madhya Pradesh)

The overall committed expenditure increased by 33 *per cent* during 2004-09. As a percentage of revenue receipts, it showed a decreasing trend during 2004-09 except in 2008-09. During 2008-09, it constituted 46 *per cent* of the revenue receipts and was more than the previous year but less than the BE of the current year. The component- wise analysis is given as under:



Salaries and wages

The expenditure on salaries and wages increased by 31 *per cent* from Rs 6,545 crore in 2004-05 to Rs 8,547 crore in 2008-09. Expenditure on salaries and wages as a percentage of revenue receipts showed a decreasing trend during 2004-09, except in 2008-09. An increase of 23 *per cent* in expenditure on salaries and wages under the Non-Plan head during 2008-09 over the previous year was mainly due to the removal of the disparities in dearness allowance between State Government employees and Central Government employees. Actual expenditure on salaries and wages of Rs 8,547 crore in 2008-09 was less than the projections in MTFPS (Rs 9,550 crore). The salary bill relative to revenue expenditure, net of interest payments and pensions at 37 *per cent* was more than the norm of 35 *per cent* recommended by TFC.

Pension Payments

Pension payments increased by 24 *per cent* from Rs 1,964 crore in 2007-08 to Rs 2,433 crore during 2008-09 mainly on account of increase in the dearness relief given to pensioners. The increase was noticed mainly under superannuation and retirement allowances (Rs 306 crore), family pension (Rs 68 crore), leave encashment (Rs 23 crore) and gratuity (Rs 23 crore). Actual pension payment at Rs 2,433 crore in 2008-09 was more than Rs 2,299 crore (5.8 *per cent*) as projected in MTFPS as well as Rs 2,129 crore (14.3 *per cent*) projected by TFC.

Interest payments

Interest payments of Rs 4,192 crore during 2008-09 accounted for 12.48 *per cent* of the revenue receipts and constituted 14.20 *per cent* of revenue expenditure during 2008-09. Interest payments during the year were on special securities issued to National Small Saving Fund (NSSF) of the Central Government by the State Government (Rs 1,395 crore), market loans (Rs 1,009 crore), loans borrowed from the Central Government (Rs 693 crore), State Provident funds (Rs 538 crore), other internal debt (Rs 555 crore) and Management of debt (Rupees two crore). The minor increase of Rupees one crore in interest payment during 2008-09 over the previous year was the result of increase mainly under market loans (Rs 44 crore) and other internal debt (Rs 85 crore), partly offset by a decrease under other obligations (Rs 103 crore), interest on special securities issued to NSSF of Central Government (Rs 24 crore) and loans from the Central Government (Rupees one crore). It was observed that interest payments as a percentage of revenue receipts during the year 2008-09 was 12.48 *per cent* which was within the norm of 15 *per cent* to be achieved by 2009-10 as per the recommendation of TFC. Interest payments of Rs 4192 crore paid during the year were less than the BE of Rs 4,490 crore but more than the projection of Rs 4,044 crore made by TFC for 2008-09.



Subsidies : Scrutiny of the State budget revealed that the State Government had not operated/opened a distinct object head for subsidies. The amount of subsidy was included under the object head 'Grant-in-aid' which comprised expenditure on infrastructure, maintenance grants, discretionary grants, aided grants, grants for public relation tours, subsidy *(Arthik Sahayata)* and others (which also included subsidy). As no distinct object head for subsidy was available in the State budget, it was not possible to segregate the actual amounts of subsidy paid by the State Government. The State Government agreed to open a distinct object head of subsidy with effect from the financial year 2009-10. However, the Finance Accounts for 2008-09 showed payment of subsidy amounting to Rs 132 crore during 2008-09 (Agriculture and Allied Activities: Rs 54 crore and Power: Rs 78 crore).

1.4.3 Financial Assistance by State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 1.11:**

Table 1.11:- Financial Assistance to Local Bodies etc.

(Rupees in crore)

Financial Assistance to institutions	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actual
Educational Institutions (Aided Schools, Aided Colleges, Universities,	158.74	133.37	235.09	166.76	191.49	161.99
Municipal Corporations and Municipalities	320.61	1027.34	1499.61	1872.65	1903.55	1880.40
Zila Parishad and Other Panchayati Raj Institutions	437.82	685.98	736.45	885.87	951.97	756.21
Development Agencies	7.33	2.00	5.91	6.81	14.64	13.00
Hospital and other charitable institutions	8.67	7.14	6.49	7.29	8.12	7.29
Other Institutions	170.90	311.43	470.46	603.38	1049.24	965.00[5]
Total	1,104.07	2,167.26	2,954.01	3,542.76	4,119.01	3,783.89
Assistance as per percentage of R.E	6.12	10.54	13.20	13.84	13.05	12.82

(Source: Information collected from various departments)

5 *Includes mainly Food, Civil Supply and Consumer Protection (Rs.540.91 crore), Town and Country Planning (Rs 154.42 crore), Public Health Engineering (Rs 75.67 crore), Farmers Welfare & Agriculture Development (Rs 54.60 crore), Schedule Caste Development (Rs 41.66 crore), Co-operatives & Co-operative Societies (Rs 38.70 crore), Culture (Rs 16.06 crore), Handlooms (Rs 10.01 crore), Environment Planning and Co-ordination organization (Rs 9.32 crore), Sports Youth Welfare (Rs 8.65 crore) and Others (Rs 15 crore).*



Financial assistance to local bodies and institutions increased by Rs 241.13 crore from Rs 3,542.76 crore in 2007-08 to Rs 3,783.89 crore in 2008-09. The increase was mainly under Municipal Corporations (Rs 7.75 crore), Development Agencies (Rs 6.19 crore) and other institutions (Rs 361.62 crore), which was partly offset by a decrease of Rs 4.77 crore under educational institutions and Rs 129.66 crore under Zila Parishad and Panchayati Raj Institutions.

The increase of Rs 361.62 crore under Other Institutions was mainly in respect of the Food and Civil Supplies Department (Rs 455.40 crore) due to introduction of 5623 new schemes for families living below the poverty line (Rs 233.59 crore) and 5624 schemes for procurement of food grain under the Public Distribution System (Rs 233.35 crore), which was partly offset by a decrease of Rs 97.96 crore mainly under co-operative societies due to less provision under 2425-Co-operation, and 6425-Loan for Co-operation in comparison to the previous year.

The decrease of Rs 129.66 crore under Zila Parishad and Panchayati Raj Institutions was due to less expenditure under the schemes, 'Maintenance of resources for water supplies and cleanliness' (Rs 82.52 crore) and 'Minimum basic facilities to Gram Panchayats' (Rs 83.61 crore), partly offset by increase of Rs 42.24 crore, mainly under the scheme 'Charges relating to Panchayati Raj Institutions'.

As against the BE of Rs 4,119.01 crore, a sum of Rs 3,783.89 crore was provided as assistance to various institutions during the year. Decrease in expenditure compared to the BE in 2008-09 was observed mainly in respect of Food and Civil Supplies (Rs 56.10 crore) due to less demand of funds by DDOs and Panchayati Raj Institutions (Rs 192.76 crore) due to non-release of second instalment by the GOI /Finance Department, 10 *per cent* economic cut by the Finance Department, and prior distribution of Non-Plan budget by the Social Justice Department.

The assistance as percentage of revenue expenditure decreased from 13.84 in 2007-08 to 12.82 in 2008-09, which was less than BE of 13.05.

1.5 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. Improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services); efficiency of expenditure use and effectiveness (assessment of outlay-outcome relationships for select services).



1.5.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to the social sector and economic infrastructure are largely assigned to the State Governments. Enhancing human development levels requires the States to step up their expenditure on key social services like, education, health etc. The low level of spending on any sector by a particular State may be either due to the low fiscal priority attached by the State Government or on account of the low fiscal capacity of the State Government or due to both working together. The low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector if it is below the respective national average while low fiscal capacity would be reflected if the State's per capita expenditure is below the national average even after having a fiscal priority that is more than or equal to the national average. **Table 1.12** analyses the fiscal priority and fiscal capacity of the State with regard to development expenditure, social sector expenditure and capital expenditure.

Table-1.12 Fiscal Priority and Fiscal capacity of the State in 2005-06 and 2008-09

Fiscal Priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE
All States/National Average* (Ratio) 2005-06	19.51	61.45	30.42	14.13
Madhya Pradesh's Average (Ratio) 2005-06	24.36	40.92	23.22	18.83
All States/National Average* (Ratio) 2008-09	19.86	65.38	33.49	17.62
Madhya Pradesh Average (Ratio)* 2008-09	23.44	63.44	30.04	17.62
Fiscal Capacity of the State	DE#	SSE	CE	
All States Average Per Capita Expenditure 2005-06	3,010	1,490	692	
Madhya Pradesh's Per Capita Expenditure (Amount in Rs) in 2005-06	1,635	928	752	
Adjusted Per Capita** Expenditure (Amount in Rs) in 2005-06	2,455	1,215	NR	
All States' Average Per Capita expenditure 2008-09	5,377	2,755	1,449	
Madhya Pradesh's Per Capita Expenditure(Amount in Rs) in 2008-09	3,487	1,651	969	
Adjusted Per Capita** Expenditure (Amount in Rs) in 2008-09	3,594	1,841	NR	

* As percentage of GSDP
** Calculated as per the methodology explained in the **Appendix 1.2 Part-A.**
AE: Aggregate Expenditure DE:Development Expenditure SSE: Social Sector Expenditure
CE: Capital Expenditure.
Population of Madhya Pradesh: 6.58 crore in 2005-06 and 6.93 crore. in 2008-09.
Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.
Source : (1) For GSDP, the information was collected from the State's Directorate of Economics and Statistics (2) Population figures were taken from Projection 2001-2026 of the Registrar General & Census Commissioner, India
(Website: http://www.censusindia.gov.in) Population = Average of Projected population for 2005 and 2006
NR = No adjustment required since the state is giving adequate fiscal priority.

In **Table 1.12,** we are comparing the fiscal priority given to different categories of expenditure and the fiscal capacity of Madhya Pradesh in 2005-06 (the first year of the Award Period of the TFC) and the current year 2008-09.



Fiscal Priority

In 2005-06 and 2008-09, the Government gave adequate fiscal priority to Aggregate Expenditure (AE) and Capital Expenditure (CE) since AE/GSDP and CE/AE was higher than the national average. The priority given to Development Expenditure (DE) and Social Sector Expenditure (SSE) was however not adequate in both the years 2005-06 and 2008-09 as the DE/AE (40.92 and 63.44 *per cent*) and SSE/AE (23.22 and 30.04 *per cent*) ratio for Madhya Pradesh were lower than the All States Average of DE (61.45 and 65.38 *per cent*) and SSE (30.42 and 33.49 *per cent*).

Fiscal Capacity

In 2005-06, the per capita expenditure of CE was higher than the national average of Rs 752 compared to the national per capita expenditure of Rs 692 but that of DE and SSE was less than the national average. In 2008-09, the per capita expenditure of DE, SSE and CE (Rs 3487, Rs 1651 and Rs 969 respectively) was less than the national average figures indicating less fiscal capacity of the State. This shows that over these few years, the relative advantage enjoyed by Madhya Pradesh in the form of per capita CE (compared to other States in the country) had been eroded in the current year.

Since the DE/AE and SSE/AE ratio was lower for Madhya Pradesh in 2008-09 than the national average, an adjustment factor was applied to increase the DE/AE and SSE/AE ratio to at least the national average. This has been calculated as per the methodology given in **Appendix 1.2** It was observed that the per capita expenditure in all categories viz DE, SSE and CE was lower than the national average in 2008-09, indicating inadequate fiscal capacity in the State.

1.5.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods[6]. Apart from improving the allocation towards

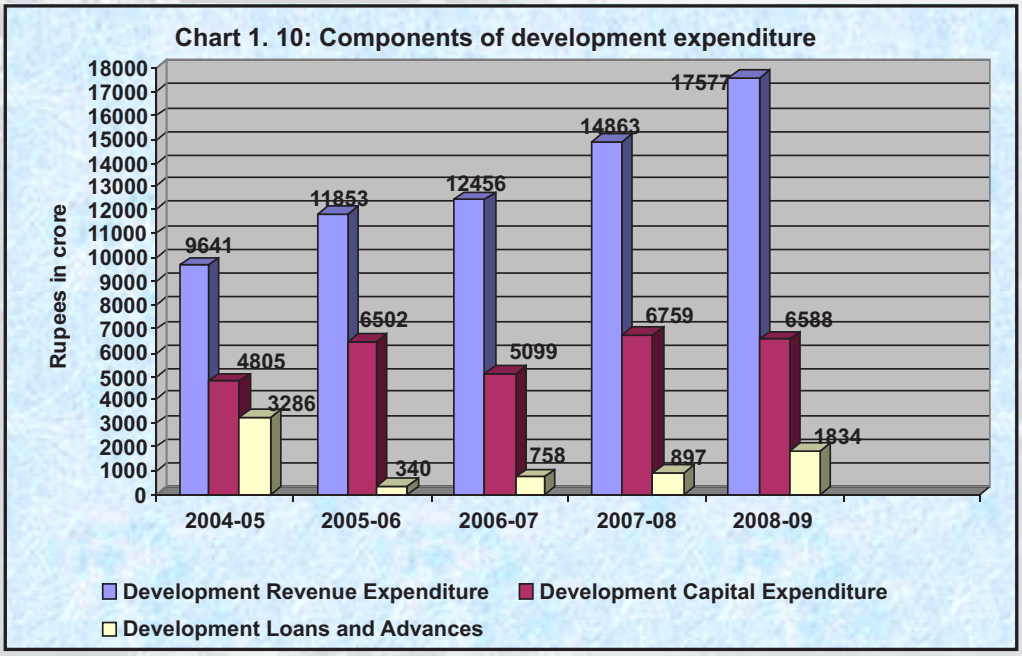
---

6 *Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than the ability and willingness to pay the Government and therefore, wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.*



development expenditure[7], particularly in view of the fiscal space being created on account of the decline in debt servicing in the recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure being spent on operation and maintenance of the existing Social and Economic Services. The higher the ratio of these components to the total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.13** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year vis-à-vis budgeted and the previous years, **Table 1.14** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected Social and Economic Services. **Chart 1.10** presents component-wise development expenditure during 2004-09.

Chart 1. 10: Components of development expenditure



(Source: State Finance Accounts of the respective years)

7 *The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into Social Services, Economic Services and General Services. Broadly, the Social and Economic Services constitute development expenditure, while expenditure on General Services is treated as non-development expenditure.*



Table-1.13: Development Expenditure

(Rupees in crore)

Components of Development Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actuals
Development Expenditure (a to c)	**17,732 (68)**	**18,695 (66)**	**18,314 (64)**	**22,339 (66)**	**26,107 (66)**	**25,999 (68)**
a. Development Revenue Expenditure	9,641 (37)	11,853 (42)	12,457 (44)	14,683 (44)	18,666 (47)	17,577 (46)
b. Development Capital Expenditure	4,805 (18)	6,502 (23)	5,099 (18)	6,759 (20)	6,000 (15)	6,588 (17)
c. Development Loans and Advances	3,286 (13)	340 (1)	758 (3)	897 (3)	1,441 (4)	1,834 (5)

Figures in parentheses indicate percentage to aggregate expenditure
(Source: State Finance Accounts of the respective years)

Table 1.13 presents trends in respect of development expenditure to total expenditure of the State during the period 2004-09, which ranged between 64 and 68 *per cent*. The share of development revenue expenditure as well as loans and advances show an increasing trend while the development capital expenditure indicate a fluctuating trend over the period 2004-09. The increase in the share of development revenue expenditure during 2008-09 over the previous year was mainly under Social Services while loans and advances were under Economic Services. The decrease in the share of development capital expenditure during 2008-09 over the previous year was under Economic Services, mainly in the transport sector. The share of development revenue expenditure during 2008-09 was marginally less than the BE but more than previous year while that of development expenditure on capital was marginally higher than the BE but less than the previous year.

Table 1.14 –Efficiency of Expenditure Use in Selected Social and Economic Services

(Per cent)

Social/Economic Infrastructure	2007-08			2008-09		
	Share of CE to TE	In RE, the share of		Share of CE to TE	In RE, the share of	
		S &W	O&M		S&W	O &M
Social Services (SS)						
Education, Sports, Art and Culture	3.73	65.09	0.17	4.79	61.46	0.14
Health and Family Welfare	8.89	61.43	0.46	4.96	66.13	0.40
Water Supply, Sanitation, Housing and Urban Development	33.34	21.13	10.27	32.70	21.50	9.13
Other Social Services	10.29	11.87	0.24	10.58	12.07	0.11
Total (SS)	**11.85**	**44.43**	**1.34**	**11.09**	**43.88**	**1.13**
Economic Services (ES)						
Agriculture and Allied Activities	3.13	47.51	0.43	1.65	42.25	0.26
Irrigation and Flood Control	83.68	73.70	15.55	83.34	81.78	9.23
Power & Energy	36.03	0.00	0.98	23.11	0.00	0.79
Transport	75.43	21.90	60.11	72.43	27.39	65.38
Other Economic Services	23.28	8.21	0.35	18.83	10.60	0.50
Total (ES)	**44.19**	**23.76**	**6.96**	**36.95**	**24.97**	**6.29**
Total (SS+ES)	30.26	35.23	3.84	25.34	35.89	3.31

TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations & Maintenance
(Source : State Finance Accounts of the respective years and information furnished by A G (A&E) Madhya Pradesh)



Table 1.14 reveals that the share of capital expenditure on Social Services as well as on Economic Services declined from 11.85 *per cent* and 44.19 *per cent* in 2007-08 to 11.09 *per cent* and 36.95 *per cent* respectively in 2008-09. Decline in the share of Capital Expenditure under Social Services was mainly under the Health Sector and Water Supply, Sanitation, Housing and Urban Development while that of Economic Services was mainly under Power and Transport Sector. Of the revenue expenditure, the share of salaries and wages under Social and Economic Services increased marginally from 35.23 *per cent* in 2007-08 to 35.89 *per cent* in 2008-09. In the case of O&M, expenditure decreased from 3.84 *per cent* in 2007-08 to 3.31 *per cent* in 2008-09, mainly on account of Irrigation and Flood Control. Thus decrease in the proportion of capital expenditure on Social and Economic Services to total expenditure and also the fall in revenue expenditure on O&M during the current year over the previous year a indicated decline in the quality of services.

Recognising the need to improve the quality of education and health services, TFC recommended that the Non-Plan salary expenditure under Education and Health and Family Welfare should increase only by five to six *per cent* while non-salary expenditure under Non-Plan heads should increase by 30 *per cent* per annum during the award period. However, trends of expenditure revealed that the Non-Plan salary component under the Education sector increased by 22 *per cent* over 2007-08 while the Non-Plan and non-salary components increased by 49 *per cent*. Under the health and family welfare sector, the Non-Plan salary component increased by 23 *per cent* but the Non-Plan non-salary component decreased by 26 *per cent* in 2008-09 over the previous year. The expenditure pattern both in the education and health sectors needed correction in the ensuing years as per the norms of TFC.

1.6 Financial Analysis of Government Expenditure and Investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowings) not only at low levels but also meet its capital expenditure/ investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market based resources, the State Government should initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds rather than bearing the same on the budget in the form of implicit subsidies and take requisite steps to infuse transparency in financial operations. This section presents the broad



financial analysis of investments and other capital expenditure undertaken by the Government during the current year vis-à-vis the previous years.

1.6.1 Investment and returns

The State invested Rs 9,643.35 crore in Statutory Corporations, Government Companies, Other Joint Stock Companies and Co-operatives Banks and Societies etc. as of 31 March 2009 **(Table 1.15)**. The average return on these investments was 0.52 *per cent* in the last three years while the State paid an average rate of interest (7.61 *per cent*) on the borrowings during 2006-2009.

Table-1.15: Return on investments

Investment/return/cost of borrowings	2004-05	2005-06	2006-07	2007-08	2008-09
Investment at the end of the year (Rupees in crore)	4,151.65	6,965.99	8,161.71	8,844.99	9,643.35
Return (Rupees in crore)	2.50	5.72	14.40	59.23	69.05
Return (per cent)	0.06	0.08	0.18	0.67	0.72
Average rate of interest on Government borrowings (per cent)	8.96	7.33	7.86	7.72	7.24
Difference between interest rate and return (per cent)	8.90	7.25	7.68	7.05	6.52

(Note: BE Figure for 2008-09 not available)
(Source : State Finance Accounts of the respective years)

Out of the total investment of Rs 9,643.35 crore at the end of March 2009, Rs 1,082.58 crore pertained to the composite State of Madhya Pradesh but was retained in Madhya Pradesh pending allocation between Madhya Pradesh and Chhattisgarh {(Statutory Corporations (Rs 411 crore), Government Companies (Rs 187.04 crore), Co-operative Banks and Societies (Rs 483.00 crore) and Joint-Stock Companies (Rs 1.54 crore)}. The return on these investments was 0.72 *per cent* in 2008-09 while the Government paid interest at the average rate of 7.24 *per cent* on its borrowings during 2008-09.The increase in investments in 2008-09 over the previous fiscal year was mainly on account of investments under Madhya Pradesh Electricity Board (MPEB), Jabalpur (Rs 318 crore), provision for settlement of guaranteed loans (Rs 160 crore), transmission system works of successor companies of MPEB (Rs 137 crore), arrangement of independent feeders for agricultural use (Rs 100 crore) and Malwa Thermal Power Projects (Rs 65 crore) and conversion of loan of Rs 16.91 crore into investment in respect of Madhya Pradesh Financial Corporation, Indore. Major investments were made under the successor companies of the Madhya Pradesh Electricity Board



(Rs 3,656 crore), MPEB Jabalpur (Rs 2,486 crore), Satpura/ Malwa/ Amarkantak/Veersingpur Thermal Power Projects (Rs 616 crore), Narmada Hydroelectric Development Corporation (Rs 822 crore) and the Madhya Pradesh Financial Corporation, Indore (Rs 319 crore), which constituted 82 *per cent* of the total investments made up to March 2009.

Of these, four Statutory Corporations and 15 Government Companies with an aggregate investment of Rs 3,343 crore for the latest year for which accounts were finalized up to 2008-09 were running in losses which accumulated to Rs 4,806 crore as per the accounts furnished by these Companies up to 2008-09 **(Appendix–1.6).** Major loss-making units included Madhya Pradesh State Industrial Development Corporation Limited, Bhopal (Rs 640 crore), Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited, Indore (Rs 680 crore), Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited, Bhopal (Rs 494 crore), Madhya Pradesh Poorv Kshetra Vidyut Vitran Company Limited, Jabalpur (Rs 614 crore), Optel Telecommunication Limited, Bhopal (Rs 115 crore), Madhya Pradesh State Electricity Board, Jabalpur[8] (Rs 797 crore), Madhya Pradesh State Road Transport Corporation (Rs 1,025 crore), Madhya Pradesh Financial Corporation (Rs 241 crore) and Madhya Pradesh State Textile Corporation Ltd. Bhopal (Rs 95 crore).

The Government needs not only to invest the high cost borrowings more judiciously to get better returns, but also address the losses on account of these sick units either by their restructuring and rehabilitation and/or by considering the disinvestments of such units.

1.6.2 Loans and advances by State Government

In addition to investments in co-operative societies, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/ organizations. **Table 1.16** presents the outstanding loans and advances as on 31 March 2009, interest receipts vis-à-vis interest payments during the last three years.

---

8 *MPSEB is still existing and its accounts upto 2005-06 has been finalised. The accumulated loss of Rs 797 crore pertains to the period upto May 2005.*



Table-1.16: Average interest received on loans advanced by the State Government

(Rupees in crore)

Quantum of loans/interest receipts/ cost of borrowings	2006-07	2007-08	2008-09	
			BE	Actual
Opening Balance	3,848	4,773	--	5,823
Amount advanced during the year	953	1,155	1,778	1,861
Amount repaid during the year	28	105	298	54
Closing Balance	4,773	5,823	--	7,630
of which Outstanding balance for which terms and conditions have been settled			-	
Net addition	925	1,050	--	1,807
Interest receipts	14	29	495	64
Interest receipts as percentage of outstanding Loans and Advances	0.32	0.55	--	0.95
Interest payments as percentage of outstanding fiscal liabilities of the State Government.	7.86	7.72	--	7.24
Difference between interest payments and interest receipts (per cent)	7.54	7.17	--	6.29

(Source : State Finance Accounts of the respective year and Budget Estimate 2008-09)

The total outstanding loans and advances as on 31 March 2009, was Rs 7,630 crore. The interest received against these loans advanced was meagre and marginally increased from 0.32 *per cent* in 2006-07 to 0.95 *per cent* in 2008-09. Loans advanced to various State Government institutions increased at a rate higher than the speed of recovery of loans and advances resulting in an increase in outstanding loans and advances during this period.

It was observed that 56 *per cent* (Rs 4,305 crore) of outstanding loans and advances (Rs 7,630 crore) as on 31 March 2009 pertained to MPSEB and its successor companies and another 22 *per cent* were to be recovered from units engaged in water supply, sanitation, housing and urban development (Rs 1,678 crore), 13 *per cent* from those under Miscellaneous General Services (Rs 971 crore) and five *per cent* from those in Agriculture and allied activities (Rs 363 crore). The average interest paid on borrowing at the rate of 7.24 *per cent* was more than the interest received at the rate of 0.95 *per cent* on Loans and Advances given by the State Government during 2008-09. The significant increase in disbursement of loans and advances was mainly in respect of loans to power transmission and distribution companies. The recovery of loans and advances of Rs 54 crore during the year was less than the BE of Rs 298 crore mainly due to non-recovery from MPSEB and its successor companies. The decrease of Rs 51 crore in actual recoveries over the previous year was mainly under Loans for Miscellaneous General Services (Rs 23 crore) and Industries and Minerals (Rs 45 crore), partly offset by increase under Water Supply, Sanitation and Urban Development (Rs 15 crore) and Loans to Government servants (Rupees three crore). Interest receipts (Rs 64 crore) were less than the BE (Rs 495 crore) mainly due to non-



receipt of interest from MPSEB. The outstanding loans and advances as on 31 March 2009 formed 12 *per cent* of the financial assets as against 11 *per cent* as on 31 March 2008.

1.6.3 Cash Balances and Investment of Cash balances

Table 1.17 depicts the cash balances and investments made by the State Government out of the cash balances during the year:

Table-1.17: Cash Balances and Investment of Cash Balances

(Rupees in crore)

Particulars	As on 1 April 2008	As on 31 March 2009	Increase(+)/ Decrease(-)
Cash Balances	1,792.45	2,422.10	(+)629.65
Investments from Cash Balances (a to d)	2,759.00	2,929.47	(+)170.47
a. GOI Treasury Bills	2,755.68	2,926.15	(+)170.47
b. GOI Securities	3.32	3.32	--
c. Other Securities	--	--	--
d. Other Investments	--	--	--
Funds-wise Break-up of Investments from earmarked balances (a to c)	317.95	316.75	(-) 1.20
a. Famine Relief Fund	1.89	0.35	(-)1.54
b. Revenue Reserve Fund	10.56	10.56	--
c. State Agriculture Credit Relief and Guarantee Fund	0.18	0.18	--
d. Guarantee Redemption Fund	305.32	305.66	(+)0.34
Interest Realized	175.77	95.95	(-)79.82

(Source : State Finance Accounts of the respective years)

The cash balances of the State Government at the end of the year increased by Rs 630 crore (35 *per cent*) from the level of Rs 1,792 crore in the previous year. The cash balance investment of the State Government on the other hand increased from Rs 2,759 crore in 2007-08 to Rs 2,929 crore at the end of the current year mainly under GOI Treasury Bills. The State Government invested Rs 2,926 crore in GOI Treasury bills and Rupees three crore in GOI securities as on 31 March 2009 under its Cash Balance Investment Account and earned an interest of only Rs 96 crore.

