

## CHAPTER – II

### APPROPRIATION ACCOUNTS – 2001-2002 AT A GLANCE

**Total number of Grants/Appropriations : 65 (60 Grants, 5 Appropriations)**

#### Total provision and actual expenditure

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	1360.70	Revenue	1030.15
Supplementary	293.89	Capital	357.98
<b>Total gross provision</b>	<b>1654.59</b>	<b>Total gross expenditure</b>	<b>1388.13</b>
Recoveries in reduction of expenditure	6.11	<b>Deduct -Actual</b> Recoveries in reduction of expenditure	6.11
<b>Total net provision</b>	<b>1648.48</b>	<b>Total net expenditure</b>	<b>1382.02</b>

#### Voted and charged provision and expenditure

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1039.34	126.53	916.36	113.79
Capital	416.71	72.01	311.92	46.06
<b>Total Gross :</b>	<b>1456.05</b>	<b>198.54</b>	<b>1228.28</b>	<b>159.85</b>
<b>Deduct - recoveries in reduction of expenditure</b>	6.11	-	6.11	-
<b>Total Net:</b>	<b>1449.94</b>	<b>198.54</b>	<b>1222.17</b>	<b>159.85</b>

## APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

### 2.1 Introduction

2.1.1 The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by the Government *vis-à-vis* those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

2.1.2 The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation 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

2.2.1 The summarised position of actual expenditure, excess and savings during 2001-2002 against 65 grants/appropriations is as follows:

**Table 2.1**

(Rupees in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving(-) Excess(+)
Voted	I. Revenue	854.52	184.82	1039.34	916.36	(-) 122.98
	II. Capital	316.01	95.63	411.64	307.02	(-) 104.62
	III. Loans	3.83	1.24	5.07	4.90	(-) 0.17
<b>Total Voted:</b>		<b>1174.36</b>	<b>281.69</b>	<b>1456.05</b>	<b>1228.28</b>	<b>(-) 227.77</b>
Charged	IV. Revenue	125.94	0.59	126.53	113.79	(-) 12.74
	V. Capital	-	-	-	-	-
	VI. Public Debt	60.40	11.61	72.01	46.06	(-) 25.95
<b>Total Charged:</b>		<b>186.34</b>	<b>12.20</b>	<b>198.54</b>	<b>159.85</b>	<b>(-) 38.69</b>
Appropriation to Contingency Fund (if any)		-	-	-	-	-
<b>Grand Total:</b>		<b>1360.70</b>	<b>293.89</b>	<b>1654.59</b>	<b>1388.13</b>	<b>(-) 266.46</b>

2.2.2 These are gross figures inclusive of recoveries adjusted in accounts as reduction of expenditure *viz.*, revenue expenditure Rs.0.60 crore and capital expenditure Rs. 5.51 crore.

### 2.3. Excess over provision relating to previous years requiring regularisation

2.3.1 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. However, the excess expenditure amounting to Rs.446.49 crore for the following years is yet to be regularised.

