

## Chapter II: Appropriation Accounts

### Summary of Appropriation Accounts 2005-06 Government of NCT of Delhi

(Rupees in crore)

|  |   |                                      |
|--|---|--------------------------------------|
| <b>Total Number of Grants/<br/>Appropriation</b> |   | <b>13</b>                            |
| <b>Original Provision<br/>12426.02</b>           | <b>Gross Expenditure<br/>12363.96</b>                     |                                      |
| <b>Supplementary Grant<br/>3175.54</b>           |   |                                      |
| <b>Total Provision<br/>15601.56</b>              |   | <b>Savings<br/>3237.60</b>           |
| <b>Provision<br/>1283.01</b>                     | <b>← Recoveries<br/>in reduction of<br/>Expenditure →</b> | <b>Actual Recoveries<br/>1222.22</b> |
| <b>Charged and Voted Section</b>                 |   |                                      |
| <b>Provision<br/>4453.53</b>                     | <b>← Charged →</b>  | <b>Expenditure<br/>2072.29</b>       |
| <b>Provision<br/>11148.03</b>                    | <b>← Voted →</b>  | <b>Expenditure<br/>10291.67</b>      |
| <b>Revenue and Capital Section</b>               |   |                                      |
| <b>Provision<br/>7497.32</b>                     | <b>← Revenue →</b>  | <b>Expenditure<br/>6562.82</b>       |
| <b>Provision<br/>8104.24</b>                     | <b>← Capital →</b>  | <b>Expenditure<br/>5801.14</b>       |
| <b>Net Provision<br/>14318.55</b>                |   | <b>Net Expenditure<br/>11141.74</b>  |

### 2.1 Introduction

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

The Appropriation Acts include the expenditure which has been voted by the Legislature under various grants in terms of Articles 204 and 205 of the Constitution of India and also include 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 services actually spent by Government vis-à-vis those authorised by the Appropriation Acts.

## 2.2 Appropriation audit

The objective of Appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Acts and whether the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure incurred is in conformity with the law, relevant rules, regulations and instructions.

This chapter contains audit observations in respect of the Appropriation Accounts prepared by the Controller of Accounts, Government of NCT of Delhi for the year 2005-06

## 2.3 Charged and voted expenditure

The break-up of charged and voted expenditure during 2001-02 to 2005-06 is given below:

**Table 2.1: Charged and Voted Expenditure**

(Rupees in crore)

| Year    | Expenditure |         |          |                  |                    |
|---------|-------------|---------|----------|------------------|--------------------|
|         | Voted       | Charged | Total    | Percentage Voted | Percentage Charged |
| 2005-06 | 10291.67    | 2072.29 | 12363.96 | 83               | 17                 |
| 2004-05 | 9742.47     | 4004.40 | 13746.87 | 71               | 29                 |
| 2003-04 | 9347.43     | 3121.14 | 12468.57 | 75               | 25                 |
| 2002-03 | 8659.94     | 2155.27 | 10815.21 | 80               | 20                 |
| 2001-02 | 8113.80     | 1189.19 | 9302.99  | 87               | 13                 |

It would be seen that while the total expenditure of the Government has increased by 33 *per cent* from Rs. 9,302.99 crore in 2001-02 to Rs. 12,363.96 crore during 2005-06, the voted expenditure has increased by 26.84 *per cent* from Rs. 8,113.80 crore in 2001-02 to Rs. 10,291.67 crore in 2005-06. Charged expenditure has increased by 74.26 *per cent* from Rs. 1,189.19 crore in 2001-02 to Rs. 2,072.29 crore in 2005-06 largely on account of increased debt servicing. In comparison to 2004-05, the total expenditure decreased by 10 *per cent* in 2005-06. This was largely due to 48 *per cent* reduction in the charged expenditure in 2005-06 as compared to previous year.

