

## CHAPTER - II

### APPROPRIATION ACCOUNTS 1999-2000 AT A GLANCE

**Total number of grants/appropriations : 56**

#### Total provision and actual expenditure

Provision	Amount (Rupees in crore)	Expenditure	Amount (Rupees in crore)
Original	1014.56	REVENUE	904.54
Supplementary	430.78	CAPITAL	936.74
<b>Total gross provision :</b>	<b>1445.34</b>	<b>Total gross expenditure :</b>	<b>1841.28</b>
<b>Deduct</b> – Estimated Recoveries in reduction of expenditure	131.32	<b>Deduct</b> – Actual recoveries in reduction of expenditure	114.07
<b>Total net provision :</b>	<b>1314.02</b>	<b>Total net expenditure :</b>	<b>1727.21</b>

#### Voted and charged provision and expenditure

	Provision (Rupees in crore)		Expenditure (Rupees in crore)	
	Voted	Charged	Voted	Charged
Revenue	902.39	99.88	807.57	96.97
Capital	422.47	20.60	293.52	643.22
Total Gross :	1324.86	120.48	1101.09	740.19
<b>Deduct</b> -recoveries in reduction of expenditure	131.32	-	114.07	-
<b>Total : Net</b>	<b>1193.54</b>	<b>120.48</b>	<b>987.02</b>	<b>740.19</b>

## APROPRIATION 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 the Governments *vis-à-vis* those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

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 1999-2000 against 56 grants/appropriations was as follows :

							(Rupees in crore)	
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure*	Saving(-) Excess(+)		
Voted	I. Revenue	623.50	278.89	902.39	807.57	(-) 94.82		
	II. Capital	242.42	131.30	373.72	251.18	(-) 122.54		
	III. Loans and Advances	32.83	15.92	48.75	42.34	(-) 6.41		
<b>Total Voted :</b>		<b>898.75</b>	<b>426.11</b>	<b>1324.86</b>	<b>1101.09</b>	<b>(-) 223.77</b>		
Charged	IV. Revenue	96.88	3.00	99.88	96.97	(-) 2.91		
	V. Capital	-	-	-	-	-		
	VI. Public Debt	18.93	1.67	20.60	643.22	(+) 622.62		
<b>Total Charged :</b>		<b>115.81</b>	<b>4.67</b>	<b>120.48</b>	<b>740.19</b>	<b>(+) 619.71</b>		
Appropriation to Contingency Fund (if any)		NIL						
<b>Grand Total :</b>		<b>1014.56</b>	<b>430.78</b>	<b>1445.34</b>	<b>1841.28</b>	<b>(+) 395.94</b>		

\* These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz., Revenue expenditure Rs. 12.62 crore and Capital expenditure Rs. 101.45 crore

### 2.3 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.1864.45 crore for the years 1994-95 to 1998-99 was yet to be regularised.

Year	No. of grants/ appropriations	Grant/Appropriation(s)	Amount of Excess	Amount for which explanations not furnished to PAC
(Rupees in crore)				
1994-95	6	11,15,25,30,37, Public Debt	170.75	---
1995-96	18	7,11,13,15,16,20,22,26, 27,29, 31,34,38,47,48, 49,52, Public Debt	123.80	115.16
1996-97	16	2,4,20,22,24,26,27,28,29,38,48, 50,52,53,54, Public Debt	379.62	369.49
1997-98	8	1,20,21,26,27,37,41, Public Debt	658.17	369.49
1998-99	6	16,20,26,48,55, Public Debt	532.11	---
<b>Total :</b>	<b>54</b>		<b>1864.45</b>	

### 2.4 Results of Appropriation Audit

**2.4.1** The overall excess of Rs.395.94 crore was the result of excess of Rs.626.30 crore in 10 grants and appropriations offset by saving of Rs.230.36 crore in 46 cases of grants and appropriations.

**2.4.2** Supplementary provision made during the year constituted 42 *per cent* of the original provision as against 30 *per cent* in the previous year.

**2.4.3** Supplementary provision of Rs.10.92 crore made in 07 cases during the year proved unnecessary in view of aggregate saving of Rs.100.78 crore as detailed in **Appendix - II**.

