

3: APPROPRIATION ACCOUNTS: 2015-16

3.1 Introduction

The Appropriation Act passed by the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India (CFI) for identified services. Parliament also sanctions supplementary or additional Grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution. The Appropriation Acts authorise disbursements on services, which have been voted by Parliament under various Grants in terms of Articles 114 and 115, and the disbursements, charged on the CFI in terms of Articles 112(3) as well as Articles 273, 275 and 293 of the Constitution. The Government prepares Appropriation Accounts every year indicating the details of the gross amounts on various services actually spent vis-à-vis those authorised by the Appropriation Acts.

The Controller General of Accounts (CGA) prepares the Appropriation Accounts in respect of Civil Ministries. The Ministries of Defence, Railways and the Department of Posts prepare the Appropriation Accounts of their respective Grants. The Comptroller and Auditor General of India submits four Appropriation Accounts, viz. Civil, Defence, Posts and Railways, along with his Audit Reports thereon under Article 151 of the Constitution, to the President every year, who causes them to be laid before the Parliament. Details of Demands for Grants/Appropriations of various Ministries during 2015-16 are as follows:

Ministry	Number of Demands for Grants/Appropriations
Civil	102
Defence	6
Posts	1
Railways	16
Total	125

This Chapter contains audit observations on the Appropriation Accounts (Civil, Posts and Defence), including an analysis of expenditure in excess of allocation requiring regularisation by the Parliament, unspent provisions requiring explanation, irregular and injudicious re-appropriations, supplementary provisions obtained without requirement by some Ministries and unrealistic budgeting. The excesses as well as savings in respect of Grants/Appropriations relating to Civil Ministries/Departments, Posts and Defence have been dealt with in this Chapter. Audit findings on Railway Appropriations are available in the related Separate Audit Report for the year ended 2015-16. However, references to Railways Grants/Appropriations have also been made in order to cover the position of excess as well as savings.

3.2 Summary of total provisions, actual disbursements and savings during 2015-16

Chart 3.1 below shows the break-up of expenditure in Ministries/Departments, Posts, Railways and Defence during the financial year 2015-16. As can be seen from the chart, the bulk of the expenditure, 90.73 per cent, was incurred by the Civil Ministries, 4.94 per cent by Railways, 4.00 per cent by Defence, while the Department of Posts accounted for 0.33 per cent of the total gross expenditure.

Chart 3.1: Break-up of expenditure between Civil Ministries/Departments, Railways, Posts and Defence during the financial year 2015-16

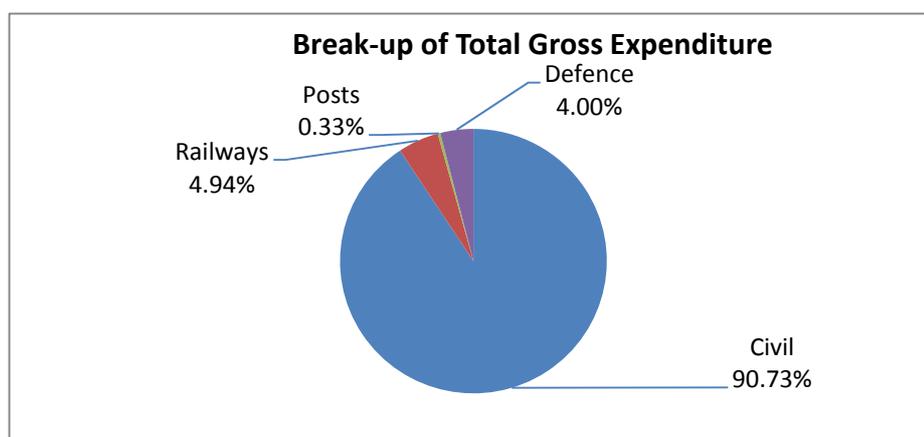


Table 3.1 below gives the expenditure in Civil Ministries/Departments, Railways, Posts and Defence during the year 2015-16.

Table 3.1: Expenditure under Charged and Voted during the year 2015-16

(₹ in crore)

Civil		Railways		Posts		Defence		Total	
5529473		301316		19990		243534		6094313	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
1232487	4296986	301011	305	19989	1	243285	249	1796772	4297541
22.29%	77.71%	99.90%	0.10%	99.99%	0.01%	99.90%	0.10%	29.48%	70.52%

Table 3.2 gives the total provisions (both Charged and Voted) and disbursements of the Government during the financial year 2015-16. **Annexure 3.1** presents the details of the summary of Appropriation Accounts of Civil Ministries, Posts, Railways and Defence Services.

Table 3.2: Provision, disbursement and savings during 2015-16

(₹ in crore)

Departments	Total Provision	Disbursements	Savings (-) Excess (+)	Percentage of Savings as compared to Total Provision
Civil	6128623.85	5529473.30	(-) 599150.55	9.78
Posts	20532.66	19989.84	(-) 542.82	2.64
Defence Services	264141.56	243534.09	(-) 20607.47	7.80
Railways	338368.80	301316.19	(-) 37052.61	10.95
Grand Total	6751666.87	6094313.42	(-) 657353.45	9.74

Under the Civil Ministries/Departments, the net saving of ₹ 5,99,150.55 crore was due to saving of ₹ 5,99,360.92 crore in the 101 *Appropriations/Grants* and excess expenditure of ₹ 210.37 crore under two *Appropriations/Grants*.

Out of the overall saving of ₹ 5,99,360.92 crore in Civil Ministries/Departments, major savings occurred in Grant No. 39-*Appropriation-Repayment of Debt* (₹ 4,95,571 crore), Grant No. 36-*Appropriation-Interest Payments* (₹ 18,819 crore), Grant No. 37-Transfers to State and Union Territory Governments (₹ 11,938 crore), etc.

Of the overall excess expenditure of ₹ 210.37 crore in Civil Ministries /Departments, excess expenditure of ₹ 210.22 crore (Revenue Voted) registered in Grant No. 15 - Department of Telecommunication.

There were savings in 206 segments¹ of the 101 Grants/Appropriations and excess in two segments of two Grants under the Grants/Appropriations relating to Civil Ministries/Departments; savings in four segments of Posts; savings in 25 segments² and excess in six segments of Railways and savings in 12 segments of Defence. **Annexure 3.2** presents an abstract of the savings and excess.