## 2.4 Appropriation Accounts

A summary of the Appropriation Accounts of gross sums expended during the year ended March 2006 compared with the sums authorised by the Delhi Legislative Assembly during the year 2005-06 is given below:

**Table 2.2: Summary of Appropriation Accounts**

| (Rupees in crore)     |                               |                                    |                                 |                    |                |                                       |
|-----------------------|-------------------------------|------------------------------------|---------------------------------|--------------------|----------------|---------------------------------------|
| Nature of Expenditure | Original Grant/ Appropriation | Supplementary Grant/ Appropriation | Total Grant/Final Appropriation | Actual Expenditure | Savings        | Savings as percentage of Total Grants |
| <b>Revenue</b>        |                               |                                    |                                 |                    |                |                                       |
| Charged               | 1985.62                       | 14.94                              | 2000.56                         | 1727.47            | 273.09         | 13.65                                 |
| Voted                 | 4751.11                       | 745.65                             | 5496.76                         | 4835.35            | 661.41         | 12.03                                 |
| <b>Total Revenue</b>  | <b>6736.73</b>                | <b>760.59</b>                      | <b>7497.32</b>                  | <b>6562.82</b>     | <b>934.50</b>  | <b>12.46</b>                          |
| <b>Capital</b>        |                               |                                    |                                 |                    |                |                                       |
| Charged               | 260.42                        | 2192.55                            | 2452.97                         | 344.82             | 2108.15        | 85.94                                 |
| Voted                 | 5428.87                       | 222.40                             | 5651.27                         | 5456.32            | 194.95         | 3.45                                  |
| <b>Total Capital</b>  | <b>5689.29</b>                | <b>2414.95</b>                     | <b>8104.24</b>                  | <b>5801.14</b>     | <b>2303.10</b> | <b>28.42</b>                          |
| <b>Gross Total</b>    | <b>12426.02</b>               | <b>3175.54</b>                     | <b>15601.56</b>                 | <b>12363.96</b>    | <b>3237.60</b> | <b>20.75</b>                          |

*Note: In Demands for Grants, provisions for charged expenditure are called appropriations. For voted expenditure, they are called grants.*

## 2.5 Results of appropriation audit

### 2.5.1 Savings under various grants/appropriations

Savings in each grant/appropriation are worked out separately for voted and charged sections for both revenue and capital expenditure. Savings indicate that expenditure could not be incurred as estimated, anticipated and planned and are reflective of poor budgeting or shortfall in performance or both. Overall savings of Rs. 3,237.60 crore for the year 2005-06 constituted 101.95 per cent of supplementary grant of Rs. 3,175.54 crore and 20.75 per cent of total budget provision of Rs.15,601.56 crore. Details of grants/ appropriations-wise savings are

given in Appendix-III. Large savings occurred in areas like General Administration, Education, Industries and Development department.

The entire provision made under Revenue section of Grant Number 13 Pension and other Retirement benefits was surrendered in the last four years and also in this year (Rs. 40 crore) due to non-finalization of transfer of Pension Scheme to the Government of NCT of Delhi from the Government of India. Other cases of savings under schemes affected due to unspent provisions are given in Appendix-IV.

The primary reasons for the savings of Rs.3,237.60 crore were stated to be non implementation of projects/schemes relating to “Commonwealth Games- 2010 (Rs.200.00 crore) and National Programme of Nutritional Support to Primary Education (Rs.18.54 crore)”, shortage of time for disbursement of enhanced ex-gratia relief to the victims of 1984 riots under “other relief measures” (Rs.164.75 crore), non-filling up of vacant posts under “Jail Establishment” (Rs.16.76 crore), less procurement of store items etc. under the scheme “Provision of additional schooling facilities in age group of 11-14 and 14-17” (Rs.0.75 crore), savings due to non receipt of L.T.C. bills and medical claims etc. and slow progress of work in scheme of “Construction of school building” (Rs.7.08 crore). The reason of savings under “Reimbursement of sales tax /work contract cess to DMRC (Rs.100.00 crore)” was due to non-finalisation of levy of VAT on Work Contract Tax.

