

**CHAPTER-II**  
**SUMMARY OF APPROPRIATION ACCOUNTS**  
**2002-2003**

**Total number of Grants/Appropriations: 75 (including four appropriations)**

**Total provision and actual expenditure**

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	13667.71	-	15229.29
Supplementary	3081.21	-	-
<b>Total gross provision</b>	<b>16748.92</b>	<b>Total gross expenditure</b>	<b>15229.29</b>
Recoveries in reduction of expenditure	173.65	Deduct actual recoveries in reduction of expenditure	0.91
<b>Total net provision</b>	<b>16575.27</b>	<b>Total net expenditure</b>	<b>15228.38</b>

**Voted and charged provision and expenditure**

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	7609.59	1713.01 <sup>5</sup>	5781.86	1331.55
Capital	1455.55 <sup>5</sup>	5970.77	636.54	7479.34
<b>Total gross</b>	<b>9065.14</b>	<b>7683.78</b>	<b>6418.40</b>	<b>8810.89</b>
Deduct recoveries in reduction of expenditure	173.65	-	0.91	-
<b>Total net</b>	<b>8891.49</b>	<b>7683.78</b>	<b>6417.49</b>	<b>8810.89</b>

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<sup>5</sup> Difference of Rs.0.01 crore with the summary of Appropriation Accounts is due to rounding off.

## APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

### 2.1 *Introduction*

In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains the authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Articles 204 and 205 of the Constitution of India and also the expenditure, which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government *vis-à-vis* those authorised by the Appropriation Act.

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 *Appropriation Accounts at a glance*

The summarised position of actual expenditure during 2002-2003 against 75 grants/appropriations was as follows:

(Rupees in crore)						
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-) Excess (+)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Voted</b>	<b>I. Revenue</b>	7148.40	461.19	7609.59	5781.86	(-) 1827.73
	<b>II. Capital</b>	1134.75	131.44	1266.19	505.53	(-) 760.66
	<b>III. Loans and advances</b>	183.72	5.64	189.36	131.01	(-) 58.35
<b>Total Voted</b>		<b>8466.87</b>	<b>598.27</b>	<b>9065.14</b>	<b>6418.40</b>	<b>(-) 2646.74</b>
<b>Charged</b>	<b>IV Revenue</b>	1661.28	51.73	1713.01	1331.55	(-) 381.46
	<b>V Capital</b>	-	35.01	35.01	35.00	(-) 0.01
	<b>VI Public Debt</b>	3539.56	2396.20	5935.76	7444.34	(+) 1508.58
	<b>VII Loans and Advances</b>	-	-	-	-	-
<b>Total Charged</b>		<b>5200.84</b>	<b>2482.94</b>	<b>7683.78</b>	<b>8810.89</b>	<b>(+) 1127.11</b>
<b>Appropriation to Contingency Fund (if any)</b>		-	-	-	-	-
<b>Grand Total</b>		<b>13667.71</b>	<b>3081.21</b>	<b>16748.92</b>	<b>15229.29</b>	<b>(-) 1519.63</b>

### 2.2.1 *Excess over provision relating to previous years requiring regularisation*

As per Article 205 of the Constitution of India, it is mandatory for State Government to get the excess over a grant/appropriation regularised by the State Legislature.

The year-wise position is given below:

(Rupees in crore)

Year	Number of cases		Amount of excess		Total
	Voted Grants	Charged Appropriation	Voted	Charged Appropriation	
1983-84	23	--	16.77	--	16.77
1984-85	29	4	50.83	85.79	136.62
1985-86	22	2	51.18	*	51.18
1986-87	28	--	59.69	--	59.69
1987-88	26	2	100.86	5.05	105.91
1988-89	14	2	75.06	0.76	75.82
1989-90	27	1	64.00	0.26	64.26
1990-91	18	1	71.78	864.68	936.46
1991-92	30	--	187.07	--	187.07
1992-93	17	2	114.20	108.63	222.83
1993-94	35	1	191.49	67.66	259.15
1994-95	18	4	164.99	874.74	1039.73
1995-96	10	2	39.73	1765.83	1805.56
1996-97	4	2	21.08	1803.15	1824.23
1997-98	1	1	4.12	2618.20	2622.32
1998-99	-	1	--	3165.45	3165.45
1999-2000	1	1	37.99	3680.10	3718.09
2000-01	6	1	233.81	4539.22	4773.03
2001-02	2	5	155.11	1987.37	2142.48
<b>Total</b>	<b>311</b>	<b>32</b>	<b>1639.76</b>	<b>21566.89</b>	<b>23206.65</b>

