

## Chapter 9

### REVIEW OF SELECTED GRANTS

#### Grant No. 5-Nuclear Power Schemes (Department of Atomic Energy)

##### Introduction

9.1 The programmes of Department of Atomic Energy (DAE) aim at using atomic energy for power generation, development of radiation technology and application of atomic energy in the area of agriculture, medicine, industry and research. In DAE, there are five Research and Development Centres, three Industrial units, three Service organisations and five Public Sector undertakings. The Department promotes research in nuclear and allied fields and mathematics through Board of Research in Nuclear Sciences and National Board of Higher Mathematics, respectively. The financial support for the activities of DAE is provided by budgetary support under Grant No. 4- Atomic Energy and Grant No.5- Nuclear Power Schemes.

##### Budget and expenditure

9.2 The overall position of budget provisions, actual disbursements and savings in respect of Grant No.5- Nuclear Power Schemes for the last three years is given below:

Table 9.1: Budget & expenditure

(Rupees. in crore)

Year	Budget provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2006-07	1299.10	3816.44	1093.27	3103.05	205.83	713.39
2007-08	1427.16	2367.19	717.70	1126.18	709.46	1241.01
2008-09	1638.61	1706.90	1117.67	1705.86	520.94	1.04

##### Unnecessary supplementary grants

9.3 The Ministry of Finance in its Office Memorandum of August 1996 while taking into consideration the comments made by the Public Accounts Committee of 10<sup>th</sup> Lok Sabha in its 88<sup>th</sup> Report directed all the Ministries/departments to ensure that supplementary grants were obtained in emergent cases only. It further directed that the supplementary demands should be restricted and confined to genuine unforeseen expenditure which could not be envisaged at the time of preparation of annual budget or to meet the requirements of decisions or developments which have taken place after

the approval of the budget i.e. post budget decisions and not for continuing schemes and programmes.

Audit scrutiny of the Appropriation Accounts for the year 2006-07 and 2008-09 revealed that the Department obtained supplementary grant under the following sub-heads in anticipation of higher disbursement, entire/large portion of which remained unutilized at the end of the year. Thus, the supplementary grant proved to be unnecessary to the extent indicated below:

**Table 9.2 - Unnecessary Supplementary Grant**

*(Rupees in crore).*

Sl. No.	Year	Sub-head	Original provision	Supplementary grant	Actual expenditure	Savings
1.	2006-07	6801.00.206.01- Loans to Nuclear Power Corporation of India Limited	1606.00	346.47	1523.25	429.22
2.	2008-09	2801.03.103.04- Operational Expenses for Additional Upgrading Facility for MAPS	2.57	0.03	1.20	1.40

#### **Persistent savings**

**9.4** As per instructions of the Ministry of Finance while framing the estimates, due note is to be taken of the past performance, the stages of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme as scheduled, the constraints on spending by the spending agencies, etc. The objective is to minimise the scope for avoidable surrenders at a later stage. Further, no provision should normally be made in the budget without completion of pre-budget scrutiny of the projects/schemes.

Scrutiny of the Appropriation Accounts revealed that under the following sub-heads, large provisions persistently remained unutilised during the period 2006-09 and were surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament.

**Table 9.3: Persistent unspent provisions**

*(Rupees in crore)*

Sl. No.	Sub-head	Year	Budget Provision	Actual expenditure	Unspent provision	Reasons attributed by the Department
1.	2801.03.101.08- PHWR Fuel for other Stations	2007-08	1239.56	551.60	687.96	Due to decrease in actual supply of PHWR Natural Uranium Fuel and deferment of procurement of supplies and materials.
		2008-09	1308.88	649.02	659.86	Less import of PHWR Natural Uranium Fuel
2.	4801.03.190.02- Bharatiya Nabhikiya Vidyut Nigam Ltd.	2006-07	481.85	195.00	286.85	Delay in finalization of work contracts and procurement of equipment and materials.
		2007-08	926.00	390.00	536.00	Delay in getting raw materials, construction of four steam generators and late delivery of equipments
3.	6801.00.206.01- Loans to Nuclear Power Corporation of India Limited	2006-07	1952.47	1523.25	429.22	Delay in shipment of material from Russia
		2007-08	1021.97	373.29	648.68	Delay in shipment of equipments from Moscow