3.3 Charged and voted disbursements

As per article 112(2) of the Constitution, a distinction is made between Charged and Voted expenditure. Charged expenditures are those expenditures as defined in Articles 112(3), 273, 275(1) and 293(2) of the Constitution. Estimates of Charged expenditure are not subjected to the vote of the Parliament as enshrined in Article 113(1) of the Constitution but can be discussed in either House of the Parliament. **Annexure 3.3** contains the details of disbursements actually made against authorised demands (Grants and Appropriations) of the Civil Ministries/Departments for the period 2000-01 to 2015-16.

During 2015-16, the total disbursements of ₹ 55,29,473 crore under the civil Ministries/Departments were higher by ₹ 2,39,789 crore as compared to the total

¹ There are four segments viz. Revenue Voted, Revenue Charged, Capital Voted and Capital Charged in each Grant/Appropriation.

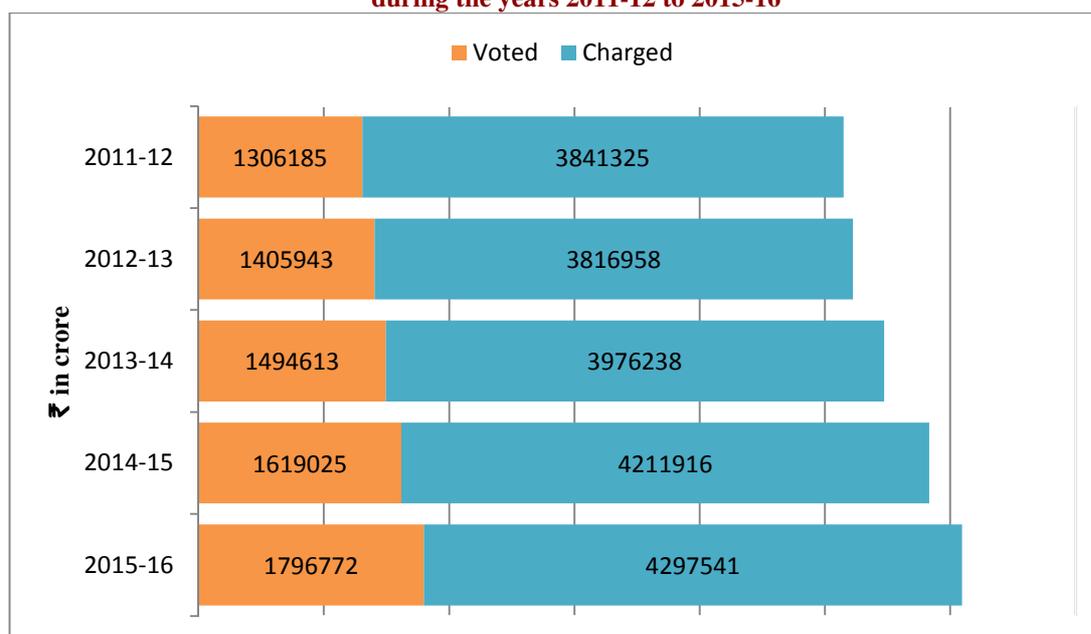
² Grant No. 16 of Railways is having three Voted and three Charged Segments.

disbursements of ₹ 52,89,684 crore during 2014-15. It had increased by 16.11 *per cent* from ₹ 47,62,240 crore in 2011-12. The charged disbursements increased by 11.87 *per cent* from ₹ 38,40,960 crore in 2011-12 to ₹ 42,96,986 crore in 2015-16 and voted disbursements increased by 33.78 *per cent* from ₹ 9,21,280 crore to ₹ 12,32,487 crore over the same period. The charged disbursement of the civil Ministries/Departments during 2011-12 was 81 *per cent* of the total disbursements which decreased to 78 *per cent* during 2015-16.

In 2015-16, the major charged disbursement comprised of Appropriation-Repayment of Debt (₹ 37,37,657 crore), Appropriation-Interest Payments (₹ 4,57,270 crore) and Transfers to State and Union Territory Governments (₹ 97,077 crore). Since estimates of charged disbursements are not subject to vote by the Parliament, effectively the scope of financial control by Parliament is limited to about 22 *per cent* of the total disbursement of the Union civil Ministries /Departments.

Viewed against the background of total disbursements amounting to ₹ 60,94,313 crore from the CFI including Civil, Posts, Defence Services and Railways, the percentage of charged disbursements was 71 *per cent* (₹ 42,97,541 crore) during the financial year 2015-16 as against 75 *per cent* (₹ 38,41,325 crore) in 2011-12 (**Chart 3.2**).

Chart 3.2: Disbursement under Charged and Voted segments during the years 2011-12 to 2015-16



APPROPRIATION ACCOUNTS 2015-16: AN ANALYSIS

3.4 Grants/Appropriations with excess disbursements

Article 114(3) of the Constitution provides that no money shall be withdrawn from the Consolidated Fund of India except under appropriations made by law. Rule 52(3) of General Financial Rules (GFR), 2005 stipulates that no disbursements shall be made which might have the effect of exceeding the total Grant or Appropriation authorised by Parliament for a financial year except after obtaining a supplementary Grant or through an advance from the Contingency Fund. There was an excess disbursement of ₹ 286.24 crore over the authorisation from the CFI during 2015-16, out of which an excess disbursement of ₹ 210.37 crore occurred in two segments of two Grants/Appropriations in Civil Ministries/Departments and ₹ 75.87 crore in six segments of six Grants/Appropriations of Railways.

The details of excess expenditure requiring regularisation under Article 115(1)(b) of the Constitution are given in **Table 3.3**.

Table 3.3: Details of excess disbursement over Grants/Appropriations

Sl. No	Description of Grant/ Appropriation	Amount in ₹	Reasons for excess as stated by the Ministries/Departments
Civil			
Revenue (Voted)			
1.	15-Department of Telecommunications	Grant Expenditure Excess	209592100,00 0 211694320526 2102220526
Due to requirement of additional funds towards pensions and family pensions.			
Revenue (Charged)			
2.	22-Defence Pensions	Appropriation Expenditure Excess	30000000 31465728 1465728
Due to implementation of Court Judgment			
Railways			
Revenue (Voted)			
1.	2-Miscellaneous Expenditure (General)	Grant Expenditure Excess	9053132000 9809425767 756293767
Due to more expenditure on staff cost and non-provision of budget for expenditure under Mumbai Urban Transport Project (MUTP) surcharge.			
Revenue (Charged)			
2.	3-General Superintendence and Services	Appropriation Expenditure Excess	26043000 27078362 1035362
3.	4-Repairs and Maintenance of Permanent Ways and Works	Appropriation Expenditure Excess	10542000 10584943 42943
4.	6-Repairs and Maintenance of Carriages & Wagons	Appropriation Expenditure Excess	221000 221158 158
Materialisation of more decretal payments, than anticipated.			
Minor variation, actual decretal payment was slightly more than anticipated.			

