

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

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.

Appropriation Accounts: 2000-2001

Total No. of Grants: 55

Total provision and actual expenditure

Provision	Amount (Rs in crore)	Expenditure	Amount (Rs in crore)
Original	21954.98		
Supplementary	1364.60		
Total gross provision	23319.58	Total gross expenditure	19860.42
Deduct-Estimated recoveries in reduction of expenditure	543.52	Deduct-Actual recoveries in reduction of expenditure	196.73
Total net provision	22776.06	Total net expenditure	19663.69

Voted and Charged provision and expenditure

	Provision (Rs in crore)		Expenditure (Rs in crore)	
	Voted	Charged	Voted	Charged
Revenue	15789.20	2445.54	14422.78	2436.47
Capital	3215.58	1869.26	2474.65	526.52
Total Gross	19004.78	4314.80	16897.43	2962.99
Deduct-recoveries in reduction of expenditure	543.52	-	196.73	-
Total: Net	18461.26	4314.80	16700.70	2962.99

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2000-2001 against 55 grants/Appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grant/Appn.	Suppl. grant/Appn.	Total	Actual expenditure	Saving (-)/Excess(+)
Voted	1. Revenue	14966.57	822.63	15789.20	14422.78	(-) 1366.42
	2. Capital	2212.15	379.11	2591.26	1963.35	(-) 627.91
	3. Loans & Advances	463.22	153.10	616.32	511.30	(-) 105.02
	4. Public Debt	-	8.00	8.00	-	(-) 8.00
	Total Voted	17641.94	1362.84	19004.78	16897.43	(-) 2107.35
Charged	5. Revenue	2445.45	0.09	2445.54	2436.47	(-) 9.07
	6. Capital	5.15	1.67	6.82	5.97	(-) 0.85
	7. Public Debt	1862.44	-	1862.44	520.55	(-) 1341.89
	Total Charged	4313.04	1.76	4314.80	2962.99	(-) 1351.81
Grand Total		21954.98	1364.60	23319.58	19860.42	(-) 3459.16

The total expenditure (Rs.19860.42 crore) stands understated at least to the extent of Rs.53.49 crore drawn from the Contingency Fund during 2000-2001 which remained unrecouped at the close of the year (Appendix 2.1)

The total expenditure stands inflated atleast to the extent of the following

- (i) Rs.26.84 crore drawn through NIL payment vouchers in March 2001 transferred to Personal Deposit Accounts, which is discussed at Para 2.3.16. of this chapter
- (ii) A sum of Rs.178.31 crore being the amount of cess collection under various receipt heads and transferred to Public Account under the major head 8229 – Development and Welfare Funds, Infrastructure Initiative Fund for being utilised for development of infrastructure within the State. The said amount as well as the infrastructure cess of Rs.121.85 crore and Rs.148.27 crore collected during 1998-99 and 1999-2000 respectively were also retained in this account without being spent for the purpose for which these were collected.

2.3 Results of Appropriation Audit

The broad results emerging from appropriation audit are set out in the following paragraphs.

2.3.1 Savings/Excess over provision

The overall saving of Rs.3459.16 crore constituting 15 per cent of the total grant/appropriation was the result of savings of Rs.3573.62 crore in 55 grants/appropriations partly offset by excess of Rs.114.46 crore in 11 grants/appropriation. As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over grant/appropriation regularised by the State Legislature. The excess of Rs.114.46 crore for the year 2000-2001, under 11 grants requires regularisation. Details of these are

given in Appendix.2.2. The excess expenditure amounting to Rs.879.18 crore for the years 1989-90 to 1999-2000 was yet to be regularised.