### **Surrender of savings**

**9.5** According to the provision of Rule 56(2) of the General Financial Rules, savings in a grant or appropriation are to be surrendered to the Government as soon as these are foreseen, without waiting for the end of the financial year. Unspent provision should also not to be held in reserve for any possible future excess. Test check revealed that contrary to this, the Department surrendered savings at the fag end of the financial year 2006-09 as detailed below:

**Table 9.4: Surrender of Savings**

*(Rupees in crore)*

Year	Savings		Amount surrendered		Amount not surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2006-07	205.83	713.39	183.86	713.17	21.97	0.22	23.03 2007
2007-08	709.46	1241.01	566.80	1240.53	142.66	0.48	27.03 2008
2008-09	520.94	1.04	518.24	0.65	2.70	0.39	30.03.2009

Had the above savings been surrendered as soon as these were foreseen, these could have been fruitfully utilized in other schemes/projects of the Government.

### **Re-appropriation of funds**

**9.6** As per Ministry of Finance instructions based on the observations contained in the 147<sup>th</sup> Report of Public Accounts Committee (Eighth Lok Sabha), the delegated powers of re-appropriation of funds should be exercised by the Ministries/Departments in such a manner that the original objectives for which the provisions were made under various sub-heads were not substantially altered by exercise of power of re-appropriation. A perusal of re-appropriation orders issued during 2006-09 revealed that the Department made heavy re-appropriations of funds between the different primary units of appropriation defeating the original purpose/activity for which the original provisions were obtained in 13, 14 and 13 sub-heads as detailed in **Appendix-IX-A**.

### **Excess expenditure over available provision**

**9.7** In terms of Appendix-14 to Rule 59 of the General Financial Rules 2005, the Pay and Accounts Office is required to ensure that no payment is made in excess of the budget allotment under any sub-head or primary unit of appropriation. In case where the existing budget provision is not sufficient to cover the payment, the Pay and Accounts Office can make payment only on receipt of an assurance in writing from the Head of Department controlling the grant that necessary funds to accommodate the disbursement will be provided for in time by issue of re-appropriation order, etc.

Test check of the Appropriation Accounts for 2007-08 and 2008-09 disclosed that in the following cases, the PAO had made payment in excess of budget provision without any re-appropriation order to accommodate the final excess

expenditure. This shows ineffective expenditure control at the level of PAO as well as the departmental authorities controlling the grant.

**Table 9.5: Excess expenditure over available provision**

*(Rupees in crore)*

Year.	Sub-head	Provision	Available provision	Actual expenditure	Excess expenditure
2007-08	2801.03.101.07- BWR Fuel for TAPS	O 11.64 R (+) 0.66	12.30	13.63	1.33
2008-09	2801.03.101.07- BWR Fuel for TAPS	O 13.07 R (+) 134.87	147.94	149.35	1.41

### **Grant No.7 – Department of Fertilizers (Ministry of Chemicals and Fertilizers)**

#### **Introduction**

**9.8** The main activities of the Department of Fertilizers broadly cover planning, promotion and development of the fertilizer industry, planning and monitoring of production, import and distribution of fertilizers and management of finances for indigenous and imported fertilizers.

#### **Budget and expenditure**

**9.9** The overall position of budget provision, actual disbursement and unspent provision under the grant for the last three years is given below:

**Table 9.6: Overall Budget provision & Actual Expenditure**

*(Rupees in crore)*

Year	Budget provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2006-07	28753.18	117.22	28739.66	92.04	13.52	25.18
2007-08	43543.57	56.68	43537.53	56.63	6.04	0.05
2008-09	100857.13	46.04	99511.95	45.95	1345.18	0.09

#### **Surrender of savings**

**9.10** Test check of the Appropriation Accounts revealed that contrary to the General Financial Rules, the Department surrendered savings at the fag end of the financial year. The details of amounts surrendered during 2006-09 are given in Table 9.7.