Under an agreement with the Reserve Bank of India (RBI), the Government of Madhya Pradesh has to maintain with RBI a minimum balance of Rs 1.96 crore each day. If this balance falls below the agreed minimum on weekly settling days, the deficiency is made good by selling GOI treasury bills or by taking Ways and Means Advances from RBI. That is why investments are made in GOI treasury bills having easy liquidity. During 2008-09, on 29 October 2008, in spite of discounting of all the treasury bills, the State had to avail of Ways and Means Advances for Rs 19 crore for only two days to maintain its minimum balance with RBI and paid interest of Rs 0.01 crore. Nothing



was outstanding on these accounts as on 31 March 2009. Investment from earmarked balances decreased by Rs 1.20 crore during 2008-09 mainly under the Famine Relief Fund, partly offset by an increase under the Guarantee Redemption Fund.

The efficiency of handling of cash balances by the State can also be assessed by monitoring the trends in the monthly daily average of cash balances held by the State to meet its normal banking transactions. **Table 1.18** presents the trends in monthly average daily cash balances and the investments in Auction Treasury Bills for the last three years (2006-09).

Table-1.18: Trends in Monthly Average Daily Cash Balances and the Investments in Auction Treasury Bills

(Rupees in crore)

Month	Monthly Average Daily Cash Balances			Investment in 14 days Treasury Bills		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
April	2.34	2.04	1.97	1,112.15	2,503.70	2,339.64
May	1.97	1.96	3.22	1,739.48	2,628.74	2,214.96
June	1.97	1.96	1.97	1,856.34	3,207.10	1,629.34
July	1.97	1.96	1.97	1,982.58	2,847.18	1,140.92
August	1.97	2.98	6.60	2,211.08	3,808.23	1,548.28
September	1.96	2.46	5.40	2,408.13	3,747.12	689.06
October	3.80	1.96	2.89	1,880.93	2,869.41	129.15
November	1.97	1.96	1.97	2,327.17	3,122.82	870.35
December	1.97	1.96	1.97	2,330.34	3,892.59	1,656.15
January	1.97	1.97	1.97	1,921.54	3,552.01	2,513.47
February	1.96	1.97	7.61	2,311.72	4,064.91	2,286.72
March	3.51	3.38	14.26	2,502.32	2,755.68	2,926.15

(Source : Information furnished by A.G. (A&E) Madhya Pradesh)

During 2006-07 and 2007-08, investments in 14 day Treasury Bills showed an increasing trend while in 2008-09 there was a decreasing trend from April to October 2009 and thereafter an increasing trend up to March 2009. During 2006-09, there had been balances of more than Rs 1,112 crore in each month except in three months (September to November 2009).



1.7 Assets and Liabilities

1.7.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix-1.4 Part-B** gives an abstract of such liabilities and assets as on 31 March 2009, compared with the corresponding position on 31 March 2008. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

The FRBM Act, 2005, describes 'Total Liabilities' as the liabilities under the Consolidated Fund and the Public Account of the State and includes risk weighted guarantee obligations of the State Government where the principal and/or interest are to be serviced out of the State Budget.

1.7.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.3**. The composition of fiscal liabilities during the current year vis-à-vis the previous year are presented in **Charts 1.11** and **1.12.**

Chart 1.11:Composition of outstanding Fiscal Liabilities as on 1 April 2008 (Rupees in crore)

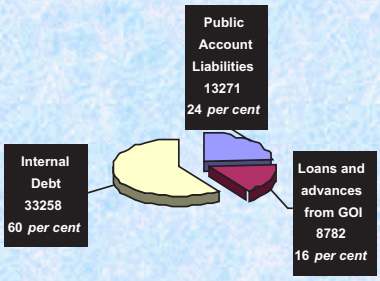
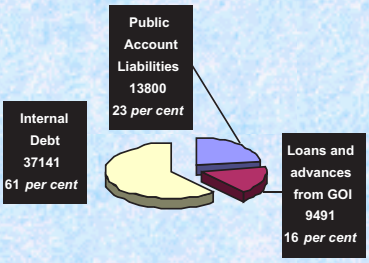


Chart 1.12:Composition of Outstanding Fiscal Liabilities as on 31 March 2009 (Rupees in crore)



(Source : State Finance Accounts of the respective year)



The overall fiscal liabilities of the State increased from Rs 44,235 crore in 2004-05 to Rs 60,432 crore in 2008-09. The growth rate increased to 9.26 *per cent* during 2008-09 as against 3.81 *per cent* in 2007-08. The increase in 2008-09 over the previous year was mainly under market loans (Rs 3,957 crore), loans from National Bank of Agriculture and Rural Development (Rs 525 crore) and loans from GOI (Rs 709 crore), partly offset by a decrease mainly under compensation and other bonds (Rs 408 crore).

Fiscal liabilities of the State comprised Consolidated Fund liabilities and Public Account liabilities. As of 31 March 2009, the Consolidated Fund liabilities (Rs 46,632 crore) comprised market loans (Rs 16,604 crore), special securities issued to NSSF (Rs 14,174 crore); compensation and issue of other bonds (Rs 2,856 crore); loans from NABARD (Rs 2,563 crore); loans and advances from GOI (Rs 9,491 crore) and other loans (Rs 944 crore). The Public Account liabilities (Rs 13,800 crore) comprised small savings, provident funds etc. (Rs 8,040 crore), interest bearing obligations (Rs 402 crore) and non-interest bearing obligations like deposits and other earmarked funds (Rs 5,358 crore). These liabilities stood at 37.18 *per cent* of GSDP which was 1.8 times the revenue receipts and 3.56 times the State's own resources as at the end of 2008-09. The buoyancy of these liabilities with respect to GSDP increased from 0.42 in 2007-08 to 0.66 during the year mainly due to sharp increases in their growth rate from 3.81 *per cent* in 2007-08 to 9.26 *per cent* in 2008-09.

A Sinking Fund for amortization of all loans, including loans from banks, liabilities on account of NSS etc. had not been set up by the State Government. The State Government was of the view that except where it may be obligatory to do so, provision for amortization of loans received from GOI should be made out of revenues only where sufficient revenue resources were available to finance such amortization arrangements. The State Government did not consider it necessary to make arrangements for amortization of any such loans in spite of having revenue surpluses.

1.7.3 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in cases of default by the borrowers for whom the guarantee are extended.

As shown in Statement 6 of the Finance Accounts, the maximum amounts for which guarantees were given by the State and the outstanding guarantees for the last three years are given in **Table 1.19.**



Table-1.19: Guarantees given by the Government of Madhya Pradesh

(Rupees in crore)

Guarantees	2006-07	2007-08	2008-09	
			Budget estimate	Actual
Maximum amount guaranteed	12,424.26	12,086.00	10,300.58	11,991.33
Outstanding amount of guarantees*	865.82	855.73	6,890.07	1,930.09
Percentage of maximum amount guaranteed to total revenue receipts	48.35	39.38	29.94	35.71
Actual figures against criteria as per FRBM Act as under: (Limit the annual incremental guarantees so as to ensure that the guarantees do not exceed 80 per cent of the total revenue receipts in the year preceding the current year)	4.20*	3.33*	73.19	6.29*

***To the extent information was available in Finance Accounts**

(Source: State Finance Accounts of the respective years and Statement laid before the legislature and projection made under FRBM Act)

The outstanding amount of guarantees is in the nature of a contingent liability, which was 5.75 *per cent* of the revenue receipts. Guarantees had been given by the State Government for the discharge of certain liabilities like loans raised by Statutory Corporations, Government Companies, Joint Stock Companies, Co-operative institutions, local bodies, firms etc. The maximum amount guaranteed by the State Government decreased from Rs 12,424 crore in 2006-07 to Rs 11,991 crore (including Rs 9,416 crore still to be allocated between Madhya Pradesh and Chhattisgarh as per the M.P.Reorganisation Act,2000) in 2008-09, out of which Rs 1,930 crore was outstanding at the end of the year.

The major recipients of such guarantees were Statutory Corporation and Boards and Co-operative Banks and Societies. Out of the outstanding guarantees of Rs 1,930 crore, Rs 20 crore was outstanding on account of interest. The State Government constituted the Guarantee Redemption Fund and at the end of year 2008-09, there was a closing balance of Rs 305.66 crore in the Fund. The FRBM Act, 2005 prescribes the fiscal target of limiting annual incremental guarantees so as to ensure that the total guarantees do not exceed 80 *per cent* of the total revenue receipts in the year preceding the current year. The annual incremental guarantee was within the limit fixed under the FRBM Act.

As per the FRBM Act 2005, the State Government is to ensure that within a period of 10 years, i.e. as on 31 March 2015, total liabilities do not exceed 40 *per cent* of the estimated GSDP for that year. It was observed that this ratio at 38.37 *per cent* (including guarantees liabilities) was within the ceiling limit laid down in the Act for the year



2015. The ratios of total liabilities to GSDP and revenue receipts during the year at 38.37 *per cent* and 185.73 *per cent* respectively, were also less than the corresponding BE of 43.65 and 200.39 *per cent* respectively.

1.8 Debt Sustainability

Apart from the magnitude of debt of the State Government, it is important to analyze various indicators that determine the debt sustainability[9] of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilization[10]; sufficiency of non-debt receipts[11]; net availability of borrowed funds[12]; the burden of interest payments (measured by the ratio of interest payments to revenue receipts) and the maturity profile of State Government securities. **Table 1.20** analyzes the debt sustainability of the State according to these indicators for the period of five years beginning from 2004-05.

Table 1.20: Debt Sustainability: Indicators and Trends

(Rupees in crore)

Indicators of Debt Sustainability	2004-05	2005-06	2006-07	2007-08	2008-09
Debt Stabilisation (Quantum Spread + Primary Deficit)	(-)4,745	(-)198	3,143	2,164	3,526
Sufficiency of Non -debt Receipts (Resource Gap)	811	1,921	1,816	(-)30	(-)1,649
Net Availability of Borrowed Funds (percentage in bracket)	3,070 (21)	1,529 (14)	101 (1)	(-)2,160 (-20)	791 (5)
Burden of Interest Payments (IP/RR Ratio)	0.19	0.17	0.16	0.14	0.12

9 *Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings with returns from such borrowings. It means that the rise in fiscal deficit should match the increase in capacity to service the debt.*

10 *A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided the primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), the debt sustainability condition states that if the quantum spread, together with the primary deficit is zero, the debt-GSDP ratio would be constant or the debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising and in case it is positive, the debt-GSDP ratio would eventually be falling.*

11 *Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.*

12 *Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.*



Maturity Profile of State Debt for the years 2007-08 and 2008-09 (Rupees in crore)

In Years	FY 2007-08				FY 2008-09			
	6003-Internal Debt Amount	6004-Loans and Advances Amount	Total Amount	Percentage of Repayment due to total debt	6003-Internal Debt Amount	6004-Loans and Advances Amount	Total Amount	Percentage of Repayment due to total debt
0-1	735.82	444.86	1,180.68	2.81	1,123.12	456.70	1,579.82	3.39
1-3	2,220.91	944.64	3,165.55	7.53	2,540.99	1,030.95	3,571.94	7.66
3-5	3,293.24	1,037.46	4,330.70	10.30	4,005.97	1,152.16	5,158.13	11.06
5-7	5,010.18	1,085.38	6,095.56	14.50	5,298.33	1,206.40	6,504.73	13.95
7 and above	15,686.68	5,265.34	20,952.02	49.84	17,809.82	5,640.29	23,450.11	50.29
Miscellaneous*	6,311.66	4.17	6,315.83	15.02	6,363.40	4.17	6,367.57	13.65
Total	33,258.49	8,781.85	42,040.34		37,141.63	9,490.67	46,632.30	

* Information in respect of these items are awaited from State Government/Reserve Bank of India

(Source : State Finance Accounts of the respective years and information furnished by A.G. (A&E) Madhya Pradesh)

The maturity profile of State debt as given in **Table 1.20** indicates that the State Government will have to repay eight per cent of its debt between one and three years, 11 *per cent* between three and five years, 14 *per cent* between five and seven years and 50 *per cent* after seven years. The maturity profile of repayment of about 14 *per cent* of State debt was not available as the information had not been received from the State Government/Reserve Bank of India. It is critical to have clarity on the repayment schedule of debt. Liability on account of State debt was continuously increasing year after year. As compared to the previous year, the internal debt of the State Government and loans and advances from the Central Government had increased at growth rates of 11.68 *per cent* and 8.07 *per cent* respectively at the year ending March 2009 but the burden of interest payments showed a decreasing trend during 2004-09.

1.8.1 Debt Stabilisation

An analysis of primary deficit vis-à-vis the quantum spread revealed that their sums turned out to be negative during 2004-06 indicating a rising debt-GSDP ratio during the period. In subsequent years, this indicator turned positive showing that the debt was stabilising.

1.8.2 Sufficiency of Non-debt receipts

During the three years (2004-07), non-debt receipts met not only the incremental requirement of the primary expenditure but after meeting the incremental interest liabilities, resulted in a positive resource gap indicating the increasing capacity of the State to sustain its debt. However, during 2007-08, the incremental non-debt receipts were sufficient to meet the additional requirement of primary expenditure, which increased sharply during the year but were not enough to meet the incremental interest liability resulting in a moderate negative resource gap. During 2008-09, the incremental non-debt receipts were not enough to meet the incremental requirements of primary



expenditure resulting in a substantial negative resource gap during the year. Unless this position is reversed in future years, debt sustainability could be in question remains stable.

1.8.3 Net availability of funds

The debt redemption ratio increased from 0.79 to 1.20 during the period 2004-08, but decreased to 0.95 in 2008-09 mainly due to significant receipts under internal debt and loans and advances from GOI. During the current year, internal debt redemption was 83 *per cent* of fresh debt receipts, redemption of GOI loans was 98 *per cent* while in case of other obligations, repayments were 102 *per cent* of fresh receipts. These trends indicated that the debt receipts were mainly utilised for repayment of debt.

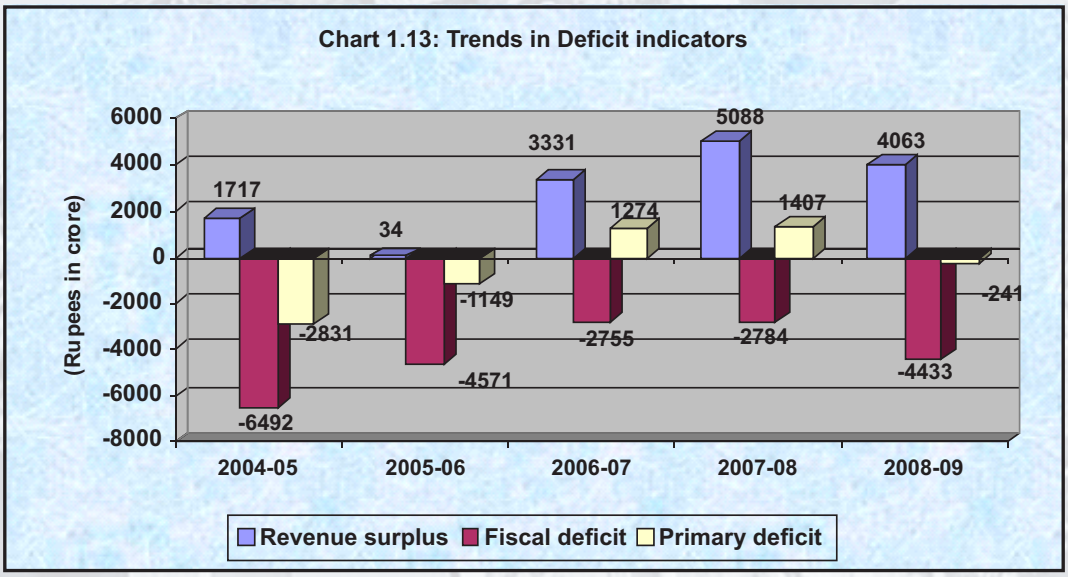
Out of receipts of Rs 5,399 crore under Internal Debt, the State Government raised market loans of Rs 4,495 crore during the year at an average interest rate of 7.49 *per cent* per annum i.e. Rs 752 crore from NABARD and Rs 71 crore from NSSF. The State Government borrowed Rs 1,154 crore from GOI. The receipt of loans and advances from GOI increased from Rs 539 crore in 2007-08 to Rs 1,154 crore in 2008-09 mainly due to increase in the receipt of Block Loans under 'Loan for State/Union Territories Plan Scheme'. Repayments of Internal Debt (Rs 4,478 crore) and Loans and Advances from GOI (Rs 1,138 crore) included payment of interest of Rs 3,654 crore (65 *per cent*) and debt relief of Rs 363 crore (six *per cent*) with only Rs 1,599 crore (29 *per cent*) for repayment of principal debt. This indicated that most of the amounts of repayments were for payment of interest. As on 31 March 2009, 32 *per cent* of the existing market loans of the State Government carried an interest rate exceeding 10 *per cent*.

1.9 Fiscal Imbalances

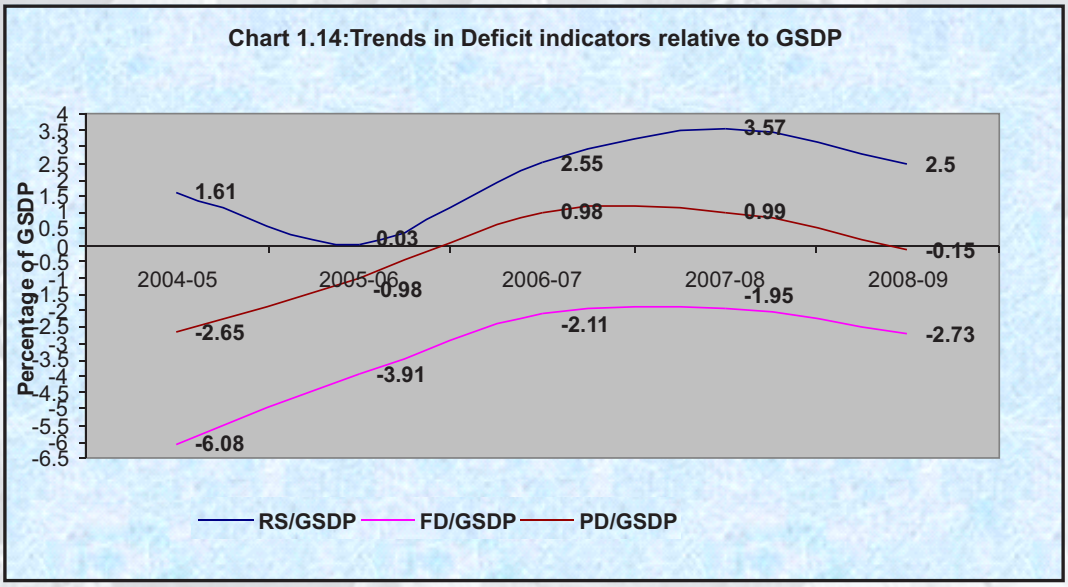
Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents the trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis the targets set under FRBM Act/Rules for the financial year 2008-09.

1.9.1 Trends of deficits

Charts 1.13 and **1.14** present the trends in deficit indicators over the period 2004-09:



(Source : State Finance Accounts of the respective year)



(Source : State Finance Accounts of the respective years and Directorate of Economic and Statistic Government of Madhya Pradesh)



The State had a revenue surplus during 2004-05 to 2008-09. The revenue surplus decreased from Rs 5,088 crore during 2007-08 to Rs 4,063 crore during 2008-09. An increase of 15.28 *per cent* (Rs 3,913 crore) in revenue expenditure during 2008-09 in comparison to that of only 9.41 *per cent* (Rs 2,888 crore) in revenue receipts over 2007-08 led to the decline in the revenue surplus during 2008-09. The decrease in revenue surplus of the State may however, be seen in view of the fact that there was an increase of about five *per cent* in the rate of growth of NPRE and a decline of 1.5 *per cent* in the rate of growth of the State's own taxes and a significant less rate of growth of 4.3 *per cent* (Rs 688 crore) in 2008-09 as against 26.8 *per cent* in 2007-08 relative to the previous year under central transfers comprising the State's share in Central taxes and duties and grants-in-aid from GOI.

Fiscal deficit, defined as the gap between the total expenditure of the Government and its total resources, decreased from Rs 6,492 crore in 2004-05 to Rs 2,784 crore in 2007-08 but increased sharply in 2008-09 to Rs 4,433 crore. Given the decline in the incremental revenue surplus of Rs 1,025 crore during the year, the fiscal deficit increased by Rs 1,649 crore, mainly on account of decrease in non-debt receipts (Rs 39 crore) and capital expenditure (Rs 120 crore) and increase in disbursement of loans and advances including inter-State settlement (Rs 705 crore) during 2008-09, relative to the previous year. Given the increase in fiscal deficit (Rs 1,649 crore) and minor increase in interest payments (Rupees one crore), the primary surplus of Rs 1,407 crore in 2007-08 decreased and got converted to a primary deficit of Rs 241 crore in 2008-09. The revenue surplus as a percentage of GSDP decreased from 3.57 *per cent* in 2007-08 to 2.50 *per cent* in 2008-09 but was more than the BE of 1.80 *per cent*. Though the fiscal deficit relative to GSDP increased from 1.95 *per cent* in 2007-08 to 2.73 *per cent* in the current year, it remained within the three *per cent* ceiling prescribed both in the BE and the norm recommended under the FRBM Act 2005.

1.9.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table 1. 21**.



Table 1.21: Components of Fiscal Deficit and its Financing Pattern

(Rupees in crore)

	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Decomposition of Fiscal Deficit		6,492	4,571	2,755	2,784	4,433
1	Revenue Deficit	-1,717	-34	-3,331	-5,088	-4,063
2	Net Capital Expenditure	4,951	6,623	5,161	6,822	6,689
3	Net Loans and Advances	3,258	-2,018	925	1,050	1,807
Financing pattern of Fiscal Deficit						
1	Market Borrowings	1,453	944	1,063	1,337	3,957
2	Loans from GOI	-97	-121	-311	102	709
3	Special Securities issued to NSSF	2,766	2,998	2,045	128	-126
4	Loans from Financial Institutions	1,337	385	76	128	51
5	Reserve Funds	336	246	422	-34	12
6	Small Savings, PF etc	641	1	158	193	204
7	Deposits and Advances	29	595	782	274	237
8	Suspense and Misc	177	60	71	-18	-43
9	Remittances	16	39	23	57	62
10	Others		-8	8		
11	Cash balances increase(+)/ decrease(-)	+166	+568	+1,582	-617	+630

(Source: State Finance Accounts of the respective years)

During 2004-05 to 2007-08, the fiscal deficit was mainly financed from the resources raised in respect of market borrowings, loans from financial institutions and special securities issued to NSSF, while in 2008-09, the fiscal deficit substantially increased and was financed by a significant increase in market borrowings and loans from GOI.

1.9.3 Quality of Deficit/Surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. A persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) was not having any asset backup. The bifurcation of the primary deficit **(Table 1.22)** would indicate the extent to which the deficit was on account of enhancement in capital expenditure, which may be desirable to improve the productive capacity of the State's economy.

Table 1.22: Primary deficit/surplus – bifurcation of factors

(Rupees in crore)

Year	Non-debt Receipts	Primary Revenue Expenditure	Capital Expenditure (CE)	Loans and Advances*	Primary Expenditure (PE)	Non-debt receipt vis-à-vis Primary revenue expenditure	Primary Deficit (-)/ surplus(+)	CE as per cent to PE
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)	9
2004-05	19,796	14,365	4,951	3,311	22,627	5,431	-2,831	21.88
2005-06	23,449	17,141	6,623	834	24,598	6,308	-1,149	26.92
2006-07	25,732	18,334	5,170	954	24,458	7,398	1,274	21.14
2007-08	30,807	21,410	6,833	1,157	29,400	9,397	1,407	23.24
2008-09	33,656	25,322	6,713	1,862	33,897	8,334	-241	19.80

*Including Inter-State settlement
(Source : State Finance Accounts of the respective years)

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2004-09 reveals that the non-debt receipts were enough to meet the primary revenue expenditure, thereby generating a surplus, which consistently increased from Rs 5,431 crore in 2004-05 to Rs 9,397 crore in 2007-08 but decreased to Rs 8,334 crore in 2008-09, due to the low rate of growth of revenue receipts mainly on account of less receipt of Central transfers and more rate of growth of NPRE in comparison to the previous year. In other words, the non-debt receipts of the State were enough to meet the primary expenditure[13] requirements in the revenue account and left some receipts to meet the expenditure under the capital account. Capital expenditure as a percentage of primary expenditure showed an inter-year fluctuating trend during 2004-09 and declined from 21.88 *per cent* in 2004-05 to 19.80 *per cent* in 2008-09, indicating a decline in the quality of deficits in the States' finances. During 2006-08, the State achieved a primary surplus but reverted to primary deficits during 2004-06 and 2008-09 when the total non-debt receipts fell short of the total primary expenditure. During 2008-09, an increase in primary deficit was experienced mainly due to the decline in the revenue surplus on account of less receipt of Central transfers and increase in the disbursement of loans and advances.

1.9.4 State's Own Revenue and Deficit Corrections

It is worthwhile to observe the extent to which deficit correction is achieved by the State on account of improvements in its own resources. This is an indicator of the durability of the corrections in deficit indicators. **Table 1.23** presents the changes in revenue receipts of the State and the corrections of deficit during the last three years.

---

13 *Primary expenditure of the State defined as the total expenditure net of the interest payments, indicates the expenditure incurred on the transactions undertaken during the year.*



Table-1.23: Changes in Revenue Receipts and Corrections of Deficit

(Percentage of GSDP)

Parameters	2006-07	2007-08	2008-09	
			BE	Actual
Revenue Receipts (a to d)	19.68	21.53	21.80	20.66
a. State's Own Tax Revenue	8.02	8.43	9.01	8.38
b. State's Own Non- Tax Revenue	2.04	1.92	1.91	2.06
c. State's S hare in Central Taxes and Duties	6.19	7.16	6.67	6.62
d. Grants-in-Aid	3.43	4.02	4.21	3.60
Revenue Expenditure	17.13	17.96	20.00	18.16
Revenue Deficit(-)/Surplus(+)	+2.55	+3.57	+1.80	+2.50
Fiscal Deficit(-)/Surplus(+)	-2.11	-1.95	-3.00	-2.73

Note: BE figure of GSDP for 2008-09 is 157777 crore.
(Source : State Finance Accounts of the respective years)

Relative to GSDP, the components of revenue receipts i.e. the State's own tax revenue, the State's share in Central taxes and grants-in-aid declined during the current year over the previous year and the BE of the current year for 2008-09. This resulted in a decline in the ratio of revenue receipt to GSDP during the current year over the previous year while the ratio of revenue expenditure to GSDP increased over the previous year but decreased in comparison to BE. Consequently, the ratio of revenue surplus to GSDP decreased during the year over the previous year. These trends indicated a decline in the resources of the State. Besides, there was no improvement in the State's own resources during the year over the previous year. The ratio of fiscal deficit to GSDP also increased during the current year over the previous year due to substantial growth of fiscal deficit during the year.