Year	Number of grants/ Appropriation	Grant/Appropriation numbers	Amount of excess (Rs in crore)
1989-90	12/5	7,8,10,24,27,46,47,49,53,20,35,56,23,45,12, Interest payments	25.89
1990-91	13/4	6,7,10,13,20,32,45,46,47,52,27,33,35,47,4,41,35	35.73
1991-92	13/3	7,11,14,22,23,36,45,46,47,51,57,27,24,41,43	58.99
1992-93	12/3	6,9,27,32,34,41,43,44,45,46,50,52,25,33,34,48	107.47
1993-94	7/3	22,36,46,49,54,13,29,49,24,43, Internal debt, Loans and advances from Central Government and Inter State Settlements	57.47
1994-95	4/6	21,35,3,48,15,24,46,47,55	8.35
1995-96	9/2	2,33,39,43,45,49,1,46,52,21,44	27.79
1996-97	9/3	2,16,33,43,49,51,8,24,25,45,1,21,43,44	104.40
1997-98	11	12,33,37,39,43,49,51,24,27,32,55	84.01
1998-99	12	9,17,33,37,39,40,4,24,25,46,43,52	35.86
1999-2000	11/2	10, 16, 19, 33, 34, 39, 48, 49, 65, 66, 8, 43.	333.22
2000-2001	11	5, 15, 24, 35, 38, 49, 7, 10, 42, 30, 44	114.46

The main reasons for the excess expenditure were;

- i) More collection of Infrastructure Cess, under various revenue receipts heads, than the actual estimate, and the ultimate transfer of the collection through book adjustment to infrastructure fund in Public Account (Grant No.5 – Large and Medium Scale Industries (excluding IT) Infrastructure Development and Civil Aviation - Rs.58.31 crore)
- ii) Adjustment of loan portion of additional central assistance for externally aided project for which no provision was made (Grant No. 7 – Small Scale Industries)
- iii) Transfer of expenditure on establishment and machinery and equipment charges from revenue head to capital head (Grant No.10 – Primary and Secondary Education, Vocational and Adult Education and Public Libraries).
- iv) Due to errors in budget as indicated below (a) Rs.76.95 lakh was obtained through supplementary provision under voted grant instead of under charged Appropriation (Grant No. 24 – General Administration) (b) Rs.503.01 lakh was obtained through supplementary provision under Grant No. 45 – Co-operation (excluding Agricultural Marketing) instead of under Grant No. 35 – Agricultural Marketing.
- v) Transfer of receipt from Compensatory Plantation to Karnataka Forest Development Fund (Rs.3.80 crore), which was more than the estimated receipts (Grant No. 30 – Forest, Ecology and Environment)

Out of overall saving of Rs.3459.16 crore (15 per cent of the total provision), saving of Rs.1728.00 crore (50 per cent) was due to the following:

- (a) Non availment of Ways and Means advances/Over draft from Reserve Bank of India (Rs.1350.00 crore – Grant No. 56 – Internal Debt, Loans and Advances from Central Government and Inter-State Settlements)

Interestingly, it is noticed that the State Government had not availed the ways and means advances/over draft from RBI (in 1998-99 and 2000-2001), or availed a meagre amount (Rs.396.34 crore in 1997-98, Rs.79.93 crore in 1999-2000) during last four years and apparently the State Government had maintained sufficient daily cash balances. However, the availability of sufficient balances in the States Account was due to non-transfer of funds to certain implementing agencies as discussed in Para 1.9.4 – of Chapter I of the report.

(b) Adjustment of Interim Relief already paid to lecturers under UGC Scale (Rs.50.00 crore – Grant No. 9 – Higher Education, Science and Technology)

(c) Non transfer of BMRTC cess collected, to BMRTS Fund (Rs.43.00 crore Grant No. 21 – Bangalore Development Projects)

(d) Provision for salaries in respect of vacant posts (Rs.120.00 crore Grant No. 10 – Primary and Secondary Education, Vocational and Adult Education and Public Libraries)

(e) Non receipt of letter of credit/stoppage of works temporarily/non receipt of bills from contractors etc. (Rs.73.00 crore – Grant No. 38 – Major and Medium Irrigation)

(f) Non utilisation of funds obtained in supplementary provision due to procedural delays (Rs.46.00 crore – Grant No. 44 – Public Works (excluding ports and inland water transport)

(g) Late release of funds from Government of India (Rs.46.00 crore – Grant No. 46 – Rural Development and Panchayat Raj) for Swarna Jayanthi Swarozgar Yojana.