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**Table 9.7: Surrender of savings**

*(Rupees in crore)*

Year	Unspent provision		Amount Surrendered		Amount not Surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2006-07	13.52	25.18	12.75	25.18	0.77	---	30/31.3.2007
2007-08	6.04	0.05	5.99	0.05	0.04	---	19.3.2008
2008-09	1345.18	0.09	1344.58	0.09	0.06	---	31.3.2009

**Large Supplementary Grant due to unrealistic budgetary projection**

**9.11** Scrutiny of the Appropriation Accounts for the period 2006-09 revealed that the Department obtained supplementary grants/appropriations much in excess of their original budgetary allocations during this period. Large amounts of supplementary grants represent unrealistic budgetary projections. The details are given in Table 9.8

**Table 9.8: Large Supplementary Grants due to unrealistic budgetary projections**

*(Rupees in crore)*

Sub Head	2006-07		2007-08		2008-09	
	Original	Supplementary	Original	Supplementary	Original	Supplementary
2401.00.105.14- Payment for concessional sale of indigenous decontrolled fertilizers	4399.00	2550.00	5697.10	2136.70	6447.10	21300.00
2401.00.105.15- Payment for concessional sale of imported decontrolled fertilizers	1350.00	2300.00	2650.00	2450.00	4400.00	12323.69
2401.00.106 – Import of Fertilizers	1861.78	2200.00	4771.79	5163.30	10420.44	6443.00
2401.00.129.01- Payment through Bonds for concessional sale of indigenous decontrolled fertilizers	---	---	Nil	2500.00	Nil	8250.00
2401.00.129.02- Payment through Bonds for concessional sale of imported decontrolled fertilizers	---	---	Nil	1500.00	Nil	8750.00
2852.03.129.01- Payment through Bonds under Fertilizers Retention Price Scheme	---	---	Nil	3500.00	Nil	3000.00

### Excess expenditure over available provision

**9.12** Test check of the Appropriation Accounts for 2007-08 revealed that the PAO had made an excess payment of Rs. 4.49 crore in the sub-head '6855.00.190.14- Brahmaputra Valley Fertilizers Corporation Ltd.' in excess of budget provisions without obtaining a written assurance from the controlling officer or allocation of additional provision through re-appropriation in contravention of General Financial Rules indicating laxity in budgetary control.

### Persistent savings

**9.13** Scrutiny of the Appropriation Accounts disclosed that under various sub-heads as detailed below, large provisions remained unutilised persistently during the period 2006-09 and were re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament.

**Table 9.9: Persistent savings**

*(Rupees in crore)*

Sl. No.	Sub-head	Year	Provision	Actual expenditure	Savings	Reasons given by the Ministry
1.	2401.00.105.14- Payment for concessional sale of indigenous decontrolled fertilizers	2006-07	6949.00	6648.17	300.83	Due to re-appropriation for discharging statutory liabilities for payment of import of urea within prescribed time limit.
		2008-09	27747.10	24707.10	3040.00	Due to less receipt of subsidy claims
2.	2852.03.101.02- Payment under fertilizers freight subsidy scheme	2006-07	1050.00	740.00	310.00	Due to re-appropriation for discharging statutory liabilities for payment of import of urea within prescribed time limit

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Sl. No.	Sub-head	Year	Provision	Actual expenditure	Savings	Reasons given by the Ministry
		2007-08	2000.00	1834.14	165.86	Due to re-appropriation for discharging statutory liabilities for payment of import of urea within prescribed time limit
		2008-09	2550.00	1350.00	1200.00	Less release of subsidy due to downward freight in concessional rates

**Non-utilisation of the entire provision**

**9.14** Scrutiny of the Appropriation Accounts for the year 2007-09 revealed that in many cases where the entire provision under the sub-heads remained unutilized by the Department as detailed in Table 9.10. This was indicative of the fact that budget estimates/supplementary demands were not prepared after adequate pre budget scrutiny of projects and schemes. The Department attributed these savings to non-approval of the schemes.