1.10 Conclusion

The fiscal position of the State viewed in terms of the key fiscal parameters – revenue, fiscal and primary deficit/surplus – indicated a declining trend in 2008-09 as revenue surplus decreased and primary surpluses turned into primary deficit. Moreover, fiscal deficit substantially increased relative to the previous year. The decline in the revenue surplus of the State was mainly due to the marginal decline of growth in the State's own taxes and the substantial decline in Central transfers comprising the State's share in Central taxes and duties and grants-in-aid from GOI as well as increase in NPRE during 2008-09 as compared to the previous year. Fiscal deficit relative to GSDP increased from 1.95 *per cent* in 2007-08 to 2.73 *per cent* in the current year, but it remained within the three *per cent* ceiling prescribed by both in BE and norm recommended under FRBM Act, 2005.



Notwithstanding this, the State achieved its revenue and fiscal deficit targets relative to GSDP laid down under the FRBM Act, 2005.

The expenditure pattern of the State revealed that the revenue expenditure as a percentage of total expenditure continued to share a dominant proportion of the total expenditure at 77 *per cent* during 2008-09, leaving less resources for expansion of services and creation of assets. Moreover, within the revenue expenditure the NPRE of Rs 21,892 crore in 2008-09, although lower than Rs 23,245 crore projected by the State in its MTFPS remained significantly higher than the normatively assessed level of TFC (Rs 17,819 crore) for the year. Further, three components (salary and wages expenditure, pension payments and interest payments) constituted about 69 *per cent* of the NPRE during the year, which would increase further if subsidies were added to the list for which however, complete figures were not available as the State had not opened a distinct head to capture the expenditure on explicit subsidies. Decrease in the proportion of capital expenditure on Social and Economic Services to total expenditure and also revenue expenditure on operation and maintenance of the existing Social and Economic Services during the current year over the previous year indicated a decline in the quality of services. These trends in expenditure indicated the need for changes in allocative priorities.

A Sinking Fund for amortization of loans had not been set up by the State Government. The annual incremental guarantees were within the limit fixed under the FRBM Act and the ratio of total liabilities to GSDP, although within the ceiling limit of 40 *per cent* prescribed by FRBM Act 2005 continued to increase due to persistent fiscal deficits till the current year.

The maturity profile for repayment of about 14 *per cent* of the State's debt was not available as information had not been received from the State Government/Reserve Bank of India. It is critical to have clarity on the repayment schedule of debts. During the current year, internal debt redemption was 83 *per cent* of fresh debt receipts and redemption of GOI loans was 98 *per cent* while in the case of other obligations, repayments were 102 *per cent* of the fresh receipts, indicating that the fresh debt receipts were mainly utilised for repayment of debt.

The average return on the investment made by the Government was 0.52 *per cent* during the last three years while the Government paid an average interest rate of 7.61 *per cent* on its borrowings during 2006-09. Interest receipts as a percentage of outstanding loans and advances was meagre as against interest payments to outstanding fiscal liabilities of the State Government, resulting in a difference of 6.29 *per cent* between interest payments and interest receipts.



1.11 Recommendations

- Arrears of revenue amounting to Rs 765 crore as on 31 March 2009 may be got realized by strengthening the tax recovery measures.
- State budget should have distinct head for subsidies so that actual expenditure on explicit subsidies incurred by the Government is captured.
- The Government needs not only to invest its high cost borrowings more judicially to get better returns but also address the losses on account of various sick units by their restructuring and rehabilitation and/or by considering disinvestment of such units.
- The increasing fiscal liabilities accompanied with negligible rates of return on Government investments and inadequate recovery of interest on loans and advances might put fiscal stress on the State in the medium to long run unless suitable measures are initiated to make the investments including loans and advances, commercially viable, compress the Non-Plan revenue expenditure and mobilize additional resources both through tax and non-tax sources in the ensuing years.
- The expenditure pattern in the education and health sectors needs correction in the ensuing years as per the norms of the Twelfth Finance Commission according to which the Non-Plan salary expenditure in these sectors should increase only by five to six *per cent* while non-salary expenditure under Non-Plan heads should increase by 30 *per cent* per annum during the award period.
- A Sinking Fund for amortization of loans, including loans from bank, liabilities on account of NSS etc. has not been set up by the State Government as per recommendation of the Twelfth Finance Commission.
- A system has to be put in place to ensure proper accounting of GOI funds that are transferred directly to State implementing agencies.
- No information in respect of incomplete projects was received from the State Government. A system of providing such information to the Accountant General may be ensured by the State Government. Transparency in the status of incomplete projects along with complete details of revised costs and reasons for delay will go a long way in avoiding time and cost over runs.

Chapter

2 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, juxtaposed with the amounts of voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly 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 actually incurred under various grants is within the authorization 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 so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2008-2009 against 82 grants/appropriations was as given in **Table 2.1**:



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

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	27,263.82	2,565.26	29,829.08	25,606.83	-4,222.25
	II Capital	6,601.43	1,168.73	7,770.16	6,721.82	-1,048.34
	III Loans and Advances	1,791.15	853.00	2,644.15	1,862.19[1]	-781.96
Total Voted		**35,656.40**	**4,586.99**	**40,243.39**	**34,190.84[2]**	**-6,052.55**
Charged	IV Revenue	*4,998.49*	*13.82*	*5,012.31*	*4,588.80*	*-423.51*
	V Capital	*6.77*	*27.34*	*34.11*	*33.55*	*-0.56*
	VI Public Debt-Repayment	*3,836.56*	--	*3,836.56*	*1,961.02*	*-1,875.54*
Total Charged		***8,841.82***	***41.16***	***8,882.98***	***6,583.37***	***-2,299.61***
Grand Total		**44,498.22**	**4,628.15**	**49,126.37**	**40,774.21[3]**	**-8,352.16**

The overall saving of Rs 8,352.16 crore was the result of savings of Rs 8,357.94 crore in 74 grants and 46 appropriations under the Revenue Section, 49 grants and six appropriations under the Capital Section, offset by excess of Rs 5.80 crore in two grants/appropriations under the Revenue Section and two grants/appropriations under Capital Section.

The savings/excesses were intimated from 3 to 28 July 2009 to the Controlling Officers asking them to explain the significant variations. Out of 868 sub-heads, explanations for variations were not received (August 2009) in respect of 676 sub-heads (savings: 603 sub-heads and excess: 73 sub-heads).

---

1 *Includes Rs 0.73 crore in respect of Inter-State Settlement.*

2 *Gross figures without taking into account the recoveries adjusted as reduction of expenditure under revenue expenditure: Rs 681.76 crore and capital expenditure: Rs 42.22 crore.*

3 *The actual expenditure was overstated to the following extent for the reasons mentioned below:*

Rupees 289.59 crore (Revenue Voted Section: Rs 180.95 crore and Capital Voted Section: Rs 108.64 crore) being the unspent amount was transferred to Major Head 8443-Civil Deposits, 800-Other Deposits. Out of total deposits, Rs 103.75 crore was credited through NIL payment vouchers.

Rupees 26.63 crore (Deposits: Rs 912.44 crore-Disbursements: Rs 885.81 crore) in respect of Government institutions added to the balance of Major Head 8443-Civil Deposit, 106-Personal Deposit Account. Out of the total deposit of Rs 912.44 crore during the year, Rs 426.05 crore were credited through NIL payment vouchers.

Genuineness of expenditure of Rs 32.24 lakh drawn on Abstract Contingent bills could not be vouchsafed, as Detailed Contingent bills were not submitted.



2.3 Financial Accountability and Budget Management

2.3.1 Appropriations vis-à-vis allocative priorities

The outcome of appropriation audit revealed that in 26 cases, savings exceeded Rs 10 crore in each case and also by more than 20 *per cent* of the total provisions aggregating Rs 5,403.66 crore **(Appendix 2.1)**. Against the total savings of Rs 8,352.16 crore **(Table 2.1)**, savings of Rs 5118.69 crore (61.28 *per cent*[4]) occurred in 14 cases relating to 12 grants and two appropriations as indicated in **Table 2.2**.

Table 2.2: List of Grants/Appropriations with savings of Rs 50 crore and above

(Rupees in crore)

Sl. No.	No. and Name of the Grant	Original	Supple-mentary	Total	Actual Expenditure	Savings
	Revenue-Voted					
1	06-Finance	3,100.96	15.35	3,116.31	2,491.70	624.61
2	12-Energy	1,765.87	0.84	1,766.71	1,380.36	386.35
3	13-Farmers Welfare and Agriculture Development	589.97	99.21	689.18	455.59	233.59
4	29-Law and Legislative Affairs	273.25	29.28	302.53	234.03	68.50
5	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	619.41	528.01	1,147.42	866.06	281.36
6	64-Scheduled Castes Sub -Plan	757.27	65.75	823.02	657.51	165.51
7	80-Financial Assistance to three-tier Panchayati Raj Institutions	2,079.69	283.07	2,362.76	1,753.53	609.23
	Capital-Voted					
8	06-Finance	371.41	16.91	388.32	73.72	314.60
9	20-Public Health Engineering	279.41	193.79	473.20	339.27	133.93
10	22-Urban Administration and Development Urban Bodies	275.49	--	275.49	150.27	125.22
11	57-Externally Aided Projects Pertaining to Water Resources Department	350.24	--	350.24	239.06	111.18
12	77-Other expenditure pertaining to School Education Department(excluding Primary Education)	54.18	110.00	164.18	74.18	90.00
	Revenue-Charged					
13	12-Energy	265.00	--	265.00	165.94	99.06
	Capital-Charged					
14	Public Debt	3,836.56	Token	3,836.56	1,961.01	1,875.55
	TOTAL					5118.69

4. *Exceeding Rs 50 crore and also more than 20 per cent of the total provision in each case.*



Reasons for the substantial savings in the grants/appropriations shown in the above table are as under:-

Public Debt (Capital Charged): Significant savings occurred mainly under 6003-Internal Debt of the State Government- Ways and Means Advances (Rs 981.00 crore) and Advances to meet shortfalls (Rs 999.99 crore), which were partly offset by excesses under 6003-Internal Debt of the State Government - 12.15 *per cent* Madhya Pradesh State Development-Loan, 2008 (Rs 30.58 crore), Loans from the National Agricultural Credit Fund of the National Bank for Agriculture and Rural Development (Rs 44.49 crore) and Power Bonds-2, Payment of Principal Amount (Rs 47.16 crore). The savings of Rs 999.99 crore were partly attributed to non-probability of Ways and Means Advances (Rs 31.00 crore) while excesses of Rs 30.58 crore, Rs 44.49 crore and Rs 47.16 crore mentioned earlier were attributed mainly to re-payment of loans. Reasons for the remaining other savings/excesses had not been intimated (August 2009).

06-Finance (Revenue Voted) : Substantial savings occurred mainly under 2054-Treasury and Accounts Administration- Works related to Information Technology (Rs 21.09 crore), 2070-Other Administrative Services-State Plan Schemes (Normal)-Other Expenditure (Rs 710 crore), 2071-Pension and Other Retirement Benefits-Minor Head 104-Madhya Pradesh (Rs 43.92 crore), Composite State of Madhya Pradesh (Rs 137.56 crore) and Minor Head 105-Madhya Pradesh (Rs 19.95 crore), which were partly offset by excesses mainly under 2071-Pension and Other Retirement Benefits, Minor Head 101-Madhya Pradesh (Rs 44.60 crore), Composite State of Madhya Pradesh (Rs 220.11 crore) and Minor Head 105-Composite State of Madhya Pradesh (Rs 99.23 crore). Reasons for the savings and excesses had not been intimated (August 2009).

06-Finance (Capital Voted) : Substantial savings occurred mainly under 6075-Loans for Miscellaneous General Services-Provision for settlement of Guaranteed Loans (Rs 85 crore) and Loan Assistance for restructuring of State Government Undertaking (Rs 217.85 crore). Reasons for the above savings had not been intimated (August 2009).

12-Energy (Revenue Voted) : Substantial savings occurred mainly under 2801-Power, Minor Head 101-Externally Aided Project (Normal)- Grant from Department for International Development (DFID) under Electricity Area Development Programme (Phase-II) (Rs 18.09 crore) and Minor Head 800-Incentive Grant for disposal of arrear bills of Farmers (Rs 507.82 crore), which were partly off set by excess under 2801-Power, Minor Head 800-Tarriff Grant (Rs 150 crore). The savings were mainly attributed to non-receipt of funds from GOI and non-receipt of claims from farmers. The excess of Rs 150 crore was attributed to less provision in tariff grants and for advance payments the year 2009-10.



12-Energy (Revenue Charged) : Significant savings occurred under 2045-Other Taxes and Duties on Commodities and Services, Minor Head 103-Transfer of Energy Development Cess to Energy Development Fund levied under M.P. Upkar Adhiniyam 1982 (Rs 99.05 crore). Reasons for the savings had not been intimated (August 2009).

13-Farmers Welfare and Agriculture Development (Revenue Voted): Substantial savings occurred mainly under 2401-Crop Husbandry-Central Sector Schemes (Normal)-Beej Gram Yojna (Rs 7.26 crore), Centrally Sponsored Schemes Normal-National Oil Seed Development Project (Rs 5.36 crore), State Plan Schemes (Normal)-Balram Pond (Rs 7.23 crore), Chief Minister Labourers Safety Scheme, 2007 (Rs 5.40 crore) and National Agricultural Development Scheme (Rs 195.48 crore), which were partly offset by excess under 2401-Crop Husbandry-State Plan Schemes (Normal)-National Agricultural Insurance Scheme (Corpus of Fund) (Rs 9.20 crore).

Savings of Rs 195.48 crore under the National Agricultural Development Scheme was partly attributed to receipt of administrative approval for lesser amount from GOI (Rs 80.48 crore). The saving of Rs 7.26 crore under Beej Gram Yojna was mainly attributed to non-receipt of funds from GOI as per demand while the excess of Rs 9.20 crore under the National Agriculture Insurance Scheme was due to requirement of funds for payment of insurance claims. Reasons for other savings and excesses in other cases had not been intimated (August 2009).

20- Public Health Engineering (Capital Voted): Significant savings occurred mainly under 4215-Capital Outlay on Water Supply and Sanitation-Centrally Sponsored Schemes Normal-Water Supply Scheme for Problem Villages (Rs 53.02 crore), Piped Water Supply Scheme for Big Villages (Rs 50 crore) and Minor Head 800-Central Sector Schemes, Normal-Works related to Quality of Water (H.R.D. Programme) (Rs 18.62 crore). Reasons for the above savings had not been intimated (August 2009).

22-Urban Administration and Development-Urban Bodies (Capital Voted): Significant savings occurred mainly under 6217-Loans for Urban Development- Externally Aided Projects (Normal)-Development of Basic Facilities in Capital (Rs 22.78 crore) and Development of Basic Facilities in Municipal Corporations (Rs 97.47 crore). Reasons for the above savings had not been intimated (August 2009).

29- Law and Legislative Affairs (Revenue Voted) : Substantial savings occurred mainly under 2014-Administration of Justice-Fast Track Scheme (Rs 6.95 crore), Mufussil Establishment and Village



Courts (Rs 8.15 crore), 2015-Elections- Preparation and Printing of Electoral Rolls (Rs 5.86 crore), Charges for conduct of Elections to Parliament (Rs 6.48 crore), Charges for conduct of Elections to State Legislature (Rs 25.93 crore) and Issue of Photo Identity Cards to Voters (Rs 6.70 crore). The savings of Rs 8.15 crore, Rs 6.48 crore and Rs 25.93 crore above were attributed to 15 *per cent* economy cut, restriction on drawals and non-appointment of members in village courts by the Finance Department, conducting of by-election of only one Parliamentary Constituency, Betul during the year, not increasing the rate of honorarium of officers/staff engaged in election counting work and not discharging the liabilities relating to elections to the State Legislature during the current financial year. Reasons for savings in other schemes had not been intimated (August 2009).

57-Externally Aided Projects pertaining to Water Resources Department (Capital Voted): Significant savings occurred under 4700-Capital Outlay on Major Irrigation-Externally Aided Projects (Normal)-Providing Services regarding Irrigation and Drainage Institutions-Water Resources Department (Rs 7.39 crore), Minor Head 001- Improvement in productivity of Pre-constructed Irrigation Schemes of Five Basins-Agriculture Department (Rs 8.59 crore), Improvement in productivity of Pre-constructed Irrigation Scheme of Five-Basins-Fisheries Department (Rs 5.95 crore), Improvement in productivity of Pre-constructed Irrigation Schemes of Five-Basin-Animal Husbandry Department (Rs 5.56 crore), Minor Head 001-Improvement in Productivity of Pre-constructed Irrigation Schemes of Five-Basins-Water Resources Department (Rs 13.62 crore), Minor head 052-Improvement in Productivity of Pre-constructed Irrigation Schemes of Five-Basins-Water Resources Department (Rs 7.75 crore), and Minor Head 800-Improvement in productivity of Pre-constructed Irrigation Schemes of Five-Basins-Water Resources Department (Rs 41.25 crore). Savings of Rs 7.39 crore and Rs 5.56 crore above were partly due to adoption of economic measures (Rs 5.52 crore and Rs. 1.75 crore). The saving of Rs 5.95 crore above was partly due to negligible demand of funds (Rs 0.92 crore), the saving of Rs 13.62 crore was partly due to adoption of economy measures, insufficient progress of training programme and less demand of funds (Rs 10.34 crore) while the saving of Rs 41.25 crore above was mainly due to slow progress in civil works. Reasons for the remaining savings had not been intimated. (August 2009)

58-Expenditure on Relief on Account of Natural Calamities and Scarcity (Revenue Voted): Significant savings occurred under 2245-Relief on Account of Natural Calamites-Additional Provision for Drought Relief and Employment (Rs 22.91 crore), Relief to sufferers of fire (Rs 14.55 crore), Drinking Water Supply (Rs 51.23 crore), Relief



to hailstorm sufferers (Rs 20.42 crore), Assistance to Local Bodies/Institutions and Other Non-Government Bodies in flood-affected areas (Rs 18.00 crore), Transfer to Reserve Funds and Deposits Accounts-Natural Calamities Unspent-Margin Money Fund-Famine Relief Fund (Rs 277.39 crore) and Arrangement of immediate work and emergency plans in calamities affected areas (Rs 10.00 crore), The amount received from the National Contingency Calamity Relief Fund (Rs 71.12 crore) and Financial Aid in Calamities under Revenue Book 6-4 (Rs 10 crore) were offset by excesses under 2245-Relief on Account of Natural Calamities-Implementation of Relief Works through Tehsildars (Rs 44.17 crore), Cash doles (Rs 17.86 crore) and Assistance for restoration of other works (Rs 166.54 crore). Reasons for the savings except for Rs 277.39 crore above were attributed to non-occurrence of calamities while specific reasons for the savings of Rs 277.39 crore as well as excesses had not been intimated (August 2009).

64-Scheduled Castes Sub-Plan (Revenue Voted) : Substantial savings occurred mainly under 2052-Secretariat-General Services-Scheduled Castes Sub Plan (SCSP)-Common Man Insurance Scheme (Rs 10 crore), 2401-Crop Husbandry-S.C.S.P.-National Agriculture Development Scheme (Rs 51 crore), 2210-Medical and Public Health-S.C.S.P.-Upgradation of Rural Medical Institutions (Rs 4.13 crore), Centrally Sponsored Schemes-S.C.S.P.-National Health Insurance Scheme (Rupees nine crore), 2202-General Education-Centrally Sponsored Schemes. S.C.S.P.-Sarva Shiksha (Education for All) Abhiyan (Rs 29.20 crore), SCSP-Supply of Cycles (Rs 9.11 crore), 2236-Nutrition-S.C.S.P.-Minimum Need Programme, Special Nutrition Scheme (Rs 5.35 crore) and 2501-Special Programmes for Rural Development-Externally Aided Projects S.C.S.P-M.P. Rural Livelihood Projects (Rs 6.72 crore), which were partly offset by substantial excesses under 2202-General Education-S.C.S.P Supply of Cycle (Rs 7.21 crore) and 2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-S.C.S.P-Construction of Baba Saheb Ambedkar Monuments (Rs 2.39 crore). Savings of Rs 10 crore above were attributed to non-payment of premium of Common Man Insurance Scheme up to 2008-09. Savings of Rs 51 crore above were partly due to receipt of administrative sanction for less amount (Rs 21 crore), savings of Rs 9.11 crore above was partly due to less number of girl students for supply of cycles (Rs 5.32 crore) and savings of Rs 6.72 crore above was due to non-receipt of demand. The excess of Rs 7.21 crore above was partly due to requirement of funds for increased number of



admission of girl students in Class IX (Rs 5.32 crore) and excess of Rs 2.39 crore above was due to requirement of funds for construction of Baba Saheb Ambedkar monuments in the third and last phase. Reasons for the savings in other cases had not been intimated (August 2009).

77-Other expenditure pertaining to School Education Department (Excluding Primary Education) (Capital Voted) : Substantial savings of Rs 90 crore occurred under 4202-Capital Outlay on Education, Sports, Art and Culture-Centrally Sponsored Schemes Normal-Construction of New High School buildings under the 'Success' scheme. The savings were attributed to non-receipt of sanction of the scheme from GOI.

80-Financial Assistance to Three Tier Panchayati Raj Institutions (Revenue Voted) : Significant savings occurred mainly under 2202-General Education-01-Minor Head 103-State Plan Schemes (Normal)-Grant for Salary of Shiksha Karmees (Rs 66.94 crore), Minor Head 800-Grant for Salary of Shiksha Karmees (Rs 195.68 crore) 02-Minor Head 191-Grant for Salary of Shiksha Karmees (Rs 27.26 crore), 2235-Social Security and Welfare-Minor Head 102-Social Security and Welfare (Rs 22.12 crore), 2501-Special Programmes for Rural Development-State Plan Schemes (Normal)-Backward Region Grand Fund Scheme (Rs 91.63 crore), 2515-Other Rural Development Programmes-Recommendations of Central Finance Commission (Normal)-Improvement of Sources relating to Water Supply and Sanitation (Rs 51.72 crore), Grant to Gram Panchayat for Minimum Basic needs (Rs 50.88 crore) and 2853-Non Ferrous Mining and Metallurgical Industries-State Plan Schemes (Normal)-Transfer of Revenue received from subsidiary Minerals of Rural Areas to Panchayats (Rs 13.31 crore). Savings of Rs 66.94 crore and Rs 195.68 crore above were attributed mainly to non-filling of vacant posts while the saving of Rs 91.63 crore was mainly due to less receipt of Central share from GOI and non-receipt of demand. Reasons for the other savings had not been intimated (August 2009).

2.3.2 Persistent savings

In six cases, during the last five years, there were persistent savings of more than Rupees one crore in each case and also by 20 *per cent* or more of the total provision/grant **(Table 2.3)**.



Table 2.3: List of grants/appropriations indicating persistent savings during 2004-09

(Rupees in crore)

Sl. No.	Number and name of the grant	Amount of savings/Percentage in brackets				
		2004-05	2005-06	2006-07	2007-08	2008-09
Revenue-Voted						
01	22-Urban Administration and Development-Urban Bodies	1.24 (30.00)	04.04 (30.93)	10.95 (52.52)	09.45 (39.84)	36.76 (56.61)
	During 2007-08 and 2008-09 the savings were mainly under Major head 2217-Urban Development in Scheme urban services programme for poor people and State Urban Cleanliness Mission due to non-filling of vacant posts, non-finalisation of agreement, non-supply of material and primary stage of consultancy works. During 2004-05 to 2006-07 the savings were mainly under Major head 2217 in the scheme 'Development of Basic Facilities in Municipal Corporations' due to non-receipt of sanctions for creation of office for the scheme and non-commencement of the scheme, fixing of target for completion of work in the next financial year, late commencement of project implementation work, reduction in allotment by the State Planning Board, post remaining vacant and non-preparation of work plan etc.					
02	29-Law and Legislative Affairs	79.24 (35.50)	63.50 (33.49)	60.00 (28.60)	57.64 (26.27)	68.50 (22.64)
	During 2004-05 to 2008-09, the savings were mainly under Major head 2014-Adminstration of Justice "Mufussil Establishment and Village Courts", and 2015-Election in the schemes preparation and printing of electoral rolls, charges for conduct of election to Parliament/State legislature and issue of photo identity cards to voters, mainly due to 15 *per cent* economy cut, restriction on drawals, non-appointment of members in village courts, less conduct of elections to Parliament, non increasing the rate of honorarium to officer/staff engaged in election work etc.					
Revenue-Charged						
03	06-Finance	2.18 (82.30)	2.56 (91.76)	3.09 (30.78)	10.44 (98.40)	10.70 (84.05)
	During 2004-05 to 2008-09, savings occurred persistently under the schemes 2071-Pension and Other Retirement Benefits-01-101 and 102-Composite State of Madhya Pradesh, reasons for which were not intimated by the Finance Department.					
Capital-Voted						
04	17-Co-operation	18.30 (45.50)	15.67 (34.34)	8.17 (22.89)	43.79 (43.98)	2.91 (32.12)
	During 2004-05 to 2008-09, savings mainly occurred under Major head 4425-Capital Outlay on Co-operation in the schemes 'Investment in share capital of Primary Agriculture Credit/Farmers Service/Large Scale Multipurpose Co-operative Societies' and 'Investment in Share Capital of Primary Land Development Banks/Central Co operative Banks'. 'Integrated Co operative Development Projects and Major head 6425-Loans for Co operation in the scheme 'Purchase of Debenture Floated by the MP State Co-operative Land Development Bank and Macro Management of Agriculture Supplementation'. In 2007-08 savings under the schemes 'Investment in share capital of Primary Agriculture Credit Co operative Society and Primary Land Development Banks were due to non-receipt of funds from the NABARD'. In 2004-05, savings under the schemes investment of share capital of primary land development bank and macro management of agriculture supplementation were due to non-receipt of Govt. sanction. Reasons for other savings have not been intimated by the department.					
05	67-Public Works-Building	32.14 (46.10)	35.38 (44.67)	46.67 (58.56)	38.80 (50.31)	20.67 (23.34)
	During 2004-05, saving occurred mainly under Major head 4059-Capital Outlay on Public Works in the scheme "Construction Works under Jail Improvement" while in 2005-06 to 2008-09, savings persistently occurred under Major head 4059 in the scheme 'Administration of Justice', 'Construction Works under Jail Improvements Schemes', 4211-Capital outlay on Family Welfare-'Extension of Rural (areas) Family Welfare Centers' and 4216-Capital Outlay on Housing- Administration of Justice (Construction of Staff quarters). No reasons for savings were intimated by the department.					
Capital-Charged						
06	Public Debt	6,015.13 (51.70)	7,577.46 (88.82)	4,463.47 (72.05)	2,004.48 (54.45)	1,875.54 (48.88)
	During 2004-05 to 2008-09, savings persistently occurred under the scheme 6003-110-779-Advances to Meet Shortfall and 637-Ways and Means Advances. Specific reasons for the savings were not intimated by the department.					