2.3.2 Supplementary provision (Rs.1364.60 crore) made during the year constituted 6 per cent of the original provision as against 7 per cent in the previous year.

2.3.3 Supplementary provision of Rs.115.01 crore made in 32 grants involving 79 detailed heads proved unnecessary in view of aggregate saving of Rs.173.03 crore as detailed in Appendix 2.3

2.3.4 In 19 grants involving 41 detailed heads, supplementary provision of Rs.64.33 crore obtained proved insufficient leaving an aggregate uncovered excess expenditure of Rs.98.25 crore as per details given in Appendix 2.4.

2.3.5 In 31 grants involving 70 detailed heads, as against additional requirement of Rs.351.54 crore, supplementary grant for Rs.504.70 crore were obtained resulting in saving of Rs.153.16 crore (Appendix 2.5).

2.3.6 In 22 grants, expenditure fell short by more than Rs.10.00 crore and also by more than 10 per cent of the total provision in each case as indicated in Appendix.2.6.

2.3.7 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.

In 38 cases, re-appropriation of funds was made injudiciously resulting in final excess/savings in each case by more than Rs.25.00 lakh as listed in Appendix.2.7. Out of these 38 cases;

In 12 cases, additional funds of Rs.26.86 crore provided through re-appropriation proved insufficient as the final expenditure exceeded the grant by Rs.32.65 crore.

In 6 cases, additional funds of Rs.15.11 crore provided by re-appropriation resulted in final savings of Rs.13.71 crore and the re-appropriation proved unnecessary.

In 16 cases, the savings were not properly assessed as there was a final saving of Rs.1129.82 crore even after the withdrawal of Rs.64.54 crore through re-appropriation.

In 4 cases, the withdrawal of Rs.6.32 crore through re-appropriation proved injudicious as the final expenditure exceeded the net grant by Rs.11.63 crore.

2.3.8 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 issued orders based on recommendations of Public Accounts Committee laying down various criteria for determining items of 'New Service/New Instrument of Service'. These, inter-alia, stipulate that the expenditure over the grant/appropriation exceeding twice the provision or rupees one crore whichever is more should be treated as an item of New Service and also in the case of Grants-in-aid to Non-Government institutions or organisations, expenditure exceeding Rs.2 lakh per annum recurring or Rs.5 lakh as a whole constitute New Service.

In 34 cases involving 13 grants, expenditure totalling Rs.184.86 crore which should have been treated as 'New Service/New Instrument of Service' was met without the approval of the Legislature. Details of these cases are given in Appendix 2.8.

2.3.9 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.8.24 crore was incurred in 63 cases involving 16 grants

test checked in audit without the provision either in the original or in supplementary demands.

A few cases where expenditure was incurred without budget provision are indicated below.

Sl. No.	Grant No. & Name	Head of Account	Amount (Rs. in lakh)
1	7 – Small Scale Industries	2851 – Village and Small Industries 102 – Small Scale Industries 80 – Grant to Government Tool Room and Training Centre	88.96
2	8 – Sericulture & Textiles	2851 – Village and Small Industries 107 – Sericulture Industries 1 – State Sericulture Industries 60 – Other Charges	21.23
3	10 – Primary and Secondary Education, Vocational and Adult Education and Public Libraries	2202 – General Education 02 – Secondary Education 109 – Government Secondary Schools 02 – Government Higher Secondary Schools converted to Junior Colleges (district sector schemes) - Fuel and Oil Expenses	89.30
4	15 – Pension and Other Retirement Benefits	2071 – Pension and Other Retirement Benefits 01 – Civil 115 – Leave Encashment Benefits - Public Works	92.71
5	51 – Health and Family Welfare Services	2210 – Medical and Public Health 06 – Public Health 101 – Prevention and Control of Diseases 1 – Malaria - Equipment and Apparatus	54.33

2.3.10 Anticipated Savings not surrendered.

2.3.10(a) According to 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 2000-2001 there were 23 grants/Appropriations in which large savings were not surrendered by the departments. The amount involved was Rs.445.97 crore (Appendix.2.9). In 35 cases, the amount of available savings of Rs.1.00 crore and above in each case not surrendered aggregated Rs.1272.48 crore (Appendix.2.10).