\* Rupees 858.00 only

The Public Accounts Committee vide its eighty fifth and eighty eighth reports which were placed before the Legislature on 8 March 2002 and 3 October 2002 recommended regularisation of excess expenditure amounting to Rs.21,064.17 crore upto the year 2000-2001. Also, the Public Accounts Committee vide its discussion dated 29 April 2003 recommended regularisation of excess expenditure of Rs.2,142.48 crore for the year 2001-02. Recommendations (as vetted by this office) are yet to be placed before the Legislature and necessary Act of the Legislature for regularisation of total excess expenditure of Rs.23,206.65 crore is awaited (September 2003).

## 2.3 Results of Appropriation Audit

### 2.3.1 Saving/excess over provision

The overall savings of Rs.3,138.49 crore in 67 cases of grants (Rs.2,756.28 crore) and 15 cases of appropriations (Rs.382.21 crore), was offset by an excess of Rs.1,618.86 crore in six charged appropriations (Rs.1,509.32 crore) and five grants (Rs.109.54 crore) resulting in net savings of Rs.1,519.63 crore during 2002-03. The excess of Rs.1,618.86 crore required regularisation under Article 205 of the Constitution. The details are given below:

(Rupees in crore)

Year	No/Name of Grants/ Appropriations	Total Grant/ Appropriation	Actual expenditure	Amount of Excess
2002-2003	Head of State (Revenue) Charged	1.53	1.78	0.25
2002-2003	2-Council of Ministers (Revenue) Voted	3.06	3.19	0.13
2002-2003	4-Election (Revenue) Charged	0.0048	0.005	0.0002
2002-2003	6-Land Revenue and Land Ceiling (Revenue) Charged	0.0088	0.07	0.06
2002-2003	21-Guest Houses, Government Hostels etc. (Revenue) Voted	4.62	6.91	2.29
2002-2003	23-Pensions and Other Retirement Benefits (Revenue) Voted	675.87	774.76	98.89
	(Revenue) Charged	0.14	0.55	0.41
2002-2003	49-Irrigation (Revenue) Voted	50.96	58.64	7.68
	(Revenue) Charged	3.90	3.92	0.02
2002-2003	67-Assam Capital Construction (Capital) Voted	1.95	2.50	0.55
2002-2003	Public Debt and Servicing of Debt (Capital) Charged	5,935.76	7,444.34	1,508.58
	<b>Total</b>	<b>6,677.80</b>	<b>8,296.66</b>	<b>1,618.86</b>

### 2.3.2 Supplementary provision

Supplementary provision made during the year constituted 22.54 per cent of the original grant/appropriation as against 46.19 per cent in the preceding year.

### 2.3.3 Unnecessary/inadequate supplementary provision

Supplementary provision of Rs.347.35 crore (Revenue: Rs.233.50 crore and Capital: Rs.113.85 crore) in 64 cases involving 49 grants as detailed in **Appendix-II** proved unnecessary. In one case of appropriation (Public Debt and Servicing of Debt–Capital

portion), the actual expenditure (Rs.7,444.34 crore) exceeded original budget provision (Rs.3,539.56 crore) by Rs.3,904.78 crore but supplementary provision of Rs.2,396.20 crore only was obtained which was inadequate.

#### **2.3.4 *Unutilised provision***

In 60 grants and one appropriation the expenditure fell short by more than Rupees one crore which was more than 10 *per cent* of the total provisions as indicated in **Appendix-III**.

#### **2.3.5 *Persistent savings***

In 34 grants there were persistent savings in excess of Rs.10 lakh in each case, representing 20 *per cent* or more of the total provision during the last three years. Details are given in **Appendix-IV**.

