

**Chapter 2: Appropriation Accounts**

**Summary of Appropriation Accounts 2001-02  
Government of NCT of Delhi**

<b>Total No. of Grants/ Appropriation</b>		<b>13</b>
<b>Rupees in Crore</b>		
<b>Original provision</b>		<b>Gross expenditure</b>
<b>8105.92</b>		<b>9302.99</b>
<b>Supplementary grant</b>		
<b>2210.92</b>		
<b>Total provision</b>		<b>Savings</b>
<b>10316.84</b>		<b>1013.85</b>
<b>Provision</b>	<b>← Recoveries →</b>	<b>Actual recoveries</b>
<b>550.09</b>	<b>in reduction of expenditure</b>	<b>672.27</b>
<b>Charged and Voted Section</b>		
<b>Provision</b>	<b>← Charged →</b>	<b>Expenditure</b>
<b>1289.48</b>		<b>1189.19</b>
<b>Provision</b>	<b>← Voted →</b>	<b>Expenditure</b>
<b>9027.36</b>		<b>8113.80</b>
<b>Revenue and Capital Section</b>		
<b>Provision</b>	<b>← Revenue →</b>	<b>Expenditure</b>
<b>5535.87</b>		<b>5113.55</b>
<b>Provision</b>	<b>← Capital →</b>	<b>Expenditure</b>
<b>4780.97</b>		<b>4189.44</b>
<b>Net provision</b>		<b>Net expenditure</b>
<b>9766.75</b>		<b>8630.72</b>

**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 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 authorisation 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 Appropriation Accounts prepared by the Controller of Accounts, Government of NCT of Delhi, for the year 2001-02.

## 2.3 Charged and voted expenditure

The break-up of charged and voted expenditure during the five-year period from 1997-98 to 2001-02 is given below :

**Table 2.1: Charged and voted expenditure**

(Rupees in crore)

Year	Expenditure			Percentage of voted expenditure	Percentage of charged expenditure
	Voted	Charged	Total		
2001-02	8113.80	1189.19	9302.99	87	13
2000-01	6790.13	961.00	7751.13	88	12
1999-00	5865.11	590.56	6455.67	91	9
1998-99	4783.81	744.51	5528.32	87	13
1997-98	4495.05	391.46	4886.51	92	8

It would be seen that while the total expenditure of the departments has increased by 90.38 *per cent* from Rs. 4886.51 crore in 1997-98 to Rs. 9302.99 crore during 2001-02, the voted expenditure has increased by 80.51 *per cent* from Rs. 4495.05 crore in 1997-98 to Rs. 8113.80 crore in 2001-02. Charged expenditure has increased by 203.78 *per cent* from Rs. 391.46 crore to Rs. 1189.19 crore largely on account of increased debt servicing.

## 2.4 Appropriation Accounts

A summary of the Appropriation Accounts of gross sums expended during the year ended March, 2002 compared with the sums authorised by the State Legislature during the year 2001-02 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	921.43	17.57	939.00	937.36	1.64	0.17
Voted	3593.64	1003.23	4596.87	4176.19	420.68	9.15
<b>Total Revenue</b>	<b>4515.07</b>	<b>1020.80</b>	<b>5535.87</b>	<b>5113.55</b>	<b>422.32</b>	<b>7.63</b>
<b>Capital</b>						
Charged	120.98	229.50	350.48	251.83	98.65	28.15
Voted	3469.87	960.62	4430.49	3937.61	492.88	11.12
<b>Total Capital</b>	<b>3590.85</b>	<b>1190.12</b>	<b>4780.97</b>	<b>4189.44</b>	<b>591.53</b>	<b>12.37</b>
<b>Gross Total</b>	<b>8105.92</b>	<b>2210.92</b>	<b>10316.84</b>	<b>9302.99</b>	<b>1013.85</b>	<b>9.83</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/ appropriation

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. 1013.85 crore for the year 2001-02 constituted 45.86 per cent of supplementary grants of Rs. 2210.92 crore and 12.51 *per cent* of the total budget provision of Rs. 8105.92 crore. Savings highlight that the estimates prepared even in March, the last month of the financial year, were

unrealistic. Details of grants/appropriations-wise savings are given in Appendix-III.

Large savings occurred in developmental sectors like health, education, social welfare, urban development, etc.

The entire provision of Rs. 30.00 crore made under the Revenue section of Grant No. 13 - Pensions, and Other Retirement benefits was surrendered in the last three years as well as this year due to non-finalisation of the modalities of transfer of the Pension Scheme to the Government of NCT of Delhi from the Government of India.

Other cases of savings and schemes affected by savings are contained in Appendix-IV.

The primary reasons for the savings of Rs. 1013.85 crore were slow progress of work (Rs. 367.14 crore), release of less grants (Rs. 196.20 crore), non-release of equity contribution to DTC (Rs.200.00 crore) and non-filling of vacant posts (Rs. 184.59 crore). The reasons for the slow progress of works have not been mentioned. However, budget provisions are to be made only for the existing posts and not for vacant posts.

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

According to the provisions of Rule 69 of the General Financial Rules, savings 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. 1013.85 crore, Rs.396.74 crore were surrendered on the last day of the financial year. The remaining savings of Rs. 617.11 crore were not surrendered, thereby depriving the Government of the opportunity of using these funds in other sectors where they were needed. Details of savings and amounts not surrendered are given in Appendix – V.

### **2.5.3 Persistent savings**

In 27 cases, there were persistent savings in excess of Rs. two crore under eight grants as per details given in Appendix-VI. The persistent savings are indicative not only of overstated budgetary assumptions, but also non-implementation of schemes.