Few cases where the percentage of un-surrendered amount is more than 90 per cent are indicated below.

In Grant No.5, the actual saving was Rs.122.58 crore against which the actual surrender was Rs.0.01 crore (0.01 per cent). The saving was under Investments in Public Sector and Other Undertakings and Karnataka Infrastructure Development and Finance Corporation (Rs.114.00 crore) and Loans to Karnataka Telecommunication Ltd (Rs.5.00 crore entire supplementary provision obtained for VRS Scheme).

In Grant No.31 – Transport Services, against the actual saving of Rs.9.23 crore the amount surrendered was only Rs.0.14 crore (1.52 per cent). Savings were mainly under collection charges – Regional Transport Authority Rs.3.42 crore (almost entire supplementary provision) and Other Expenditure – Free Bus Pass facility to Freedom Fighters (Rs.1.00 crore – entire provision).

In Grant No.44 – Public Works, against saving of Rs.54.69 crore amount surrendered was Rs.4.44 crore (8 per cent). The saving was mainly under Assistance to Local Bodies, Corporations etc., (Rs.10.68 crore – due to error in budget), and Road Maintenance to meet Tenth Finance Commission norms (Rs.73.27 crore).

In Grant No.46 – Rural Development and Panchayat Raj, against the savings of Rs.281.11 crore, amount surrendered was only Rs.0.27 crore (0.10 per cent). The un-surrendered amount was mainly under Other Programmes – Assistance to Local Bodies, Corporations etc (Rs.155.66 crore), Swarna Jayanthi Swarojgar Yojana (Rs.46 crore).

Under Grant No.48 – Social Welfare against the saving of Rs.11.51 crore actual surrender made was Rs.0.50 crore (4 per cent), savings occurred mainly under Investment in PSU and Other undertakings (Rs.4.90 crore) and under Welfare of Schedule Castes – Education – Construction (Rs.5.74 crore).

2.3.10(b) In 49 grants/appropriations, Rs.1881.52 crore were surrendered on the last working day of March 2001 indicating inadequate financial control over expenditure. Details are given in Appendix 2.11.

Few cases where large amounts were surrendered on the last working day of the year are Grant No.56 – Internal Debt, Loans and Advances from Central Government and Inter-State Settlement (Capital-Charged) Rs.1341.92 crore, Grant No.44 – Public Works (excluding Ports and Inland Transport) (Capital-Voted) Rs.67.58 crore, Grant No.51 – Health and Family Welfare Services (Revenue-Voted) Rs.73.53 crore and Grant No.38 – Major and Medium Irrigation (Capital-Voted) Rs.80.46 crore.

2.3.11 Surrender in excess of actual savings/Injudicious Surrender.

In 9 cases, the amount surrendered was Rs.1386.64 crore against actual savings of Rs.1356.67 crore and in other 5 cases, while there was excess in the grant amounting to Rs.92.19 crore, a sum of Rs.7.37 crore was surrendered indicating inadequate Budgetary Control and surrender of grants. The details are given in Appendix 2.12.

2.3.12 Advances from Contingency Fund

The Contingency Fund of the State of Karnataka was established under the Karnataka Contingency Fund Act 1957, 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 imprest and its corpus is Rs.80 crore.

As on 1 April 2000, the balance in the fund was Rs.65.25 crore. During the year advances drawn but un-recouped totalled Rs.53.49 crore. The balance of Rs.14.75 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.26.51 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. The Controlling Officers are required to reconcile the expenditure booked by the Accountant General (Accounts & Entitlement) in the accounts.

During the year 2000-2001, 68 sanctions were issued for drawal of total amount of Rs.159.36 crore as advance.