**Table 9.10: Entire budget provision remained unutilized**

*(Rupees in crore)*

Sl.No	Sub-head	Total provision	Saving
<b>2007-08</b>			
1.	2852.03.004.06- Capital subsidy for conversion 4 existing FO/LSHS Plants to NG/LNG	5.00	5.00
2.	6855.00.190.01- Fertilizers Corporation of India Limited	1.01	1.01
3.	6855.00.190.12- Pyrites, Phosphates and Chemicals Limited	1.01	1.01
<b>2008-09</b>			
4.	2852.03.004.06- Capital subsidy for conversion 4 existing FO/LSHS Plants to NG/LNG	150.00	150.00



**Grant No.46 - Department of Health and Family Welfare  
(Ministry of Health and Family Welfare)**

**Introduction**

**9.15** The Department of Health and Family Welfare is responsible for implementation of various national programmes in the areas of Health and Family Welfare, prevention and control of major communicable diseases and promotion of traditional and indigenous systems of medicine. The Department incurs expenditure either directly under central schemes or by way of grants-in-aid to autonomous/statutory bodies and Non Government organizations.

**Budget and Expenditure**

**9.16** The overall position of budget provision, actual expenditure and unspent balance for the last three years is given below:

**Table 9.11: Overall Budget provision & Actual Expenditure**

*(Rupees in crore)*

Year	Budget provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2006-07	13874.62	505.54	11599.71	361.15	2274.91	144.39
2007-08	16551.17	776.84	15083.71	261.66	1467.46	515.18
2008-09	18342.12	931.70	16867.28	741.76	1474.84	189.94

**Persistent savings**

**9.17** Scrutiny of the Appropriation Accounts revealed that there were persistent savings under the revenue section of the grant during the last three years. Persistent unspent provisions (**Appendix-IX-B**) under the grant reflected defective budgeting by the Department. Schemes affected by large persistent savings are discussed below:-

**a) Institutions of higher learning**

The Central Education Institutions (Reservation in admission) Act, 2006 (CEI Act) seeks to implement the policy of reservation in the CEIs to OBCs from the academic session of 2007. In order to lay down a road map for implementing the policy of reservation, an oversight committee was constituted alongwith five separate groups of specialists one of which was for medical education. However, due to non finalization of proposals of the medical institutions/delay in preparation of proposals, the entire budget provisions of Rs. 400.00 crore during 2007-08 and 80 *per cent* of the budget provision of Rs. 40.00 crore in 2008-09 remained unutilised.

**b) Cancer Research**

There are five schemes under the National Cancer Control Programme viz. (i) Recognition of New Regional Cancer Centers (RCC), (ii) Strengthening of existing Regional Cancer Centers, (iii) Development of Oncology Wing, (iv) District Cancer Control Programme and (v) Decentralized NGO Scheme. The Department provides one time grant of Rs.5.00 crore for new RCCs, Rs.3.00 crore for strengthening of existing centres, Rs.3.00 crore for development of Oncology Wing and Grants-in-aid of Rs.90 lakh spread over a period of five years for District Cancer Control Programmes. In 2008-09, there were 27 Regional Cancer Centers and 210 Government Medical Colleges/Hospitals having 350 tele-therapy facilities. During the period 2006-07 to 2008-09, there were savings ranging between 37 to 61 *per cent* of the budget provision, as a result, the objectives of the schemes remained unfulfilled.

**c) Capacity Building Project for Food and Drugs**

Under the World Bank assisted Capacity Building Project (CBP), various food and drug laboratories of the Central and State Governments have been provided assistance for creation or strengthening of laboratories in the form of equipments, procurement of land, construction of laboratory building, manpower and initial operationalization, etc. During the years 2007-08 and 2008-09 there were savings ranging between 84 and 93 *per cent* of the budget provision due to non-starting of civil work and non-purchase of equipments.