### 2.5.4 Utilisation of Supplementary Grants

Details of supplementary grants obtained during 2001-02 were as under:

**Table 2.3: Supplementary Grants/Appropriation obtained during 2001-02**

		(Rupees in crore)
Section	Supplementary Grants/ Appropriation obtained during 2001-02	
<b>Voted</b>		
Revenue		1003.23
Capital		960.62
Total		1963.85
<b>Charged</b>		
Revenue		17.57
Capital		229.50
Total		247.07
Grand Total		2210.92
No. of Grants/ Appropriations		11

### 2.5.5 Unnecessary Supplementary Grants

In two departments, the supplementary grants were not needed. Although the supplementary provisions were obtained in anticipation of higher expenditure, the final expenditure was even below the original grants. This was indicative of unrealistic budgetary assumptions and lack of management information. The entire supplementary provision aggregating to Rs. 3.07 crore proved unnecessary as detailed below:

					(Rupees in crore)
Sl. No.	Grant/ Appropriation	Amount		Batch of Supplementary Grant	Reasons for obtaining Supplementary Grants
<b>Revenue charged</b>					
1.	6. Education	O	0.12	March, 2002	For meeting additional expenditure as per court orders.
		S	0.10		
		AE	0.07		
		UP	0.15		
<b>Revenue voted</b>					
2	7. Medical and Public Health	O	522.97	March, 2002	Grant to IHBAS; Contribution of Central Government towards State Illness Assistance Fund; Grant to A&U Tibia College and LN Hospital.
		S	2.97		
		AE	493.93		
		UP	32.01		

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

As the expenditure under these grants was less than the original provision, the Departments were required to obtain token/ technical supplementary for re-appropriating, if necessary, the savings within the same segment of the grant

instead of obtaining supplementary provisions. It is essential to carefully assess requirement of funds before supplementary provisions are sought.

#### ***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 utilised in full.

In 138 sub-heads, re-appropriation was injudicious as the original provision under the sub-head to which funds were transferred by re- appropriation was more than adequate. Consequently, the final unspent amounts under the sub-heads were greater than the amount re-appropriated to those sub -heads. In eight other sub-heads, the original provision from which funds were re-appropriated was not sufficient to meet the final expenditure and the final excess under those sub-heads was more than the amount re-appropriated from these sub-heads. Details of cases exceeding Rs. 50.00 lakh are given in Appendix-VII.

While there was no excess in any grant, in 37 sub heads the expenditure exceeded the budget provision by Rs. 19.33 crore. The excess expenditure was incurred either without augmenting the provisions by re-appropriating the funds from other units or appropriation or even after providing funds by way of re-appropriation despite sufficient savings being available for re-appropriation under other sub-heads in the same grants.

Cases of injudicious re-appropriation are indicative of the quality of the accounting information system and poor assessment of requirement of funds.

#### ***2.5.7 Releases for Centrally Sponsored Plan schemes***

Details of Central assistance released during 2001-02 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 2001	9.81
II	July-September 2001	15.30
III	October - December 2001	7.27
IV	January - March 2002	10.13
<b>Total</b>		<b>42.51</b>

Rs. 42.51 crore were released during the year, which included Rs. 8.25 crore relating to 2000-01. Besides, there was an opening balance of Rs. 48.90 crore. The Government spent Rs. 29.80 crore for implementing the various Centrally Sponsored Plan Schemes. No expenditure was incurred against Rs. 13.39 crore made available for implementation of 67 Centrally Sponsored Schemes.

Funds aggregating to Rs. 55.66 crore received from the Central Government for implementation of 137 Centrally Sponsored Schemes up to the end of 2001-02 remained unutilised as on 31 March 2002.

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

Estimated Recoveries	Rs. 550.09 crore
Actual Recoveries	Rs. 672.27 crore

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 being shown separately in the budget estimates. During 2001-02, such recoveries were anticipated to be Rs. 550.09 crore. However, actual recoveries during the year were Rs. 672.27 crore. During the previous four years, actual

recoveries were much less than those estimated as given below :

**Table 2.6: Recoveries in reduction of expenditure**

(Rupees in crore)

Year	Estimated recoveries	Actual recoveries	Excess (+) Short fall (-)	Percentage of variation Excess(+) Short fall(-)
2001-02	550.09	672.27	(+)122.18	(+)22
2000-01	526.67	388.85	(-)137.82	(-)26
1999-00	832.12	544.00	(-)288.12	(-)35
1998-99	832.35	585.72	(-)246.63	(-)30
1997-98	818.97	675.71	(-)143.26	(-)17

The excess recoveries of Rs. 122.18 crore during 2001-02 were due to sale proceeds of land under the scheme 'Large scale acquisition, development and disposal of land in Delhi'.

#### 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, as are ultimately cleared either by payment or recovery in cash or by book adjustment, 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 to bring about its clearance 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 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 large balances under 'Suspense Heads'.



The amounts lying under the suspense heads for the last five years are given below:

**Table 2.7: Amounts under suspense heads**

<b>(Rupees in crore)</b>	
<b>At the end of March</b>	<b>Amount</b>
<b>2002</b>	Dr. 161.73
<b>2001</b>	Dr. 236.69
<b>2000</b>	Dr. 126.20
<b>1999</b>	Dr. 161.95
<b>1998</b>	Dr. 149.01

The balance as on 31 March, 2002 included debit balance under Pay and Accounts Office Suspense Account (Rs. 85.03 crore), Cash Settlement Suspense Account (Rs. 72.59 crore), Public Sector Bank Suspense Account (Rs. 3.94 crore) Provident Fund (Rs. 0.09 crore) and Material Purchase Settlement Suspense Account (Rs. 0.08 crore).

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

As per 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 13 grants, 11.24 per cent to 79.23 per cent of the total expenditure of the year was incurred in the month of March. Details of grant wise expenditure in the month of March are given in Appendix-VIII.