A review of the operation of Contingency Fund disclosed that sanctions for advances were issued though the money was not needed and also in excess of requirement as 15 (fifteen) sanctions amounting to Rs.50.19 crore were acted upon to the extent of Rs.33.25 crore only, leaving an amount of Rs.16.94 crore un-drawn. Also one sanction amounting to Rs.0.15 crore was not at all acted upon.

A few cases where the advances sanctioned from Contingency Fund were not utilised in full are indicated below.

Rs.28 lakh under Grant No.23 – 2052 – Secretariat - General Services – 00 – 092 – Other Offices 0 – 10 – Karnataka State Finance Commission (Non-Plan) was sanctioned for the establishment of Second State Finance Commission, as there was no sufficient budget provision during that financial year. However, a sum of Rs.3.20 lakh only was utilised (11.43 per cent).

Rs.2500 lakh under Grant No.46 – 2215 – Water Supply and Sanitation – 01 – Water Supply – 191 – Assistance to Local Bodies and Corporations etc., - 2 – Assistance to Zilla Parishads and Mandal Panchayats – 01 – Block Assistance to Zilla Panchayats and Mandal Panchayats (Plan) was sanctioned to take up rural water supply works to mitigate drinking water problems in rural areas in summer months, in anticipation of release of grants from Government of India. However, a sum of Rs. 975 lakh only was utilised (39 per cent).

Rs. 50 lakh under Grant No..28 – 2235 – Social Security and Welfare – 60 – Other Social Security and Welfare Programmes – 3 – Relief to Persons affected by Riots – 01 – General Relief (Non-Plan) was sanctioned, as there was no budget provision. However, a sum of Rs.7.67 lakh only was utilised (15.34 per cent).

Rs.35.62 lakh under Grant No.49 – 2235 – Social Security and Welfare – 02 – Social Welfare – 103 – Welfare of Women – 0 – 02 – Mahila Samriddhi (Plan) was sanctioned as there was no sufficient budget provision during that financial year. However, a sum of Rs.18.74 lakh only was utilised (52.61 per cent).

The practice of sanctioning advances from Contingency Fund as above continued inspite of instructions issued by the Finance Department to avoid indiscriminate resort to advances from Contingency Fund.

2.3.13 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 25 grants, against the estimated recoveries of Rs.543.52 crore to be adjusted in the account as reduction of expenditure, the actual reduction of expenditure was Rs.196.73 crore and shortfall was Rs.346.79 crore (64 per cent). The cases where the actual recovery was 'nil' against the provision are Grant No.2 – Horticulture (Rs.1.79 crore), Grant No.3 – Animal Husbandry (Rs.1.63 crore), Grant No.7 – Small Scale Industries (Rs.7.00 crore), Grant No.12 – Youth Services (Rs.2.75 crore), Grant No.13 – Kannada and Culture (Rs.0.75 crore), Grant No.33 – Information and Publicity (Rs.0.79 crore), Grant No.37 – Urban Development (excluding Bangalore Development Projects), Municipalities and Municipal Corporations (Rs.5.50 crore), Grant No.45 – Co-operation (excluding Agricultural Marketing) (Rs.0.80 crore), under Revenue Section and Grant No.5 – Large and Medium Scale Industries (excluding IT), Infrastructure Development and Civil Aviation (Rs.120.01 crore), Grant No.21 – Bangalore Development Projects (Rs.42.75 crore), Grant No.39 – Minor Irrigation (Rs.14.75 crore) under Capital Section. More details are given in Appendix.II of Appropriation Accounts.

2.3.14 Non-Receipt of explanations for Savings/Excesses

Out of 1216 sub-heads of accounts which are commented upon in Appropriation Accounts for 2000-01, the explanations for savings/excesses in respect of 78 sub-heads of account (6 per cent) were either not received or were incomplete.

2.3.15 Un-reconciled expenditure

To enable departmental officers to exercise proper control over expenditure, there were standing instructions of Government that expenditure recorded in their books should be reconciled by them with those recorded in the books of the Accountant General.