**Table 2.2**

**(Rupees in crore)**

Year	No. of Grant/ Appropriation	Grant/Appropriation(s)	Amount of excess
1986-87 (U.T. Period)	13	1, 7, 11, 12, 13, 15, 17, 30, 32, 34, 39, 40 and 42	6.56
1986-87 (State Period)	28	1, 2, 3, 6, 7, 8, 10, 11, 13, 14, 16, 18, 19, 20, 22, 24, 27, 28, 29, 31, 32, 33, 34, 38, 39, 40, 42 and 43	12.71
1987-88	16	14, 18, 19, 22, 23, 24, 26, 30, 31, 32, 33, 34, 35, 40, 42 and Public Debt	9.06
1988-89	12	1, 13, 15, 17, 21, 24, 30, 31, 32, 34, 40 and Public Debt	54.51
1989-90	15	8, 10, 15, 30, 31, 32, 33, 34, 38, 40, 43, 45, 48, 49 and Public Debt	17.49
1990-91	16	5, 8, 13, 15, 19, 23, 24, 26, 30, 31, 32, 34, 40, 44, 48 and Public Debt	28.61
1991-92	17	4, 8, 10, 14, 15, 18, 19, 23, 25, 28, 30, 31, 34, 37, 42, 43 and Public Debt	63.12
1992-93	11	14, 15, 18, 28, 30, 31, 34, 40, 43, 21 and 38	27.91
1993-94	12	8, 15, 19, 25, 28, 30, 31, 32, 34, 38, 40 and 45	30.66
1994-95	18	6, 8, 11, 15, 21, 22, 23, 26, 28, 29, 31, 32, 34, 38, 40, 42, 43 and 45	64.45
1995-96	24	8, 9, 11, 13, 14, 15, 16, 18, 20, 21, 23, 24, 28, 29, 31, 32, 34, 40, 41, 51, 53, 59, 60 and Public Debt	38.41
1996-97	12	1, 9, 11, 13, 14, 21, 28, 30, 31, 34, 40 and 51	14.86
1997-98	15	9, 10, 11, 13, 15, 20, 25, 30, 31, 34, 41, 46, 48, 59 and 60	25.34
1998-99	15	1, 7, 13, 15, 19, 20, 31, 34, 36, 41, 50, 53, 54, 64 and Public Debt	25.26
1999-2000	7	13, 31, 44, 52, 53, 60 and Public Debt	14.27
2000-2001	12	1, 3, 8, 13, 19, 28, 32, 34, 36, 50, 52 and 62	13.27
<b>Total</b>			<b>446.49</b>

## **2.4 Results of Appropriation Audit**

### ***Original budget and supplementary provisions***

2.4.1 The overall saving of Rs.266.46 crore was the result of saving of Rs.293.54 crore in 90 grants and appropriations offset by excess of Rs.27.08 crore in 13 cases of grants and appropriations.

2.4.2 Supplementary provision made during the year constituted 22 *per cent* of the original provision as against 23 *per cent* in the previous year.

### ***Unnecessary/excessive/inadequate supplementary provision***

2.4.3 Supplementary provision of Rs.49.63 crore made in 24 cases during the year proved unnecessary in view of aggregate saving of Rs.121.73 crore as detailed in **Appendix - III**.

2.4.4 In 49 cases, against additional requirement of Rs.2.63 crore, supplementary grants and appropriations of Rs.220.71 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.218.08 crore. Details of these cases are given in **Appendix - IV**.

### ***Substantial savings/excesses***

2.4.5 The excess of Rs.27.08 crore under 13 grants requires regularisation under Article 205 of the Constitution. Details of these are given in **Appendix - V**.

2.4.6 In 8 cases, supplementary provision of Rs.55.06 crore proved insufficient by more than Rs.10 lakh in each grant, leaving an aggregate uncovered excess expenditure of Rs.23.08 crore as per details given in **Appendix - VI**.

2.4.7 In 26 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 *per cent* of the total provision as indicated in **Appendix - VII**. In 11 of the above cases (Sl.No.6, 13, 14, 16, 17, 18, 19, 20, 23, 24 and 25) 52 to 100 *per cent* of the total provision totalling Rs.133.36 crore was not utilised.

2.4.8 In 4 cases, expenditure exceeded the approved provisions by Rs.25 lakh or more and also by more than 10 *per cent* of the total provision. Details of these are given in **Appendix - VIII**. In 1 out of the above 4 cases, the expenditure exceeded the approved provision by over 47 *per cent*.

### ***Persistent savings/excess***

2.4.9 In 12 cases, there were persistent savings in excess of Rs.10 lakh and 10 *per cent* or more of the provision in each case. Details are given in **Appendix - IX**.

2.4.10 Excess was persistent under Grant No. 13 – Directorate of Accounts during the period 1999-2002.

2.4.11 The case of persistent excess requires investigation by the Government for remedial action.

***Excessive/unnecessary re-appropriation of funds***

2.4.12 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. There were 24 cases where injudicious re-appropriation of funds resulted in excess/saving by over Rs.20 lakh. The details are given in **Appendix - X**.