**d) Supply of RCH Drugs & Equipments**

In order to improve the health status of women and children and fulfill the unmet needs of family welfare services in the country, especially the poor and under served by reducing infant child and maternal mortality and morbidity, the Government of India launched the Reproductive and Child Health (RCH) programme in 1997-98. The RCH programme was partly funded by World Bank, UNICEF, UNFPA and European Commission etc. During 2006-07 to 2008-09, the entire budget provision of Rs. 646.00 crore remained unutilised as the agreement with United Nations Office for Project Services (UNOPS) was not finalized. As a result, the objective of the scheme to improve health status of women and children remained unfulfilled.

**e) Integrated Disease Surveillance Project**

The Integrated Disease Surveillance Project (IDSP) was launched in November 2004 to detect early warning signals of impending outbreaks and to help initiate an effective response in a timely manner. IDSP's objectives include establishment of a decentralized state based surveillance system for

communicable diseases, detection of early warning signals and improving the efficiency of the existing surveillance activities of the disease control programmes. During 2006-07 to 2008-09, the entire budget provision of Rs. 86.00 crore remained unutilised due to decentralization of Central level procurement to State Governments, reduction in the number of laboratories owing to operational problems and non-receipt of demands for grants from the State Governments.

### Un-necessary and injudicious re-appropriations

**9.18** Re-appropriation of funds was injudicious in 16 cases as listed in **Appendix-IX-C** as the original provision under these sub-heads was more than adequate. Consequently, final savings under the sub-heads were more than the amount re-appropriated to these sub-heads indicating deficient budgetary control and financial management.

### Surrender of unspent provision

**9.19** Contrary to the General Financial Rules, the Department surrendered unspent provisions on the last day of the financial year. The details of amounts surrendered during 2006-09 are given below:

**Table 9.12: Surrender of unspent provision**

*(Rupees in crore)*

Year	Unspent provision		Amount surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	
2006-07	2274.91	144.39	2052.18	59.12	31.03.07
2007-08	1467.46	515.18	1179.20	485.45	31.03.08
2008-09	1474.84	189.94	965.26	162.26	31.03.09

### Outstanding Utilisation certificates

**9.20** As per Rule 212 (1) of the General Financial Rules, 2005, in respect of non-recurring grants, utilisation certificates of the grants received are required to be submitted within twelve months of the closure of the financial year by the Institution/Organisation concerned. The purpose of furnishing the utilisation certificates is to ensure that the grants had been utilized for the purpose for which these were sanctioned and where the grants were released with certain conditions, the prescribed conditions fulfilled. In cases where the utilization certificate is not received within the prescribed period, the Ministry/Department will be at liberty to blacklist such Institution or organisation from any future grant, subsidy or other financial support from the Government.

Scrutiny of records revealed that Utilization Certificates in respect of grants-in-aid amounting to Rs. 9,789.14 crore released by the Department up to 31<sup>st</sup> March 2008 in 4,174 cases were outstanding from the grantee institutions till September 2009 as per details given in **Appendix-IX-D**.

### Grant No. 53 -Police (Ministry of Home Affairs)

#### Introduction

**9.21** The Ministry of Home Affairs (MHA) performs multifarious functions, important among them being the maintenance of internal security, Centre-State relations, management of para-military forces, border management, disaster management, administration of Union territories, etc.

#### Budget and expenditure

**9.22** The overall position of budget provision, actual disbursement and savings under the grant for the last three years was as under:

**Table 9.13: Overall Budget provision & Actual Expenditure**

*(Rupees in crore)*

Year	Budget provision				Actual disbursement				Savings			
	Revenue		Capital		Revenue		Capital		Revenue		Capital	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
2006-07	14638.19	3.44	2039.40	17.35	14037.26	3.13	1846.68	16.00	600.93	0.31	192.72	1.35
2007-08	14914.45	3.59	4610.91	13.20	14629.38	2.78	2822.24	5.38	285.07	0.81	1788.67	7.82
2008-09	21659.71	3.93	5344.51	7.85	20775.73	2.82	3119.00	6.75	883.98	1.11	2225.51	1.10

#### Unrealistic budgetary assumptions

**9.23** Scrutiny of the Appropriation Accounts revealed that under various sub-heads, the entire/large part of the provisions remained unutilised during the period 2006-09 and were surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Savings of Rupees ten crore and above constituting more than 40 *per cent* of the budgeted provision are given in **Appendix-IX-E**. The cases pertaining to the years 2006-07 and 2007-08 have already been reported in the previous audit reports.