25 Controlling Officers out of 289 had not reconciled expenditure of Rs.913.50 crore (5 percent of the total expenditure of Rs.18631.85 crore)

during the year. 38 Controlling Officers had reconciled figures for part of the year, leaving an expenditure of Rs.392.60 crore un-reconciled. Similarly, 19 Controlling Officers who had disbursed Rs.511.18 crore of loans and advances during the year, had not reconciled their expenditure figures.

Non-reconciliation of expenditure figures by the departments may result in cases of frauds and defalcations, if any, remaining undetected.

2.3.16 Diversion of funds to avoid lapse of budget grant

Financial Rules of the Government prescribed that money should not be drawn from the treasury unless it is required for immediate disbursement nor should it be drawn for depositing under Civil Deposit heads in Personal Ledger Accounts/Bank deposits in order to avoid lapse of budget grant. However, it was noticed that an amount of Rs.26.41 crore under various (Plan/Non-Plan) schemes implemented by State Government during year 2000-2001 (mainly under 2225 – Welfare of Schedule Castes/Schedule Tribes and Other Backward Classes – Rs.25.62 crore for implementation of Mass Irrigation Scheme, National Safai Karmachari Rehabilitation, SC/ST Welfare Scheme, Special Component Plan, Ganga Kalyan Scheme and Self Employment Scheme etc., and 2053 – District Administration – Rs.0.79 crore for Computerisation of land records, release of funds for establishing of RTC kiosks, purchase of Bio-Matrix Finger Print Scanners etc) was transferred in March 2001 to the Personal Deposit Accounts to avoid lapse of budget provision.

The drawal of funds in advance of actual requirement not only violated the codal provisions but also inflated revenue expenditure during the year, which had the effect of increasing revenue deficit.

2.3.17 Budgetary Control

A review on budgetary procedures and control over expenditure was conducted in respect of Grant No.2 – Horticulture (Revenue-Voted) in which significant savings were noticed during 2000-2001. Important points noticed in the review are detailed below.

Against a budget provision of Rs.126.00 crore (including supplementary provision of Rs.2.72 crore), the actual expenditure was Rs.67.39 crore resulting in saving of Rs.58.61 crore which constituted 47 per cent of the total provision. In view of the final savings of Rs.58.61 crore, the supplementary provision of Rs.2.72 crore obtained under the grant was unnecessary. The major portion of the savings (Rs.52.67 crore – 90 per cent) was under plan schemes.

Government of India had released an amount of Rs.45.71 crore against the provision of Rs.57.36 crore to Government of Karnataka during the year for implementation of various Central Sector Schemes. However, the details of

release of these funds to the Implementing Officers and expenditure incurred there from were not made available to audit by Finance Department.

Savings in the grant occurred mainly under the following plan schemes during the year.

(Rs. in lakh)

Sl. No.	Schemes	Original provision	Expenditure as per appropriation accounts	Savings (percentage)
1	Central Sector Schemes (CSS) for Integrated Development of Spices	400.00	101.16	298.84 (75)
2	CSS for Development of Cocoa	80.00	7.83	72.17 (90)
3	CSS for Development of Aromatic & Medicinal Plants	15.00	1.09	13.91 (93)
4	CSS for Drip Irrigation	4600.00	1289.41	3310.59 (72)
5	CSS for Integrated farming in Coconut for productivity	550.00	9.46	540.54 (98)
6	CSS for Development of Mushrooms	25.00	3.57	21.43 (86)
7	Oil Palm Cultivation in potential States	160.00	128.62	31.38 (20)
8	CSS for establishment of Nutritional gardens in rural areas	30.00	11.41	18.59 (62)
9	Production of fruits and vegetables and increasing production through distribution of mini kits	40.00	-	40.00 (100)
10	Cold storage subvention subsidy	100.00	17.53	82.47 (82)
11	CSS for Development of Tropical and Arid Zone Fruits	325.00	72.84	252.16 (78)
12	Development of Coconut with assistance from Coconut Development Board	40.00	18.24	21.76 (54)
	Total	6365.00	1661.16	4703.84

The reasons ascribed by the Department {Joint Director of Horticulture (Planning)} for the savings under Central Sector schemes were delay in according administrative approval by Ministry of Agriculture, Government of India for adoption of Macro Management and communication of norms by Ministry of Agriculture, Government of India for Development of Cocoa and Drip Irrigation schemes at the fag end of the year (Director of Horticulture).