**2.4.4** In 40 cases against additional requirement of Rs.227.35 crore, supplementary grants and appropriations of Rs.332.46 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.105.11 crore. Details of these cases are given in **Appendix - III**.

**2.4.5** The excess of Rs.3.68 crore under 08 grants and Rs.622.62 crore under 2 appropriations require regularisation under Article 205 of the Constitution. Details of these are given in **Appendix - IV**.

**2.4.6** In 05 cases, supplementary provision of Rs.27.35 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.626.16 crore as per details given in **Appendix - V**.

**2.4.7** In 18 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 - VI**. In 2 of the above cases (Sl. No. 12 and 16) the entire provision totaling Rs.10.73 crore was not utilised.

**2.4.8(a)** In 05 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 - VII**.

**2.4.8(b)** Significant excess was persistent in 01 case as detailed in **Appendix - VIII**.

The case of persistent excess requires investigation by the Government for remedial action.

**2.4.9** Expenditure in one case exceeded the approved provision by over 100 *per cent* as shown in **Appendix - VIII**.

#### **2.4.10 Excessive/unnecessary 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 resulted in excess/savings by over Rs.10 lakh are given in **Appendix - IX**.

#### **2.4.11 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.8.23 crore was incurred in 12 cases as detailed in **Appendix-X** without provision having been made in the original estimates/supplementary demands or any re-appropriation orders issued.

#### **2.4.12 Anticipated savings not surrendered**

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 1999-2000 there were 14 grants/appropriations in which large savings had not been surrendered by the department. The amount involved was Rs.20.52 crore. In 07 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered aggregated Rs.18.59 crore. Details are given in **Appendix - XI and XI - A** respectively.

#### ***2.4.13 Surrender in excess of actual savings***

In 24 cases, the amount surrendered was in excess of actual savings indicating inadequate budgetary control. As against the total amount of actual savings of Rs.25.88 crore, the amount surrendered was Rs.39.54 crore resulting in excess surrender of Rs.13.66 crore. Details are given in **Appendix - XII**.

The above instances of budgetary irregularities are reported from year to year in Chapter II of the Audit Report. If all the departments take the precautions envisaged in the Budget Manual, these could be minimised to a great extent.

#### ***2.4.14 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 4 grants/appropriations the actual recoveries (Rs.12.36 crore) adjusted in reduction of expenditure exceeded the estimated recoveries (Rs.2.50 crore) by Rs.9.86 crore and in 2 grants/appropriations the actual recoveries (Rs.101.71crore) were less than the estimated recoveries (Rs.128.82 crore) by Rs.27.11 crore. More details are given in Appendix - II of Appropriation Accounts.

#### ***2.4.15 Non-receipt of explanations for savings/excesses***

For the year 1999-2000, explanations for savings/excesses were not received.

#### ***2.4.16 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. In respect of 24 heads of accounts, expenditure of Rs.48.68 crore pertaining to 1999-2000 remained un-reconciled till April 2000. Details are given in **Appendix – XIII**.

#### ***2.4.17 Rush of expenditure***

The financial rules require that Government expenditure be evenly phased out throughout the year as far as practicable. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. The percentage of expenditure during the 4<sup>th</sup> quarter, month of March to the total expenditure varied between 35 and 50, 20 and 24 respectively in respect of 6 illustrative heads of accounts as indicated in **Appendix – XIV**.

**2.5 Drawal of funds in advance of requirement to avoid lapse of budget grant**

Under financial rules, all appropriations lapse at the close of the financial year. The savings which is foreseen or provisions that cannot be profitably utilised should immediately be surrendered. No attempt should be made, on any account, to reserve or appropriate funds by transfer to a deposit or any other fund to prevent it from lapsing and use it for expenditure after the end of the year.

The cases noticed in audit where the amounts were drawn and kept in 8443 Civil Deposit/cash chest to avoid lapse of budget provisions are described below :-

(a) The Director Relief and Rehabilitation Department had drawn Rs.25.05 lakh in March 1999 for payment *ex-gratia* relief to the victims of riots in Mizoram and deposited (March 1999) the said amount at Bank under deposit at call. The *ex-gratia* relief could not be disbursed (February 2000) by the Director for want of specific instructions from the Government as to whom the *ex-gratia* grants are to be disbursed and as a result the amounts had been lying unspent (February 2000). Disbursement of the amounts had not been reported (November 2000).