### Non-utilization of the entire provision

**9.24** Scrutiny of Appropriation Accounts for the year 2006-09 revealed that the entire provision under the sub-heads as detailed in **Appendix-IX-F** remained unutilized by the Ministry. That was indicative of the fact that budget estimates /supplementary were not prepared after adequate pre budget scrutiny of projects and schemes. The Ministry attributed these savings to non-approval/non-materialisation of some of the schemes, etc.

### Surrender of savings

**9.25** Contrary to the General Financial Rules, the Ministry surrendered savings on the last day of the financial year. The details of amounts surrendered during 2006-09 are given below:

**Table 9.14: Surrender of savings**

Year	Savings		Amount surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	
2006-07	600.93	192.73	512.68	147.73	31.03.2007
2007-08	285.07	1788.67	123.42	1725.43	31.03.2008
2008-09	888.57	2243.72	794.07	2022.79	31.03.2009

*(Rupees in crore)*

### Persistent savings

**9.26** Audit scrutiny of the Appropriation Accounts disclosed that under various sub-heads (**Appendix-IX-G**), large provisions persistently remained unutilized during the period 2006-09 and were surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. The Ministry attributed persistent savings to slow progress of works, non-demarkation of border areas and local protests, etc.

### Excess expenditure over available provision

**9.27** Audit scrutiny of the Appropriation Accounts for the period 2006-09 revealed that the Pay and Accounts Office had made payment in excess of budget provision or final re-appropriation without obtaining a written assurance from the controlling officer or additional provisions through re-appropriation. Since the Ministry did not issue the re-appropriation orders to cover the final excess expenditure over the available provisions, the expenditure under these heads was in excess of the budget provisions. The details of excess expenditure are given in **Appendix-IX-H**.

### **Outstanding utilization certificates**

**9.28** Audit scrutiny of records revealed that Utilization Certificates (UCs) for the grants released up to 2007-08 by the three divisions of the Ministry namely Boarder Management (BM), Police Modernization (PM) and North Eastern (NE) in 64 cases involving Rs. 234.49 crore were outstanding as of September 2009. The division wise details of outstanding UCs are given in **Appendix-IX-I**.

### **Re-appropriation not reported to Parliament**

**9.29** As per Government of India's decision (6) below Rule 10 of Delegation of Financial Powers Rules (DFPR), any re-appropriation order issued during the year which had the effect of increasing the budget provision by more than 25 *per cent* or Rupees five crore, whichever was more, under a sub-head, should be reported to Parliament along with the last batch of Supplementary Demands. In exceptional cases, any order of re-appropriation issued by the Ministries/departments after presentation of the last batch of supplementary demands exceeding the above limit, requires prior approval of the Secretary/Additional Secretary, Department of Expenditure, Ministry of Finance.

Scrutiny of the Appropriation Accounts disclosed that the Ministry had not reported the re-appropriation in the cases detailed in **Appendix IX-J**. The Ministry stated that two cases for the year 2006-07 could not be reported to Parliament due to oversight and rush of work and as regards remaining two cases, it was not possible to report them to the Parliament as these were given effect after the proposals for final batch of supplementary demands for grants had been forwarded to the Ministry of Finance.