***New Service/New Instrument of Service***

2.4.13 Article 205 of the Constitution provides that expenditure on a “New Service” not contemplated in the annual financial statement (budget) can be incurred only after its specific authorisation by the Legislature. The Government have issued orders based on recommendations of Public Accounts Committee laying down various criteria for determining items of ‘New Service’/‘New instrument of Service’.

2.4.14 In 27 cases, expenditure totalling Rs.28.55 crore which should have been treated as ‘New Service’/‘New Instrument of Service’ was met by re-appropriation without the authorisation of the Legislature. This constituted a breach of Government financial norms. Details of these cases are given in **Appendix - XI**.

***Expenditure without provision of fund and re-appropriation***

2.4.15 As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was however, noticed that expenditure of Rs.27.20 crore was incurred in 17 cases as detailed in **Appendix - XII** without provision having been made either in the original estimates or in the supplementary demands and no re-appropriation orders were issued. This action without authorisation of the Legislature constituted a breach by the government.

***Anticipated savings not surrendered***

2.4.16 According to rules framed by Government the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2001-2002 there were 29 grants/appropriations in which large savings had not been surrendered even partially by the department. The amount involved was Rs.148.63 crore. In 15 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered, aggregated to Rs.143.75 crore. This indicated lack of financial control and monitoring. Details are given in **Appendix - XIII**.

### ***Surrender in excess of actual savings***

2.4.17 In 2 cases, the amount surrendered was in excess of actual savings and in one case though there was excess expenditure under revenue head of account in respect of one grant, the amount surrendered inflated this excess expenditure under the grant indicating inadequate budgetary control. As against the total amount of actual savings of Rs.2.46 lakh against grant under revenue section, the amount surrendered was Rs.4.99 lakh resulting in excess surrender of Rs.2.53 lakh. Further, against the excess expenditure of Rs.388.78 lakh under capital section of one grant, the amount surrendered was Rs.505.00 lakh, which resulted in injudicious surrender of Rs.505.00 lakh as the expenditure already exceeded the grant and no savings were available for surrender. This calls for better monitoring and control by the Finance Department. Details are given in **Appendix - XIV**.

2.4.18 The above instances of budgetary irregularities are reported from year to year in chapter II of the Audit Report. If precautions had been taken by all the departments in the light of the observations made earlier in chapter II of the Reports, the irregularities would not have occurred.

### ***Non-receipt of explanations for savings/excesses***

2.4.19 For the year 2001-2002, explanations for savings/excesses were not received.

### ***Trend of recoveries and credits***

2.4.20 Under system of gross budgeting followed by Government the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the Accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimate.

2.4.21 In two grants the actual recoveries (Rs.0.81 crore) were adjusted in reduction of expenditure without any provision of fund and in one grant the actual recoveries (Rs.5.30 crore) exceeded the estimated recoveries (Rs.3.30 crore) by Rs.2.00 crore. More details are given in Appendix of Appropriation Accounts.

## **2.5 Control over expenditure**

2.5.1 Rules provide that drawals in abstract contingent bill (AC bill) require presentation of detailed countersigned contingent bills (DCC bills) to the controlling officer (CO) and transmission to the Accountant General. A certificate shall be attached to every AC bill to the effect that (DCC bills) have been submitted to the CO in respect of AC bills drawn more than a month before the date of that bill.

2.5.2 Test check (March 2002) of the records of 70 drawing and disbursing officers (DDOs) revealed that Rs.3.32 crore were drawn during 1998-99 (Rs.0.55 crore), 1999-2000 (Rs.0.22 crore) and 2000-2001(Rs.2.55 crore) through 100 AC bills (1998-99: 18 nos; 1999-2000: 26 nos; 2000-2001: 56 nos) but DCC bills had not been furnished to the Accountant General till 31 March 2002 (Details given in **Appendix - XV**).

2.5.3 Withdrawal of money in AC bills was exhibited in the accounts as spent for the purpose for which the funds were provided by the Legislature. However, due to non-submission of detailed countersigned bills, the actual expenditure and the purpose for which the amounts appropriated was fulfilled, remained unassessed. The large scale non regularisation of withdrawals through AC bills indicated a serious deficiency in control over expenditure.

2.5.4 The matter was reported to Government in October 2002; reply has not been received (December 2002).