2.3.3 Excess Expenditure

In 24 cases of scheme, expenditure aggregating Rs 1,054.40 crore exceeded the approved provisions by Rs 10 crore or more in each case and also by more than 20 *per cent* of the total provisions. Details are given in **Appendix 2.2.** No case of persistent excesses was observed during the last five years.

2.3.4 Drawal of funds to avoid lapse of budget grant

As per the provisions of the Madhya Pradesh Treasury Rules 284, no money should be drawn from the treasury unless it is required for immediate disbursement. In respect of the case mentioned below, the amounts drawn were neither fully spent for the specific purposes nor remitted to the Government Accounts before closure of the financial year 2008-09.

Scrutiny of records in the office of the Additional Principal Conservator of Forests (Development) M.P. Bhopal revealed (July 2009) that an amount of Rs 23 crore was released to Forest Department as special Central assistance for various works recommended by TFC for the year 2008-09. Against this, the department booked an expenditure of Rs 22.49 crore, out of which Rs 3.29 crore was transferred to 8443-Civil Deposit-800-Other Deposit on 31 March 2009. Thus, Rs 3.80 crore was not utilised by the State Government during 2008-09.

On this being pointed out, the department did not furnish any specific reply.

2.3.5 Excess over provisions 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. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. However, excess expenditure amounting to Rs 4685.64 crore for the years 1993-94,1994-95 and 1997-98 to 2007-2008 was yet to be regularised as detailed in **Appendix 2.3**. The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.4**.



Table 2.4: Excess over provisions relating to previous years requiring regularization

(Rupees in crore)

Year	Number of		Amount of excess over provision (Rupees. in crore)	Status of Regularisation
	Grants	Appropriations		
1993-94	19	02	258.11	Explanations submitted to PAC
1994-95	14	01	407.46	--do--
1997-98	10	03	302.79	Explanations submitted except Rs 2335170
1998-99	12	05	1276.45	Explanations submitted
1999-2000	11	06	1584.94	Explanations submitted
2000-2001	03	04	265.07	Explanations submitted
2001-2002	-	03	6.26	Explanations submitted
2002-2003	03	05	424.79	Explanations submitted except Rs 31000
2003-2004	04	03	2.54	Explanations submitted only except for Rs 2.46 crore
2004-2005	13	02	83.66	Explanations submitted except for Rs 4.44 crore
2005-2006	04	02	37.58	Explanations submitted except Rs 29.23 crore
2006-07	02	01	35.99	Explanations not submitted for whole amount
2007-08	Nil	Nil	Nil	Nil
TOTAL	95	37	4685.64	

2.3.6 Excess over provisions during 2008-09 requiring regularisation

Table 2.5 contains the summary over authorization of total excesses in four grants amounting to Rs 5.80 crore from the Consolidated Fund of the State during 2008-09 and requires regularisation under Article 205 of the Constitution.

Table 2.5: Excess over provisions requiring regularization during 2008-09

(Rupees in crore)

Sl. No.	Number and title of grant/appropriation		Total grant/ appropriation	Expenditure	Excess
Voted Grants)					
01	43	Sports and Youth Welfare (Capital Voted)	23.94	25.56	1.62
02	62	Panchayat (Revenue Voted)	55.68	59.36	3.68
Charged Grants					
03	24	Public Works-Roads and Bridges (Revenue Charged)	0.50	0.71	0.21
04	24	Public Works-Roads and Bridges (Capital Charged)	32.34	32.63	0.29
Total			112.46	118.26	5.80

No reasons for the above excesses had been intimated (August 2009).



2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provisions (Rs 50 lakh or more in each case) aggregating Rs 1,179.98 crore obtained in 34 cases during the year, proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in **Appendix 2.4.** In 30 cases, against the additional requirement of Rs 1,896.94 crore, supplementary provision of Rs 3,361.89 crore proved excessive, resulting in savings in each case exceeding Rs 20 lakh, aggregating Rs 1,464.95 crore **(Appendix 2.5)**. In two cases, supplementary provisions proved insufficient leaving uncovered excess expenditure of Rs 1.91 crore as detailed in **Appendix 2.6**.

2.3.8 Excessive/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. Injudicious re-appropriations (cases with 25 *per cent* and above) in respect of 20 schemes resulted in savings/excesses of more than Rupees one crore each in respect of 20 schemes as detailed in **Appendix 2.7**.

2.3.9 Defective sanctions for re-appropriation/surrenders

As per instructions (November 2006 and March 2007) of the State Government and its 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)'s office well in time for incorporation in the accounts, (ii) proper details of schemes should be furnished, (iii) re-appropriation from one grant to another and from Capital to Revenue head should not be done and (iv) provisions in concerned heads should be available from which surrenders/re-appropriations are sanctioned. Audit observed that Rs 287.44 crore was re-appropriated/surrendered during the year in violation of these instructions. However, these were not accepted by the Accountant General (A&E) for inclusion in the accounts. Details are given in **Appendix-2.8**.

2.3.10 Substantial surrenders

Substantial surrenders (cases where more than 50 *per cent* of the total provision were surrendered) were made in respect of 78 schemes. Out of the total provision amounting to Rs 1706.93 crore in these 78 schemes, Rs 1427.07 crore (83.60 *per cent*) was surrendered, which included 100 *per cent* surrender in 28 schemes (Rs 427.84 crore). Details of selected 28 cases along with reasons



are given in **Appendix 2.9.** The main reasons for the substantial surrenders were to non receipt of Central Share from the Government of India, closure of scheme by Government of India, 15 *per cent* economy cut in the budget, non-sanction of projects of urban bodies situated in tribal areas by GOI, arrangement of payments from internal sources, non-implementation of schemes, non receipt of demands from Drought Prone Irrigation Programme (DPIP) schemes, non-supposition of calamities, non-receipt of funds/sanction for schemes from GOI etc. The reasons of surrenders in respect of five cases (Serial nos.7,10,22,23, and 25 in **Appendix 2.9**) had not been intimated.

2.3.11 Surrender in excess of actual saving

In seven cases, the amount surrendered (Rs 50 lakh or more in each case) was in excess of the actual savings indicating lack of or inadequate budgetary control in these departments. As against savings of Rs 354.71 crore, the amount surrendered was Rs 368.12 crore, resulting in excess surrender of Rs 13.41 crore. Details are given in **Appendix 2.10**.

2.3.12 Anticipated savings not surrendered

As per instructions (November 2006 and March 2007) of the State Government, spending departments are required to surrender the grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. At the close of the year 2008-09, there were, however, 47 grants/appropriations in which savings occurred but no part of them had been surrendered by the concerned departments. The amount involved in these cases was Rs 2,344.09 crore (28.07 *per cent* of the total savings of Rs 8,352.16 crore, as given in **Table 2.1**) **(Appendix 2.11)**.

Similarly, out of total savings of Rs 4,762.13 crore under 45 other grants/appropriations (savings of Rupees one crore and above were indicated in each grant/appropriation) an amount aggregating Rs 2,490.58 crore (52.30 *per cent* of the total savings in these schemes) were not surrendered, details of which are given in **Appendix 2.12.** Besides, in 47 major heads, (surrender of funds in excess of Rs 10 crore in each case), aggregating Rs 2,375.03 crore **(Appendix 2.13)** were surrendered on the last two working days of March 2009, indicating inadequate financial control and the fact that these funds could not be utilized for other development purposes.



2.3.13 Rush of expenditure

According to the provisions of the Madhya Pradesh Treasury Code (MPTC) and instructions dated 23 March 1989, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 39 schemes listed in **Appendix 2.14**, expenditure exceeding Rs 10 crore and also more than 50 *per cent* of the total expenditure in each case aggregating Rs 1,627.56 crore (78.94 *per cent*) was incurred in March 2009.

Table 2.6 presents the major heads where more than 50 *per cent* expenditure was incurred either during the last quarter or during the last month of the financial year.

Table 2.6: Cases of rush of expenditure towards the end of the financial year 2008-09

(Rupees in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2030	195.89	166.23	84.86	158.19	80.75
2	2217	507.90	390.98	76.98	341.52	67.24
3	3425	50.64	32.48	64.14	31.98	63.15
4	4055	23.70	13.95	58.86	13.95	58.86
5	4705	11.47	7.10	61.90	6.37	55.54
6	5452	51.32	43.45	84.66	27.37	53.33
7	6004	444.87	389.61	87.58	372.65	83.77
8	6075	27.15	27.15	100	27.15	100
9	7075	18.84	18.84	100	18.84	100
TOTAL		1,331.78	1,089.79	81.83	998.02	74.94

In the nine major heads above expenditure of Rs 998.02 crore (74.94 *per cent*) was incurred in March 2009, of which in two major heads (6075 and 7075), the entire expenditure was incurred in March 2009. This indicates deficient financial management and non-maintenance of uniform flow of expenditure which is a primary requirement of budgetary control.



2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

As per rule 313 of MPTC, every drawing officer has to certify in each abstract contingent (AC) bill that detailed countersigned contingent bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General. There was an outstanding balance of DCC bills of Rs 20.99 crore pertaining to the period from 1996-97 to 2008-09 as on 31 March 2009. Year-wise details are given in **Table 2.7.**

Table 2.7: Pendency in submission of detailed countersigned contingent bills against abstract contingent bills

(Rupees in crore)

Sl. No.	Year	Amount of outstanding AC bills
1	1996-1997	0.15
2	1997-1998	0.03
3	1998-1999	2.42
4	1999-2000	8.75[5]
5	2000-2001	1.62
6	2001-2002	0.004
7	2002-2003	0.004
8	2003-2004	7.59[6]
9	2006-2007	0.03
10	2007-2008	0.06
11	2008-2009	0.33
Total		20.99

Department-wise pending DCC bills for the years up to 2008-09 is detailed in **Appendix 2.15**

2.4.2 Unreconciled expenditure

To enable controlling officers of departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, the Manual of Treasury Compilation (Second Edition 2007) Office of the Accountant General (A&E) stipulates that the expenditure recorded in their books should

5 *AC Bills of Rs 4.03 crore pertaining to Major Head 2202 were destroyed in a fire accident that took place on 29.2.2000. Hence details are not available.*

6 *The details of AC Bills of Rs 7.59 crore pertaining to Major Head 2070 (State Protocol Officer) are not available due to the seizure of records by Investigating Agency.*



be reconciled by them every month during the financial year with that recorded in the books of the Accountant General. Even though non-reconciliation of departmental figures is pointed out regularly in Audit Reports, lapses on the part of controlling officers in this regard continued to persist during 2008-09 also. Controlling officers of 14 departments did not reconcile expenditure amounting to Rs 286.68 crore as of March 2009. Out of the 14 Controlling Officers, amounts exceeding Rs 10 crore in each case aggregating Rs 263.56 crore remained unreconciled during 2008-2009 in respect of four controlling officers as given in **Table 2.8**:

Table 2.8: List of controlling officers under whom amounts exceeding Rs 10 crore in each case remained unreconciled during 2008-2009

(Rupees in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1.	Secretary, General Administration Department	16.67
2.	Chief Principal Forest Conservator	72.35
3.	Chief Secretary, Public Works Department	103.69
4.	Chief Engineer, Public Works Department	70.85
	Total	263.56

2.4.3 Non-adjustment of temporary advances

Drawing and Disbursing Officers (DDOs) draw temporary advances for the purpose of meeting contingent expenditure either on the authority of standing orders or specific sanctions of the State Government. According to the State Finance Departments' instruction (October 2001), temporary advances taken by Government employees for tours or contingent expenditure should be adjusted within three months or at the end of financial year, whichever was earlier. Otherwise interest as per the interest rate on fixed deposits of State Bank of India would be charged from the responsible employee/officer.

Test check of records (December 2008 to June 2009) of Drawing and Disbursing Officers in the State and information provided by the various departments (to the extent available) reveals that as of 31 March 2009, 128 advances aggregating Rs 23.14 lakh were pending for adjustment by DDOs in their records. No reasons for non-adjustment of temporary advances for periods ranging from one year to more than 10 years had been intimated by the department. Age-wise analysis of advances pending is given in **Table 2.9.**



Table 2.9 Age wise analysis of advances pending

Sl. No	Pendency	No of Advances	Amount (in Rupees)
1	More than 10 years	75	2,05,800
2	More than five years up to 10 years	33	1,28,250
3	More than one years but less than five years	18	19,68,900
4	Less than one year	02	11,500
		128	23,14,450

2.5 Personal Deposit Accounts

Personal Deposit (PD) Accounts are created for parking funds by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by minus debit to the relevant service heads. There were 729 PD Accounts (Government:719, Semi Government:10) having balances of Rs 1,488.25 crore as of 31 March 2009 in 53 District Treasuries. Of these accounts, in 333 PD Accounts having balances of Rs 323.95 crore, there were no transactions during 2008-09 as also for the last five years. The closing balances in the PD accounts indicated that the administrators had not followed the provisions of MPTC PART I Rule 543 regarding closing of PD Accounts by minus debit to the relevant service head before closing of the financial year.

Test check of records relating to PD Accounts of Assistant Commissioner, Tribal Welfare Departments, Khandwa and Badwani revealed that according to instructions (October 2008) of the Tribal Welfare Department issued under the approval of Finance Department, Government of Madhya Pradesh (September 2008), the PD Accounts were to be closed by the end of November 2008 and balances credited to the Consolidated Fund of the State. Utilization of the amount relating to development works was also to be ensured upto November 2008. Accordingly, the departments closed the PD Accounts and the balance amount of Rs 31.53[7] crore were transferred to bank accounts in November 2008 instead of crediting the same into the relevant service heads of the Consolidated Fund of the State. The amount was still lying in the bank accounts as of 31 March 2009.

7 *Assistant Commissioner, Tribal Welfare Department, Khandwa (Rs 20.34 crore lying in Narmda Malwa Gramin Bank, Khandwa A/C No. 414) and Assistant Commissioner Tribal Development, Badwani (Rs 11.19 crore in Bank of India A/C No. 6176).*



The departments stated (March 2009) that the amount was kept in the bank accounts for payment of various works in progress. The reply is not tenable, as the departments had not followed the instructions regarding closing of PD Accounts and transferring of the balance amounts to the Consolidated Fund of the State by minus debit to the relevant service heads.

The matter was reported to Government (January 2010). Reply is awaited.

2.6 Out-come of Review of Selected Grants

A review of budgetary procedure and control over expenditure and test check of records pertaining to nine grants[8] revealed the following:

2.6.1 Non-maintenance of expenditure control registers

For the purpose of effective control and monitoring over expenditure, a register is required to be maintained by controlling officers of grants and the subordinate offices are required to send monthly expenditure statements regularly to these controlling officers. Figures of expenditure so received are to be posted in the Expenditure Control Register and progressive totals thereof worked out month-by-month by the controlling officers to enable them to update the position of expenditure.

Test check of records of grant nos. 9,14,19,34 and 47 revealed that neither were Expenditure Control Registers maintained by any of the controlling officers nor did the subordinate offices send Monthly Expenditure Statements regularly. This indicated the absence of proper control and monitoring of expenditure which led to (a) heavy excesses/ large savings over the provisions under certain sub-heads, and (b) inadequate / unnecessary / excessive supplementary provisions.

2.6.2 Defective preparation of budget estimates

The procedure followed in the test-checked grants[8] and the Appropriation Accounts, 2008-09 revealed that demands for budget estimates were prepared on an adhoc basis. The poor quality of budget preparation and budgetary operations led to :

---

8 *09-Expenditure pertaining to Revenue Department (Revenue voted), 11-Commerce, Industries and Employment (Revenue voted), 14-Animal Husbandry (Revenue voted), 19-Public Health and Family Welfare (Capital voted), 28-State Legislature (Revenue voted), 34-Social Welfare (Revenue voted), 47-Technical Education and Training (Revenue voted), 58-Expenditure on Relief on account of Natural Calamities and Scarcity (Revenue and Capital voted) and 67-Public Works-Buildings (Capital voted).*



(i) Excessive provisions totalling Rs 384.58 crore ranging between Rs 4.60 crore and Rs 281.36 crore in seven grants (9,11,14,28,34,47and 58) under the Revenue voted section. In the Capital voted section also, excessive provisions totalling Rs 59.20 crore ranged from Rs 2.50 crore to Rs 36.03 crore in three grants (19,58 and 67).

(ii) Substantial savings occurred of Rupees two crore or more and also more than 20 *per cent* of the provision in each case aggregating Rs 575.15 crore under 27 schemes of the test-checked grants during 2008-09 (persistent savings had occurred in respect of 20 schemes) as per details given in **Appendix-2.16.** Under six schemes, substantial excesses of more than Rupees one crore in each case totalling Rs 232.71 crore during 2008-09 (persistent excesses had occurred in respect of two schemes) were noticed as per details given in **Appendix 2.17.**

(iii) In five schemes, supplementary provisions totalling Rs 126.31 crore remained unutilized and proved unnecessary and in six schemes, the supplementary provisions were excessive by Rs 314.14 crore. In three other schemes, the supplementary provisions were inadequate in view of a total excess of Rs 185.37 crore. Details are given in **Appendix-2.18**

2.6.3 Parking of funds under Civil Deposit and Bank Account

Financial Rules prohibit drawal of money from the treasury unless required for immediate disbursement. Test check of records and Appropriation Accounts 2008-09 revealed that money was drawn and credited to Civil Deposit after being exhibited as final expenditure in the accounts to avoid the lapse of budget provisions. Details are given below: -

(i) A sum of Rs 0.35 crore was drawn under the scheme 2203-105-0701-2667-Polytechnic Institutions under grant no. 47 and credited to Major head 8443-Civil Deposit-800-Other Deposit on 31 March 2009.

(ii) An amount of Rs 1.10 crore was drawn under the scheme 2403-107-0801-6995-Development of Grassland and distribution of fodder seed on 31st March 2009 by the DDO under Major Head 2403 in Grant no. 14 and deposited to 8443-Civil Deposit-106-Personal Deposit Accounts.



2.6.4 Non-reconciliation of expenditure under selected grants

In order to enable the controlling officers to ascertain the exact and updated position of expenditure, figures of expenditure in departmental records should be reconciled with those shown in the records of the Accountant General (A&E)-I, Madhya Pradesh. Test check revealed that reconciliation of departmental expenditure figures for the year 2008-09 was not carried out with the figures of the Accountant General (A&E)-I by any of the controlling officers in respect of grant nos. 9 and 19, demonstrating ineffective control over expenditure.

2.7 Conclusion

Although the overall saving of Rs 8,352 crore during the year was 17 *per cent* of the total budget provision (Rs 49,126 crore), the following facts indicate defective budget preparation, ineffective financial management and budgetary control over expenditure by the State Government.

A supplementary provision of Rs 4,628 crore obtained during the year was not required in view of the overall saving of Rs 8,352 crore. Rupees 290 crore were transferred to Civil Deposit by exhibiting it as final expenditure in the accounts. Government was yet to regularise excess expenditure of Rs 4,686 crore pertaining to the period 1993-94,1994-95 and 1997-98 to 2007-08. Excess expenditure of Rs 5.80 crore in four grants/appropriations during the year required regularisation. There were defective sanctions of surrenders/re-appropriations amounting to Rs 287.44 crore issued in violation of financial rules and instructions of the State Government. AC bills amounting Rs 20.99 crore remained outstanding for adjustment as on 31 March 2009. Fourteen Controlling Officers did not reconcile expenditure of Rs 287 crore. Government did not close 729 PD Accounts having huge balances of Rs 1488 crore as of 31 March 2009, of which in 333 PD Accounts having balances of Rs 324 crore remained unoperative during the year.

2.8 Recommendations

- Budgetary control should be strengthened by all the Government departments where savings/excesses have been observed. Transfer of funds to Civil Deposits at the fag end of the financial year with a view to avoid lapse of budget should be avoided.
- Regularisation of excess expenditure pending from 1993-94 may be taken up on priority basis.
- Last minute issuance of re-appropriations/surrenders should be avoided.

Chapter

3 Financial Reporting



Sound internal financial reporting with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances is one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing utilisation certificates

The Madhya Pradesh Financial Code Rules (182,229 F) provide that for grants provided for specific purposes, Utilization Certificates (UCs) 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. However, 3108 UCs for an aggregate amount of Rs 4,521.81 crore (21 *per cent*) were in arrears, of which 141 UCs for Rs 20.59 crore were in arrears for more than five years with major defaulting departments, the Co-operative and Co-operative societies in which 58 UCs for Rs 19.16 crore were outstanding. Release of further assistance despite outstanding UCs indicated lack of internal control within the departments.

The department-wise break up of outstanding UCs is given in **Appendix 3.1.**

Age-wise delays in submission of UCs is given in **Table 3.1.**

Table 3.1 : Age-wise arrears of utilisation certificates

Sl. No.	Range of delay in number of years	Total grants paid		Utilisation certificates outstanding	
		Number	Amount (Rupees in crore)	Number	Amount (Rupees in crore)
1	0 - 1	163	3,783.89	1,396	3,525.55
2	1 - 3	2843	6,496.77	1,343	936.02
3	3 - 5	N.A.	3,271.33	228	39.65
4	5 and above	N.A.	7,934.14	141	20.59
	Total	-	21,486.13	3,108	4,521.81



3.2 Delays in submission of Accounts / Audit Reports of Autonomous Bodies

The State Government has set up several autonomous bodies. The audit of accounts of 48 autonomous bodies in the State has been entrusted to the CAG. The status of entrustment of audit, rendering of accounts to Audit, issuance of Separate Audit Report and their placement in the legislature are indicated in **Appendix 3.2.** The frequency distribution of autonomous bodies according to the delays in submission of accounts to Audit and placement of Separate Audit Report in the legislature after the entrustment of audit to CAG is summarised in **Table 3.2.**

Table 3.2: Delays in submission of accounts and tabling of Separate Audit Reports.

Delays in submission of Accounts (in months)	Number of Autonomous Bodies	Reasons for delay	Delays in submission of SARs in Legislature (in years)	Number of Autonomous Bodies	Reasons for the delay
0 - 1	--	Non-approval of accounts by Board of Governors and non - submission of accounts by others. Correspondence with the units and at the ministry is going on for submission of accounts.	0 - 1		Accounts not received from any autonomous body.
1 - 6	--		1 - 2		
6 - 12	--		2 - 3		
12 - 18	1		3 - 4		
18 - 24	--		4 - 5		
24 & above	46		5 & above		
Total	47				

3.3 Misappropriations, losses, defalcations, etc.

The State Government reported 966 cases of misappropriation, defalcation, etc. involving Government money amounting to Rs 8.45 crore up to the period March 2009 on which final action was pending. The department-wise break up of pending cases and write-offs for 2008-09 and their age-wise analysis are given in **Appendix 3.3** and **Appendix 3.5** and nature of these cases is given in **Appendix 3.4.** The age-profile of the pending cases and the number of cases pending in each category – theft and misappropriation/loss as emerging from these appendices are summarised in **Table 3.3**.



Table 3.3: Profile of Misappropriations, losses, defalcations, etc.

Age-profile of the pending cases			Details of the pending cases		
Range in years	Number of cases	Amount involved (Rupees in lakh)	Nature of the case	Number of cases	Amount involved (Rupees in lakh)
0 - 5	402	460.55	Theft	184	140.29
5 - 10	143	100.53			
10 - 15	93	108.11	Misappropriation/ Loss of material	782	705.05
15 - 20	110	64.26			
20 - 25	94	59.98	Total	966	845.34
25 & above	124	51.91	Cases of losses written off during the year	31	4.32
Total	966	845.34	Total Pending cases	966	845.34

A further analysis indicates that the reasons for which the cases were outstanding could be classified in the categories listed in **Table 3.4.**

Table 3.4: Reasons for outstanding cases of misappropriation, losses, defalcations, etc.

Reasons for the delay/outstanding pending cases		Number of cases	Amount (Rupees in lakh)
i)	Awaiting departmental and criminal investigation	Nil	Nil
ii)	Departmental action initiated but not finalised	Nil	Nil
iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	Nil	Nil
iv)	Awaiting orders for recovery or write off	965	842.59
v)	Pending in the courts of law	1	2.75
	Total	966	845.34

3.4 Conclusion

Utilisation certificates in respect of grants and loans aggregating Rs 21,486.13 crore, paid up to 2008-09 were required to be issued by the State. However, certificates for an aggregate amount of Rs 4,521.81 crore (21 *per cent*) were in arrears. There were delays in submission of Accounts by 47 autonomous bodies and consequent issuance of Separate Audit Reports despite reporting of matter to the concerned units and the State Government. A total of 966 cases of misappropriation, defalcation, etc. involving Government money



amounting to Rs 8.45 crore up to the period March 2009 were pending, mainly because orders for recovery or write-off from the State Government were awaited. All these deficiencies reflected lack of internal control within the departments and ineffective governance by the State Government.

3.5 Recommendations

- The internal control mechanism of the departments needs to be strengthened to monitor the timely submission of utilisation certificates.
- The departments should also ensure that grants are released only after ascertaining proper utilisation of the grants released earlier apart from timely submission of accounts by autonomous bodies etc.
- A time-bound framework needs to be prepared for taking prompt action in the cases of theft, misappropriation etc.

(B.R. KHAIRNAR)
Principal Accountant General
(Civil and Commercial Audit)
Madhya Pradesh

GWALIOR
The

Countersigned

(VINOD RAI)
Comptroller and Auditor General of India

NEW DELHI
The

Appendix

1.1

Part A :
Structure and Form of Government Accounts

(Reference: paragraph 1, page 1)

Structure of Government Accounts : The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund

Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature.

Appendix 1.1

Part B : Layout of Finance Accounts

(Reference: paragraph 1, page 1)

STATEMENT	Lay Out
Statement No.1	Presents the summary of transactions of the State Government –receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarized statement of capital outlay showing progressive expenditure to the end of 2008-09.
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No.4	Indicates the summary of debt position of the State which includes borrowing from internal debt, Government of India, other obligations and servicing of debt.
Statement No.5	Gives the summary of loans and advances given by the State Government during the year repayments made, recoveries in arrears etc.
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2009.
Statement No.9	Shows the revenue and expenditure under different heads for the year 2008-09 as a percentage of total revenue/expenditure.
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No.11	Indicates the detailed account of revenue receipts by minor heads.
Statement No.12	Provides accounts of revenue expenditure by minor heads under non–plan and plan separately and capital expenditure by major head wise.
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of 2008-09.

STATEMENT	Lay Out
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2008-09.
Statement No.15	Depicts the capital and other expenditure to the end of 2008-09 and the principal sources from which the funds were provided for that expenditure.
Statement No.16	Gives the detailed account of receipts disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government of Madhya Pradesh.
Statement No.18	Provides the detailed account of loans and advances given by the Government of Madhya Pradesh, the amount of loan repaid during the year, the balance as on 31 March 2009.
Statement No.19	Gives the details of earmarked balances of reserve funds.