(b) Against the Government of India's sanction (December 1997) of Rs.13.25 lakh being central share under centrally sponsored scheme for up-gradation of Industrial Training Institute (ITI), Aizawl for the year 1997-98, the Principal, ITI, Aizawl had drawn Rs.13.25 lakh in March 1998 to avoid lapse of budget grant. Of this, the unspent amount Rs.12.69 lakh had been kept (March 1998) under Civil Deposit which had been withdrawn from the deposit account in September 1998 for making payments for procurement of machinery/equipment.

(c) For renovation of workshop building of Mizoram Polytechnic at Lunglei, the Director, Higher and Technical Education, Mizoram, Aizawl had drawn Rs.2.90 lakh in March 1998 with a view to avoid lapse of budget grant and kept the amount unspent in cash chest till January 1999, when the said amount was released in cash to the Principal, Mizoram Polytechnic, Lunglei.

(d) Building grants amounting to Rs.24.95 lakh meant for construction/reconstruction of 66 primary schools and 10 middle schools had been drawn during March 1998 (Rs.14.35 lakh) and March 1999 (Rs.10.60 lakh) by the Sub-Divisional Education Officer, West-I, Aizawl. The entire amount was kept in Civil Deposit on the same day (31 March) of which Rs.14.35 lakh in November 1998 and Rs.10.60 lakh in July 1999 had been withdrawn and disbursed to the concerned school authorities for execution of works.

(e) In Public Works Department, the Divisional Officer, Aizawl Building Project Division No. I had drawn Rs.242.00 lakh during March 1996 and March 1997 (Rs.100 lakh in March 1996 and Rs.142 lakh in March 1997) from the savings of two Service Heads (Rs.100 lakh from 4059 – Capital Outlay on PW Plan Major Works and Rs.142 lakh from 4217 – Capital Outlay on Urban Development – State Capital Projects) available for purchase of two built-up accommodation to house the Government offices (Building for Mizoram House, Shillong Rs.100 lakh and Building for Taxation and Fisheries Office, Rs.142 lakh) and credited the entire amount into the PW Deposit (March 1996 and March 1997). The purchases were not materialised and the amount continued to remain in Deposit (February 2000) thereby locking up of the Government fund of Rs.242.00 lakh unnecessarily in contravention of rules. Moreover, the entire amount had been drawn without obtaining administrative approval and technical sanction from the competent authority.

Government stated (June 2000) that the same had been committed with the due knowledge of the Government at the higher level.

Similarly, the aforesaid Division drew Rs.66.35 lakh in March 1999 to execute 4 works under the Head – Plan – Major works – 4217 – Capital outlay on Urban Development – State Capital Project. The amounts withdrawn had been kept under Public Works Deposit and the works were not taken up by the Division due to the reasons that the notice inviting tenders for the works has not been floated (2 cases), site was not handed over to the contractor as the present occupants were not shifted (1 case) and Government decision about location of the building has not been taken up (1 case). The Government stated (September 2000) that out of Rs.66.35 lakh, a total amount of Rs.7.33 lakh had been utilised. It was also stated that the amounts had been kept in deposit in the interest of the works so that there will be no hindrance for want of fund when the work is started.

(f) In March 1999 the Divisional Officer, Building Division Lunglei of Public Works Department had drawn Rs.60.26 lakh from the savings of five Service Heads (Rs.15.00 lakh from 4406 – Family Welfare (Plan), Rs.5.00 lakh from 4210 – Medical (Plan), Rs.13.06 lakh from 4059 – PW(Plan), Rs.9.61 lakh from 3452 – Tourism (Plan) and Rs.17.59 from 2202 – Education (Plan)) available against six building construction works of various Departments, of which only Rs.0.64 lakh had been spent and the remaining Rs.59.62 lakh had been credited to 8443 – Civil Deposit which are lying unspent (June 2000). Utilisation of the funds so kept under Civil Deposit has not been reported (November 2000).