**Report of the CAG on
Union Government Accounts 2015-16**

Sl. No	Description of Grant/Appropriation	Amount in ₹		Reasons for excess as stated by the Ministries/Departments
5.	11- Staff Welfare and Amenities	<i>Appropriation</i>	57000	
		<i>Expenditure</i>	57200	
		<i>Excess</i>	200	
6.	13- Provident Fund, Pension & Other Retirement Benefits	<i>Appropriation</i>	6680000	<i>Materialization of more decretal payments, than anticipated.</i>
		<i>Expenditure</i>	8005381	
		<i>Excess</i>	1325381	

Grants/Appropriations figure include Supplementary Grants/Appropriations, if any.

The detailed comments relating to Grants of the Railways are included in the related Separate Audit Report for the year 2015-16 of the Comptroller and Auditor General of India.

3.5 Persistent excess in Grants

A scrutiny of the Grants registering persistent excess for the five years period from 2011-12 to 2015-16 was undertaken. The scrutiny revealed that in Revenue charged segment of three Appropriations persistent excesses occurred during the period 2011-12 to 2015-16. The Grant wise and year wise details of persistent excesses against authorisation are given in **Table 3.4**.

Table 3.4: Persistent excess in Grants/Appropriations

Sl. No.	Description of Grant/Appropriation	2011-12	2012-13	2013-14	2014-15	2015-16
Amount in ₹						
Civil Revenue (Charged)						
1.	<i>Defence Pensions</i>					
	<i>Appropriation-</i>	5400000	8200000	42300000	100000000	30000000
	<i>Expenditure-</i>	8254467	48160400	49786943	145450236	31465728
	<i>Excess-</i>	2854467	39960400	7486943	45450236	1465728
Railways Revenue (Charged)						
2.	<i>03- General Superintendence and Services</i>					
	<i>Appropriation-</i>	305000	91000	5031000	13733000	26043000
	<i>Expenditure-</i>	3034201	4273995	8878888	13756862	27078362
	<i>Excess-</i>	2729201	4182995	3847888	23862	1035362
3.	<i>13 – Provident Fund, Pension & other Retirement Benefits</i>					
	<i>Appropriation-</i>	5858000	5820000	5807000	6563000	6680000
	<i>Expenditure-</i>	6267113	7383329	7445105	8664513	8005381
	<i>Excess-</i>	409113	1563329	1638105	2101513	1325381

Persistent excess in the Grant of Defence Pensions and Railways is a matter of concern. Despite Public Accounts Committee's recommendations to minimise the cases of excesses, persistent excesses have been noticed in the above Grants.

Ministries/Departments need to make concerted efforts and devise effective mechanism to observe financial discipline to avoid excess expenditure.

3.6 Minor/Sub head-wise excess expenditure

Rule 58(1) of GFR 2005 enjoins that a Subordinate Authority incurring the expenditure will be responsible for ensuring that the allotment placed at its disposal is not exceeded. Where any excess over the allotment is apprehended, the Subordinate Authority should obtain additional allotment before incurring the excess expenditure.

It was, however, observed from the Head-wise Appropriation Accounts for the year 2015-16 that in 41 minor/sub-heads of 19 Grants, there was an excess expenditure of ₹ 5 crore and more, over the available provision. An aggregate expenditure of ₹ 2,660.46 crore was incurred which exceeded the available provisions under these minor/sub-heads, but the authority administering the concerned Grant/Appropriation did not issue re-appropriation orders to accommodate the final excess expenditure over the available provision, indicating laxity in budgetary control. Minor/sub-heads where excess expenditure occurred are listed in **Annexure 3.4**.

3.7 Savings of ₹ 100 crore or more in Grants/Appropriations

The Public Accounts Committee (10th Lok Sabha, 1993-94) in its 60th Report (paras 1.22 and 1.24) had observed that savings of ₹ 100 crore or above are indicative of defective budgeting as well as shortfall in performance in a Grant or Appropriation. The Committee had, therefore, desired that detailed note in respect of savings of ₹ 100 crore or above in a segment of the Grant for each year was required to be furnished to the Committee by the respective Ministry /Department.

Savings of more than ₹ 100 crore, which need a detailed explanatory note to the Public Accounts Committee (PAC), had occurred in 98 segments of 80 Grants (including Civil, Posts, Railways and Defence Services) during the financial year 2015-16. Large savings were noticed in Grants: *Appropriation-Repayment of Debt* (₹ 4,95,571 crore), *Appropriation-Interest Payments* (₹ 18,819 crore), Capital Outlay on Defence Services (₹ 14,650 crore), Transfers to State and Union Territory Governments (₹ 11,938 crore), Department of Rural Development (₹ 9,239 crore), Department of School Education and Literacy (₹ 8,754 crore), Ministry of Road Transport and Highways (₹ 7,781 crore), Department of Economic Affairs (₹ 7,630 crore), Department of Urban Development (₹ 4,309 crore), Ministry of Housing and Urban Poverty Alleviation (₹ 3,868 crore), etc. Savings³ under various Grants/Appropriations of ₹ 100 crore or more aggregating ₹ 6,54,745.17 crore are detailed in **Annexure 3.5**.

³ Savings also include mandatory cuts imposed by Ministry of Finance as a part of economy measures.

Some of the reasons for savings, as attributed by the Ministries/Departments, are 'receipt of non-viable/less proposals from the State Governments', 'non-fulfilment of prescribed terms and conditions by some State Governments', 'non-settlement of claims', 'delay in finalisation / non-finalisation of scheme', 'receipt of less claims', 'non-receipt of Utilisation Certificates', 'availability of unspent balance of previous year', 'lower utilisation of Ways and Means Advance and Overdraft', etc.

Further, in 60 segments of 49 Grants/Appropriations, persistent savings of ₹ 100 crore and above, during the last three years (2013-14 to 2015-16), were noticed, details of which are given in **Annexure 3.6**.