#### **2.3.6 *Anticipated savings not surrendered***

According to the rules framed by Government the spending departments are required to surrender the grants/appropriation, or portion thereof, to the Finance Department as and when the savings are anticipated. However, at the close of the year there were grants/appropriations in which large savings had not been surrendered by the departments. In 58 grants/appropriations saving exceeding Rupees one crore each remained to be surrendered at the end of 2002-2003. The amount involved was Rs.2,641.53 crore. Details are given in **Appendix-V**.

#### **2.3.7 *Non-receipt of explanations for Savings/Excesses***

After the closure of accounts each year, the detailed Appropriation Accounts showing the Final Grant/Appropriation, the actual expenditure and the resultant variations are sent to the controlling officers (COs) who are required to explain the variation in general and those under important sub-heads in particular. The State budget manual also requires the COs to furnish promptly all such information to Accountant General (A&E) for preparation of the Appropriation Accounts.

Appropriation Accounts 2002-03 included 71 Grants and four Appropriations involving 2,793 sub-heads. Of this 1,314 sub-heads attracted comments from the Government for excess/savings. The reasons for savings/excesses were called for by the Accountant General (A&E) in respect of these sub-heads. In 98 *per cent* cases, (1,282 sub-heads) explanations for variations were not received. The replies received in respect of six out of 32 sub-heads were incomplete.

### **2.4 *Injudicious/Unnecessary re-appropriation***

Funds from one sub-head of appropriation to another sub-head where additional funds are needed can be transferred by re-appropriation. Scrutiny of re-appropriation orders revealed that a number of such orders issued during 2002-03 proved to be injudicious

on account of either expected saving not materialising under the head of accounts from which funds were transferred or the actual expenditure falling short of even the original provision under the head to which additional funds were transferred. The details of such instances where re-appropriation for sums exceeding Rs.25 lakh each turned out to be injudicious are given below:

**(Rupees in lakh)**

Sl. No	Number and name of grant/ Appropriation and head of account	Total Provision	Re-appropriation	Total	Actual expenditure	Excess (+) Savings (-)
1.	2 - Council of Ministers 2013 - Council of Ministers 800 – Other Expenditure	200.00	(-) 28.00	172.00	224.40	(+) 52.40
2.	46 – Weights and Measures 3475 – Other General Economic Services 1467 – Enforcement Sub-ordinate Administration	271.69	(-) 39.59	232.10	279.84	(+) 47.74
3.	Public Debt and Servicing of Debt 04 – Interest on Loans and Advances from Central Government 101 – Interest on Loans for State/Union Territory Plan Schemes 4167 – Block Loans, General (Charged)	12,460.95	(+) 2,120.60	14,581.55	14,496.73	(-) 84.82

## **2.5 Reconciliation of departmental figures**

To enable departmental officers to exercise proper control over expenditure there are standing instructions of Government that the accuracy of departmental accounts should be ensured by reconciliation of departmental figures with those recorded in the books of Accountant General (Accounts and Entitlement) monthly/quarterly.

The Public Accounts Committee while examining the accounts of the State Government desired that a detailed programme for month-wise quarterly reconciliation may be finalised by the Accountant General (Accounts and Entitlement) in consultation with the Finance Department for timely reconciliation of expenditure by the various drawing and disbursing officers/controlling departments. Accordingly, the Accountant General (Accounts and Entitlement) had drawn up quarterly calendar for reconciliation of accounts by the departmental officers with intimation to Finance Department.

During 2002-2003 out of 125 controlling officers (COs), 11 COs fully reconciled their expenditure upto March 2003 and one CO had done full reconciliation of the accounts upto September 2002. Of the remaining 113 COs, 93 COs did not reconcile the figures at all and 20 COs carried out reconciliation partially<sup>6</sup>.

<sup>6</sup> Upto March 2003 by 19 CO's; upto September 2002 by one CO. Quarter-wise position of reconciliation of accounts by the CO's were not furnished.