Appendix

1.1

Part C : Statement showing apportionment of assets and liabilities of the erstwhile State of Madhya Pradesh as on 31 March 2009 between successor States of Madhya Pradesh and Chhattisgarh

(Reference: paragraph 1, page 1)

(Rupees in crore)

Items	Balance as on 31 October 2000	Apportioned to		Balance retained in MP accounts pending apportionment	Reference to Finance Accounts Statements No.
		Madhya Pradesh	Chhattisgarh		
I-Liabilities-					
1. Small savings, provident funds, etc.	7371.51	5570.57	1239.45	561.49	4, 16 and 17
2. Deposits	1872.19	1516.52	358.05	(-) 2.38	4 and 16
3. Reserve Funds	657.94(a)	45.49	11.55	102.46 (b)	4 and 16
4. Suspense and Miscellaneous Balances	39.58	25.46	5.93	8.19 (c)	16
II-Assets-					
1. Gross Capital Outlay	15760.57	4993.86	1499.12	8788.74 (f)	2 and 13
2. Loans and Advances	2883.18	559.83	135.91	2187.44 (d)	5 and 18
3. Guarantees	9709.60	--	--	9416.11 (e)	6

N.B.: For further details, see Finance Accounts.

(a) Dropped Rs.498.44 crore out of total of Rs.657.94 crore, in terms of second proviso to Section 42(1) of M.P. Re-organisation Act, 2000.

(b) Retained in M.P. pending decision of GOI.

(c) Retained in M.P for want of details.

(d) Retained in M.P due to non-receipt of decisions/details from successor States.

(e) Differs from the figures of Rs.9539.87 crore of 2007-08 by Rs.123.76 crore due to old guarantees cancelled.

(f) Differs from the figures of Rs.9267.59 crore due to proforma reduce of Rs.478.85 crore.

Appendix 1.2

Part A : Methodology Adopted for the Assessment of Fiscal Position

(Reference: paragraph 1 and 1.5.1, page 1 and 25)

The norms/Ceilings prescribed by the TFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act **(Part B of Appendix 1.2)** are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

The trends in GSDP for the last five years are indicated below:

Trends in Gross State Domestic Product (GSDP)

	2004-05	2005-06	2006-07	2007-08	2008-09
Gross State Domestic Product (Rs in crore)	106808	116932	130571	142500	162525
Growth rate of GSDP*	3.86	9.48	11.66	9.14	14.05
Source: As furnished by the Directorate of Economics and Statistics, Government of Madhya Pradesh					

*GSDP estimates for the period 2004-09 are revised as such percentage ratio/buoyancies of various parameters with reference to GSDP have also been revised .

Methodology for Estimating the Fiscal Capacity

For working out the fiscal capacity of the State Governments, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CO/DE/ SSE–AE.

Step 2: Based on the national average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AEGSDP less than the national average, i.e., if

AE/GSDP = x

AE = x * GSDP .....(1)

where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average, no

adjustments were made. Wherever this ratio was less than average, it was made equal to the national average.

Step 3: Based on the national average of DE-AE, SSE-AE and COAE, derive the respective DE, SSE and CO, so that no State is having these ratios less than national average, i.e., if

DE/AE = y

DE = y * AE ……(2)

where y is the national average of DE-AE ratio

Substituting (1) in (2), we get

DE = y * x * GSDP ……(3)

Wherever the States are having DE-AE, SSE-AE and CO-AE ratio higher than national average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the national average.

Step 4: Based on the derived DE, SSE and CO as per equation (3), respective per capita expenditure was calculated, i.e.,

PCDE = DE/P ……(4)

where PCDE is the per capita development expenditure and P is the population.

Substituting (3) in (4), we get

PDE = (y * x * GSDP)/P ……..(5)

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure, then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	[(Current year Amount /Previous year Amount)-1]* 100
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock *Interest spread
Interest received as per cent to Loans Outstanding	Interest Received [(Opening balance + Closing balance of Loans and Advances)/2]*100
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

Appendix 1.2

Part B : Fiscal Responsibility and Budget Management (FRBM) Act, 2005

(Reference: paragraph 1, page 1)

The State Government has enacted the Madhya Pradesh Rajkoshiya Uttardayitva Avam Budget Prabandhan Adhiniyam, 2005 (Fiscal Responsibility and Budget Management (FRBM) Act 2005) which came into force from 1st January 2006 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and for matters connected therewith or incidental thereto. To give effect to the fiscal management objectives as laid down in the Act, and/or the rules framed (30 January 2006) there under the following fiscal targets were prescribed for the State Government:

- Reduce revenue deficit in each financial year so as to eliminate it by 31st March 2009 and generate revenue surplus thereafter;
- Reduce fiscal deficit in each financial year so as to bring it down to not more than three per cent of GSDP by 31st March 2009;
- Ensure that within a period of 10 years, i.e. as on the 31st March 2015, total liabilities do not exceed 40 per cent of the estimated GSDP for that year; and
- Limit the annual incremental guarantees so as to ensure that the guarantees do not exceed 80 per cent of the total revenue receipts in the year preceding the current year.

Provided that revenue deficit and fiscal deficit may exceed the limits specified under this section due to ground(s) of shortfall in the Central tax devolutions in relation to the budgetary estimates of the Union of India and/or unforeseen demands on the finances of the State Government arising out of internal disturbance or natural calamity or such other exceptional grounds as the State Government may specify.

Roadmap to achieve the Fiscal Targets as laid down in FRBM Act/Rules

In accordance with the provisions of the FRBM Act 2005, the State Government has placed the (a) Macro-Economic framework Statement, (b) Medium Term Fiscal Policy Statement (MTFPS) and (c) Fiscal policy strategy statement along with the Budget for 2008-09. The actuals for 2006-07, RE for 2007-08 and BE for 2008-09 for select indicators were presented in MTFPS ***(Appendix 1.2 Part-C)***.

In terms of an incentive scheme of TFC, a reward for fiscal performance was built into the debt-write off package under DCRF.[1] According to the scheme, the quantum of write off of repayment of GOI loans after consolidation and re-schedulement will be linked to the absolute amount by which revenue deficit is reduced in each successive year during the award period. In effect, if the revenue deficit is brought to zero, the entire repayment during the period will be written off. For States which were in revenue surplus as per the base year figure (2003-04) and continued to remain so in the subsequent years till the end of TFC award period, the installment of repayment due on the Central loans (after consolidation and re-schedulement) may be written-off in each year from 2005-06 onwards so long as the revenue surplus of the State does not go below the base year level in absolute terms. As a result of improved fiscal performance in terms of this criterion, the State Government received a debt waiver of Rs. 363.06 crore for the current year.

Mid-Term Review of the Fiscal Situation

In compliance with Section 11 (1) of FRBM Act 2005, the Finance Minister undertook a half yearly review in July 2009 and the outcome of the review was placed before the legislature in July 2009. The outcome of the half yearly review of trends in receipt and expenditure at the end of the second quarter showed that the total non-debt receipts and the fiscal deficit were better than the benchmarks prescribed under Rule 8 of FRBM rules January, 2006. Therefore no further corrective measures were required to be taken by the State Government.

---

1. *In pursuance of the recommendations of the Twelfth Finance Commission (TFC) for fiscal consolidation and elimination of revenue deficit of the State. Government of India formulated a scheme "The States debt consolidation and Relief Facility (DCRF) (2005-06 to 2009-10)" under which general debt relief is provided by consolidating and rescheduling at substantially reduced rate of interest the Central loans granted to States on enacting the MPFRBM Act and debt waiver is granted based on fiscal performance, linked to the reduction of revenue deficits of State.*

Appendix

1.2

Part C : Trends in Select Fiscal Indicators

(Reference: paragraph 1, page 1)

(Rupees in crore)

S.No.	Fiscal Indicators	2006-07 A/C	Previous Year	Current Year	Percentage change in previous year over 2006-07	Percentage change in current year over previous year
			2007-08 R.E.	2008-09 B.E.		
1	2	3	4	5	6	7
1	Revenue Receipts (2+3+4)	25694.28	29840.01	34403.78	16.13	15.29
2	Tax Revenue (2.1+2.2)	18561.67	21459.06	24745.04	15.61	15.31
2.1	State Tax	10472.20	11885.68	14214.30	13.50	19.59
2.2	Share in Central Taxes	8089.47	9573.38	10530.74	18.34	10.00
3	Non-Tax Revenue	2658.46	2559.59	3017.70	-3.72	17.90
4	Grant-in-aid from Central Government	4474.15	5821.36	6641.04	30.11	14.08
5	Capital Receipts (6+7+8)	2408.66	4762.48	5059.01	97.72	6.23
6	Recovery of loans and advances	38.42	42.85	297.55	11.53	594.40
7	Net public debt	2871.44	4641.33	4675.15	61.64	0.73
8	Net Receipts from Public Account	-501.20	78.30	86.31	-115.62	10.23
9	Total Receipts (1+5)	28102.94	34602.49	39462.79	23.13	14.05
10	Revenue Expenditure (10.1+10.2)	22362.60	26483.64	31564.00	18.43	19.18
10.1	Non-Plan Revenue Expenditure	16910.51	19419.48	23245.54	14.84	19.70
10.2	Plan Revenue Expenditure	5452.09	7064.16	8318.46	29.57	17.76
10.3	Revenue Expenditure Of which					
10.3.1	Interest payments	4028.95	4199.89	4489.67	4.24	6.90
10.3.2	Subsidies	6870.13	8658.68	10760.59	26.03	24.28
10.3.3	Wages & Salaries	6337.02	7562.34	9550.36	19.34	26.29
10.3.4	Pension Payments	1751.69	1999.05	2298.96	14.12	15.00
11	Capital Expenditure (11.1+11.2)	5169.94	6781.67	6099.93	31.18	-10.05
11.1	Non-Plan Capital Expenditure	313.97	201.28	199.44	-35.89	-0.91
11.2	Plan Capital Expenditure	4855.97	6580.39	5900.49	35.51	-10.33
12	Loans and Advances(12.1+12.2)	1014.39	1117.30	1778.40	10.15	59.17
12.1	Non Plan Loans and Advances	750.71	545.25	645.51	-27.37	18.39
12.2	Plan Loans and Advances	263.68	572.05	1132.89	116.95	98.04
13	Total Expenditure (13.1+13.2)	28546.93	34382.61	39442.33	20.44	14.72
13.1	Non-Plan Expenditure (10.1+11.1+12.1)	17975.19	20166.01	24090.49	12.19	19.46
13.2	Plan Expenditure (10.2+11.2+12.2)	10571.74	14216.60	15351.84	34.48	7.99
14	Revenue Deficit (1-10)	3331.68	3356.37	2839.78	0.74	-15.39
15	Fiscal Deficit (1+6-13)	-2814.23	-4499.75	-4741.00	59.89	5.36
16	Primary Deficit [1+6-(13-10.3.1)]	1214.72	-299.86	-251.33	-124.69	-16.18

Appendix

1.3 Time series data on the State Government finances

(Reference: paragraph 1.3 and 1.7.2, page 9 and 34)

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
Part A. Receipts					
1. Revenue Receipts	19743	20597	25694	30689	33577
(i) Tax Revenue	7773(39)	9115(44)	10473(41)	12018(39)	13614(41)
Taxes on Agricultural Income	--	--	--	--	--
Taxes on Sales, Trade, etc	3913(50)	4508(49)	5261(50)	6045(50)	6843(50)
State Excise	1193(15)	1370(15)	1547(15)	1854(15)	2302(17)
Taxes on Vehicles	489(6)	556(6)	634(6)	703(6)	773(6)
Stamps and Registration fees	789(10)	1009(11)	1251(12)	1532(13)	1479(11)
Land Revenue	47(1)	77(1)	132(1)	129(1)	339(2)
Taxes on Goods and Passengers	468(6)	579(6)	745(7)	916(8)	1333(10)
Other Taxes	874(11)	1016(11)	903(9)	839(7)	545(4)
(ii) Non Tax Revenue	4462(23)	2208(11)	2658(10)	2738(9)	3343(10)
(iii) State's share of Union taxes and duties	5077(26)	6341(31)	8089(31)	10203(33)	10767(32)
(iv) Grants in aid from Government of India	2431(12)	2933(14)	4474(17)	5730(19)	5853(17)
2. Miscellaneous Capital Receipts	--	--	**9**	**11**	**24**
2A.Inter-State settlement	--	--	**1**	**2**	**1**
3. Recoveries of Loans and Advances	**53**	**2852**	**28**	**105**	**54**
4. Total Revenue and Non debt capital receipts (1+2+2A+3)	**19796**	**23449**	**25732**	**30807**	**33656**
5. Public Debt Receipts	**8849**	**5161**	**4603**	**3371**	**6553**
Internal Debt (excluding Ways and Means Advances and Overdrafts)	6968(79)	4867(94)	4172(91)	2832(84)	5399(82)
Net transactions under Ways and Means Advances and Overdrafts	--	--	--	--	--
Loans and Advances from Government of India	1881(21)	294(6)	431(9)	539(16)	1154(18)
6. Total Receipts in the Consolidated Fund (4+5)	**28645**	**28610**	**30335**	**34178**	**40209**
7. Contingency Fund Receipts	**1**	**--**	**68**	**--**	**--**
8. Public Account Receipts	**24790**	**29038**	**32225**	**39896**	**46460**
9. Total Receipts of the State (6+7+8)	**53436**	**57648**	**62628**	**74074**	**86669**
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	**18026(69)**	**20563(73)**	**22363(79)**	**25601(76)**	**29514(77)**
Plan	3165(18)	4212(20)	5452(24)	6806(27)	7622(26)
Non Plan	14861(82)	16351(80)	16911(76)	18795(73)	21892(74)
General Services (including interest payments)	7468(41)	7593(37)	8602(38)	9354(37)	10162(34)
Social Services	5672(32)	6658(32)	7577(34)	8146(32)	10146(34)
Economic Services	3969(22)	5195(25)	4880(22)	6537(25)	7431(25)
Grants-in-aid and contributions	917(5)	1117(6)	1304(6)	1564(6)	1775(6)
11. Capital Expenditure	**4951(19)**	**6623(24)**	**5170(18)**	**6833(20)**	**6713(18)**
Plan	3568(72)	3700(56)	4855(94)	6511(95)	6503(97)
Non Plan	1383(28)	2923(44)	315(6)	322(5)	210(3)
General Services	146(3)	121(2)	71(1)	74(1)	125(2)
Social Services	432(9)	635(10)	722(14)	1141(17)	1295(19)
Economic Services	4373(88)	5867(88)	4377(85)	5618(82)	5293(79)

	2004-05	2005-06	2006-07	2007-08	2008-09
12. Disbursement of Loans and Advances	3311(12)	834(3)	953(3)	1155(3)	1861(5)
12A. Inter-state settlement	--	--	1	2	1
13. Total (10+11+12+12A)	26288	28020	28487	33591	38089
14. Repayments of Public Debt	3391	954	1732	1677	1961
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1147	539	989	1240	1516
Net transactions under Ways and Means Advances and Overdraft	267	--	--	--	--
Loans and Advances from Government of India	1977	415	743	437	445*
15. Appropriation to Contingency Fund	--	--	60	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	29679	28974	30279	35268	40050
17. Contingency Fund disbursements	--	8	--	--	--
18. Public Account disbursements	23591	28096	30769	39423	45989
19. Total disbursement by the State (16+17+18)	**53270**	**57078**	**61048**	**74691**	**86039**
Part C. Deficits					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	1717	34	3331	5088	4063
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	-6492	-4571	-2755	-2784	-4433
22. Primary Deficit(-)/Surplus(+) (21+23)	-2831	-1149	1274	1407	-241
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	3661	3422	4029	4191	4192
24. Financial Assistance to local bodies etc.,	1143	2081	767	898	1087
25. Ways and Means Advances/Overdraft availed (days)	--	--	--	--	--
Ways and Means Advances availed (days)	80	--	--	--	2
Overdraft availed (days)	--	--	--	--	--
26. Interest on Ways and Means Advances/ Overdraft	4/00	--	--	--	0.01/00
27 Gross State Domestic Product (GSDP)@	106808	116932	130571	142500	162525
28 Outstanding Fiscal liabilities (year end)	44235	49173	53280	55311	60432
29. Outstanding guarantees (year end) (including interest)	2016	613	866	856	1930
30. Maximum amount guaranteed (year end)	12507	12637	12424	12086	11991
31. Number of incomplete projects	436	NA	N.A.	3^	N.A.
32. Capital blocked in incomplete projects	9031	NA	N.A.	13^	N.A.

* *Includes Debt relief of Rs.363.06 crore under DCRF*

@ *GSDP figures communicated by the Government adopted.*

^ *To the extent information available in the Finance Accounts.*

	2004-05	2005-06	2006-07	2007-08	2008-09
Part E: Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP (per cent)	7.28	7.80	8.02	8.43	8.38
Own Non-Tax Revenue/GSDP (per cent)	4.18	1.89	2.04	1.92	2.06
Central Transfers**/GSDP (per cent)	7.03	7.93	9.62	11.18	10.23
II Expenditure Management					
Total Expenditure/GSDP (per cent)	24.61	23.96	21.82	23.57	23.44
Total Expenditure/Revenue Receipts (per cent)	133.15	136.04	110.87	109.46	113.44
Revenue Expenditure/Total Expenditure (per cent)	68.57	73.39	78.51	76.22	77.49
Expenditure on Social Services/Total Expenditure (per cent)	23.45	26.27	29.31	28.65	30.65
Expenditure on Economic Services/Total Expenditure (per cent)	44.00	40.44	34.98	37.85	37.61
Capital Expenditure/Total Expenditure (per cent)	18.83	23.64	18.15	20.34	17.62
Capital Expenditure on Social and Economic Services/Total Expenditure (per cent)	18.27	23.20	17.90	20.12	17.29
III Management of Fiscal Imbalances					
Revenue deficit(-)/surplus(+)/GSDP	+1.61	+0.03	+2.55	+3.57	+2.50
Fiscal deficit(-)/GSDP (per cent)	-6.08	-3.91	-2.11	-1.95	-2.73
Primary Deficit(-)/surplus(+)/GSDP	-2.65	-0.98	+0.98	+0.99	-0.15
Revenue Deficit/Fiscal Deficit	NA	NA	NA	NA	NA
Primary Revenue Balance/GSDP (per cent)	13.44	14.65	14.04	15.02	15.58
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	41.42	42.05	40.81	38.81	37.18
Fiscal Liabilities/RR	224.05	238.74	207.36	180.23	179.98
Primary deficit vis-à-vis quantum spread	(-)4745	(-)198	(+)3143	(+)2164	(+)3526
Debt Redemption (Principal +Interest)/ Total Debt Receipts(Ratio)	0.79	0.86	0.99	1.20	0.95
V Other Fiscal Health Indicators					
Return on Investment (Rs. in crore and per cent in bracket)	2.50 (0.06)	5.72 (0.08)	14.44 (0.18)	59.23 (0.67)	69.05 (0.72)
Balance from Current Revenue (Rs in crore)	2909	2081	5294	7275	6846
Financial Assets/Liabilities	0.75	0.77	0.85	0.94	1.01

Figures in brackets represent percentages (rounded) to total of each sub-heading

** *Central transfers comprising of share of Union taxes/duties and grants from GOI.*

Appendix

1.4 Part-A : Abstract of receipts and disbursements for the year 2008-09

(Reference: paragraph 1.1, page 1)

(Rupees in crore)

Receipts					Disbursements			
						2008-09		
2007-08			2008-09	2007-08		Non-plan	Plan	Total
		Section-A: Revenue						
30688.74	**I.**	**Revenue receipts**	**33577.21**	**25601.11**	**I. Revenue expenditure**	**21892.29**	**7621.59**	**29513.88**
12018.18		- Tax Revenue	13614.05	**9354.35**	**General Services**	**10126.15**	**36.19**	**10162.34**
				8145.46	**Social Services**	**6005.84**	**4140.10**	**10145.94**
2738.19		- Non tax revenue	3342.86	3767.84	-Education, Sports, Arts and Culture	3752.22	1142.43	4894.65
				1138.61	-Health and Family Welfare	971.69	336.46	1308.15
10202.96		-State's share of Union Taxes	10766.59	894.83	-Water Supply, Sanitation Housing and Urban Development	333.90	758.58	1092.48
1110.86		-Non Plan grants	1014.79	40.85	- Information and Broadcasting	55.04	2.12	57.16
				991.80	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward classes	228.61	880.89	1109.50
2611.97		-Grants for State Plan Schemes	2823.78	82.87	-Labour and Labour Welfare	64.74	34.35	99.09
				1210.11	-Social Welfare and Nutrition	577.42	985.27	1562.69
2006.58		-Grants for Central and Centrally Sponsored Plan Schemes	2015.14	18.55	-Others	22.22		22.22
				6537.46	**Economic Services**	**4211.83**	**3219.33**	**7431.16**
				1944.89	-Agriculture and Allied Activities	1593.63	977.72	2571.35
				2137.16	-Rural Development	179.84	1795.95	1975.79
				---	--Special Areas Programme			

Receipts					Disbursements			
						2008-09		
2007-08			2008-09	2007-08		Non-plan	Plan	Total
				394.14	-Irrigation and Flood control	325.04	103.26	428.30
				1084.17	-Energy	1318.46	125.04	1443.50
				276.75	-Industries and Minerals	147.89	141.83	289.72
				609.07	-Transport	608.21	0.51	608.72
				42.53	-Science, Technology and Environment	3.09	47.55	50.64
				48.75	-General Economic Services	35.67	27.47	63.14
				1563.84	**Grants-in-aid and contributions**	**1548.47**	**225.97**	**1774.44**
	II.	**Revenue deficit carried over to Section B**		**5087.63**	**II-Revenue surplus carried over to Section B**	**--**	**--**	**4063.33**
30688.74		**Total**	33577.21	**30688.74**	**Total**			**33577.21**
		Section B						
2409.77	**III**	**Opening cash balance including Permanent Advances and Cash Balance investment**	1792.45	**--**	**III. Opening overdraft from RBI**	**--**	**--**	**--**
11.07	**IV**	**Miscellaneous Capital receipts**	24.00	**6832.70**	**IV. Capital outlay**	**209.70**	**6503.45**	**6713.15**
				73.40	**General Services**	**23.70**	**101.18**	**124.88**
				1140.95	**Social services**	**2.30**	**1292.78**	**1295.08**
				146.27	-Education, Sports, Art and Culture		246.54	246.54
				111.06	-Health and Family Welfare	0.27	67.93	68.20
				614.68	-Water Supply, Sanitation, Housing and Urban Development	0.03	642.85	642.88
				--	- Information and Broadcasting	--	--	--
				242.11	-Welfare of Scheduled Castes/ Scheduled Tribes/ Other Backward Classes	--	275.93	275.93

Receipts					Disbursements			
						2008-09		
2007-08			2008-09	2007-08		Non-plan	Plan	Total
				18.13	-Social Welfare and Nutrition	2.00	53.37	55.37
				8.70	-Other Social Services	--	6.16	6.16
				5618.35	**Economic Services**	**183.70**	**5109.49**	**5293.19**
				64.00	-Agriculture and Allied Activities	6.79	36.37	43.16
				470.10	-Rural Development	--	460.81	460.81
				2021.33	-Irrigation and Flood control	--	2141.99	2141.99
				903.34	-Energy	160.00	747.01	907.01
				265.23	-Industries and Minerals	16.91#	14.98	31.89
				1869.41	-Transport	--	1649.01	1649.01
				2.00	-Science, Technology and Environment	--	8.00	8.00
				22.94	-General Economic Services	--	51.32	51.32
105.24	**V**	**Recoveries of Loans and Advances**	**53.62**	**1154.88**	**V. Loans and Advances disbursed**	--	--	**1861.46**
0.75		-From Power Projects		519.68	-For Power Projects	--	--	1574.92
-1.57		-From Government Servants	1.40	0.05	-To Government Servants	--	--	0.10
106.06		-From others	52.22	635.15	-To others	--	--	286.44
1.79	**VI**	**Inter-State Settlement**	0.79	**2.06**	**VI. Inter State Settlement**	--	--	0.73
5087.63	**VII**	**Revenue Surplus brought down**	**4063.33**		**VII. Revenue deficit brought down**	--	--	--
3370.95	**VIII**	**Public debt receipt**	**6552.97**	**1677.00**	**VIII. Repayment of Public debt**	--	--	**1961.01**
		External debt			External debt			
2831.93		-Internal debt other than ways and means advances and overdraft	5399.29	1240.13	-Internal debt other than ways and means advances and overdraft	--	--	1516.15
		Net transactions under Ways and Means Advances			Net transactions under Ways and Means Advances	--	--	--
		Net transactions under overdraft				--	--	--

\# *Relates conversion of loan into investment*

Receipts					Disbursements			
2007-08			2008-09	2007-08		2008-09		
						Non-plan	Plan	Total
539.02		-Loans and advances from Central Government	1153.68	436.87*	-Repayment of loans and advances to Central Government	--	--	444.86*
--	IX	**Appropriation to the Contingency Fund**	--	--	**IX. Appropriation to the Contingency Fund**	--	--	--
	X	**Amount transferred to Contingency Fund**	--	--	**X Expenditure from Contingency Fund**	--	--	--
39895.93	**XI**	**Public Account receipts**	**46460.26**	**39423.29**	**XI. Public Account disbursements**	--	--	**45988.97**
1438.87		-Small Savings and Provident Funds	1387.23	1245.60	-Small Savings and Provident Funds	--	--	1183.52
716.06		-Reserve funds	598.84	750.19	-Reserve Funds	--	--	587.04
23275.43		-Suspense and Miscellaneous	27446.23	23293.35	-Suspense and Miscellaneous	--	--	27488.77
8928.62		-Remittances	9117.10	8870.74	-Remittances	--	--	9055.44
5536.95		-Deposits and Advances	7910.86	5263.41	-Deposits and Advances	--	--	7674.20
--	**XII**	**Closing Overdraft from Reserve Bank of India**		**1792.45**	**XII Cash Balance at end of the year**	--	--	**2422.10**
				2.65	-Cash in Treasuries and Local Remittances	--	--	2.67
				-1303.79	-Deposits with Reserve Bank	--	--	-840.93@
				16.64	-Departmental Cash Balance including permanent Advances	--	--	14.15
				3076.95	-Cash Balance Investment and Investment of Earmarked Funds	--	--	3246.21
81571.12		**Total**	**92524.63**	**81571.12**	**Total**			**92524.63**

* *Includes Rs.363.06 crore each for 2007-08 and 2008-09 received by the State Government on account of Debt Consolidation and Relief Facility to state under recommendation of the Twelfth Finance Commission from Government of India*

@ *At the close of March 2009 accounts, there remained a difference of Rs.13.12 crore (credit) between the figures of Rs.840.93 crore (Credit) - reflected in accounts and those intimated by RBI Rs.827.81 crore (Debit) under "Deposits with Reserve Bank". After close of April 2009 Accounts net difference to be reconciled was Rs.0.51 crore (credit). The difference under Deposits with Reserve Bank is due to mis-reporting of transactions by Agency Banks to RBI and Treasury Officers in the account.*

Appendix

1.4 Part-B : Summarised financial position of the Government of Madhya Pradesh as on 31 March 2009

(Reference: Paragraph 1.7.1, page 34)

(Rupees in crore)

As on 31.03.2008	Liabilities	As on 31.03.2009
33258.49	**Internal Debt -**	37141.63
12645.30	Market Loans bearing interest	16602.67
1.14	Market Loans not bearing interest	1.13
149.83	Loans from Life Insurance Corporation of India	139.79
6161.83	Loans from other Institutions	6223.61
14300.39	Special Securities issued to NSS Fund of Central Government	14174.43
--	Ways and Means Advances (including interest paid)	19.01
--	Overdrafts from Reserve Bank of India	--
8781.85	**Loans and Advances from Central Government -**	9490.67
1.88	Pre 1984-85 Loans	1.88
69.77	Non-Plan Loans	65.66
8566.85	Loans for State Plan Schemes	9291.42
25.09	Loans for Central Plan Schemes	22.33
118.26	Loans for Centrally Sponsored Plan Schemes	109.38
100.00	**Contingency Fund**	100.00
7836.48	**Small Savings Provident Funds etc.**	8040.19
3900.26	**Deposits**	4137.02
1851.74	**Reserve Funds**	1939.67
141.42	**Suspense and Miscellaneous balances**	102.07
55870.24		**60951.25**
	Assets	
44529.59	**Gross Capital Outlay on Fixed Assets -**	51218.52
8844.99	Investments in shares of Companies Corporations etc.	9643.33
35684.60	Other Capital Outlay	41575.19
5823.13	**Loans and Advances -**	7630.97
2730.26	Loans for Power Projects	4305.18
3060.86	Other Development Loans	3295.08
32.01	Loans to Government servants and Miscellaneous loans	30.71
14.10	**Advances**	14.19
322.54	**Remittance Balances**	260.89
1792.45	**Cash -**	2422.10
2.65	Cash in Treasuries and Local Remittances	2.67
-1303.79	Deposits with Reserve Bank	-840.93

As on 31.03.2008	Assets	As on 31.03.2009
16.64	Departmental Cash Balance including Permanent Advances	14.15
2759.00	Cash Balance Investments	2929.46
317.95	Reserve Fund Investments	316.75
3388.43	**Deficit on Government Account -**	-595.42
-5087.63	(i) Less Revenue Surplus of the current year	-4063.33
0.27	(a) Inter-State Settlement	-0.05
33.81	(b) Amount closed to Government account	3.18
492.60	(c) Proforma adjustment during the year	76.35
7949.38	Accumulated deficit at the beginning of the year	3388.43
55870.24		**60951.25**

Explanatory Notes for Appendices 1.3 and 1.4

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis the deficit on Government account as shown in Appendix 1.4 indicates the position on cash basis as opposed to accrual basis in commercial accounting. Consequently items payable or receivable or items like depreciation or variation in stock figures etc. do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid payments made on behalf of the State and other pending settlements etc.