3.8 Surrender of savings (Overall)

Rule 56 of General Financial Rules, 2005 provides that savings in a Grant or Appropriation are to be surrendered to Government as soon as these are foreseen, without waiting for the last day of the year. Savings should also not be held in reserve for possible future excesses.

During the financial year 2015-16, under 206 segments of 101 Grants/Appropriations of Civil Ministries/Departments, there were savings of ₹ 5,99,360.92 crore. This was offset by excess expenditure of ₹ 210.37 crore under two segments of two Grants resulting in a net saving of ₹ 5,99,150.55 crore. The amounts surrendered by the Civil Ministries/Departments are shown in **Table 3.5**.

Table 3.5: Details of savings and surrender under Civil Ministries/Departments

(₹ in crore)

	Net savings	Amount Surrendered	Amount Surrendered on 31 st March	Percentage of Amount Surrendered on 31 st March to Amount surrendered	Amount not Surrendered
Revenue					
Voted	62927.65	44945.66	44945.66	100.00	17981.99
Charged	23314.90	22326.42	22326.42	100.00	988.48
Total: Revenue	86242.55	67272.08	67272.08	100.00	18970.47
Capital					
Voted	17193.51	13548.76	13438.19	99.18	3644.75
Charged	495714.49	539985.47	539985.47	100.00	(44270.98)
Total: Capital	512908.00	553534.23	553423.66	99.98	3644.75*
Grand Total	599150.55	620806.31	620695.74	99.98	22615.22*

Note: Figures in parenthesis indicate that amount surrendered is more than the savings.

* - Excess surrendered amount not included in "Amount not surrendered".

The above table shows that almost the entire surrendered amount, under Civil Ministries/Departments, was surrendered on the last day of March 2016. The date of issue of Audit Order by the Ministry of Finance accepting the surrenders proposed by the line Ministries/Departments has been taken into account while compiling the above table, irrespective of the date of proposed surrender by the

Ministries/Departments. This amount could have been utilised/allotted for other Schemes/Programmes, if amount was surrendered well in time.

In 10 segments across nine Grants/Appropriations of Civil Ministries/Departments and Department of Posts, the amount surrendered exceeded the savings in the Grants. This is indicative of poor budgetary management. Details of such cases are given in **Annexure 3.7**.

3.9 Surrender of savings on the last day of the financial year (Grant-wise)

In 76 segments across 58 Grants/Appropriations, where savings of more than ₹ 100 crore had occurred, the Ministries/Departments concerned surrendered the savings on the last day of the financial year (i.e. 30th/31st March 2016) in violation of Rule 56 of the General Financial Rules, 2005. The details of savings, surrenders along with the amounts not surrendered, which stood lapsed at the close of the financial year, are given in **Annexure 3.8**.

3.10 Large supplementary Grants due to unrealistic budgetary projections (exceeding 40 per cent of original provision)

Under Article 114 of the Constitution, the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India. Parliament also authorises supplementary or additional Grants by subsequent Appropriation Acts, in terms of Article 115 of the Constitution over and above the authorisation made previously for the purpose of that year under Article 114. While preparing the initial estimates of expenditures, Ministries/Departments are required to keep in view the trends of disbursements during the previous years and take due care so that provision for all inescapable and foreseeable expenditures is made in the estimates before they are submitted to the Ministry of Finance. The Ministry of Finance, after due deliberations and pre-budget meetings/scrutiny, finalises the budget proposals.

If the amount authorised in accordance with the provision of Article 114 to be expended for a particular service for the current financial year is found to be insufficient for the purposes of that year or when a need has arisen during the current financial year for supplementary or additional expenditure upon some New Service not contemplated in the Annual Financial Statement for that year, another statement (Supplementary Demand) in terms of Article 115(1)(a) is laid in the Parliament showing the estimated amount of that expenditure.

Table 3.6 presents the supplementary provisions (includes cash, token and technical) obtained by the Ministries/Departments of the Union Government and their percentage to the original provision during the year 2013-14 to 2015-16.

Report of the CAG on
Union Government Accounts 2015-16

Table 3.6: Status of Supplementary Grants against Original provision

Sector	2013-14			2014-15			2015-16		
	O	S	% of S to O	O	S	% of S to O	O	S	% of S to O
Civil	5651863.26	63954.63	1.13	5784779.10	40796.22	0.71	5920371.35	208252.50	3.52
Defence	209282.80	8365.74	4.00	245664.72	8335.55	3.39	263395.38	746.18	0.28
Posts	17309.48	0.89	0.01	18659.85	350.57	1.88	19830.91	701.75	3.54
Railways	257245.22	7149.66	2.78	293728.54	5871.48	2.00	337237.92	1130.88	0.34
Total	6135700.76	79470.92	1.30	6342832.21	55353.82	0.87	6540835.56	210831.31	3.22

O – Original; S - Supplementary

It is evident from above table that only Defence and Railways have shown a declining trend in the supplementary provision in comparison to original provision during 2013-14 to 2015-16. There is an upward trend in the supplementary provision in the Civil and Department of Posts.

Audit scrutiny revealed that a number of Ministries/Departments of the Central Government obtained supplementary Grants/Appropriations which were even higher than the original provisions in the respective Demands. The cases where the supplementary provision was more than ₹ 100 crore and exceeded 40 per cent of the original provision are detailed in **Table 3.7**.

Table 3.7: Details of large Supplementary Grants obtained due to unrealistic initial budgetary projections

(₹ in crore)

Sl. No.	Description of Grant	Original Provision	Supplementary Provision	Percentage of Supplementary Provision to Original Provision
Revenue (Voted)				
1.	15-Department of Telecommunication	13284.10	7675.11	58
2.	19- Ministry of Corporate Affairs	242.78	129.25	53
3.	30-Ministry of Drinking Water and Sanitation	6243.87	8087.02	130
4.	51-Department of Heavy Industry	275.73	207.91	75
5.	54-Cabinet	416.99	296.28	71
6.	61-Ministry of Information & Broadcasting	3686.11	11116.81	302
7.	69-Ministry of New & Renewable Energy	2708.21	1500.03	55
8.	71-Ministry of Panchayati Raj	94.75	300.00	317
9.	83-Ministry of Road Transport & Highways	16560.00	6873.94	42
10.	107- Ministry of Water Resources, River Development and Ganga Rejuvenation	6235.21	2829.66	45
11.	108- Ministry of Women & Child Development	10382.40	7548.06	73
Capital (Voted)				
12.	5-Nuclear Power Schemes	691.00	399.25	58