### **2.5.2 Failure to surrender savings**

According to Rule 69 of the General Financial Rules, savings anticipated in a grant/ appropriation are to be surrendered to the Government as soon as these are foreseen without waiting for the last day of the financial year. Savings should also not be held in reserve for possible future use. Against the total savings of Rs. 3,237.60 crore, an amount of Rs. 318.55 crore was surrendered on the last day of the financial year. The remaining savings of Rs. 2,919.05 crore were not surrendered thereby depriving the Government of the opportunity of using these funds in other sectors where they may have been required. Details of savings and amounts not surrendered are given in Appendix-V.

### **2.5.3 Persistent savings**

There were persistent savings for the last four years under four grants in nine cases as detailed in Appendix-VI. The persistent savings are indicative of continued overstatement of budgetary assumptions.

### 2.5.4 Utilisation of supplementary grants

Details of supplementary grants obtained during 2005-06 were as under:

**Table 2.3: Supplementary Grants/ Appropriation obtained during 2005-06**  
(Rupees in crore)

| Section                          | Supplementary Grant/ Appropriation obtained during 2005-06 |
|----------------------------------|--|
| <b>Voted</b>                     |  |
| Revenue                          | 745.65   |
| Capital                          | 222.40   |
| <b>Total</b>                     | <b>968.05</b>  |
| <b>Charged</b>                   |  |
| Revenue                          | 14.94  |
| Capital                          | 2192.55  |
| <b>Total</b>                     | <b>2207.49</b>   |
| <b>Grand Total</b>               | <b>3175.54</b>   |
| Number of Grants/ Appropriations | 12   |

### 2.5.5 Unnecessary supplementary grants

The Departments of General Administration, Home and Medical & Public Health obtained supplementary grants in anticipation of higher expenditure. The entire supplementary provisions amounting to Rs.5.82 crore, Rs 8.01 crore and Rs 10.09 crore respectively however proved to be unnecessary as the final expenditure was less than even the original grant in all the three cases as detailed below:

**Table 2.4: Unnecessary Supplementary Grants/Appropriation during 2005-06**  
(Rupees in crore)

| Sl. No.              | Grant/ Appropriation         | Amount   | Batch of Supplementary Grant | Reasons for obtaining Supplementary Grants  |
|----------------------|------------------------------|--|------------------------------|---|
| <b>Revenue Voted</b> |                              |  |                              |   |
| 1.                   | General Administration       | O<br>S<br>AE<br>UP<br>56.56<br>5.82<br>42.71<br>19.67    | First & Final of March 2006  | To meet the additional expenditure for Public Grievances Commission, Lokayukta and on pensionary charges of Freedom Fighters.                                     |
| 2.                   | 05 Home                      | O<br>S<br>AE<br>UP<br>110.72<br>8.01<br>93.17<br>25.56   | First & Final of March 2006  | To meet the additional expenditure on office expenses, supplies and materials and machinery and equipments.   |
| 3.                   | 07 Medical and Public Health | O<br>S<br>AE<br>UP<br>821.73<br>10.09<br>778.07<br>53.75 | First & Final of March 2006  | To meet the additional expenditure on Grant in Aid to I.H.B.A.S, centralized Accident and Trauma services and grant for M.C.D. for other Public Health Programme. |

(O-Original Provision, S-Supplementary Provision, AE-Actual Expenditure, UP-Unspent Provision)

Evidently, the Departments did not carefully assess the requirement of funds before seeking supplementary grants.

### 2.5.6 Re-appropriation of funds

A grant or appropriation is distributed among sub-heads or standard objects called primary units under which it is to be accounted. Re-appropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of the financial year to which such grant or appropriation relates. Re-appropriation of funds should be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be fully utilized.

Re-appropriation was injudicious in 30 cases as the original provision under the sub-head to which funds were transferred by re-appropriation was more than adequate. As a result, the final unspent amounts under the sub-heads were greater than the amounts re-appropriated to those sub-heads. Details of cases involving important re-appropriations are given in Appendix-VII. Cases of injudicious re-appropriation are indicative of an inadequate accounting information system and poor assessment of requirement of funds. Overall there was no excess in any of the grants/appropriations.