2. At the close of March 2009 accounts there remained a difference of Rs.13.12 crore (Credit) between the figures of Rs.840.93 crore (Credit)-reflected in accounts and those intimated by RBI Rs.827.81 crore (Debit) under "Deposits with Reserve Bank". After close of April 2009 Accounts net difference to be reconciled was Rs.0.51 crore (Credit). The difference under Deposits with Reserve Bank is due to mis-reporting of transactions by Agency Banks to RBI and Treasury Officers in the account.

Appendix

1.5 Details showing the collection of tax and non-tax revenue in respect of Major Components and expenditure incurred on their collection

(Reference: Paragraph 1.3.1, page 11)

(Rupees in crore)

Sl. No.	Head of revenue	Year	BE	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year
A.	**Tax Revenue**						
1.	Taxes on sales trades etc	2004-05	3960.00	3912.01	40.80	1.04	0.95
		2005-06	4676.00	4508.42	40.40	0.90	0.91
		2006-07	5357.00	5261.41	43.79	0.83	0.82
		2007-08	5900.00	6045.07	48.17	0.80	0.83
		2008-09	6600.00	6842.99	59.90	0.88	NA
2.	Taxes on vehicles	2004-05	550.01	488.65	5.87	1.20	2.74
		2005-06	600.00	556.02	6.24	1.12	2.67
		2006-07	650.00	634.30	6.64	1.05	2.47
		2007-08	775.00	702.62	7.11	1.01	2.58
		2008-09	1000.00	772.56	9.21	1.19	NA
3.	State excise	2004-05	1185.00	1192.36	218.54	18.33	3.34
		2005-06	1300.00	1370.38	289.53	21.13	3.40
		2006-07	1430.00	1546.68	303.79	19.64	3.30
		2007-08	1700.00	1853.83	396.04	21.36	3.27
		2008-09	2075.00	2301.95	505.46	21.96	NA
4.	Stamp duty and registration fee	2004-05	760.00	788.71	75.28	9.54	3.44
		2005-06	830.00	1009.45	28.84	2.86	2.87
		2006-07	1000.00	1251.10	36.48	2.92	2.33
		2007-08	1400.00	1531.54	44.54	2.91	2.09
		2008-09	1840.00	1479.29	41.72	2.82	NA
B.	**Non-tax revenue**						
1.	Non-ferrous Mining and Metallurgical industries	2004-05	710.32	733.72	NA	NA	NA
		2005-06	800.00	815.31	NA	NA	NA
		2006-07	1100.00	923.91	NA	NA	NA
		2007-08	1275.00	1125.39	NA	NA	NA
		2008-09	1200.00	1361.08	NA	NA	NA
2.	Forestry and Wild life	2004-05	506.00	559.11	NA	NA	NA
		2005-06	422.00	490.40		NA	NA
		2006-07	450.00	536.50	NA	NA	NA
		2007-08	525.00	608.89	NA	NA	NA
		2008-09	600.00	685.60	NA	NA	NA

Appendix

1.6 Financial position of Statutory Corporations/Government Companies as on 31.03.2009 running in loss for the latest year for which accounts were finalised

(Reference: paragraph 1.6.1, page 30)

(Rupees in lakh)

Sl. No	Name of the Companies/ Corporations	Years up to which accounts furnished.	Amount invested (paid-up-capital)at the end of the year				Accumulated loss(-) at the end of 31 March of the year	Sector
			State	Central	Others	Total		
1.	2.	3.	4.	5.	6.	7.	8.	9.
A	**Government Companies (Working)**							
1.	M.P.State Agro Industries Development Corporation Limited Bhopal	2006-07	329.50	--	--	329.50	990.02	Agriculture and allied
2.	M.P.Audyogik Kendra Vikas Nigam (Rewa) Ltd.Rewa	2007-08	--	--	80.00	80.00	28.19	Area Development
3.	M.P.State Industrial Development Corporation Limited Bhopal	2005-06	8109.18	--	--	8109.18	63989.80	Finance
4.	M.P.Tourism Development Corporation Limited Bhopal	2005-06	2497.29	--	--	2497.29	1006.29	Tourism
5.	M.P.Paschim Kshetra Vidyut Vitran Company Limited Indore	2007-08	63731.39	--	--	63731.39	67980.32	Energy
6.	M.P.Madhya Kshetra Vidyut Vitran Company Limited Bhopal	2007-08	52988.05	--	--	52988.05	49447.46	Energy
7.	Special Economic Zone Indore Limited Indore	2004-05	2697.40	--	--	2697.40	107.02	Area Development
8.	M.P. Poorva Kshetra Vidyut Vitran Co. Ltd. Jabalpur	2007-08	41704.34	--	--	41704.34	61377.70	Energy
9.	M.P. Power Transmission Co. Ltd. Jabalpur	2007-08	90183.03	--	--	90183.03	974.22	Energy

Appendix 1.6

1.	2.	3.	4.	5.	6.	7.	8.	9.
10.	M.P. State Electronics Development Corporation Limited Bhopal	2006-07	2191.45	--	--	2191.45	1634.18	Electronics
B	**Government Companies (Non-working)**							
1.	Optel Telecommunication Limited Bhopal	2005-06	2293.42	--	103.29	2396.71	11532.89	Electronics
2.	M.P. State Industries Corporation Limited Bhopal	2005-06	1511.67	--	--	1511.67	5101.35	Industries
3.	M.P. State Textiles Corporation Limited Bhopal	2005-06	685.95	--	--	685.95	9528.80	Textiles
C	**619(B) Companies (Working)**							
1.	Jabalpur City Transport Services Limited Jabalpur	2006-07	24.99	--	--	24.99	0.38	Transport
D	**619(B) Companies (Non-working)**							
1.	M.P.Vidyut Yantra Limited Jabalpur	1989-90	126.00	24.00	--	150.00	377.52	Energy
E	**Statutory Corporations (Working)**							
1.	M.P State Electricity Board Jabalpur	2005-06	16961.71	--	--	16961.71	79684.32	Energy
2.	M.P. State Road Transport Corporation	2007-08	10995.53	3185.35	--	14180.88	102451.89	Transport
3.	M.P. Financial Corporation Indore	2007-08	31227.84	--	2101.15	33328.99	24128.75	Finance
F	**Statutory Corporations (Non-working)**							
	Company under liquidation							
1.	M.P. Rajya Setu Nirman Nigam Limited Bhopal	1990-91	500.00	--	--	500.00	214.68	Construction
	Total		**328758.74**	**3209.35**	**2284.44**	**334252.53**	**480555.78**	

Appendix

2.1

Statement of various grants/appropriations where saving was more than Rs 10 crore and more than 20 *per cent* of the total provision

(Reference: Paragraph 2.3.1, page 49)

(Rupees in crore)

Sl. No.	Grant No	Name of the grant/appropriation	Total grant/ appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
1.	PD	Public Debt. (Capital Charged)	3836.56	1875.55	48.89
2.	02	Other Expenditure Pertaining to General Administration Department. (Revenue Voted)	33.39	11.23	33.63
3.	06	Finance. (Revenue Voted)	3116.31	624.61	20.04
4.	06	Finance. (Capital Voted)	388.32	314.60	81.02
5.	06	Finance. (Revenue Charged)	12.73	10.70	84.05
6.	12	Energy. (Revenue Voted)	1766.71	386.35	21.87
7.	12	Energy. (Revenue Charged)	265.00	99.06	37.38
8.	13	Farmers Welfare and Agriculture Development. (Revenue Voted)	689.18	233.59	33.89
9.	19.	Public Health and Family Welfare (Capital - Voted)	64.22	36.03	56.10
10.	20	Public Health Engineering. (Capital Voted)	473.20	133.93	28.30
11.	22	Urban Administration and Development-Urban Bodies. (Revenue Voted)	64.93	36.76	56.61
12.	22	Urban Administration and Development-Urban Bodies. (Capital Voted)	275.49	125.22	45.45
13.	29	Law and Legislative Affairs. (Revenue Voted)	302.53	68.50	22.64
14.	34	Social Welfare. (Revenue Voted)	67.33	16.75	24.88
15.	37	Tourism. (Capital Voted)	71.61	20.29	28.33
16.	53	Financial Assistance to Urban Bodies Under Schedule Castes Sub-Plan. (Capital Voted)	61.94	24.59	39.70
17.	57	Externally Aided Projects Pertaining to Water Resources Department. (Capital Voted)	350.24	111.18	31.74

Appendix 2.1

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)
18.	58	Expenditure on Relief on Account of Natural Calamities and Scarcity. (Revenue Voted)	1147.42	281.36	24.52
19.	59	Externally Aided Projects Pertaining to Rural Development Department. (Revenue Voted)	44.80	14.30	31.92
20.	59	Externally Aided Projects Pertaining to Rural Development Department. (Capital Voted)	56.00	32.18	57.46
21.	64	Scheduled Castes Sub-Plan. (Revenue Voted)	823.03	165.51	20.11
22.	67	Public Works Buildings.(Capital Voted)	88.57	20.67	23.34
23.	69	Information Technology. (Revenue Voted)	43.40	13.07	30.12
24.	73	Expenditure Pertaining to Accelerated Energy Development. (Revenue Voted)	48.40	48.40	100.00
25.	77	Other Expenditure pertaining to School Education Department (Excluding Primary Education) (Capital Voted)	164.18	90.00	54.82
26.	80	Financial Assistance to Three Tier Panchayati Raj Institution. (Revenue Voted)	2362.76	609.23	25.78
Total			16618.25	5403.66	32.52

Appendix

2.2

Statement of various schemes under grants/appropriations where expenditure was more than Rs 10 crore each and also more than 20 *per cent* of the total provision

(Reference: Paragraph 2.3.3, page 56)

(Rupees in crore)

Sl. No.	Grant No	Name of the scheme under grant/appropriation	Total grant/ appro-priation	Expen-diture	Excess	Percentage of excess expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Interest Payment	2049-01-101-5519-8.40% Madhya Pradesh State Development Loan,2017	63.00	102.48	39.48	62.67
2.	Interest Payment	2049-01-101-7236-12.50% Madhya Pradesh State Development Loan, 2008	14.06	28.13	14.07	100.07
3.	Interest Payment	2049-01-200-6816-Interest Payment on Power Bonds-2-	92.43	130.16	37.73	40.82
4.	Public Debt	6003-105-3731-Loans from the National Agricultural Credit Fund of the National Bank for Agriculture and Rural Development	182.72	227.21	44.49	24.35
5.	Public Debt	6003-106-6817-Power Bonds-2, Payment of Principal Amount	94.32	141.48	47.16	50
6.	6-Finance	2071-01-101-9998-Madhya Pradesh	210.19	254.79	44.60	21.22
7.	6-Finance	2071-01-105-9999-Composite State of Madhya Pradesh	146.71	245.94	99.23	67.64
8.	23-Water Resources Department	4701-43-800-1401-NABARD (NORMAL)-2897-Dam and Appurtenant Works	3.00	15.86	12.86	428.67
9.	23-Water Resources Department	4701-80-001-0101-State Plan Schemes (Normal) 3368-Medium Irrigation Construction Work	10.73	23.73	13.00	121.16
10.	27-School Education (Primary Education)	2202-01-108-0101-State Plan Schemes (Normal)-6717-Free of Cost Supply of Cycles to Girls Students	Token	29.70	29.70	Excess against Token provision
11.	39-Food, Civil Supplies and Consumer Protection	2408-01-102-5624-Incentive for procurement of food grains under Public Distribution System	134.86	233.35	98.49	73.03
12.	41-Tribal Areas Sub-Plan	4700-66-796-800-0102-Tribal Areas sub-plan-5091-Lower Goi Project	10.44	35.62	25.18	241.19
13.	41-Tribal Areas Sub-Plan	4702-796-800-0102-Tribal area Sub-plan 3828-Minor Irrigation Scheme	27.77	85.94	58.17	209.47
14.	45-Minor Irrigation Works	4702-101-0101-State Plan Schemes (Normal) 3803-Minor and Micro minor Irrigation Scheme	68.20	128.50	60.30	88.42

(1)	(2)	(3)	(4)	(5)	(6)	(7)
15.	48- Narmada Valley Development	4700-41-800-0101-State Plan Schemes (Normal)-2872-Bargi Canal Diversion Project	119.05	161.37	42.32	35.55
16.	48-Narmada Valley Development	4700-43-800-0101-State Plan Schemes (Normal) 2884-Canal and Appurtenant Works	131.20	161.08	29.88	22.77
17.	48-Narmada Valley Development	4700-45-800-0101-State Plan Schemes (Normal) 9091-Omkareshwar Project	116.05	145.17	29.12	25.09
18.	48-Narmada Valley Development	4700-80-800-0101-State Plan Schemes (Normal) 6398-Punasa Lift Irrigation Scheme	25.05	82.21	57.16	228.18
19.	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	2245-01-101-7102-Implementation of Relief Works through Tehsildars	10.00	54.17	44.17	441.70
20.	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	2245-02-101-2018-Cash Doles	55.00	72.86	17.86	32.47
21.	58-. Expenditure on Relief on Account of Natural Calamities and Scarcity	2245-80-800-8030-Assistance for restoration of other works	108.89	275.43	166.54	152.94
22.	64-Schedule Castes Sub plan	5054-04-789-800-0103-Scheduled Caste Sub plan-9002-Construction of Road in Scheduled Caste Majority Areas	53.12	66.64	13.52	25.45
23.	77-Other Expenditure pertaining to School Education Department (excluding Primary Education)	2202-02-109-0101-State Plan Schemes (Normal)-2267-Free Supply of Study Material-	9.00	20.46	11.46	127.33
24.	78-Horticulture and Food Processing	2401-119-0701-Centrally Sponsored Schemes Normal 7910-Centrally Sponsored Schemes of Micro Irrigation	10.10	28.01	17.91	177.33
		Total	1695.89	2750.29	1054.40	62.17

Appendix

2.3

Excess over provision of previous years requiring regularisation

(Reference: Paragraph 2.3.5, page 56)

(Rupees in crore)

Year	Number of grants/ appropriations	Grant/ appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
1993-94	19 Grants 02 Appropriations	Revenue (Voted): 3,8,15,16,20, 24,29,30,42,45,49,58,67, Capital (Voted): 27,44,57,67,70,73 Revenue (Charged): 30,51	258.11	Explanatory notes submitted. Not yet discussed by PAC
1994-95	14 Grants 01 Appropriations	Revenue (Voted): 8,20, 24, 32, 58,63,67 Capital (Voted): 20,30,42,47,60,67,73 Revenue (Charged): Public Debt	407.46	Explanatory notes submitted. Not yet discussed by PAC
1997-98	10 Grants 03-Appropriations	Revenue (Voted): 7,20,24, 27,58, 67, Capital (Voted): 20,21,61,69 Revenue (Charged): Public Debt, 31,67,	302.79	Explanatory notes submitted except Rs. 2335170 in reference of grant no. 7. Not yet discussed by PAC
1998-99	12 Grants 05 Appropriations	Revenue (Voted): 02,14,20,24,25,27, 50,58,62,67,77 Capital (Voted): 59 Revenue (Charged): Public Debt, 03,20,29,81	1276.45	Explanatory notes submitted. Not yet discussed by PAC
1999-2000	11 Grants 06 Appropriations	Revenue (Voted): 14,27,44,50,59, Capital (Voted): 03,23,60,69,75,89 Revenue (Charged): 6,23,24,30 Capital (Charged): Public Debt, 21	1584.94	Explanatory notes submitted. Not yet discussed by PAC
2000-2001	03 Grants 04 Appropriations	Revenue (Voted): 02,70 Capital (Voted): 88 Revenue (Charged): 24, Capital (Charged): Public Debt, 21,23	265.07	Explanatory notes submitted. Not yet discussed by PAC
2001-2002	03 Appropriations	Revenue (Charged): 20 Capital (Charged): 06,23	06.26	Explanatory notes submitted. Not yet discussed by PAC

Appendix 2.3

Year	Number of grants/ appropriations	Grant/ appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2002-2003	03 Grants 05 Appropriations	Revenue (Voted): 24,53,67 Revenue (Charged): 44,67 Capital (Charged): Public debt, 21,23	424.79	Explanatory notes submitted except Rs. 31000 in reference of grant no. 53. Not yet discussed by PAC
2003-2004	04 Grants 03 Appropriations	Revenue (Voted): 68,84 Capital (Voted): 35,94 Revenue (Charged): 20,67 Capital (Charged): 23,	2.54	Explanatory notes submitted except for rupees 12838788 in reference of grant no. 68 and 84, Rs. 26547 in reference of grant no. 20 and Rs. 11705217 in reference of grant no. 94.
2004-05	13 Grants 02 Appropriations	Revenue (Voted): 24,59,67,92,94 Capital (Voted): 06,19,30,59,66,78,84,86 Revenue (Charged): 67 Capital (Charged): 45	83.66	Explanatory notes submitted except for Rs.3557194 in reference of grant no. 94 and for Rs. 40887394 in reference of grant no. 84 and 86. Not yet discussed by PAC
2005-2006	04 Grants 02 Appropriations	Revenue (Voted): 24,67 Capital (Voted): 06,39 Capital (Charged): 21,45	37.58	Explanatory notes submitted except for Rs. 292285014 in reference of grant no. 06 and 39.
2006-2007	02 Grants 01 Appropriations	Revenue (Voted): 24,67 Capital (Charged): 24	35.99	Explanatory notes not submitted to PAC.
2007-2008		No Excess under any Grants		
Total	95 Grants and 37 Appropriations		4685.64	

Appendix

2.4

Cases where supplementary provision (Rs 50 lakh or more in each case) proved unnecessary

(Reference Paragraph 2.3.7, Page 58)

(Rupees in crore)

Sl. No.	Number and name of the grant	Original provision	Actual expenditure	Savings out of original provision	Supplementary provision
A Revenue (Voted)					
1.	01-General Administration	113.32	106.74	6.58	14.98
2.	03-Police	1382.94	1357.33	25.61	6.40
3.	4-Other expenditure pertaining to Home Department	12.98	12.08	0.90	2.27
4.	06-Finance	3100.96	2491.70	609.26	15.35
5.	07-Commercial Tax	735.75	674.25	61.50	13.25
6..	08-Land Revenue and District Administration	432.51	409.02	23.49	43.20
7.	12-Energy	1765.87	1380.36	385.51	0.84
8.	13-Farmers Welfare and Agriculture Development	589.97	455.60	134.37	99.21
9.	14-Animal Husbandry	271.37	230.91	40.46	8.84
10.	15. Financial Assistance to Three Tier Panchayati Raj Institutions under Scheduled Caste Sub-Plan	659.11	557.26	101.85	8.65
11.	17-Co-operation	66.24	65.14	1.10	4.00
12.	19-Public Health and Family Welfare	1025.85	899.93	125.92	45.00
13.	20-Public Health Engineering	243.96	243.95	0.01	18.00
14.	24-Public Works-Roads and Bridges	604.41	594.39	10.02	38.14
15.	27-School Education (Primary Education)	2084.40	2004.29	80.11	5.00
16.	29-Law and Legislative Affairs	273.25	234.03	39.22	29.29
17.	41-Tribal Area Sub-Plan	1173.60	1136.20	37.40	239.79
18.	44-Higher Education	420.03	417.26	2.77	13.10
19.	47-Technical Education and Training	159.23	146.84	12.39	4.10
20.	51-Religious Trusts and Endowments	11.71	10.61	1.10	0.75

Sl. No.	Number and name of the grant	Original provision	Actual expenditure	Savings out of original provision	Supplementary provision
21.	52-Financial Assistance to Tribal Area Sub-Plan-Three Tier Panchayati Raj Institutions	864.93	755.10	109.83	33.50
22.	55-Women and Child Development	595.44	586.33	9.11	103.58
23.	56-Rural Industry	47.16	42.92	4.24	6.40
24.	63-Minority Welfare	11.37	7.42	3.95	3.16
25.	64-Schduled Castes Sub-Plan	757.27	657.52	99.75	65.76
26.	72-Gas Tragedy Relief and Rehabilitation	40.05	34.60	5.45	2.50
27.	78-Horticulture and Food Processing	79.79	78.11	1.68	1.58
28.	79-Medical Education Department	277.92	244.17	33.75	0.50
29	80-Financial assistance to Three Tier Panchayati Raj Institutions	2079.69	1753.53	326.16	283.07
Total for Revenue voted		19881.08	17587.59	2293.49	1110.21
B Capital(Voted)					
30.	2-Other expenditure pertaining to General Administration Department	-	-	-	5.00
31.	06-Finance	371.41	73.72	297.69	16.91
32.	37-Tourism	68.76	51.32	17.44	2.85
33.	44-Higher Education	31.04	28.45	2.59	7.00
34.	64-Schduled Castes Sub-Plan	854.00	781.33	72.67	38.01
Total-capital(Voted)		1325.21	934.82	390.39	69.77
Grand Total (A+B)		21206.29	18522.41	2683.88	1179.98

Appendix

2.5

Cases where supplementary provision proved excessive

(Reference : paragraph 2.3.7, page 58)

(Rupees in crore)

Sl. No.	Number and name of grant/ appropriation	Original grant/ appropriation	Supplementary grant/ appropriation	Actual expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
	A- Revenue- Voted				
1.	02-Other expenditure pertaining to General Administration Department	18.13	15.26	22.16	11.23
2.	05-Jail	94.07	7.37	98.73	2.71
3.	10-Forest	698.30	39.87	728.39	9.78
4.	11-Commerce, Industry and Employment	98.12	13.78	101.93	9.97
5.	21-Housing and Environment	115.81	98.68	199.94	14.55
6.	26-Culture	34.88	4.35	36.52	2.71
7.	30-Rural Development	564.47	63.15	615.59	12.03
8.	32-Public Relation	61.50	23.79	81.54	3.75
9.	33-Tribal Welfare	626.10	89.00	687.69	27.41
10.	34-Social Welfare	49.18	18.15	50.59	16.74
11.	39-Food, Civil Supplies and Consumer Protection	312.82	296.38	545.29	63.91
12.	43-Sports and Youth Welfare	16.23	1.76	17.30	0.69
13.	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	619.41	528.02	866.07	281.36
14.	65-Aviation	12.27	2.79	14.42	0.64
15	66-Welfare of Backward Classes	186.61	28.92	203.15	12.38
16.	75-Financial Assistance to Urban Bodies	1867.45	188.92	1957.68	98.69
17.	77-Other expenditure pertaining to School Education Department (excluding Primary Education)	547.43	34.65	563.34	18.74
	Total (A)	5922.78	1454.84	6790.33	587.29
	B- Revenue - Charged				
18.	01-General Administration	10.86	1.25	11.15	0.96
	Total (B)	10.86	1.25	11.15	0.96

(1)	(2)	(3)	(4)	(5)	(6)
	C-Capital voted				
19.	08-Land Revenue and District Administration	12.83	11.07	21.78	2.12
20.	12-Energy	1668.24	859.00	2157.98	369.26
21.	20-Public Health Engineering	279.41	193.79	339.27	133.93
22.	23-Water Resources Department	322.80	360.00	619.81	62.99
23.	24-Public Works- Roads and Bridges	719.30	87.00	737.49	68.81
24.	30-Rural Development	82.30	28.66	104.96	6.00
25.	41-Tribal Areas Sub-Plan	877.40	130.04	903.75	103.69
26.	47-Technical Education and Training	8.19	6.00	13.41	0.78
27.	48-Narmada Valley Development	733.82	82.57	798.17	18.22
28.	55-Women and Child Development	22.30	5.70	27.76	0.24
29.	67-Public Works-Buildings	56.60	31.97	67.91	20.66
30.	77-Other expenditure pertaining to School Education Department (excluding Primary Education)	54.18	110.00	74.18	90.00
	Total (C)	4837.37	1905.80	5866.47	876.70
	Grand Total (A+B+C)	10771.01	3361.89	12667.95	1464.95

Additional requirement: Actual expenditure-Original provision =12667.95-10771.01=1896.94

Appendix

2.6

Statement of various grants/appropriation where supplementary provision proved insufficient

(Reference: paragraph 2.3.7, page 58)

(Rupees in crore)

SL. No.	Grant number	Name of the grants and appropriation	Original provision	Supplementary provision	Total	Expenditure	Excess
Capital (Charged)							
1.	24	Public Works-Roads & Bridges	5.00	27.34	32.34	32.63	0.29
Capital (Voted)							
2.	43	Sports and Youth Welfare	8.17	15.77	23.94	25.56	1.62
Total			13.17	43.11	56.28	58.19	1.91

Appendix 2.7

Excess/unnecessary re-appropriation of funds

(Reference: paragraph 2.3.8, page 58)

(Rupees in crore)