Sl. No.	Description of Grant	Original Provision	Supplementary Provision	Percentage of Supplementary Provision to Original Provision
13.	8-Department of Fertilizers	50.04	952.80	1904
14.	18-Department of Food & Public Distribution	10587.25	10000.01	94
15.	29- Ministry of Development of North Eastern Region	327.00	135.00	41
16.	34-Department of Economic Affairs	5601.69	72810.43	1300
17.	35-Department of Financial Services	17495.00	12221.24	70
18.	75- Ministry of Petroleum and Natural Gas	1.00	1153.00	115300

Large supplementary provisions indicate that the Ministries/Departments did not prepare estimates of expenditure on a realistic basis and that the mechanism of holding pre-budget meetings and scrutiny by the Ministry of Finance for ensuring realistic budgetary projections did not have the desired effect.

Public Accounts Committee in their 92nd Report (15th Lok Sabha 2013-14), while regularising the excess expenditure incurred by the Ministries/Departments of the Union Government over Voted Grants and Charged Expenditure for the financial year 2011-12 despite obtaining large amount of supplementary Grants, had observed that the Ministry of Finance should initiate a study of the best international practices on the modalities for ensuring greater conformity of expenditure to the budgetary provisions. The practice of the supplementaries during the fiscal year in addition to the main budget undercuts the sanctity of budgetary provisions. In practice often even known expenditure outgoes are suppressed in the main budget to be provided for in subsequent supplementaries. The supplementary budget should normally be for unexpected items of expenditure or schemes taken up for compelling public interest. Based on other fiscal federal models, the Ministry of Finance needs to evolve modalities and a framework which will enable the sanctity of budgetary provisions ensuring the reach and superintendence of Parliament on appropriation outgoes.

3.11 Unnecessary cash supplementary provision (Grant-wise)

In 20 Grants, as detailed in **Table 3.8**, cash supplementary provisions aggregating to ₹ 9,185.39 crore were obtained during 2015-16 in anticipation of higher expenditure, but in 16 Grants the final expenditure was even less than the original provisions. The unutilised cash supplementary provision was, therefore, unnecessary, indicative of deficient budgeting.

Instead of obtaining 'Cash Supplementary', the Ministries/Departments should have explored the possibility of utilising the savings available within the Grant by obtaining 'Token' or 'Technical Supplementary', to avoid savings at the end of the year.

Report of the CAG on
Union Government Accounts 2015-16

Table 3.8: Unnecessary cash supplementary leading to savings

(₹ in crore)

Sl. No.	Grant/Appropriation	Original Provision	Total Supplementary Grant obtained	Cash Supplementary	Actual Disbursements	Saving
Civil Grants						
Revenue Voted						
1.	10-Ministry of Civil Aviation	813.34	49.39	49.36	807.08	55.65
2.	13-Department of Industrial Policy & Promotion	2613.58	100.01	100.00	2418.25	295.34
3.	16-Department of Electronics and Information Technology	2482.85	129.00	128.99	2479.87	131.98
4.	20-Ministry of Culture	2091.50	30.06	30.00	1956.20	165.36
5.	33-Ministry of External Affairs	11238.00	10.02	10.00	11097.17	150.85
6.	47-Ministry of Food Processing Industries	505.51	19.13	19.10	504.44	20.20
7.	48-Department of Health & Family Welfare	31501.32	1401.07	301.00	31900.84	1001.55
8.	59-Department of School Education & Literacy	69794.50	67.05	67.00	61107.42	8754.13
9.	62-Ministry of Labour and Employment	5522.41	123.74	123.70	4819.17	826.98
10.	66-Ministry of Micro, Small and Medium Enterprises	2997.12	13.47	13.42	2831.46	179.13
11.	72-Ministry of Parliamentary Affairs	15.57	0.18	0.18	15.09	0.66
12.	80-Rajya Sabha	335.32	1.96	1.66	320.01	17.27
13.	83-Ministry of Road Transport & Highways	16560.00	6873.94	1275.35	22060.40	1373.54
14.	84-Department of Rural Development	114047.58	14982.43	6008.00	119790.64	9239.37
15.	87-Department of Scientific and Industrial Research	4024.00	7.01	5.70	4025.15	5.86
16.	96-Ministry of Textiles	4136.10	266.15	259.59	4016.80	385.45
17.	97-Ministry of Tourism	1568.02	20.03	20.00	900.32	687.73
18.	104-Department of Urban Development	7448.41	2880.77	600.00	6275.72	4053.46
Capital Voted						
19.	77-Ministry of Power	1952.30	320.22	79.17	1352.96	919.56
Postal Services						
Revenue – Voted						
20.	14-Department of Posts	19494.06	688.50	81.91	19654.20	528.36
Capital – Voted						
21.	14-Department of Posts	336.65	11.26	11.26	335.04	12.87
Total				9185.39		

Ministry of Finance should review such cases and consider issuing suitable guidelines to all Ministries and Departments in this regard.

3.12 Injudicious re-appropriation to minor/sub-heads (exceeding ₹ 5 crore)

Examination of the accounts revealed that in 15 cases across 11 Grants/Appropriations of Civil Ministries/Departments, Posts and Defence

Services, re-appropriations aggregating ₹ 1,011.55 crore were injudicious, as the original provision under the minor/sub-heads to which augmentation was made by way of re-appropriation was more than adequate. As a result of injudicious re-appropriation, the final savings under the heads were more than the amount re-appropriated to these heads. The 15 cases, where injudicious re-appropriation exceeding ₹ 5 crore and more were made, are given in **Annexure 3.9**.

3.13 Injudicious re-appropriation from minor/sub-heads (exceeding ₹ 5 crore)

Similarly, scrutiny of the accounts revealed that in five cases across five Grants/Appropriations of Civil Ministries/Departments, re-appropriations of funds, aggregating ₹ 9198.18 crore, were injudiciously made to other heads, as the final disbursement under each of these five sub-heads was more than the authorised provision, even before re-appropriation. In each of these heads, the excess expenditure, over the available provision after re-appropriation, was more than the amount re-appropriated. The details of such injudicious re-appropriation exceeding ₹ 5 crore and more, are given in **Annexure 3.10**.

