

CHAPTER - II
APPROPRIATION AUDIT AND CONTROL OVER
EXPENDITURE

SUMMARY OF APPROPRIATION ACCOUNTS 2000-2001

Appropriation Accounts: 2000-2001

Total No. of grants :102

Total provision and actual expenditure

(Rupees in crore)

Provision		Expenditure	
Original	24389.82		
Supplementary	12857.19		
Total gross provision	37247.01	Total gross expenditure	31527.61
<i>Deduct- Estimated recoveries in reduction of expenditure</i>	972.19	<i>Deduct-Actual recoveries in reduction of expenditure</i>	383.37
Total net provision	36274.82	Total net expenditure	31144.24

Voted and Charged provision and expenditure

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	20545.00	3636.37	19179.47	3212.20
Capital	4820.43	8245.21	3936.73	5199.21
Total Gross :	25365.43	11881.58	23116.20	8411.41
<i>Deduct- Recoveries in reduction of expenditure</i>	971.90	0.29	383.37	NIL
Total : Net	24393.53	11881.29	22732.83	8411.41

2.1 Introduction

The Appropriation Bill passed by the State Legislature contains 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 Acts include 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-a-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 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2000-2001 against 102 approved Grants/Appropriations was as given below :

(Rupees in crore)

	Original Grant/appropriation	Supplementary Grant/appropriation	Total	Actual Expenditure	Variation Savings (-)/ Excess (+)
Revenue					
Voted	15767.32	4777.68	20545.00	*19179.47	(-)1365.53
Charged	3548.84	87.53	3636.37	3212.20	(-)424.17
Capital					
Voted	3430.24	539.80	3970.04	*3022.26	(-)947.78
Charged	0.01	6.92	6.93	5.10	(-)1.83
Public Debt Charged	981.65	7253.92	8235.57	5191.41	(-)3044.16
Loans & Advances					
Voted	661.75	188.64	850.39	914.47	(+)64.08
Charged	--	2.70	2.70	2.70	--
Inter State Settlement charged	0.01	--	0.01	--	(-)0.01
Total					
Voted	19859.31	5506.12	25365.43	23116.20	(-)2249.23
Charged	4530.51	7351.07	11881.58	8411.41	(-)3470.17
Grand Total	24389.82	12857.19	37247.01	31527.61	(-)5719.40

* These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure : Rs.350.86 crore and capital expenditure : Rs.32.51 crore.

Excess over provision relating to previous years requiring regularisation

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.5871.59 crore for the years-1991-92 (Rs.387.89 crore), 1992-93 (Rs.427.15 crore), 1993-94 (Rs.574.79 crore), 1994-95 (Rs.372.75 crore), 1995-96 (Rs.564.16 crore), 1996-97 (Rs.534.27 crore), 1997-98 (Rs.733.90 crore), 1998-99 (Rs.981.27 crore) and 1999-2000 (Rs.1295.41 crore) was yet to be regularised. Of these even explanations for excess of Rs.2623.01[▲] crore were not submitted to Public Accounts Committee.

2.3 Results of Appropriation Audit

2.3.1 The overall saving of Rs.5719.40 crore was the result of saving of Rs.6099.02 crore in 157 grants and appropriations offset by excess of Rs.379.62 crore in 24 cases of grants and appropriations.

2.3.2 Supplementary provision made during the year constituted 53 *per cent* of the original provision as against 12 *per cent* in the previous year.

2.3.3 Supplementary provision of Rs.164.69 crore made in 29 cases during the year proved unnecessary and/or could have been restricted to a token amount in view of aggregate saving of Rs.835.24 crore as detailed in Appendix-I.

2.3.4 In 21 cases against additional requirement of Rs.7774.22 crore, supplementary grants and appropriations of Rs.11797.26 crore were obtained resulting in savings in each case exceeding Rs.10 lakh aggregating to Rs.4023.04 crore. Details of these cases are given in Appendix-II.

2.3.5 The excess of Rs.379.43 crore under 18 grants and Rs.0.19 crore under 6 appropriations require regularisation under Article 205 of the Constitution. Details of these are given in Appendix-III.

2.3.6 In 14 cases, supplementary provision of Rs.807.87 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.281.72 crore as per details given in Appendix-IV.

[▲]1993-94 Rs.86.78 crore, 1994-95 Rs.278.93 crore, 1995-96 Rs.417.50 crore, 1996-97 Rs.127.24 crore, 1997-98 Rs.731.27 crore, 1998-99 Rs.981.27 crore. 1999-2000 not commented as explanations were not due.

2.3.7 In 53 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-V.

2.3.8 (a) In 5 cases there were persistent savings in excess of Rs.10 lakh in each case and 20 *per cent* or more of the provision. Details are given in Appendix-VI.

2.3.8 (b) Significant excess was persistent in 7 cases as detailed in Appendix-VIA.

Persistent excess requires investigation by the Government for remedial action.

2.3.9 In 2 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-VII. In one case the expenditure exceeded the approved provision by over 600 *per cent*.

2.3.10(a) Injudicious re-appropriation of funds

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. Cases where injudicious re-appropriation of funds proved excessive or resulted in savings by over Rs.10 lakh are as given in Appendix-VIII.