### **Grant No. 86-Department of Shipping (Ministry of Shipping, Road Transport and Highways)**

#### **Introduction**

**9.30** The Department of Shipping encompasses within its fold the port and shipping sectors, which include ship building and ship repair, major ports, national water ways and inland water transport. The Department has been entrusted with the responsibility to formulate policies and programmes on these subjects and their implementation. The key functions are being exercised through several Public Sector Undertakings (PSUs) and Port Trusts under the administrative control of the Department.

### Budget and Expenditure

9.31 The overall position of budget provision, actual disbursements and unspent provision under the grant for last three years is given in Table 9.15.

**Table 9.15: Overall Budget provision & Actual Expenditure**

*(Rupees in crore)*

Year	Budget provision				Actual disbursement				Savings			
	Revenue		Capital		Revenue		Capital		Revenue		Capital	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
2006-07	1106.06	-	588.69	-	1011.87	-	443.11	-	94.19	-	145.58	-
2007-08	1111.52	92.78	589.51	-	900.60	92.78	399.77	-	210.92	-	189.74	-
2008-09	1069.75	-	416.56	-	817.29	-	262.37	-	252.46	-	154.19	-

### Surrender of Savings

9.32 Contrary to the General Financial Rules, the Department surrendered unspent provisions every year on the last day of the financial year. The details of amounts surrendered during 2006-09 are given below:

**Table 9.16: Surrender of savings**

*(Rupees in crore)*

Year	Savings		Amount surrendered		Amount not surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2006-07	94.19	145.58	90.19	137.44	4.00	8.14	31.3.2007
2007-08	210.92	189.74	209.84	185.88	1.08	3.86	31.3.2008
2008-09	252.46	154.19	218.66	149.07	33.80	5.12	31.3.2009

### Excess expenditure over available provision

9.33 Audit scrutiny of the Appropriation Accounts for the period 2006-08 revealed that the Pay and Accounts Office had made payment in excess of budget provision or final re-appropriation without obtaining a written assurance from the controlling officer or additional provisions through re-appropriation. Since the department did not issue and re-appropriation orders to cover the final excess expenditure over the available provisions, the expenditure under these heads was in excess of the budget provisions. The details are given in Table 9.17.

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**Table 9.17: Excess expenditure over available provision**

*(Rupees in crore)*

S. No	Sub head	Provision	Available provision	Actual Expenditure	Excess Expenditure
<b>2006-07</b>					
1.	3051.02.001.01- Establishment charges in respect of CE-cum-Administrator office at Port Blair and E.E & Liaison office at New Delhi	O 16.25 R -1.52	14.73	14.92	0.19
2.	3051.03.101.05-General Reserve Fund	O 49.40	49.40	53.99	4.59
<b>2007-08</b>					
1.	3051.01.108.02- River dredging and Maintenance of River Hoogly by Calcutta Port Trust	O 40.00 R -5.74	34.26	40.00	5.74
2.	5051.02.200.01- Construction of landing facilities and jetties	O 61.36 R -38.62	22.74	30.46	7.72
3.	5051.02.200.05- Post Tsunami works	O 105.09 R -87.01	18.08	20.20	2.12
4.	5075.60.800.06- Sethusumudram Ship Canal Project	O 140.22 R -1.22	139.00	139.22	0.22

**Unrealistic budgetary assumptions**

**9.34** Scrutiny of the Appropriation Accounts revealed that under various sub-heads, the entire/large provision remained unutilised during the period 2006-09 and was surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Savings of Rupees ten crore and above constituting more than 40 per cent of the budgeted provision are shown in **Appendix-IX-K**.

**Persistent savings**

**9.35** Scrutiny of Appropriation Accounts disclosed that under the following sub-heads, large provision remained unutilized persistently during the period 2006-09 and were surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament.