Sl. No.	Grant No.	Description	Head of account	Re-appropriation	Final excess(+)/ saving (-)	Percentage
1.	I.P.	Interest Payments	2049-01-200-3732-Interest on loans from the National Agricultural Credit Fund of the National Bank of Agriculture and Rural Development	+15.58	-4.48	28.75
2.	06	Finance	2071-01-117-6854-Contrubutory Pension Scheme	+15.00	-9.89	65.9
3.	10	Forest	2406-01-203-535-Timber	+1.50	-12.85	100
4.	10	Forest	2406-01-204-2901-Bamboos	-0.40	+3.01	100
5.	23	Water Resources Department	2701-80-052-0101-693-Tools and Plants	+0.91	-2.53	100
6.	24	Public Works-Roads and Bridges	3054-04-337-134-Maintenance and Repairs Ordinary repairs	+25.00	-16.84	67.4
7.	41	Tribal Areas Sub-Plan	10-Forest Department 2406-01-796-101-0102-7882-Implementaiton of Work Plan	-0.07	+4.61	100
8.	41	Tribal Areas Sub-Plan	20-School Education Department 2202-02-796-106-0102-6813-Supply of Bicycles	+4.02	-1.90	47.3
9.	41	Tribal Areas Sub-Plan	31-Water Resources Department. 4702-796-800-1402-5189-Construction Work of Minor Irrigation Scheme (NABARD)	+1.43	-12.11	100
10.	45	Minor Irrigation Works	2702-80-800-207-Other Minor Irrigation Construction Works	+4.30	-1.80	41.9
11.	47	Technical Education and Training	2203-105-0101-State Plan Scheme (Normal). 2667-Polytechnic Institution.	-7.83	+3.15	40.2
12.	48	Narmada Valley Development	4700-80-001-0101-5011-Share Macherwa Sugar Project	+0.23	-1.40	100

Sl. No.	Grant No.	Description	Head of account	Re-appropriation	Final excess(+)/ saving (-)	Percentage
13.	49	Scheduled Caste Welfare	2225-01-277-1398-Operation of Hostels /Ashrams	-1.64	+1.05	64.02
14.	64	Scheduled Castes Sub-Plan	55-Schdeled Caste Welfare Department 2225-01-789-800-0703-5171-Establishment of Special Courts	-3.83	+1.01	26.4
15.	64	Scheduled Castes Sub-Plan	59-Horticulture and Food Processing Department 2401-789-119-0703-5116-National Horticulture Mission	-2.99	+1.71	57.2
16.	64	Scheduled Castes Sub-Plan	59-Horticulture and Food Processing Department. 2401-789-119-0703-7910-Centrally Sponsored Scheme of Micro Irrigation	+2.99	-2.01	67.2
17.	64	Scheduled Castes Sub-Plan	31-Water Resources Department 4702-789-800-1403-5189-Minor Irrigation Scheme-Construction Works (NABARD)	+0.35	-5.17	100
18.	64	Scheduled Castes Sub-Plan	34-Public Health Engineering 4215-01-789-800-0703-9938-Recharging of Ground Water Sources	+4.00	-1.80	45.0
19.	75	Financial Assistance to Urban Bodies	2202-01-103-0101-2669-Maintenance grant to Local Bodies, Rural and Urban	-10.00	+2.50	25.0
20.	75	Financial Assistance to Urban Bodies	2202-01-191-0101-2669-Maintenance grant to Local Bodies, Rural and Urban	-39.92	+13.38	33.5

Appendix

2.8 Defective sanctions for re-appropriations/surrenders

(Reference: paragraph 2.3.9, page 58)

(Rupees in crore)

Sl. No.	Number of sanctions	Grant No.	Amount	Particulars of irregularities
1.	12	01,10,15,31,34,38, 41,50,52,60, 63,64, 72 and 80	47.46	Sanctions were issued after closure of financial year 2008-09
2.	16	04,35,41,42,48,51, 64 and 66	147.15	Delayed receipt of sanctions in Accountant General (A&E) office i.e. after closing and finalisation of Account.
3.	01	01	0.01	Re-appropriation from saving of training head is prohibited.
4.	03	05,33 and 48	0.30	Non-availability of Budget provision in concerned head.
5.	04	13,19,36 and 41	76.15	Non-furnishing of full details by the Department.
6.	01	41	0.26	Sanction rejected due to non adherence of rules.
7.	01	44	6.00	Irregular re-appropriation from Capital head to Revenue head.
8.	02	41 and 56	10.11	Re-appropriation from one grant to another grant.
Total	40	27	287.44	

Appendix

2.9 Results of review of substantial surrenders made during the year

(Reference: Paragraph 2.3.10, page 59)

(Rupees in crore)

Sl. No	Number and title of grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in crore)	Percentage of Surrender
1.	02-Other expenditure pertaining to General Administration Department.	4059-01-051-0701-Centrally Sponsored Schemes (Normal) 5668-Construction of Building for State Information Commission	5.00	100
Due to non-utilisation of entire supplementary provision was attributed to non -receipt of Central Share from Government of India and non-receipt of sanction for drawal of State Share from State Government.				
2.	08-Land Revenue and District Administration	2029-102-0101-State Plan Schemes (Normal) 5162-Documentation of Land in Urban Areas.	1.90	100
Due to non-receipt of funds under L.L.R.M.P. Scheme and closure of Scheme by Government of India.				
3.	08-Land Revenue and District Administration	2029-103-6155-Free of Cost Supply of the loan books and records of right of Scheduled Caste and Scheduled Tribes Farmers.	10.23	100
The entire supplementary provision was surrendered due to inability to generate bills in treasury server.				
4.	12-Energy	2501-04-101-0410-Energy Development Fund. 3220 Grant-in-aid to M.P. Energy Development Corporation.	3.25	100
The saving of entire provision of Rs. 3.25 crore was surrendered due to closure of Integrated Rural Energy Scheme/Programme by Government of India.				
5.	12-Energy	2801-80-101-7861-Grant to Madhya Pradesh State Electricity Board/Succeeding Companies for wheeling of electricity from non-conventional sources of energy.	1.00	100
Anticipated saving of entire provision of Rs. 1.00 crore was attributed to fifteen percent economy cut in the budget and mis match in code as per sanction order and Treasury computer.				
6.	12-Energy	6801-800-0410-Energy Development Fund. 2967-Other Loans to Electricity Board.	12.74	100
Anticipated saving of entire provision of Rs. 12.74 crore was attributed to execution of work of Rs. 2 to 3 crore against estimated work of Rs. 12.74 crore and payment having arranged from internal source.				
7.	20-Public Health Engineering	4215-01-102-0701-Centrally Sponsored Schemes (Normal) 5842-Piped Water Supply Schemes for big Villages.	50.00	100
Specific reasons for anticipated saving/non-utilisation of entire provision of Rs. 50.00 crore have not been intimated.				

Appendix 2.9

Sl. No	Number and title of grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in crore)	Percentage of Surrender
8.	30-Rural Development	4515-800-0101-State Plan Schemes (Normal) 5853-D.P.I.P. Schemes.	6.00	100
The saving of entire provision of Rs. 6.00 crore was surrendered due to non-receipt of demand from D.P.I.P. Schemes.				
9.	31-Planning, Economic and Statistics	3451-101-0101-State Plan Schemes (Normal) 5569-Information Technology and Strengthing of State Planning Commission.	2.00	100
The saving of entire provision of Rs. 2.00 crore was surrendered due to the matter relating to strengthening being under consideration.				
10.	41-Tribal Areas Sub-Plan	25-Tribal Welfare Department. 2225-02-796-001-0802-Central Sector Scheme T.S.P. 5155-Monitoring and Evaluation of Schemes, Article 275(1). -	1.20	100
Adequate reasons for surrender of entire provision amounting to Rs. 1.20 crore have not been intimated (August 2009).				
11.	41-Tribal Areas Sub-Plan	25-Tribal Welfare Department. 2225-02-796-277-0802-Central Sector Schemes T.S.P. 5232-Grant to M.P.Residential School Society, Article {275(I)}. -	7.00	100
The surrender of the entire provision of Rs. 7.00 crore was attributed to non-availability of fund for Residential Schools under the funds received for Tribal Area Development Scheme from the Government of India under Article 275 (I).				
12.	41-Tribal Areas Sub-Plan	38-Higher Education Department 2202-03-796-102-0702-Centrally Sponsored Scheme T.S.P. 5552-Establishment of Model College in Backward Districts.	3.39	100
Surrender of the entire provision of Rs.3.39 crore was attributed to non receipt of Central Share.				
13.	53-Financial Assistance to Urban Bodies Under Schedule Castes Sub Plan	2217-05-789-800-0103-Scheduled Castes Sub-Plan. 5522-State Urban Cleanliness Mission.	1.00	100
Surrender of the entire provision of Rs. 1.00 crore was attributed to late start of mission.				
14.	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	2245-02-122-989-Restoration and repairs of damaged irrigation and flood control works.	3.50	100
The surrender of the entire provision of Rs. 3.50 crore was attributed to non-supposition of calamities.				

Sl. No	Number and title of grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in crore)	Percentage of Surrender
15.	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	2245-02-193-5498-Assistance to Local Bodies/Institutions and Other Non Govt. Bodies In flood affected areas.	18.00	100
Surrender of the entire provision of Rs. 18.00 crore was due to non-supposition of calamities.				
16.	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	2245-80-102-5503-Arrangement of immediate work and emergency plans in calamities affected areas.	10.00	100
The surrender of the entire provision of Rs. 10.00 crore was due to non-supposition of calamities.				
17.	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	2245-80-103-7024-The amount received from National Contingency Calamity Relief Fund.	71.12	100
The surrender of the entire provision of Rs. 71.12 crore was due to non-supposition of calamities.				
18.	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	2245-80-800-5504-Financial aid in Calamities under Revenue Book 6-4	10.00	100
Surrender of the entire provision of Rs. 10.00 crore was due to non-supposition of calamities.				
19.	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	6245-01-800-2750-Loans for Removal of Water Scarcity arising out of Natural Calamities.	2.50	100
The entire provision of Rs. 2.50 crore was surrendered due to non-supposition of calamities.				
20.	64-Scheduled Castes Sub Plan	07-Revenue Department. 2029-789-800-0103-Scheduled Caste Sub Plan. 5045-Digitisation of Cadastral Survey of Maps.	0.85	100
The surrender of entire provision of Rs. 0.85 crore under the heads was attributed to non-utilisation of State Share owing to receipt of funds from Rural Development Ministry, Government of India, New Delhi in LLRMP Schemes under Centrally Sponsored and Central Sector Schemes.				
21.	64-Scheduled Castes Sub Plan	2029-789-800-0103-Scheduled Caste Sub Plan. 5162-Documentation of Land in Urban Areas.	2.46	100
Surrender of entire provision of Rs. 2.46 crore under the heads was attributed to non-utilisation of State Share owing to receipt of funds from Rural Development Ministry, Government of India, New Delhi in LLRMP Schemes under Centrally Sponsored and Central Sector Schemes.				
22.	64-Scheduled Castes Sub Plan	53-Medical Education Department. 4210-03-789-105-0103-Scheduled Caste Sub Plan. 6974-Sagar Medical College.	52.99	100
Reasons for surrender of entire provision of Rs. 52.99 crore have not been intimated (August 2009).				
23.	64-Scheduled Castes Sub Plan	55-Scheduled Caste Welfare Department. Scheduled Caste Sub Plan. 4515-789-103-0103-5111-Incentive to Navachar.	2.68	100
Reasons for surrender of entire provision of Rs. 2.68 crore have not been intimated (August 2009).				

Appendix 2.9

Sl. No	Number and title of grant	Name of the scheme (Head of Account)	Amount of Surrender (Rupees in crore)	Percentage of Surrender
24.	68-Financial Assistance to Tribal Area Sub-Plan-Urban Bodies	2217-05-796-191-0102-Tribal area sub plan. 6982-Integrated Urban and Slum Development Programme.	4.50	100
The surrender of entire provision of Rs. 4.50 crore was reportedly due to non-sanction of projects of Urban Bodies situated in Tribal Areas by Government of India.				
25.	69-Information Technology	3425-60-600-0101-State Plan Schemes (Normal). 5125 Establishment of G.I.S. Lab in M.A.P-I.T.	1.00	100
Reasons for surrender of entire provision of Rs. 1.00 crore have not been intimated (August 2009).				
26.	73-Expenditure pertaining to Accelerated Energy Development	2801-02-800-0101-State Plan Schemes (Normal). 8729-Assistance to M.P. State Electricity Board under Accelerated Energy Development Programme.	48.40	100
Surrender of entire provision of Rs. 48.40 crore was attributed to non-receipt of funds from Government of India.				
27.	77-Other expenditure pertaining to School Education Department (excluding Primary Education).	2202-02-109-0701-Centrally Sponsored Schemes Normal. 5693-Premetric Scholarships to Minority Communities.	5.13	100
The surrender of entire provision of Rs. 5.13 crore was due to non-implementation of scheme.				
28.	77-Other expenditure pertaining to School Education Department (excluding Primary Education).	4202-01-202-0701-Centrally Sponsored Schemes Normal. 5703-Construction of New High School buildings under Success Scheme.	90.00	100
Surrender of Rs. 90.00 crore (entire provision) was due to non-receipt of sanction of scheme from Government of India.				
		Total	427.84	

Appendix

2.10 Surrenders in excess of actual savings (Rs 50 lakh or more)

(Reference: Paragraph 2.3.11, page 59)

(Rupees in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
	Revenue - Charged				
1.	29-Law and Legislative Affairs	30.00	0.01	1.80	1.79
	Revenue - Voted				
2.	05-Jail	101.44	2.71	2.72	0.01
3.	22-Urban Administration and Development-Urban Bodies	64.93	36.76	36.77	0.01
4.	30-Rural Development	627.62	12.03	12.47	0.44
5.	49-Scheduled Caste Welfare	57.73	3.11	3.21	0.10
6.	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	1147.43	281.36	281.39	0.03
7.	77-Other expenditure pertaining to School Education Department (excluding Primary Education)	582.08	18.73	29.76	11.03
	Total	2611.23	354.71	368.12	13.41

Appendix

2.11

Statement of various grants/appropriations in which savings occurred but no part of which had been surrendered.

(Reference Paragraph 2.3.12, page 59)

(Rupees in crore)

I - Grant			
Sl.No.	Grant No.	Number and name of grant/appropriation	Saving
Revenue Voted			
1.	14	Animal Husbandry	49.30
2.	16	Fisheries	5.73
3.	17	Co-operation	5.10
4.	20	Public Health Engineering	18.01
5.	24	Public Works-Roads and Bridges	48.16
6.	34	Social Welfare	16.75
7.	35	Rehabilitation	0.16
8.	36	Transport	5.57
9.	50	20 Point Implementation	0.19
10.	51	Religious Trusts and Endowments	1.85
11.	60	Expenditure Pertaining to District Plan Scheme	0.16
12.	63	Minority Welfare	7.11
13.	66	Welfare of Backward Classes	12.38
14.	72	Gas Tragedy Relief and Rehabilitation	7.96
15.	78	Horticulture and Food Processing	3.26
Capital Voted			
16.	03	Police	6.30
17.	10	Forest	3.12
18.	16	Fisheries	2.35
19.	17	Co-Operation	2.91
20.	18	Labour	0.53
21.	19	Public Health and Family Welfare	36.03
22.	21	Housing and Environment	0.06
23.	24	Public Works-Roads and Bridges	68.82
24.	42	Public Works Relating to Tribal Areas Sub-Plan Roads and Bridges	49.41
25.	66	Welfare of Backward Classes	1.82
26.	72	Gas Tragedy Relief and Rehabilitation	2.67
27.	80	Financial Assistance to Three Tier Panchayati Raj Institutions	2.01

II - Appropriation			
Revenue Charged			
28.	04	Other Expenditure Pertaining to Home Department	0.05
29.	05	Jail	0.01
30.	10	Forest	9.14
31.	11	Commerce, Industry and Employment	0.03
32.	12	Energy	99.06
33.	14	Animal Husbandry	0.02
34.	16	Fisheries	0.03
35.	17	Co-operation	0.01
36.	18	Labour	0.01
37.	20	Public Health Engineering	0.07
38.	27	School Education (Primary Education)	0.21
39.	34	Social Welfare	0.02
40.	62	Panchyat	0.02
41.	67	Public Works-Buildings	0.33
42.	77	Other expenditure pertaining to School Education Department (excluding Primary Education)	0.85
43.	78	Horticulture and Food Processing	0.04
44.	80	Financial Assistance to Three Tier Panchayati Raj Institutions	0.78
Capital Charged			
45.	21	Housing and Environment	0.02
46.	48	Narmada Valley Development	0.12
47.	PD	Public Debt	1875.55
Total			2344.09

Appendix

2.12 Details of saving of Rs one crore and above not surrendered (Excluding the Cases given in Appendix 2.11)

(Reference Paragraph 2.3.12, page 59)

(Rupees in crore)

Sl. No.	Number and name of grants/appropriation	Saving	Surrender	Saving which remained to be surrendered
1	2	3	4	5
Revenue Charged				
1.	Interest Payments and Servicing of Debt	297.80	0.03	297.77
2.	06-Finance	10.70	0.01	10.69
Revenue Voted				
3.	01-General Administration	21.56	16.00	5.56
4.	02-Other expenditure pertaining to General Administration Department	11.23	3.27	7.96
5.	03-Police	32.00	7.30	24.70
6.	04-Other expenditure pertaining to Home Department	3.18	0.08	3.10
7.	06-Finance	624.61	25.15	599.46
8.	07-Commercial Tax	74.75	59.50	15.25
9.	08-Land Revenue and District Administration	66.69	40.15	26.54
10.	10-Forest	9.78	6.31	3.47
11.	11-Commerce, Industry and Employment	9.97	4.35	5.62
12.	13-Farmers Welfare and Agriculture Development	233.59	227.92	5.67
13.	15-Financial Assistance to Three Tier Panchayati Raj Institutions Under Scheduled Castes Sub-Plan	110.50	80.81	29.69
14.	18-Labour	7.19	0.38	6.81
15.	19-Public Health and Family Welfare	170.92	26.26	144.66
16.	21-Housing and Environment	14.55	3.32	11.23
17.	23-Water Resources Department	34.12	1.71	32.41
18.	27-School Education (Primary Education)	85.11	65.24	19.87
19.	28-State Legislature	6.13	1.48	4.65
20.	29-Law and Legislative Affairs	68.50	65.42	3.08
21.	31-Planning, Economics and Statistics	5.46	2.46	3.00
22.	32-Public Relations	3.74	1.99	1.75
23.	33-Tribal Welfare	27.41	18.60	8.81
24.	39-Food, Civil Supplies and Consumer Protection	63.92	37.43	26.49

1	2	3	4	5
25.	41-Tribal Areas Sub-Plan	277.19	206.34	70.85
26.	45-Minor Irrigation Works	2.15	0.01	2.14
27.	47-Technical Education and Training	16.48	14.33	2.15
28.	52-Financial Assistance to Tribal Area Sub-Plan-Three Tier Panchayati Raj Institution	143.33	94.35	48.98
29.	55-Women and Child Development	112.69	64.54	48.15
30.	64-Scheduled Castes Sub Plan	165.51	121.50	44.01
31.	67-Public Works-Buildings	19.50	-	19.50
32.	75-Financial Assistance to Urban Bodies	98.70	63.08	35.62
33.	80-Financial Assistance to Three Tier Panchayati Raj Institutions	609.23	320.99	288.24
Capital Voted				
34.	06-Finance	314.61	1.40	313.21
35.	12-Energy	369.26	353.26	16.00
36.	20-Public Health Engineering	133.93	100.50	33.43
37.	23-Water Resources Department	63.00	6.16	56.84
38.	39-Food, Civil Supplies and Consumer Protection	8.70	2.79	5.91
39.	41-Tribal Areas Sub-Plan	103.69	62.03	41.66
40.	44-Higher Education	9.60	3.20	6.40
41.	45-Minor Irrigation	60.41	0.15	60.26
42.	48-Narmada Valley Development	18.22	12.95	5.27
43.	57-Externally Aided Projects Pertaining to Water Resources Department	111.18	81.00	30.18
44.	64-Scheduled Castes Sub Plan	110.67	67.36	43.31
45.	67-Public Works-Buildings	20.67	0.44	20.23
	Total	4762.13	2271.55	2490.58

Appendix

2.13

Cases of surrender of funds in excess of Rs 10 crore on 30 and 31 March 2009

(Reference Paragraph 2.3.12, page 59)

(Rupees in crore)

Sl. No.	Grant No.	Major Head	Budget Provision	Amount of Surrender	Percentage of Total Provision
1	2	3	4	5	6
1	06	2052	31.13	18.00	57.82
2	07	2030	224.75	26.88	11.96
3	07	2039	534.35	17.00	3.18
4	08	2029	259.55	40.25	15.51
5	12	2801	1747.22	25.02	1.43
6	12	6801	1892.77	317.85	16.79
7	12	4801	634.47	35.41	5.58
8	13	2401	653.21	109.40	16.75
9	15	2501	146.77	61.30	41.77
10	20	4215	417.36	100.00	23.96
11	22	6217	256.43	38.96	15.19
12	27	2202	2089.62	65.24	3.12
13	29	2014	210.25	28.56	13.58
14	29	2015	111.71	37.59	33.65
15	30	2515	609.64	12.53	2.06
16	33	2202	552.61	11.84	2.14
17	37	5452	71.61	20.29	28.33
18	39	2408	603.64	37.43	6.20
19	41	2225	298.86	36.59	12.24
20	41	2236	55.74	15.68	28.13
21	41	2202	325.11	40.23	12.37
22	41	4225	272.59	46.96	17.23
23	41	2401	182.17	43.17	23.70
24	41	4515	117.31	13.56	11.56
25	44	2202	433.33	15.36	3.54
26	52	2501	193.14	80.09	41.47
27	55	2236	235.91	24.87	10.54
28	55	2235	423.90	36.44	8.60
29	56	2851	53.56	10.03	18.73
30	58	2245	1147.43	281.39	24.52
31	59	2501	44.80	14.30	31.92

1	2	3	4	5	6
32	59	4515	56.00	32.18	57.46
33	60	4515	170.42	10.28	6.03
34	64	2202	160.29	32.25	20.12
35	64	2225	249.07	13.37	5.37
36	64	2401	111.43	25.03	22.46
37	64	4210	76.54	10.20	13.30
38	69	3425	43.40	13.05	30.07
39	73	2801	48.40	48.40	100
40	75	2202	179.64	49.92	27.79
41	75	2217	266.34	10.94	4.11
42	77	2202	557.11	29.16	5.23
43	77	4202	164.18	90.00	54.82
44	79	2210	278.42	31.44	11.29
45	80	2202	878.37	194.75	22.17
46	80	2401	44.08	16.37	37.14
47	80	2501	304.73	105.47	34.61
Total			18419.36	2375.03	12.89

Appendix

2.14 Rush of Expenditure

(Reference: paragraph 2.3.13, page 60)

(Rupees in crore)

Sl. No.	Grant number and name	Scheme No.	Expenditure incurred during Jan-March 2009	Expenditure incurred in March 2009	Total expenditure	Percentage of total expenditure incurred during	
						Jan-March 2009	March 2009
1.	03-Police	2643	34.32	34.30	44.35	77.38	77.34
2.	06-Finance	5632	18.84	18.84	18.84	100	100
3.	06-Finance	6842	27.15	27.15	27.15	100	100
4.	06-Finance	6854	15.16	15.10	15.91	95.28	94.95
5.	07-Commercial Tax	1470	33.04	26.60	38.75	85.27	68.65
6.	07-Commercial Tax	6001	37.58	37.58	37.58	100	100
7.	07-Commercial Tax	6002	116.34	116.34	116.34	100	100
8.	07-Commercial Tax	8808	22.22	20.53	23.18	95.86	88.57
9.	10-Forest	1594	29.94	26.08	51.90	57.69	50.25
10.	11-Commerce,Industry and Employment	5492	13.67	13.67	27.00	50.63	50.63
11.	13-Farmars Welfare and Agriculture Development	1060	40.15	40.04	40.84	98.31	98.04
12.	13-Farmars Welfare and Agriculture Development	5359	17.94	13.73	25.64	69.97	53.55
13.	13-Farmars Welfare and Agriculture Development	8768	59.73	59.33	68.49	87.21	86.62
14.	21-Housing and Environment	6706	136.80	107.08	140.73	97.21	76.09
15.	22-Urban Administration and Development	7321	18.53	12.27	20.86	88.83	58.82
16.	24-Public Works-Roads and Bridges	3115	29.03	27.98	33.34	87.07	83.92
17.	30-Rural Development	5727	28.66	28.66	28.66	100	100
18.	41-Tribal Area Sub Plan	3828	63.27	46.42	85.94	73.62	54.01
19.	41-Tribal Area Sub Plan	5091	35.60	21.24	37.02	96.16	57.37
20.	41-Tribal Area Sub Plan	8828	20.36	13.76	21.55	94.48	63.85
21.	41-Tribal Area Sub Plan	8849	25.86	14.88	29.22	88.50	50.92
22.	43-Sports and Youth Welfare	5834	11.53	11.53	11.53	100	100
23.	44-Higher Education	5650	15.00	15.00	15.00	100	100
24.	53-Financial Assistance to Urban Bodies under Scheduled Castes Sub plan	6981	25.35	23.45	29.84	84.95	78.58

Sl. No.	Grant number and name	Scheme No.	Expenditure incurred during Jan-March 2009	Expenditure incurred in March 2009	Total expenditure	Percentage of total expenditure incurred during	
						Jan-March 2009	March 2009
25.	55-Women and Child Development	5447	11.27	11.66	18.04	62.47	64.63
26.	64-Scheduled Caste Sub Plan	1400	18.02	10.99	18.56	97.09	59.21
27.	64-Scheduled Caste Sub Plan	8810	58.40	58.40	89.10	65.54	65.54
28.	69-Information Technology	6873	12.26	12.26	12.26	100	100
29.	69-Information Technology	6874	15.66	15.66	15.66	100	100
30.	75-Financial Assistance to Urban Bodies	6981	137.71	137.71	172.85	79.68	79.68
31.	77-Other expenditure pertaining to School Education Department (excluding Primary Education)	2267	11.96	11.83	20.46	58.46	57.82
32.	77-Other expenditure pertaining to School Education Department (excluding Primary Education)	5706	20.00	20.00	20.00	100	100
33.	78-Horticulture and Food Processing	7910	18.08	18.03	28.01	64.55	64.37
34.	80-Financial Assistance to Three Tier Panchayati Raj Institutions	5484	30.37	29.17	34.83	87.19	83.75
35.	80-Financial Assistance to Three Tier Panchayati Rsj Institutions	6968	15.11	11.79	15.31	98.69	77.01
36.	CH1-Charged Appropriation -Public Debt	3731	153.49	131.63	227.21	67.55	57.93
37.	CH1-Charged Appropriation -Public Debt	3751	11.70	11.70	12.42	94.20	94.20
38.	CH1-Charged Appropriation -Public Debt	6983	363.06	363.06	363.06	100	100
39.	CH2-Charged Appropriation-Interest Payments and Servicing of Debt	5040	12.11	12.11	24.22	50	50
		Total	**1765.27**	**1627.56**	**2061.65**	**85.62**	**78.94**

