

Chapter II: Appropriation Accounts

Summary of Appropriation Accounts 2006-07 Government of NCT of Delhi

(Rupees in crore)

Total Number of Grants/ Appropriation		13*
Original Provision 14264.84		Gross Expenditure 14037.37
Supplementary Grant 8025.61		
Total Provision 22290.45		Savings 8253.08
Recoveries		
Provision 919.36	← Recoveries → in reduction of Expenditure	Actual Recoveries 1070.96
Charged and Voted Section		
Provision 10021.07	← Charged →	Expenditure 2451.66
Voted		
Provision 12269.38	← Voted →	Expenditure 11585.71
Revenue and Capital Section		
Provision 8183.89	← Revenue →	Expenditure 7806.88
Capital		
Provision 14106.56	← Capital →	Expenditure 6230.49
Net Provision		
Net Provision 21371.09		Net Expenditure 12966.41

* Grant No. 13 (Pension) not operated during the year

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 2006-07.

2.3 Charged and voted expenditure

The break-up of charged and voted expenditure during 2002-03 to 2006-07 is given below:

Table 2.1: Charged and Voted Expenditure

(Rupees in crore)

Year	Expenditure				
	Voted	Charged	Total	Percentage Voted	Percentage Charged
2006-07	11585.71	2451.66	14037.37	83	17
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

Charged expenditure like interest payments, repayment of debts etc. are those expenditure which are not subject to vote. The proportion of such expenditure constituted 17 *per cent* of the total expenditure.

2.4 Appropriation Accounts

A summary of the gross sums expended during the year compared with the sums authorised by the Delhi Legislative Assembly during the year 2006-07 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 Grant/ Appropriation
Revenue						
Charged	2174.04	88.87	2262.91	2254.32	8.59	0.38
Voted	5382.62	538.36	5920.98	5552.56	368.42	6.22
Total Revenue	7556.66	627.23	8183.89	7806.88	377.01	4.61
Capital						
Charged	1074.18	6683.98	7758.16	197.34	7560.82	97.46
Voted	5634.00	714.40	6348.40	6033.15	315.25	4.97
Total Capital	6708.18	7398.38	14106.56	6230.49	7876.07	55.83
Gross Total	14264.84	8025.61	22290.45	14037.37	8253.08	37.03

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

2.5 Savings and Excess

2.5.1(a) 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 pointer to deficiencies in the system of Public expenditure management. Overall savings exceeded the supplementary grants that were obtained. Overall savings of Rs.8,253.08 crore for the year 2006-07 constituted 37.03 per cent of total budget provision of Rs.22,290.45 crore. Details of grants/appropriations-wise savings are given in Appendix-V. Large savings occurred in departments of Education, Industries, Legislative Assembly, Development Department, Urban Development and Public Works Department.

The entire provision made under capital section of Grant Number 08 Social Welfare in respect of Development of Ring Railway in integration with Mass Rapid Transport System was surrendered during last two years and also in the current year (Rs.10.00 crore) due to non-implementation of scheme. Other cases of savings affecting implementation of schemes due to unspent provisions exceeding Rs. one crore are given in Appendix-VI.

The primary reasons for the savings of Rs.8,253.08 crore were stated to be (i) non-implementation of projects/schemes relating to “Commonwealth Games-2010 (Rs.80.00 crore), (ii) non-filling up of vacant posts and receipt of less claims, non receipt of bills towards electricity, water, telephone bills etc., under the scheme of “Additional schooling facilities” (Rs. 90.89 crore), (iii) slow progress of work under the scheme “Introduction of Electronic Trolley Buses-Alternative mode of Transport” (Rs. 115.14 crore) and (iv) release of less equity capital to Delhi Integrated Multi Model Transit System under the scheme “Equity Capital to Delhi Integrated Multi-Model Transit System” (Rs. 95.00 crore). The reason of savings under “Loans and Advances from the Central Government (Rs.7,529.23 crore)” was due to non-acceptance of premature repayment of loan by the Government of India.