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**Table 9.18: Persistent savings**

*(Rupees in crore)*

Sl. No.	Sub-head	Year	Budget provision	Actual expenditure	Savings	Reasons given by the Ministry
1	2852.06.102.10- Ship-building Subsidy	2006-07	151.49	110.52	40.97	Non-receipt of proposals from PSUs.
		2007-08	173.18	162.23	10.95	-do-
		2008-09	170.00	131.70	38.30	Delay in achievement of construction stages.
2.	2852.06.102.21- Subsidy to non - central PSU Shipyards and Private Sector Shipyards	2006-07	18.01	Nil	18.01	Due to non-receipt of approved proposals from competent authority.
		2007-08	132.00	27.02	104.98	-do-
		2008-09	60.00	Nil	60.00	Non-clearance of proposals of private shipyards

**Unnecessary supplementary grants**

**9.36** Audit scrutiny of the Appropriation accounts for the year 2008-09 revealed that the Department obtained supplementary grant under the following sub-heads in anticipation of higher disbursement, entire/large portion of which remained unutilized at the end of the year. Thus, the supplementary grant proved to be unnecessary to the extent indicated below:

**Table 9.19 - Unnecessary Supplementary Grants**

*(Rupees in crore)*

Year	Sl. No.	Sub-head	Original provision	Supplementary provision	Actual expenditure	Unutilized provision
2008-09	1.	3051.03.001.01-Directorate General	14.69	5.47	14.61	5.55
	2.	3051.03.101.01- Management	18.16	5.00	17.91	5.25
	3.	3052.02.001.01- Director General of Shipping	18.73	1.76	13.85	6.64
	4.	3052.02.101.01- Mercantile Marine Department	10.16	2.00	9.96	2.20

**Rush of expenditure during March and last quarter of the financial year**

**9.37** In terms of Rule 56(3) of the General Financial Rules, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided. The Ministry of Finance, Department of Expenditure issued instructions to all Ministries/departments in September 2007 to restrict their expenditure during

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the last quarter of the financial year to 33 *per cent* and during March 15 *per cent* of the budget estimates.

However, the department did not follow the rules and instructions of the Ministry of Finance and incurred very significant expenditure in the month of March and during last quarter of the financial years as detailed below:

**Table 9.20 - Rush of expenditure during the month of March/last quarter of the financial years**

*(Rupees in crore)*

Sl. No.	Year	Budget Estimate	Expenditure incurred in March	Percentage of expenditure incurred in March	Expenditure incurred during last quarter of the financial year	Percentage of expenditure during the last quarter of financial year
1.	2006-07	1375.17	347.23	25	654.17	48
2.	2007-08	1793.81	440.82	25	588.09	33

Since the funds released in March to various organisations cannot be constructively spent during the year, which closes on the last day of the same month/quarter, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.

**Delay in furnishing of ATNs on paras of CAG reports on Union Government Accounts.**

**9.38** The Public Accounts Committee (PAC) in their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22<sup>nd</sup> April 1997 recommended that submission of ATNs pertaining to the audit reports for the year ended March 1996 onwards be completed within four months from the laying of the reports in the Parliament.

Review of outstanding ATNs to the PAC on paragraphs included in the Reports of the C&AG disclosed that the ATNs on the following audit paras were either submitted late or were yet to be submitted to Ministry of Finance as of October 2009:

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**Table 9.21: Delay in furnishing of ATNs**

S.No.	Para No.	Report No.	Title of para	Date of laying of report in Parliament	ATN due on	ATN furnished to Ministry of Finance on
1.	7.12 & 7.13	1 of 2003	Surrender of unspent provision	22.04.2003	22.08.2003	16.10.2006
2.	6.10	1 of 2005	Disbursements made in March 2004	06.05.2005	06.09.2005	21.9.06
3.	6.10	1 of 2006	Disbursements made in March 2005	21.03.2006	21.07.2006	23.04.09
4.	7.13	1 of 2006	Unnecessary Supplementary Grant	21.03.2006	21.07.2006	ATN not yet finalized
5.	6.10	13 of 2007	Disbursements made in March 2006/last quarter	18.05.2007	18.09.2007	ATN not yet finalized
6.	7.3	13 of 2007	Excess expenditure over the available provision	18.05.2007	18.09.2007	ATN not yet finalized
7.	7.13	13 of 2007	Unnecessary Supplementary Grant	18.05.07	18.09.07	23.04.09