### 2.5.7 Releases for centrally sponsored plan schemes

Details of Central assistance released during 2005-06 as grants to the Government of NCT of Delhi for implementation of various Centrally Sponsored Plan Schemes, quarter wise, are indicated below:

**Table 2.5: Release of Central Assistance**

(Rupees in crore)

|     | Quarter                 | Amount of Central Assistance Released |
|-----|-------------------------|---------------------------------------|
| I   | April –June 2005        | 13.68                                 |
| II  | July-September 2005     | 8.66                                  |
| III | October - December 2005 | 9.00                                  |
| IV  | January - March 2006    | 12.66                                 |
|     | <b>Total</b>            | <b>44.00</b>                          |

The amount of Rs. 44 crore received during the year included Rs. 6.62 crore relating to 2004-05. Besides, there was an opening balance of Rs. 47.26 crore and funds amounting to Rs. 15.23 crore pertaining to the year 2005-06 were being accounted for in the accounts of 2006-07 as they were received after the close of the financial year 2005-06. The Government spent Rs. 41.12 crore for implementing the various Centrally Sponsored Plan Schemes. No expenditure was incurred on 92 Centrally Sponsored Schemes during the year 2005-06 despite availability of Rs.47.61 crore under these schemes. These included the following:

**Table 2.6: Nil Expenditure of Centrally Sponsored Schemes**

| (Rupees in crore) |  |                   |
|-------------------|--|-------------------|
| Sl. No.           | Name of Scheme   | Amount Unutilized |
| 1.                | National Programme of Nutritional Support to Primary Education.  | 18.54             |
| 2.                | Management, Monitoring and Evaluation (MME) component under Mid Day Meal Scheme                        | 00.43             |
| 3.                | Up Grading of Industrial Training Institute (ITI)  | 00.06             |
| 4.                | Civil Works in ITI Pusa  | 00.08             |
| 5.                | Development of Nursing Services & Strengthening of existing Nursing Schools & Colleges                 | 00.10             |
| 6.                | Upgradation of Facilities in the Department of Physical medicines & Rehabilitation in Medical Colleges | 00.10             |
| 7.                | Post matric scholarship to SC students   | 00.05             |
| 8.                | Celebration of Chaudhavin ka Chand festival  | 00.02             |
| 9.                | Support to State Extension Programme for extension reforms   | 00.16             |
| 10.               | National Programme for capacity building of Earthquake Risk Management                                 | 00.14             |
| 11.               | Development of National Parks and Sanctuaries  | 00.20             |

Funds amounting to Rs. 58.75<sup>1</sup> crore received from the Central Government for implementation of 160 Centrally Sponsored Schemes up to the end of 2005-06 remained unutilized as on 31 March 2006.

The schemes where Rs. 1.00 crore and above remained unutilized as of 31 March 2006 are shown in the table given below:

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<sup>1</sup>Opening balance (Rs.47.26 crore) + grant received during the year (Rs.52.61 crore) – expenditure during the year (Rs.41.12 crore)= closing balance (Rs.58.75 crore).

**Table 2.7: Schemes under –utilising funds exceeding Rupees one crore**

| (Rupees in crore) |   |                   |
|-------------------|---|-------------------|
| Sl. No.           | Name of Scheme  | Amount unutilized |
| 1.                | Operation Black Board   | 1.79              |
| 2.                | Scheme for Continuing education                                 | 1.28              |
| 3.                | Grant in aid to Voluntary organization (i) General Area         | 1.36              |
| 4.                | National Programme of Nutritional Support to Primary Education  | 18.54             |
| 5.                | State Model Institute of Ayurveda / Siddha / Unani / Homeopathy | 1.44              |
| 6.                | Development of Oncology Wing of GTB Hospital                    | 2.00              |
| 7.                | Strengthening of Directorate of Family Welfare                  | 6.24              |
| 8.                | Revamping of Urban Family Welfare                               | 3.26              |
| 9.                | Compensation  | 4.67              |
| 10.               | Sub-Center  | 1.03              |
| 11.               | National old Age Pension Scheme                                 | 1.14              |
| 12.               | Programme for Juvenile Justice                                  | 2.04              |
| 13.               | Swarn Jayanti Shahari Rojgar Yojna                              | 4.31              |
| 14.               | Supplementary Nutrition Programme                               | 6.38              |