3.14 Unnecessary supplementary provision obtained under sub-heads

While obtaining supplementary provision, the Ministries/Departments reported to Parliament large additional requirement for different purposes under various schemes/activities, but finally they were unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. The details of 21 minor/sub-heads across 12 Grants/Appropriations where entire supplementary Grant, together with part of original budget provision, remained unspent are given in **Annexure 3.11**.

3.15 Savings of entire provision (Sub-head wise)

In 38 sub-heads across 27 Grants/Appropriations, the entire provision (₹ 50 crore and above) aggregating to ₹ 1,18,012.67 crore, authorised by the Parliament could not be spent by the Ministries/Departments and remained unutilised.

Savings of entire provision is indicative of the fact that the estimates were not prepared after adequate scrutiny of the projects/schemes. Major schemes which failed to take off or suffered due to non-utilisation of entire provision are:

- *Appropriation – Repayment of Debt*: ‘Cash Management Bills’ (₹ 1,00,000 crore);
- Department of Financial Services: ‘National Investment Fund’ (₹ 7,940 crore);

- Department of Economic Affairs: ‘Social Security Network’ (₹ 1,000 crore), ‘Transfer to Nirbhaya Fund’ (₹ 1,000 crore) and ‘National Social Security Fund for Unorganised Sector Workers’ (₹ 607 crore);
- *Appropriation – Interest Payment*: ‘Cash Management Bills’ (₹ 1000 crore) and ‘Interest/Discount paid on Market Stabilization Scheme Deposit of Money in the Bank’ (₹ 686.60 crore);
- Ministry of Road Transport and Highways: ‘Special Programme for Development of Road Connectivity (National Highways and State Roads) in Naxalite Affected Areas’ (₹ 920 crore) and ‘Scheme for Safety of Women on Public Road Transport’ (₹ 653 crore);
- Ministry of Civil Aviation: ‘Subsidy for operation of Haj Charters’ (₹ 527.66 crore);
- Ministry of Housing and Urban Poverty Alleviation: ‘Jawaharlal Nehru National Urban Renewal Mission’ (₹ 453.80 crore) and;
- Department of Social Justice and Empowerment: ‘Self-employment Scheme for Rehabilitation of Manual Scavengers’ (₹ 460.99 crore).

The details of sub-heads where entire provision of ₹ 50 crore and above remained unutilised are given in **Annexure 3.12**.

3.16 Savings of ₹ 100 crore or more under a sub-head

Scrutiny of Appropriation Accounts revealed that in certain Grants and appropriations large savings of ₹ 100 crore or more, under a sub-head, were noticed which are indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Ministry/Department. Necessary steps need to be taken by the Ministries/Departments to make their budgetary exercise more realistic, not only to minimise large scale variations between estimates and actuals but also to gainfully utilise the scarce resources. These Ministries/Departments are required to review their system of budgetary assumption and/or efficiency of their programme management. **Annexure 3.13** gives the details of 118 such large savings of ₹ 100 crore or more and constituting more than 10 *per cent* of the budgeted provision under a sub-head along with reasons given by respective Ministries/Departments.

Major savings occurred under the following programmes/schemes:

- ***Appropriation-Repayment of Debt***: ₹ 4,16,157 crore under ‘Ways and Means Advances from Reserve Bank of India’ (against the budgeted provision of ₹ 5,00,000 crore) due to lower utilization of Ways & Means advances and overdraft;

- **Transfer to State and Union Territory Governments:** ₹ 9,110 crore under ‘Special Assistance – State and Union Territory Governments’ (against the budgeted provision of ₹ 20,000 crore) due to transfer of funds to Ministry of Water Resources, River Development and Ganga Rejuvenation, Ministry of Women & Child Development, Ministry of Drinking Water & Sanitation, and Ministry of Health & Family Welfare for providing specific intervention through NITI Aayog as per instructions of Ministry of Finance; ₹ 3,070 crore under ‘Grants for Local Bodies’ (against the budgeted provision of ₹ 29,988 crore) due to non-fulfilment of prescribed terms and conditions by some State Governments.
- **Department of School Education and Literacy:** ₹ 8,277 crore under ‘Funds for transfer to Prarambhik Shiksha Kosh (PSK)’ (actual disbursement of ₹ 19,298 crore against the budgeted provision of ₹ 27,575 crore) due to less collection of Education cess.
- **Ministry of Road Transport and Highways:** ₹ 6,402 crore under ‘National Highways Authority of India (NHAI)’ (against the budgeted provision of ₹ 29,420 crore) due to transfer of National Highways Development Project-Phase IV projects to State Public Works Departments and delay in submission of bills by contractors; ₹ 5,118 crore under ‘Works under Roads Wing’ (against the budgeted provision of ₹ 5,718 crore) due to slow progress of ongoing works in development of road connectivity in Naxalite affected areas.
- **Department of Economic Affairs:** ₹ 4,600 crore under ‘Transfer to National Clean Energy Fund’ (against the budgeted provision of ₹ 4,700 crore) due to requirement of less funds towards transfer to National Clean Energy Fund.
- **Appropriation-Interest Payments:** ₹ 3,836 crore under ‘Interest on 364 Days Treasury Bills’ (against the budgeted provision of ₹ 14,453 crore) due to softening of yields.
- **Capital Outlay on Defence Services (Army):** ₹ 6,002 crore under ‘Other Equipments’ (against the budgeted provision of ₹ 17,335 crore) was due to lesser outgo on account of slippage in committed liabilities cases and non-issue of sanctions than anticipated.
- **Capital Outlay on Defence Services (Navy):** ₹ 5,285 crore under ‘Naval Fleet’ (against the budgeted provision of ₹ 16,050 crore) was due to slippage in delivery schedules and contractual milestones of major ship-building contracts.

3.17 Persistent savings (Sub-head wise)

Scrutiny of Appropriation Accounts revealed that during three years period 2013-14 to 2015-16, persistent savings under 25 sub-heads were noticed across 18 Grants and Appropriations, which is indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme/activity item being implemented by the Ministry/Department. The details of 25 sub-heads are given in **Annexure 3.14**.

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

In terms of Rule 56(3) of General Financial Rules, 2005, 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 has also issued instructions to Ministries/Departments in September 2007 to restrict expenditure during the month of March and the last quarter of the financial year to 15 per cent and 33 per cent, respectively, of the budgeted estimates.