2.5.1(b) Sub-Head wise saving below 100.00 lakh under various grants/appropriation

According to Manual provisions, explanation of savings in a sub-head has to be provided invariably where the savings exceeds 10 *per cent* of the original provision or Rs. 50.00 lakh, whichever is higher, if in that sub-head there is no supplementary provision if, however, there is a supplementary provision in a sub-head, either with or without any original provision all cases in which the savings exceeds 10 *per cent* of the supplementary provision or Rs. 5.00 lakh whichever is higher. In one case no explanation was provided though the savings were both more than Rs.50.00 lakh and 10 *per cent* of original provision and in 23 sub-heads no explanation for savings were provided although the savings exceeded both 10 *per cent* of supplementary provision and Rs.5.00 lakh (Appendix-VII).

2.5.1(c) Unrealistic estimation of supplementary grants

While obtaining a supplementary grant, department has to keep in view the resources available or likely to be available during the year and exercise due caution while forecasting its additional budgetary requirements of funds. Resort to supplementary demands should only be made in exceptional and urgent cases.

In the cases highlighted in Appendix-VIII Departments of Government of NCT of Delhi sought supplementary provisions in anticipation of higher

expenditure but final expenditure was either less than the original grants/appropriations or entire supplementary was not utilized.

2.5.1(d) Excess expenditure over sanctioned grant requiring regularisation

Article 205 of the Constitution of India, provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service for that year, the excess expenditure should be regularized by the State Legislative Assembly.

In 51 sub-heads pertaining to eight grants (Appendix IX) it was observed that the variation of excess over the sanctioned Grant was more than Rs.50.00 lakh and was also more than 10 *per cent* of sanctioned grant in each sub head. The excess expenditure of Rs.851.64 crore required regularisation under Article 205 of the Constitution.

- Significant excess over sanctioned grant occurred under the following heads of account
- Grant 8 – ‘5055’- Capital Outlay on Road Transport – Investment in Public sector and other undertakings – Equity Capital to M. R. T Authority (Rs.87.59 crore)
- Grant 11 – ‘7615’ Miscellaneous Loans- Special loan to Delhi Jal Board (Rs.155.80 crore)
- ‘5054’- Capital Outlay on Road & Bridges – District and Other Roads – Construction of Roads and Bridges (Rs. 125.06 crore)
- ‘5054’- Capital Outlay on Road & Bridges –Jawaharlal Nehru National Urban Renewal Mission (Rs. 149.99 crore)
- ‘4801’ Capital Outlay on Power Projects – Equity Contribution to JVC Power Plant at Jhajjar, Haryana Phase II (Rs. 84.59 crore)

2.5.1 (e) Unauthorised expenditure on new service/new instrument of service

Article 205 of the Constitution provides that expenditure on a ‘New Service/New Instrument of Service’ not contemplated in the Annual Financial Statement (Budget) can be incurred only after its specific authorisation by the Legislature. These conditions covering the scrutiny of orders relating to allotment and re-appropriation of funds have been stipulated in Rule 57 of the General Financial Rules 2005 and Rule 10 of the Delegation of Financial Powers Rules 1978 also places limits on the authority to re-appropriate funds in respect of schemes for which no provision exists in the Budget.

It was however seen that in 52 cases expenditure had been incurred on “New Service/New Instrument of Service” through re-appropriation without obtaining approval of Legislature. Details of such expenditure are at Appendix X. The important items include purchase of furniture for District Court at Rohini, Grant-in-aid to Sahitya Kala Parishad for celebration of Days of Delhi in Moscow, Programme for Juvenile Justice (CSS), Common Wealth Games and building of Delhi State Cancer Institute.

An expenditure totaling Rs. 45.26 crore under eight grants on ‘New Service/New Instrument of service’ was met without the approval of the Legislature.

2.5.2 Persistent savings

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

2.5.3 Re-appropriation of funds

A grant or appropriation is distributed among sub-heads or standard object heads 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 unwarranted in 60 cases as the original provision under the sub-head to which funds were transferred by re-appropriation was more than adequate. 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-XII. Cases of unwarranted 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.