## 2.6 Trend of recoveries and credits

Under the 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 being shown separately in the Budget estimates. During the year 2002-03 such recoveries were anticipated at Rs.173.65 crore against which actual recoveries were Rs.0.91 crore. The shortfall in recoveries was mainly under (i) 17–Administrative and Functional Buildings (Rs.6.38 crore), (ii) 24–Aid Materials (Rs.14.04 crore), (iii) 25–Miscellaneous General Services (Rs.40 crore), and (iv) 41–Natural Calamities (Rs.111.89 crore), which was partially set off by excess recoveries of Rs.0.16 crore under 63–Flood Control.

## 2.7 Rush of expenditure at the fag end of the year

Rush of expenditure at the fag end of the financial year was commented upon in the Audit Reports for the years 1997-98 to 1999-2000. Some instances of such rush of expenditure noticed at the fag end of the financial year 2002-03 are mentioned below:

Sl. No.	Head of Account (Grant No)	Total provision (Original and Supplementary)	Total expenditure	Expenditure during March 2003	Percentage of expenditure during March 2003 to	
					Total provision	Total expenditure
1	3475-Other General Economic Services (6)	0.56	0.27	0.18	32	67
2	2215-Water Supply and Sanitation (31)	2.67	2.10	2.00	75	95
3	6217-Loans for Urban Development (31&34)	9.01	1.36	1.22	14	90
4	2216-Housing (32)	2.55	0.61	0.37	15	61
5	3456-Civil Supplies (37)	0.44	0.38	0.19	43	50
6	2404-Dairy Development (43)	0.88	0.85	0.85	97	100
7	4425-Capital Outlay on Co-operation (43)	10.95	0.96	0.96	9	100

## FINANCE DEPARTMENT

### 2.8 Unauthorised expenditure by transfer credit of funds to 8443 Civil Deposit

**Executive Engineer, Public Works Department, Magazine Division, Guwahati drew and deposited (March 2002) Rs.9.30 crore by transfer credit to 8443 Civil Deposit-108 Public Works Deposit but booked the amount as expenditure violating the budgetary discipline and the assurance given by the Government to the Public Accounts Committee to discontinue such irregular practice since 1997-98.**

The Public Accounts Committee (PAC) of the State Assembly in its Seventy-third Report presented to the House on 15 May 1998 observed that the State Government had discontinued the irregular practice of depositing funds by transfer credit into “8443-Civil Deposits” since 1997-98.

Scrutiny of Finance and Appropriation Accounts of the Government of Assam revealed that the Executive Engineer (EE), Public Works Department, Magazine Division, Guwahati withdrew (March 2002) Rs.9.30 crore under Major Head “4210-Capital outlay on Medical and Public Health” on the basis of ceiling issued (February 2002) by the Public Works Department. The division deposited the amount by transfer credit to “8443-Civil Deposit 108-Public Works Deposit” but booked the amount as expenditure on “Construction of Primary Health Centres”(Rs.5.66 crore) and “Community Health Centres”(Rs.3.64 crore) under the Scheme “Pradhan Mantri Gramoday Yojana” for the year 2001-02.

Hence, the expenditure on the Consolidated fund of the State was inflated to the extent of Rs.9.30 crore<sup>7</sup> against Budget allotment on “Pradhan Mantri Gramoday Yojana” for the year 2001-02.

By depositing funds into “8443-Civil Deposit” to avoid lapse of budget grants, the department failed to comply with the discipline of budgetary procedures besides violating the assurance given by the Government to discontinue such irregular practice as featured in the Report of the PAC *ibid*.

On this being pointed out in audit the Accountant General (A&E) had referred (April 2002) the matter to Finance Department. Their reply was awaited (February 2003).

The matter was reported to Government in March 2003; their reply had not been received (September 2003).

<sup>7</sup> Drawal by Magazine Division, Guwahati:

Month of Account	Expenditure Head of A/c	Public Account Credit Head
March 2002 (P)	4210 Capital Outlay	8843-Civil Deposit
	103 Primary Health Centre P.M.G.Y. Rs.5,65,75,000.00	108 PW Deposit
	104 Community Health Centre P.M.G.Y. Rs.3,64,00,000.00	Rs.9,29,75,000.00
		Rs.9,29,75,000.00