Based on information provided by Ministries/Departments, in 15 cases as detailed in **Table 3.9**, it has been noticed that major part of disbursement was made in the month of March 2016 and/or during last quarter of the financial year in contravention of the provisions of Rules and extant instructions.

Table 3.9: Rush of expenditure during March 2016 and/or last quarter of 2015-16

(₹ in crore)

Sl. No.	Descriptions of the Grants	Budget Estimates (revised estimates)	Expenditure in March	Percentage of expenditure in March#	Expenditure incurred during last quarter	Percentage of expenditure during last quarter#	Reasons as furnished by the Ministries/Departments
Civil							
1.	19-Ministry of Corporate Affairs	271.88 (411.53)	32.68	12 (8)	204.09	75 (50)	The Ministry stated in July 2016 that in last quarter it exceeded the limit because total additional fund of ₹ 148.40 crore had been allocated via second and third Batch of Supplementary Demands for Grant.
2.	32- Ministry of Environment, Forests & Climate Change	1937.60 (2121.69)	386.20	20 (18)	659.54	34 (31)	Reasons awaited (October 2016).
3.	34-Department of Economic Affairs	23376.57 (73668.11)	1825.33	8 (2)	74813.84	320 (102)	The Department stated in July 2016 that the third batch of Supplementary Demands for Grant was obtained from Parliament during the last quarter for 2015-16 to entertain the International Commitments/ obligations which led to rush of expenditure during last quarter of 2015-16.

Appropriation Accounts: 2015-16

Sl. No.	Descriptions of the Grants	Budget Estimates (revised estimates)	Expenditure in March	Percentage of expenditure in March#	Expenditure incurred during last quarter	Percentage of expenditure during last quarter#	Reasons as furnished by the Ministries/Departments
4.	35-Department of Financial Services	32806.80 (44211.25)	10067.38	31 (23)	10112.70	31 (23)	The Department stated (July 2016) that major expenditure has been made on the basis of third batch of Supplementary Demands for Grant for the year 2015-16. Moreover, in some cases relaxation of Secretary (Expenditure) had been obtained for releasing the fund in last month.
5.	37-Transfer to State and Union Territory Governments	136669.52 (134087.52)	23020.70	17 (17)	43261.64	32 (32)	Reasons awaited (October 2016).
6.	43- Department of Revenue	16187.69 (17082.25)	8688.45	54 (51)	8769.74	54 (51)	The Department stated (October 2016) that rush of expenditure was due to release of CST compensation to the State Governments.
7.	62-Ministry of Labour and Employment	5568.71 (5042.42)	1485.86	27 (29)	1781.16	32 (35)	Reasons awaited (October 2016).
8.	66-Ministry of Micro, Small and Medium Enterprises	3007.42 (3020.88)	584.59	19 (19)	774.68	26 (26)	Reasons awaited (October 2016)
9.	77-Ministry of Power	8271.83 (9833.00)	1902.54	23 (19)	2303.36	28 (23)	The Department stated (July 2016) that the excess expenditure over and above 15 per cent ceiling in the last month of financial year 2015-16 was mainly due to expenditure under two schemes of the Ministry of Power which are Integrated Power Development Scheme (IPDS) and Power System Development Fund (PSDF). In respect of these two schemes the excess fund was granted in the final batch of supplementary in the month of January 2016. Accordingly the expenditure could materialized in the last month only.
10.	83-Ministry of Road Transport and Highways	79078.74 (86671.00)	20849.81	26 (24)	25093.24	32 (29)	The Ministry stated (July 2016) that as per Ministry of Finance decision many new heads were opened after obtaining third supplementary Demands for Grant. Hence, there was rush of expenditure in the last week.
11.	101-Dadra and Nagar Haveli	907.46 (1048.08)	213.94	24 (21)	322.70	36 (31)	Reasons awaited (October 2016).
12.	103-Lakshadweep	1154.78 (1204.78)	228.09	20 (19)	357.84	31 (30)	Reasons awaited (October 2016).
13.	104- Department of Urban Development	16832.24 (18555.27)	2883.39	17 (16)	4071.76	24 (22)	The Principal Accounts office of the Department stated (August 2016) that third Supplementary Grants was obtained to the tune of ₹ 685.63 crore during the month of March and expenditure was incurred on the basis of the said supplementary.

**Report of the CAG on
Union Government Accounts 2015-16**

Sl. No.	Descriptions of the Grants	Budget Estimates (revised estimates)	Expenditure in March	Percentage of expenditure in March#	Expenditure incurred during last quarter	Percentage of expenditure during last quarter#	Reasons as furnished by the Ministries/Departments
14.	107- Ministry of Water Resources, River Development and Ganga Rejuvenation	6381.03 (8090.38)	2540.26	40 (31)	4283.69	67 (53)	Reasons awaited (October 2016).
15.	109-Ministry of Youth Affairs and Sports	1540.23 (1371.00)	316.37	21 (23)	478.72	31 (35)	The Ministry stated that at the time of RE, Ministry of Finance reduced budget ceiling due to less expenditure. Ministry of Finance released additional Grant of ₹ 106.84 crore on 31 March 2016.

- Figures in parenthesis indicate percent with respect to revised estimates.

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, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.

3.19 Poor implementation of schemes/programmes/projects

An examination of Notes on Demand for Grants of Union Budget 2013-14 to 2015-16, Demand for Grants and Appropriation Accounts for the year 2015-16 of the concerned Ministries/Department revealed that the allocation of funds and expenditure there against in respect of following schemes/programmes/project were made during the year 2013-14 to 2015-16 as given in **Table 3.10**.