Under non-plan schemes, out of total Appropriation of Rs.32.07 crore, expenditure incurred was Rs.27.13 crore and saving was Rs.4.94 crore (15 per cent). Non-filling up of vacant posts (savings under salaries was Rs.3.90 crore-79 percent of provision) and non-receipt of proposals from the concerned drawing officers of the programme FM Cariappa Memorial Park (Rs.5.00 lakh - entire provision) were stated (Director of Horticulture) to be the main reason for savings.

In view of the final savings, additional provision obtained through supplementary grants under following schemes proved injudicious.

(Rupees in lakh)

Schemes	Original provision	Suppl. Provision	Net provision	Expenditure	Savings (percentage)	Reasons for suppl. Grants
Grants-in-aid to ZP Tumkur	42.91	80.00	122.91	38.47	84.44 (69)	For salaries of ZP Staff
Grants-in-aid to ZP Raichur	61.89	5.00	66.89	59.25	7.64 (11)	Settlement of pending bills
Grants-in-aid to ZP Haveri	44.66	17.45	62.11	36.00	26.11 (42)	For salaries of ZP staff

Moreover in order to encourage the existing as well as new cold storage chains to support the horticulture production, the State Government provided a subvention subsidy of Rs.100 lakh, at the rate of Rs.1 per KWh of power consumed by the cold storages, through supplementary provision in November 2000. However, the actual expenditure incurred against the provision was only Rs.17.53 lakh and the balance of Rs.82.47 lakh remained unutilised. As there were huge savings in the Grant, the State Government could have met the expenditure on subvention out of the available savings through re-appropriation instead of obtaining supplementary grant of Rs 1 crore.

Further, during March 2001, an advance of Rs.18.51 crore was sanctioned from Contingency Fund (which was not recouped during the year) under the grant for implementation of Central Sector (Plan) Scheme for drip irrigation (Rs.8.89 crore) and eradication of coconut mites diseases in the affected districts (Rs.9.62 crore) on the ground that the provision made in the budget was inadequate. Out of this, amount of Rs.17.86 crore (Rs.8.26 crore against sanction of Rs.8.89 crore and Rs.9.60 crore against Rs.9.62 crore) were drawn and released to ZPs for implementation of the programmes. However, the ZPs have not released these amounts to Implementing Officers as of October 2001.

Further more, in respect of 'Drip Irrigation Scheme' the original provision made was Rs.46.00 crore against which the expenditure incurred was Rs.12.89 crore which resulted in a saving of Rs.33.11 crore. In view of sufficient savings under the scheme, drawal of advance of Rs.8.89 crore from Contingency Fund on the ground that the provision made in the budget for this purpose was insufficient was injudicious.

In respect of scheme of 'Integrated Control of pests and diseases of Horticultural Crops – eradication of coconut mites diseases in the affected districts', the original provision made under the head was Rs.25.00 lakh. The additional funds required for implementation of the scheme could have been obtained through re-appropriation by making a token provision in the supplementary grant in view of huge savings in the grant as a whole, instead of drawing advance from Contingency Fund (Rs.9.62 crore).

Further, the Director of Horticulture stated that the funds drawn from Contingency Fund were released to Zilla Panchayats in March 2001 for implementation of the programmes. However, the calendar of operation for implementation of the programmes was approved only in August 2001 and the amount released to Zilla Panchayats was yet to be utilised (October 2001).

The above instances depict the inadequate and ineffective budgetary and expenditure control mechanism in the Department/State Government and also unnecessary drawal of advance from contingency fund.