Appendix

2.15 Pending DC bills for the years up to 2008-09

(Reference paragraph 2.4.1, page 61)

(Rupees in crore)

Sl. No.	Department	Number of AC bills	Amount
1.	Electricity Inspector, M.P. Bhopal	243	0.05
2.	State Protocol Officer, Mantralaya Bhopal	19	7.59
3.	Commissioner, Lok Sikshan, Bhopal	*	4.05
4.	Deputy Director, N.C.C. M.P. Bhopal	82	0.37
5.	Director, Backward Classes, Bhopal	37	0.37
6.	Registar, Labour Courts, M.P.	86	0.16
7.	Director, Agriculture Department, Bhopal	529	6.46
8.	Soil Conservation Officer	283	1.94
	Total	**1279**	**20.99**

** Not available as records destroyed in fire*

Appendix

2.16 Substantial savings under schemes of selected grants

(Reference: paragraph 2.6.2(ii), page 65)

(Rupees in crore)

Sl. No.	Grant number and name of scheme	Saving (Percentage)		
		2006-07	2007-08	2008-09
	11- Commerce, Industry and Employment			
1.	2851-800-0801-8325- Prime Minister Employment Scheme	2.25 (50.00)	0.63 (21.0)	3.40 (97.14)
	14-Animal Husbandry			
2.	2403-102-0101-1108- Intensive Cattle Development Project	4.28 (100)	15.75 (25.74)	15.08 (22.10)
3.	2403-102-0801-6625- Scheme of Animal Census	0.69 (33.17)	15.63 (76.24)	4.72 (42.64)
4.	2403-113-0701-1458- Systematic Control of Important Animal Diseases	NA	3.69 (34.94)	2.47 (36.38)
5.	2403-800-0101-8703- Milk Production and Infrastructure	0.56 (11.09)	1.90 (28.92)	2.43 (32.44)
	19-Public Health and Family Welfare			
6.	4210-01-110-0101-7648- Construction of Building for Hospitals and Dispensaries	NA	21.36 (84.96)	6.97 (46.47)
7.	4210-02-103-0101-6920- Construction of Primary Health Centers Buildings with the Assistance of NABARD	12.66 (65.16)	NA	2.39 (34.64)
8.	4210-02-103-0101-7871- Construction of Primary Health Centers, Sub-Health Centers and Community Health Centers for Basic Services	6.00 (35.29)	36.03 (84.58)	26.67 (63.02)
	28-State Legislature			
9.	2011-02-101-4007- Legislative Assembly	2.60 (15.98)	4.10 (21.91)	4.47 (21.31)
	34-Social Welfare			
10.	2235-02-001-2304-Direction and Administration.	NA	NA	3.67 (23.88)
11.	2235-02-101-0101-3923- Scheme for Assistance to Disabled and Handicapped	0.57 (24.78)	1.23 (45.72)	2.96 (52.30)
12.	2235-02-101-6864- Vivekanand Insurance Scheme	1.50 (30.0)	5.00 (100)	5.00 (100)
13.	2235-02-101-0101-79-School and Institute for Blind Deaf and Mute	0.68 (18.09)	0.64 (16.0)	2.38 (99.17)
	47-Technical Education and Training			
14.	2203-105-0701-2667- Polytechnic Institutions.	NA	1.56 (100)	2.62 (41.79)
	58-Expenditure on Relief on Account of Natural Calamities and Scarcity			
15.	2245-01-101-96- Relief to Sufferers of Fire	35.06 (65.67)	74.47 (78.95)	14.55 (55.96)

16.	2245-02-193-5498- Assistance to Local Bodies/Institution and Other Non Govt. Bodies in flood affected areas	NA	NA	18.00 (100)
17.	2245-80-102-5503- Arrangement of Immediate work and emergency plans in calamities affected areas	NA	NA	10.00 (100)
18.	2245-80-103-7024- The amount received from National Contingency Calamity Relief Fund	NA	NA	71.12 (100)
19.	2245-80-800-5504- Financial aid in Calamities under Revenue Book-6-4	NA	NA	10.00 (100)
20.	2245-05-101-475-Transfer to Reserve Funds and Deposits Accounts-Natural Calamities Unspent Margin Money Fund-Famine Relief Fund	NA	50.49 (18.75)	277.39 (49.96)
21.	2245-01-102-2661-Drinking Water Supply	31.00 (60.0)	14.47 (28.94)	51.23 (56.92)
22.	2245-02-101-747-Relief to hailstorm sufferers	Excess	NA	20.42 (40.84)
23.	2245-02-122-989-Restotation and repair of damaged irrigation and flood control works	3.50 (100)	3.50 (100)	3.50 (100)
24.	6245-01-800-2750-Loans for Removal of Water Scarcity arising out of Natural Calamities	4.30 (100)	4.30 (100)	2.50 (100)
	67-Public Works-Buildings			
25.	4210-03-105-0101-4220- Education-Medical Colleges	NA	4.09 (68.62)	2.75 (38.89)
26.	4211-101-0801-1171- Extension of Rural (areas) Family Welfare Centers.	2.63 (78.04)	3.06 (90.80)	3.90 (97.50)
27.	4216-01-106-0701-6222-Administration of Justice (Construction of staff quarters)	1.96 (98.0)	2.21 (75.17)	4.56 (38.00)
	Total	**110.24**	**264.11**	**575.15**

Appendix

2.17 Substantial excesses under schemes of selected grants

(Reference: Paragraph 2.6.2(ii), page 65)

(Rupees in crore)

Sl. No.	Grant number and name of scheme	Excess (*percentage*)		
		2006-07	2007-08	2008-09
	11-Commerce, Industries and Employment			
1.	2852-80-800-0101-9068-Capital Cost Grant to Industrial Units	1.54 (62.60)	1.04 (15.29)	1.93 (33.6)
	47-Technical Education and Training			
2.	2203-104-0101-5700- Establishment of National Institute of Fashion Technology in the State	N.A.	N.A.	1.05 (*)
	58-Expenditure on Relief on Account of Natural Calamities and Scarcity			
3.	2245-01-101-7102- Implementation of Relief Works through Tehsildars	N.A.	N.A.	44.17 (441.70)
4.	2245-02-101-2018-Cash Doles	N.A.	N.A.	17.86 (32.47)
5.	2245-80-800-8030- Assistance for restoration of other works	N.A.	55.24 (55.24)	166.54 (152.94)
	67-Public Works-Buildings			
6.	4059-01-051-0101-8041- Construction of Building for P.W.D. Divisions/Sub Division Buildings	1.43 (286)	N.A.	1.16 (232)
	Total	**2.97**	**56.28**	**232.71**

* Excess against Token Provision

Appendix

2.18 Cases where supplementary provision under schemes proved unnecessary/excessive/ inadequate in respect of selected grants.

(Reference: paragraph 2.6.2(iii), page 65)

(A) Cases where supplementary provision under schemes proved unnecessary in respect of selected grants.

(Rupees in crore)

Sl. No.	Description of grant and scheme	Amount of unutilized supplementary provision
(1)	(2)	(3)
	34-Social Welfare	
1.	2235-02-101-0101-3923-Scheme for assistance to Disabled and Handicapped	2.95
	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	
2.	2245-01-102-2661- Drinking Water Supply	50.00
3.	2245-80-103-7024- The amount received from National Contingency Calamity Relief Fund	71.11
	67-Public Works-Buildings	
4	4059-01-051-0701-2450- Administration of Justice.	0.75
5	4408-01-800-0801-7316- Infrastructure Development of State Consumer Commission and Consumer Forums	1.50
	Total	**126.31**

(B) Cases where supplementary provision proved excessive under schemes of selected grants.

(Rupees in crore)

Sl. No.	Description of grants and schemes.	Original	Supple-mentary	Expenditure	Saving (-)
	14-Animal Husbandry				
1.	2403-102-0801-6625- Scheme for Animal Census	4.00	7.07	6.34	-4.73
	34 Social Welfare				
2.	2235-02-101-0101-79- School and Institute for Blind, Deaf and Mute	--	2.40	0.02	-2.38
	47-Technical Education and Training				
3.	2203-105-0701-2667- Polytechnic Institutions	2.27	4.00	3.65	-2.62
	58-Expenditure on Relief on Account of Natural Calamities and Scarcity				
4.	2245-05-101-475- Transfer to Reserve Funds and Deposits Accounts-Natural Calamities Unspent Margin Money Fund-Famine Relief Fund	277.39	277.80	277.80	-277.39
5.	2245-01-101-8874-Additional provision for Drought Relief and Employment	77.00	50.00	104.09	-22.91
	67-Public Works-Building				
6.	4059-80-800-0101-7094-Construction Work under Jail Improvement Scheme	8.68	26.72	31.29	-4.11
	Total	**369.34**	**367.99**	**423.19**	**-314.14**

(c) Cases where supplementary provision proved inadequate under schemes of selected grants.

(Rupees in crore)

Sl. No	Description of grants and schemes.	Original	Supple-mentary	Expenditure	Excess (+)
58-Expenditure on Relief on Account of Natural Calamities and Scarcity					
1.	2245-02-101-2018-Cash Doles	25.00	30.00	72.86	+17.86
2.	2245-80-800-8030-Assistance for Restoration of other works	60.00	48.89	275.43	+166.54
67-Public Works -Buildings					
3.	4059-01-051-0101-1481- District Administration	0.60	3.00	4.57	+0.97
	Total	**85.60**	**81.89**	**352.86**	**+185.37**

Appendix

3.1

Utilisation certificates outstanding as on 31 March, 2009

(Reference: paragraph 3.1, page 67)

(Rupees in crore)

Sl. No.	Department	@Year of Payment of grant	Total grants paid		Utilisation Certificates			
					Received		Outstanding	
			Number	Amount	Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I	Education							
		2006-07	104	235.09	61	204.29	43	30.80
		2007-08	103	166.76	59	131.99	44	34.77
		2008-09	108	161.99	42	103.75	66	58.24
	Total		315	563.84	162	440.03	153	123.81
II	Municipal Corporation							
		2007-08	338	1872.65	--	1836.55	338	36.10
		2008-09	338	1880.40	--	--	338	1880.40
	Total		676	3753.05		1836.55	676	1916.50
III	Panchayati Raj							
		2006-07	95	736.45	62	656.15	33	80.30
		2007-08	102	885.87	55	741.25	47	144.62
		2008-09	103	756.21	--	--	103	755.66*
	Total		300	2378.53	117	1397.4	183	980.58
IV	Development Agencies							
		2007-08	48	6.81	--	2.74	48	4.07
		2008-09	48	13.00	--	3.20	48	9.80
	Total		96	19.81	--	5.94	96	13.87
V	Medical							
		1997-04	NA	44.46	--	44.04	12	0.42
		2004-05	NA	8.67	--	8.53	12	0.14
		2005-06	NA	7.14	--	7.02	09	0.12
		2006-07	19	6.49	07	6.34	12	0.15
		2007-08	12	7.29	12	7.29	--	--
		2008-09	10	7.29	04	0.06	06	7.23
	Total		41	81.34	23	73.28	51	8.06
VI	Other Department							
		1997-04	NA	1644.07	--	1623.90	129	20.17
		2004-05	--do--	170.90	--	164.74	129	5.16
		2005-06	--do--	311.43	--	277.20	78	34.23
		2006-07	671	470.46	492	342.22	179	128.24
		2007-08	965	603.38	366	126.41	599	476.97
		2008-09	1036	965.00	201	38.42	835	814.22**
	Total		2672	4165.24	1059	2572.89	1949	1478.99
	Grand Total		4100	10961.81	1361	6326.09	3108	4521.81

* **Unspent Amount Rs.0.55 crore**
** **Unspent amount Rs.5.27 crore,K-deposit Amount Rs.107.09 crore**
@ **Only the years, in which Utilization Certificates are outstanding have been taken into account in this Appendix**

Appendix

3.2 Statement showing performance of the autonomous bodies

(Reference: Paragraph 3.2; page 68)

SL. No.	Name of body	Period of entrustment	Year upto which accounts were rendered	Period upto which Separate Audit Report was issued	Placement of SAR in the Legislature	Delay in submi-ssion accounts	Period of delay (Months)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	MP Housing Board, Bhopal	Upto 2006-07	2006-07	2002-03 (upto 31.10.2002)	Information awaited	--	--
2.	MP Khadi and Village Industries Board, Bhopal	Upto 2009-10	2005-06	2005-06	--do--	--	2006-07: 27 2007-08: 15 2008-09: 03
3.	MP Human Right Commission, Bhopal	Entrustment vide Act of parliament	2006-07	2006-07	--do--		2007-08: 15 2008-09: 03
4.	MP Building and Construction Workers Welfare Board, Bhopal	--do--	Accounts not rendered since inception (2003-04)	--	--	--	63
5.	MP State Legal Services Authority, Jabalpur	--do--	Accounts not rendered since inception (1997-98)	--	--	--	135 (18)
6.	District Legal Services Authority (DLSA), Jabalpur	--do--	Accounts not rendered since 1998-99	--	--	--	123 (18)
7.	DLSA, Badwani	--do	Accounts not rendered since 2006-07	--	--	--	27 (18)
8.	DLSA, Harda	--do--	Accounts not rendered since 2006-07	--	--	--	--do--
9.	DLSA, Neemuch	--do--	Accounts not rendered since 2006-07	--	--	--	--do--
10.	DLSA, Sheopur	--do--	Accounts not rendered since 2006-07	--	--	--	--do--
11.	DLSA, Balaghat	--do--	Accounts not rendered since 1998-99	--	--	--	123 (18)
12.	DLSA, Betul	--do--	--do--	--	--	--	--do--
13.	DLSA, Bhind	--do--	--do--	--	--	--	--do--
14.	DLSA, Bhopal	--do--	--do--	--	--	--	--do--
15.	DLSA, Chhatarpur	--do--	--do--	--	--	--	--do--
16.	DLSA, Chhindwara	--do--	--do--	--	--	--	--do--
17.	DLSA, Damoh	--do--	--do--	--	--	--	--do--

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
18.	DLSA, Datia	--do--	--do--	--	--	--	--do--
19.	DLSA, Dewas	Entrustment vide Act of parliament	Accounts not rendered since 1998-99	--	--	--	123 (18)
20.	DLSA, Dhar	--do--	--do--	--	--	--	--do--
21.	DLSA, Guna	--do--	--do--	--	--	--	--do--
22.	DLSA, Gwalior	--do--	--do--	--	--	--	--do--
23.	DLSA, Hoshangabad	--do--	--do--	--	--	--	--do--
24.	DLSA, Indore	--do--	--do--	--	--	--	--do--
25.	DLSA, Jhabua	--do--	--do--	--	--	--	--do--
26.	DLSA, Katni	--do--	Accounts not rendered since 2002-03	--	--	--	75 (18)
27.	DLSA, Khandwa	--do--	Accounts not rendered since 1998-99	--	--	--	123 (18)
28.	DLSA, Mandla	--do--	--do--	--	--	--	--do--
29.	DLSA, Mandsaur	--do--	--do--	--	--	--	--do--
30.	DLSA, Morena	--do--	--do--	--	--	--	--do--
31.	DLSA, Narsinghpur	--do--	--do--	--	--	--	--do--
32.	DLSA, Panna	--do--	--do--	--	--	--	--do--
33.	DLSA, Raisen	--do--	--do--	--	--	--	--do--
34.	DLSA, Rajgarh	--do--	--do--	--	--	--	--do--
35.	DLSA, Ratlam	--do--	--do--	--	--	--	--do--
36.	DLSA, Rewa	--do--	--do--	--	--	--	--do--
37.	DLSA, Sagar	--do--	--do--	--	--	--	--do--
38.	DLSA, Sehore	--do--	--do--	--	--	--	--do--
39.	DLSA, Seoni	--do--	--do--	--	--	--	--do--
40.	DLSA, Shahdol	--do--	--do--	--	--	--	--do--
41.	DLSA,Shajapur	--do--	--do--	--	--	--	--do--
42.	DLSA, Shivpuri	--do--	--do--	--	--	--	--do--
43.	DLSA, Sidhi	--do--	--do--	--	--	--	--do--
44.	DLSA, Tikamgarh	--do--	--do--	--	--	--	--do--
45.	DLSA, Ujjain	--do--	--do--	--	--	--	--do--
46.	DLSA, Vidisha	--do--	--do--	--	--	--	--do--
47.	DLSA, Mandleshwar	--do--	--do--	--	--	--	--do--
48.	DLSA, Satna	--do--	--do--	--	--	--	--do--

1. Delays calculated from the financial year in which unit was established.
2. Delays calculated taking of 30th June as date for the submission of Annual Accounts for prior financial year
3. Figures in brackets represent delay in months from the month of issue of letter for submission of their accounts.

Appendix

3.3 Department-wise/duration-wise break-up of the cases of misappropriation, defalcation, etc.

(Reference: paragraph 3.3, page 68)

Sl. No.	Name of the Department	Up to 5 years		5 to 10 years		10 to 15 years		15 to 20 years		20 to 25 years		25 years and more		Total no. of cases	
		No. of cases	Amount (in lakh)	No. of cases	Amount (in lakh)	No. of cases	Amount (in lakh)	No. of cases	Amount (in lakh)	No. of cases	Amount (in lakh)	No. of cases	Amount (in lakh)	No. of cases	Amount (in lakh)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	2210-Medical and Public Health Department	3	3.01	3	5.46	6	38.23	8	10.01	21	28.93	23	9.98	64	95.62
2	2211-Family Welfare	Nil	Nil	Nil	--	--	--	--	--	4	0.64	15	5.69	19	6.33
3	2245- Natural Calamities	--	--	--	--	--	--	--	--	--	--	1	0.16	1	0.16
4	2051- Public Service Commission	--	--	--	--	--	--	--	--	--	--	1	0.23	1	0.23
5	2029-Land Revenue	--	--	1	0.80	--	--	2	0.20	5	2.22	5	0.84	13	4.06
6	2058- Stationery and Printing	--	--	--	--	1	0.68	--	--	--	--	--	--	1	0.68
7	2053-District Administration	1	0.02	--	--	--	--	--	--	1	0.40	2	0.47	4	0.89
8	2014-Administration of Justice	3	1.38	1	3.70	--	--	2	1.73	1	0.12	2	0.55	9	7.48
9	2054-Treasury and Accounts (Finance Department)	--	--	--	--	2	19.78	--	--	4	1.25	6	12.19	12	33.22
10	2039-State Excise	--	--	4	0.39	4	0.69	--	--	--	--	3	3.50	11	4.58
11	2230-Labour and Employment	5	0.99	4	7.13	1	0.02	--	--	--	--	--	--	10	8.14
12	2401-Agriculture Department	9	12.44	2	0.99	--	--	8	3.56	5	1.09	1	0.32	25	18.40
13	2402-Agriculture Department	1	0.40	3	0.99	--	--	--	--	--	--	5	0.86	9	2.25
14	2408-Food and Civil Supply	1	0.01	--	--	--	--	--	--	--	--	1	0.52	2	0.53
15	2425-Co-operative	--	--	2	1.12	--	--	--	--	--	--	--	--	2	1.12
16	2851-Village Industry	1	--	--	--	--	--	--	--	--	--	1	0.07	3	2.82
17	2852-Village Industry	1	1.03	--	--	--	--	--	--	--	--	--	--	1	1.03

Appendix 3.3

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
18	2202-Primary Education	28	171.33	18	20.12	6	4.23	19	9.00	33	14.19	35	7.56	139	226.43
19	2202-Higher Education	15	124.66	1	0.81	2	0.83	1	0.88	1	0.83	4	6.08	24	134.09
20	2203-Technical Education	17	21.40	4	7.84	--	--	--	--	--	--	--	--	21	29.24
21	2205-Art and Culture	1	0.25	--	--	--	--	1	13.12	--	--	--	--	2	13.37
22	2501, 2505, 2515-Rural Development	1	42.31	1	1.33	3	1.54	3	3.02	2	0.34	--	--	10	48.54
23	2225-Welfare of SC/ST/OBC	--	--	--	--	15	8.44	14	8.26	3	1.83	15	2.69	47	21.22
24	2853-Mining	9	0.55	2	0.55	--	--	--	--	--	--	--	--	11	1.10
25	2030-Stamp and Registration	1	0.34	--	--	--	--	1	0.96	--	--	--	--	2	1.30
26	2041-Transport	--	--	--	--	--	--	1	5.64	--	--	--	--	1	5.64
27	2235-Rehabilitation Department	2	2.91	1	4.04	2	0.19	4	2.26	7	1.83	2	0.06	18	11.29
28	2403-Veterinary Services	13	1.81	3	0.35	4	6.32	4	0.52	3	5.77	2	0.14	29	14.91
29	2055-Police	290	75.71	92	42.16	47	27.16	42	5.10	4	0.54	--	--	475	150.67
	Total	**402**	**460.55**	**143**	**100.53**	**93**	**108.11**	**110**	**64.26**	**94**	**59.98**	**124**	**51.91**	**966**	**845.34**

Appendix

3.4

Department/category-wise details in respect of cases of loss to Government due to theft, misappropriation/loss of Government material

(Reference : paragraph 3.3, page 68)

Name of Department	Theft Cases		Misappropriation/ Loss of Government Material		Total	
	Number of Cases	Amount (Rupees in lakh)	Number of Cases	Amount (Rupees in lakh)	Number of Cases	Amount (Rupees in lakh)
1	2	3	4	5	6	7
2210-Medical and Public Health Department	26	17.61	38	78.01	64	95.62
2211-Family Welfare	2	0.97	17	5.36	19	6.33
2245-Natural Calamities	--	--	1	0.16	1	0.16
2051-Public Service Commission	--	--	1	0.23	1	0.23
2029-Land Revenue	--	--	13	4.06	13	4.06
2058-Stationery and Printing	--	--	1	0.68	1	0.68
2014-Administration of Justice	3	0.61	6	6.87	9	7.48
2054-Treasury and Accounts	--	--	12	33.22	12	33.22
2053-District Administration	1	0.4	3	0.49	4	0.89
2225-Tribal Welfare SC/ST/OBC	--	--	47	21.21	47	21.21
2853-Mining	3	0.57	8	0.52	11	1.09
2041-Transport	1	5.64			1	5.64
2235-Rehabilitation Department-Panchayat	1	1.23	7	5.96	8	7.19
2235-Rehabilitation Department-Women and Child Welfare	6	2.31	1	1.31	7	3.62

1	2	3	4	5	6	7
2235-Rehabilitation Department	--	--	3	0.47	3	0.47
2030-Stamps and Registration	1	0.34	1	0.96	2	1.3
2403-Animal Husbandry	--	--	29	14.92	29	14.92
2055-Police	27	49.4	448	101.29	475	150.69
2039-State Excise	5	1.64	6	2.94	11	4.58
2230-Labour and Employment	9	1.38	1	6.76	10	8.14
2401-Agriculture Department	15	5.82	10	12.58	25	18.4
2402-Agriculture Department	6	1.61	3	0.64	9	2.25
2408-Food and Civil Supply	1	0.01	1	0.52	2	0.53
2425-Co-operatives	2	1.12	--	--	2	1.12
2851-Village Industry	--	--	3	2.82	3	2.82
2852-Village Industry	--	--	1	1.03	1	1.03
2202-Primary Education	45	16.04	94	210.39	139	226.43
2202-Higher Education	11	6.78	13	127.31	24	134.09
2203-Technical Education	13	11.62	8	17.62	21	29.24
2205-Art&Culture	2	13.37	--	--	2	13.37
2501,2505,2515-Rural Development	4	1.82	6	46.72	10	48.54
Total	184	140.29	782	705.05	966	845.34

Appendix

3.5

Department wise details of cases of Write-offs for 2008-09

(Reference Paragraph 3.3, Page 68)

Sl. No.	Department	Authority sanctioning write off	Brief Particulars	No. of cases	Amount (In Rupees)
1	2210-Medical and Public Health Department	Dy. Secretary Health and Family Welfare, Government of M.P.	Theft of Vehicle No.CPZ/4957	1	87035
2	2055-Police	Police Department	Accidental Vehicle etc.	16	235806
3	2039-State Excise	Excise Commissioner	Defalcation in District Excise office Bhopal in 1966-67	1	22714
4	2415-Agricultural Research	Dy. Director Agriculture, Sagar	Theft of Vehicle in 1986-87	1	6500
5	2415-Agricultural Research	Asstt. Director of Agriculture, Bhopal	Death of Buffalo	1	8000
6	2415-Agricultural Research	Director of Agriculture, Bhopal	Loss due to theft of Buffalo	1	9976
7	2230-Labour and Employment	M.P. Govt. Labour Department	Defalcation	1	14780
8	2217-Urban Development	M.P. Book of Financial Powers 1995	Loss due to theft	1	2000
9	2851-Village Industry	Govt. of M.P., Book of Financial Powers 1995 Vol-I	Loss due to theft of Buffaloes	1	5000
10	2202-Higher Education	Not available	Not available	6	19587
11	2203-Technical Education	Not available	Not available	1	20558
	Total			31	431956

Glossary of Abbreviations

Sl. No.	Abbreviation	Full Form
1.	A&E	Accounts & Entitlement
2.	AC	Abstract Contingency
3.	AE	Aggregate Expenditure
4.	AIA	All India Average
5.	BE	Budget Estimates
6.	CAG	Comptroller and Auditor General of India
7.	CE	Capital Expenditure
8.	CFS	Consolidated Fund of State
9.	CO	Capital Outlay
10.	DCC	Detailed Countersigned Contingency
11.	DCRF	Debt Consolidation and Relief Facility
12.	DE	Development Expenditure
13.	DRDA	District Rural Development Agency
14.	GOI	Government of India
15.	GSDP	Gross State Domestic Product
16.	IP	Interest Payment
17.	MH	Major Head
18.	MP	Madhya Pradesh
19.	MPFRBM	Madhya Pradesh Fiscal Responsibility and Budget Management Act, 2005
20.	MPRRDA	Madhya Pradesh Rural Road Development Authority
21.	MPSEB	Madhya Pradesh State Electricity Board
22.	MPTC	Madhya Pradesh Treasury Code
23.	MTFPS	Medium Term Fiscal Policy Statement

24.	NABARD	National Bank for Agriculture and Rural Development
25.	NPRE	Non-Plan Revenue Expenditure
26.	NSS	National Small Saving
27.	NSSF	National Small Saving Fund
28.	NTR	Non-Tax Revenue
29.	O&M	Operation and Maintenance
30.	PAC	Public Accounts Committee
31.	PCCE	Per Capita Capital Expenditure
32.	PCDE	Per Capita Development Expenditure
33.	PCSSE	Per Capita Social Sector Expenditure
34.	RBI	Reserve Bank of India
35.	RE	Revenue Expenditure
36.	RR	Revenue Receipts
37.	S&W	Salary and Wages
38.	SAR	Separate Audit Report
39.	SCSP	Scheduled Caste Sub-Plan
40.	SSA	Sarva Shiksha Abhiyan
41.	SSE	Social Sector Expenditure
42.	TE	Total Expenditure
43.	TFC	Twelfth Finance Commission
44.	UC	Utilisation Certificate
45.	VAT	Value Added Tax
46.	WMA	Ways and Means Advances