Table 3.10: Budget Estimates, Revised Estimates and Actuals Expenditure under schemes/programmes/projects

Sl. No.	Schemes/Projects/Programme	2013-14			2014-15			2015-16		
		BE	RE	AE	BE	RE	AE	BE	RE	AE
Ministry of Power										
1.	Financial Support to Debt Restructuring of DISCOMs	1500.00	125.40	0.00	400.00	1.00	0.00	74.20	1.00	0.00
Ministry of Urban Development										
2.	National Heritage Cities Programme	0.00	0.00	0.00	200.00	200.00	87.00	200.00	200.00	27.22
Ministry of Textiles										
3.	Scheme for Integrated Textile Park	300.00	140.00	110.98	240.00	105.00	78.26	240.00	41.32	32.53
4.	Setting up Hastkalan Academy				30.00	10.00	0.05	50.00	0.00	0.00
5.	Scheme for usages of Geo-textiles in North Eastern Region	114.00	46.00	0.00	85.00	8.00	0.00	85.00	15.00	3.63
Ministry of Micro, Small and Medium Enterprises										
6.	Scheme for Rejuvenation Modernisation and Technology Upgradation of Coir Industries (MSME)	16.00	9.14	6.59	16.00	7.30	4.00	20.00	NA	0.00
7.	Scheme of fund for Regeneration of Traditional Industries (SFURTI)	55.46	0.50	0.00	60.00	2.00	0.00	50.00	NA	0.00
8.	India Inclusive Innovation Fund	50.00	50.00	16.50	50.00	0.00	0.00	25.00	NA	0.00

Appropriation Accounts: 2015-16

Ministry of Road Transport and Highways										
9.	Scheme for Safety of Women on Public Road Transport	0.00	0.00	0.00	50.00	30.50	1.43	653.00	0.00	0.00
Department of Heavy Industries										
10	Ultra Modern Super Critical Thermal Power Technology	0.00	0.00	0.00	100.00	13.23	0.00	50.00	0.00	0.00
Department of Industrial Policy and Promotion										
11	National Industrial Corridor Development Authority (NICDA)	0.00	0.00	0.00	100.00	7.60	0.53	45.00	2.12	2.11

BE- Budget Estimates; RE-Revised Estimates; AE-Actual Expenditure

The above table reveals:

- In eight schemes/programme/project (Sl. No. 1, 5, 6, 7, 8, 9, 10 and 11), budget provision were reduced during Revised Estimate, but even this reduced allocation was hardly spent.
- In three schemes/programme/project (Sl. No. 2, 3 and 4), the expenditure made under the schemes were ranging from zero per cent to 13.61 per cent only against the Budget Estimates for the year 2015-16.

3.20 Persistent savings (Minor-head wise) in Defence Services Grants

Scrutiny of the Appropriation accounts of Defence Services disclosed a persistent trend of savings (more than ₹ 100 crore) during the years 2013-14 to 2015-16 under minor heads of four Grants as detailed in **Table 3.11**.

Table 3.11: Persistent savings during the years 2013-16

(₹ in crore)

Sl. No.	Description of Grant Sub Major/Minor Head	2013-14	2014-15	2015-16
23 -Defence Services - Army (Major Head - 2076)				
1.	101-Pay and Allowances of Army (Voted)	291.96	209.11	916.04
25 -Defence Services - Air Force (Major Head - 2078)				
2.	800- Other Expenditure (Voted)	130.81	107.45	106.05
26 -Defence Ordnance Factories (Major Head - 2079)				
3.	110- Stores (Voted)	1130.47	920.47	703.65
4.	800- Other Expenditure (Voted)	139.04	363.28	107.49
28 - Capital Outlay on Defence Services - (Major Head - 4076)				
01-Army				
5.	102- Heavy & Medium Vehicles (Voted)	699.17	1385.50	336.98
6.	103- Other Equipment (Voted)	2033.47	5819.21	6002.17
02-Navy				
7.	205- Naval Dockyard (Voted)	1378.84	977.42	500.94
03-Air Force				
8.	103- Other Equipment (Voted)	3744.57	7133.62	2594.42

The persisting trend of large savings in the aforesaid heads of Grants is indicative of over-estimation of the requirement of funds and failure to take effective remedial measures to avoid persistent savings.

3.21 Surrender of savings in Defence Services Grants

The savings in a Grant or Appropriation are required to be surrendered as soon as these are foreseen without waiting till the end of the year. Further, savings should also not be held in reserve for possible future excesses. During 2015-16 under charged segments, ₹ 38.00 crore were surrendered against the saving of ₹ 47.12 crore inclusive of an excess surrender of ₹ 2.47 crore in Grant No. 28 – Capital Outlay on Defence Services. Under the voted segment, surrender of ₹ 21,165.45 crore was made against the total saving of ₹ 20,560.36 crore. The entire surrendered amount of ₹ 21,203.45 crore was surrendered on the last day of the financial year as detailed in **Table 3.12**.

Table 3.12: Details of savings and surrender

(₹ in crore)

Grant/Appropriation	Savings		Amount Surrendered on the last day of the financial year		Amount not surrendered (Lapsed)	
	Charged	Voted	Charged	Voted	Charged	Voted
23 – Army	9.09	972.98	--	1703.74	9.09	(730.76)
24 – Navy	9.29	795.55	8.70	917.30	0.59	(121.75)
25 – Air Force	0.09	2452.70	--	2474.61	0.09	(21.91)
26 – Defence Ordnance Factories	4.90	1238.42	3.43	623.34	1.47	615.08
27 – Research & Development	0.34	451.14	--	324.33	0.34	126.81
28-Capital Outlay on Defence Services	23.40	14649.57	25.87	15122.13	(2.47)	(472.56)
Total	47.11	20560.36	38.00	21165.45	11.58	741.89

Note :

1. Figure in parenthesis indicate that amount surrendered is more than the savings.
2. Excess surrendered amount not included in total of 'Amount not surrendered'

It is evident from above table that:

- An amount of ₹ 753.47 crore (₹ 11.58 crore in charged segment of five Grants and ₹ 741.89 crore in voted segment of two Grants) was not surrendered and eventually lapsed.
- In voted segment of four grants and charged segment of one Grant, a total amount of ₹ 20,243.65 crore was surrendered against the saving of ₹ 18,894.20 crore, thus resulting in excess surrender of ₹ 1,349.45 crore.

The above facts are a clear indicative of deficient budgetary control mechanism.

3.22 Conclusion

Excess disbursement of ₹ 286.24 crore, in eight segments of eight Grants/Appropriations, was made by the various Ministries/Departments of the Union Government, over and above the authorisation made in the Appropriation Acts during the year 2015-16. These excess expenditures require

to be regularised in terms of Article 115(1)(b) of the Constitution. Grants/Appropriations of Defence Pensions and Railways are persistently incurring excess expenditure over and above the authorisation. Other deficiencies in the budget formulation process, viz., savings of large amount (over ₹ 100 crore) aggregating ₹ 6,54,745.17 crore in Grants/Appropriations, obtaining supplementary Grants of large amount during the course of the year which eventually remained unutilised, surrender of savings on the last day of the financial year, etc., indicate that there is need to re-orient the initial budget formulation process by the Union Government.