2.3.10(b) Improper reappropriation

Besides above, additional fund amounting to Rs.25.70 crore was provided through reappropriation on 31 March 2001 under Revenue (Voted) under Grant No.86 without any corresponding saving available thereunder. Similarly, under same grant in capital section funds amounting to Rs.26.81 crore were reappropriated on 31 March 2001 against available saving of Rs. 14.88 crore. Both the reappropriation orders were ignored in Appropriation Accounts as they were not in conformity with para 21 of Budget Manual.

2.3.11(a) New Service/New Instrument of Service

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 laid down various criteria for determining items of 'New Service'/'New Instrument of Service' under para 78 and 79 of Gujarat Budget Manual.

In five cases expenditure totalling Rs.125.83 crore which should have been treated as 'New Instrument of Service' was incurred without obtaining the requisite approval of Legislature. Details of these cases are given in Appendix-IX.

2.3.11(b) Expenditure without provision

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.90.19 crore was incurred in cases as detailed in Appendix-X, without the provision having been made in the original estimates/supplementary demands and no reappropriation orders were issued.

2.3.12 Anticipated savings not surrendered

2.3.12 (a) 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 2000-2001, in 21 grants/appropriations enumerated in Appendix-XI, no amount was surrendered against available saving of Rs. 3056.61 crore. Apart from this, in 25 other cases mentioned in Appendix-XI-A, though there was available saving of Rs.979.29 crore, sum of Rs.376.40 crore only was surrendered leaving rupees one crore and above in each case unsurrendered totalling Rs.602.89 crore.

2.3.12 (b) Besides, in 10 cases, Rs.716.42 crore out of total surrender of Rs.2649.95 crore were surrendered on the last two days of March 2001 indicating inadequate financial control over expenditure. Details are given in Appendix-XII.

2.3.13 Surrender in excess of actual savings

In 17 cases, the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. As against the total amount of actual savings of Rs.749.30 crore, the amount surrendered was Rs.774.48 crore, resulting in excess surrender of Rs.25.18 crore. Details are given in Appendix - XIII.

The above instances of budgetary irregularities are reported from year to year in Chapter - II of the Audit Report. If precautions mentioned in Paragraph 103 of the Gujarat Budget Manual are taken care by all the departments, these could be minimised to a great extent.

2.3.14 Advances from Contingency Fund

The Contingency Fund of the State of Gujarat was established under the Gujarat Contingency Fund Act, 1960, in terms of provisions of Articles 267(2) and 283(2) of the Constitution of India. Advances from the Fund are to be made only for meeting expenditure of an unforeseen and emergent character, the postponement of which, till its authorisation by the Legislature would be undesirable.

The Fund is in the nature of an imprests and its corpus is Rs.200 crore.

As on 1 April 2000, the balance in the fund was Rs.186.25 crore. During the year advances drawn but not recouped totalled Rs.109.24 crore. The balance of Rs.13.75 crore on account of advances drawn during 1999-2000, but not recouped till 31 March 2000 were recouped during 2000-2001. Thus, the closing balance of the fund as on 31 March 2001, was Rs.90.76 crore.

The Budget Manual lays down that proposals for sanctioning Advances from the Contingency Fund may be made by the Administrative Departments of the State Government when they are in a position to justify the circumstances under which (a) provisions could not be made in the annual or supplementary budget, (b) the expenditure could not be foreseen, and (c) the expenditure could not be postponed till the necessary approval of the Legislature is obtained.

During the year 2000-2001, 608 sanctions were issued for withdrawal of total amount of Rs.364.21 crore.

A review of the operation of Contingency Fund disclosed that (i) sanctions for advances were issued when the money was not needed, (ii) more advance than necessary was sanctioned, as discussed below :

(a) The actual expenditure (Rs.35.58 crore) against 12 sanctions was less than 30 *per cent* of the amount sanctioned (Rs.119.45 crore).

(b) Two sanctions amounting to Rs.5.18 crore were subsequently increased to Rs.12.70 crore.

(c) 68 sanctions amounting to Rs.43.94 crore were neither operated nor cancelled.

2.3.15 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 shown separately in the budget estimates.

In 9 grants/appropriations the actual recoveries adjusted in reduction of expenditure (Rs. 194.89 crore) exceeded the estimated recoveries (Rs 109.49 crore) by Rs.85.40 crore and in 84 grants/appropriations the actual recoveries (Rs.27.08 crore) were less than the estimated recoveries (Rs.701.29 crore) by Rs.674.21 crore. More details are given in Appendix - II of Appropriation Accounts.

2.3.16 Non-receipt of explanations for savings/excesses

For the year 2000-2001 explanations for savings/excesses were either not received or where received were incomplete in respect of heads of Accounts which form 45.79 *per cent* of the number of heads.

2.3.17 Unreconciled Expenditure

Financial rules require that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General (Accounts and Entitlement). In respect of 14 departments, expenditure of Rs.2908.08 crore (9 *per cent* of the total expenditure booked in the accounts) pertaining to 2000-2001 remained unreconciled despite repeated reminders.
