

CHAPTER – II

APPROPRIATION ACCOUNTS 2001-2002 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	1217.61	Revenue	1133.31
Supplementary	329.74	Capital	717.83
Total gross provision :	1547.35	Total gross expenditure :	1851.14
Deduct – Estimated Recoveries in reduction of expenditure	69.70	Deduct – Actual recoveries in reduction of expenditure	91.58
Total net provision :	1477.65	Total net expenditure :	1759.56

Voted and charged provision and expenditure

	Provision (Rupees in crore)		Expenditure (Rupees in crore)	
	Voted	Charged	Voted	Charged
Revenue	1042.18	144.76	979.72	153.59
Capital	330.95	29.46	263.50	454.33
Total Gross :	1373.13	174.22	1243.22	607.92
Deduct-recoveries in reduction of expenditure	69.70	---	91.58	---
Total : Net	1303.43	174.22	1151.64	607.92

APROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

2.1.1 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.

2.1.2 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

2.2.1 The summarised position of actual expenditure during 2001-2002 against grants/appropriations was as follows :

Table 2.1

		(Rupees in crore)					
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure*	Saving(-) Excess(+)	
Voted	I. Revenue	833.99	208.19	1042.18	979.72	(-) 62.46	
	II. Capital	178.40	106.70	285.10	225.00	(-) 60.10	
	III. Loans and Advances	45.80	0.06	45.86	38.50	(-) 7.36	
Total Voted :		1058.19	314.95	1373.14	1243.22	(-) 129.92	
Charged	IV. Revenue	3.55	0.20	3.75	5.42	(+) 1.67	
	V. Capital	---	---	---	
	VI. Public Debt	155.87	14.59	170.46	602.50	(+) 432.04	
Total Charged :		159.42	14.79	174.21	607.92	(+) 433.71	
Appropriation to Contingency Fund (if any)		
Grand Total :		1217.61	329.74	1547.35	1851.14	(+) 303.79	

* These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz., Revenue expenditure Rs.5.09 crore and Capital expenditure Rs.86.49 crore.

2.3 Excess over provision relating to previous years requiring regularisation

2.3.1 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. The excess expenditure amounting to Rs.1370.16 crore for the years 1998-1999 to 2000-2001 is yet to be regularised.

Table 2.2

Year	No. of grants/ appropriations	Grant/Appropriation(s)	Amount of Excess	Amount for which explanations not furnished to PAC
(Rupees in crore)				
1998-1999	6	16,20,26,48,55, Public Debt	532.11	---
1999-2000	10	3,11,14,16,18,24,34,47,48, Public Debt	626.30	---
2000-2001	12	1,3,4,11,12,16,19,20,21,40,42 and Public Debt	211.75	---
Total :	28		1370.16	

2.4 Results of Appropriation Audit

2.4.1 The overall excess of Rs.303.79 crore was the result of excess of Rs.454.44 crore in 11 grants and appropriations offset by saving of Rs.150.65 crore in 51 cases of grants and appropriations.

2.4.2 Supplementary provision made during the year constituted 27 per cent of the original provision as against 39 per cent in the previous year.

2.4.3 Supplementary provision of Rs.26.68 crore made in 16 cases during the year proved unnecessary in view of aggregate saving of Rs.56.96 crore as detailed in **Appendix - II**.

2.4.4 In 30 cases against additional requirement of Rs.139.97 crore, supplementary grants of Rs.236.34 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.96.37 crore. Details of these cases are given in **Appendix - III**.

2.4.5 The excess of Rs.20.73 crore under 7 grants and Rs.433.71 crore under 4 appropriations require regularisation under Article 205 of the Constitution. Details of these are given in **Appendix - IV**.

2.4.6 In 7 cases, supplementary provision of Rs.65.41 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.438.73 crore as per details given in **Appendix - V**.

2.4.7 In 11 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**.

2.4.8 In 2 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**.

2.4.9 Significant excess was persistent in 1 case which exceeded the approved provision by over 1400 *per cent* as detailed in **Appendix - VIII**.

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

Injudicious re-appropriation of funds

2.4.11 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. There were 50 cases where injudicious re-appropriation of funds resulted in excess/savings by over Rs.10 lakh as detailed in **Appendix - IX**.

Expenditure without provision

2.4.12 As envisaged in the budget manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was noticed that expenditure of Rs.456 crore was incurred in 19 cases as detailed in **Appendix-X** without provision having been made in the original estimates/supplementary demands or any re-appropriation orders issued. This was in violation of the constitutional provision.

Anticipated savings not surrendered

2.4.13 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. At the close of the year 2001-2002 there were 27 grants in which large savings had not been surrendered by the department. The amount involved was Rs.11.65 crore. In 3 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered aggregated Rs.8 crore. Details are given in **Appendix - XI and XI - A** respectively.

Surrender in excess of actual savings

2.4.14 In 11 cases, the amount surrendered was in excess of actual savings. As against the total amount of actual savings of Rs.25.93 crore, the amount surrendered was Rs.36.28 crore resulting in excess surrender of Rs.10.35 crore. Details are given in **Appendix - XII**. This indicated inadequate financial control and monitoring by the Finance Department.

2.4.15 The above kind of budgetary irregularities have been reported from year to year in chapter II of the Audit Reports. If precautions had been taken as envisaged in the Budget Manual, these irregularities would not have persisted.

Trend of Recoveries and Credits

2.4.16 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.

2.4.17 In 5 grants the actual recoveries (Rs.91.57 crore) adjusted in reduction of expenditure exceeded the estimated recoveries (Rs.69.70 crore) by Rs.21.87 crore and in 1 grant the actual recoveries (Rs.0.04 crore) were less than the estimated recoveries (Rs.0.20 crore) by Rs.0.16 crore. More details are given in Appendix - II of Appropriation Accounts.

Non-receipt of explanations for savings/excesses

2.4.18 For the year 2001-2002, explanations for savings/excesses were not received from the concerned controlling officers.

Unreconciled Expenditure

2.4.19 Financial rules require that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. An expenditure of Rs.661.73 crore in respect of 12 heads of accounts, pertaining to 2001-2002 was not reconciled. Details are given in **Appendix – XIII**.

Rush of expenditure

2.4.20 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 4th quarter, and the month of March 2002 compared to the total expenditure varied between 20 and 63, and 4 and 63 respectively in case of 7 illustrative heads of accounts as indicated in **Appendix – XIV**.

2.5 Unadjusted Abstract Contingent Bills

2.5.1 Rules provide that drawals in Abstract Contingent Bill (AC Bill) require presentation of Detailed Countersigned Contingent Bills (DCC Bills)

to the controlling officer (CO) and transmission to the Accountant General. A certificate shall be attached to every AC bill to the effect that DCC bills have been submitted to the CO in respect of all one month old AC bills drawn earlier.

2.5.2 Scrutiny of records of the Deputy Commissioner (DC), Mamit District revealed that the submission of DCC bills against the drawal of Rs.26 lakh in 3 AC bills during July 1999 was awaited as of September 2002. In his reply, the DC stated (July 2002) that non-submission of DCC bills was due to administrative reasons. Similarly, in Local Administration Department, submission of DCC bills against the drawal of Rs.50.04 lakh in 10 AC bills during the month of March 2000 was awaited as of September 2002. This indicated a serious deficiency in control over expenditure as the entire amount of Rs.76.04 lakh remained out of Government account for a considerable period due to non-submission of DCC bills.