In six schemes, expenditure was incurred in excess (Rs. 14.69 crore) of the amount actually received. The schemes where Rs. 50 lakh and above were incurred in excess are shown below:

**Table 2.8 : Expenditure in excess of receipts exceeding Rs.50 lakh**

| (Rupees in crore) |  |                        |
|-------------------|--|------------------------|
| Sl. No.           | Name of Scheme                           | Amount excess utilized |
| 1.                | Urban Family Welfare Centers             | 4.97                   |
| 2.                | Infrastructural facilities for Judiciary | 7.18                   |
| 3.                | Post Mortem at Sub-divisional hospitals  | 1.32                   |
| 4.                | Integrated Child Development Scheme      | 0.74                   |

### **2.5.8 Recoveries in reduction of expenditure**

The demands for grants presented to the Legislature are for gross expenditure including credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the Budget estimates. During 2005-06, such recoveries were anticipated at Rs. 1,283.01 crore. However, actual recoveries during the year were Rs. 1,222.22 crore. Position of estimated and actual recoveries during the previous five years is depicted below:



**Table 2.9: Recoveries in Reduction of Expenditure**

(Rupees in crore)

| Year    | Estimated Recoveries | Actual Recoveries | Excess (+)<br>Short fall (-) | Percentage of variation<br>Excess (+) Short fall (-) |
|---------|----------------------|-------------------|------------------------------|--|
| 2005-06 | 1283.01              | 1222.22           | (-) 60.79                    | (-) 4.74   |
| 2004-05 | 926.51               | 871.44            | (-) 55.07                    | (-) 5.94   |
| 2003-04 | 718.50               | 748.40            | (+) 29.90                    | (+) 4.16   |
| 2002-03 | 712.93               | 601.69            | (-) 111.24                   | (-) 15.60  |
| 2001-02 | 550.09               | 672.27            | (+) 122.18                   | (+) 22.21  |

### 2.5.9 *Suspense balances*

The Government of NCT of Delhi has no separate Public Account and such transactions are carried out under the 'Public Account of the Union Government'. All such transactions are ultimately cleared either by payment or recovery in cash or by book adjustment. These are recorded initially under the 'Suspense Heads'. Balances under Suspense Heads are required to be reviewed at short intervals so as to ensure that no item remains unadjusted longer than is reasonably necessary and its clearance is brought about in the ordinary course with due regard to the rules applicable to each case. There is therefore, a need to clear these balances expeditiously and to classify them to appropriate heads of accounts.

Examination of such transactions in the Public Account (Central) prepared by the Government of NCT of Delhi revealed that large balances were outstanding under 'Suspense Heads' during the last five years as below:

**Table 2.10: Amounts under Suspense heads**

(Rupees in crore)

| At the end of March | Net Amount |
|---------------------|------------|
| 2006                | Dr. 251.69 |
| 2005                | Dr. 215.35 |
| 2004                | Dr. 742.73 |
| 2003                | Dr. 384.17 |
| 2002                | Dr. 161.63 |

The balance as on 31 March 2006 included debit balance under Pay and Accounts Office Suspense Account (Dr. Rs.180.34 crore), Cash Settlement Suspense Account (Dr. Rs.84.46 crore), Public Sector Bank Suspense Account (Dr.Rs.7.60 crore) Provident Fund (Dr. Rs. 0.09 crore), Material Purchase Settlement Suspense Account (Cr.Rs.20.72 crore) and Suspense Account Civil (Cr.Rs.0.08 crore).

### 2.5.10 *Expenditure in the month of March*

As per the General Financial Rules, rush of expenditure particularly in the closing month of the financial year is to be regarded as a breach of financial regularity and should be avoided. In 10 grants, rush of expenditure (including charged and voted)

ranging from 15.05 *per cent* to 70.97 *per cent* of the total expenditure of the year 2005-06 was incurred in the month of March. Details of Grant-wise rush of expenditure in the month of March are given in Appendix-VIII.