

## CHAPTER – II

### APPROPRIATION ACCOUNTS 2002-03 AT A GLANCE

**Total number of grants/appropriations : 46**

#### Total provision and actual expenditure

Provision	Amount (Rupees in crore)	Expenditure	Amount (Rupees in crore)
Original	1294.52	Revenue	1132.24
Supplementary	378.72	Capital	871.04
<b>Total gross provision :</b>	<b>1673.24</b>	<b>Total gross expenditure :</b>	<b>2003.28</b>
<b>Deduct – Estimated Recoveries in reduction of expenditure</b>	<b>70.70</b>	<b>Deduct – Actual recoveries in reduction of expenditure</b>	<b>28.16</b>
<b>Total net provision :</b>	<b>1602.54</b>	<b>Total net expenditure :</b>	<b>1975.12</b>

#### Voted and charged provision and expenditure

	Provision (Rupees in crore)		Expenditure (Rupees in crore)	
	Voted	Charged	Voted	Charged
Revenue	1099.40	156.08	991.84	140.40
Capital	380.24	37.52	249.57	621.47
<b>Total Gross :</b>	<b>1479.64</b>	<b>193.60</b>	<b>1241.41</b>	<b>761.87</b>
<b>Deduct-recoveries in reduction of expenditure</b>	<b>70.70</b>	<b>---</b>	<b>28.16</b>	<b>---</b>
<b>Total : Net</b>	<b>1408.94</b>	<b>193.60</b>	<b>1213.25</b>	<b>761.87</b>

## APROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

### 2.1 Introduction

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 2002-03 against grants/appropriations was as follows:

**Table 2.1**

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure <sup>ψ</sup>	Saving(-) Excess(+)
Voted	I. Revenue	870.72	228.68	1099.40	991.84	(-) 107.56
	II. Capital	197.33	144.12	341.45	214.85	(-) 126.60
	III. Loans and Advances	38.60	0.19	38.79	34.72	(-) 4.07
<b>Total Voted :</b>		<b>1106.65</b>	<b>372.99</b>	<b>1479.64</b>	<b>1241.41</b>	<b>(-) 238.23</b>
Charged	IV. Revenue	3.72	0.61	4.33	4.34	(+) 0.01
	V. Capital	---	---	---	---	---
	VI. Public Debt	184.15	5.12	189.27	757.53	(+)568.26
<b>Total Charged :</b>		<b>187.87</b>	<b>5.73</b>	<b>193.60</b>	<b>761.87</b>	<b>(+) 568.27</b>
Appropriation to Contingency Fund (if any)		---	---	---	---	---
<b>Grand Total :</b>		<b>1294.52</b>	<b>378.72</b>	<b>1673.24</b>	<b>2003.28</b>	<b>(+) 330.04</b>

<sup>ψ</sup> These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz., Revenue expenditure Rs.1.28 crore and Capital expenditure Rs.26.88 crore.

### 2.3 Excess over provision relating to previous years requiring regularisation

According to 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.1292.49 crore for the years 1999-2000 to 2001-02 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)				
1999-2000	10	3,11,14,16,18,24,34,47,48 and Public Debt	626.30	---
2000-01	12	1,3,4,11,12,16,19,20,21,40,42 and Public Debt	211.75	---
2001-02	10	1,3,4,16,22,27,29,31,51 and Public Debt	454.44	---
<b>Total :</b>	<b>32</b>		<b>1292.49</b>	<b>---</b>

### 2.4 Results of Appropriation Audit

**2.4.1** The overall excess of Rs.330.04 crore was the result of excess of Rs.595.30 crore in 10 grants and appropriations offset by saving of Rs.265.26 crore in 45 cases of grants and appropriations.

**2.4.2** Supplementary provision made during the year constituted 29 *per cent* of the original provision as against 27 *per cent* in the previous year.

**2.4.3** Supplementary provision of Rs.36.85 crore made in 13 cases during the year proved unnecessary in view of aggregate saving of Rs.137.35 crore as detailed in *Appendix-II*.

**2.4.4** In 27 cases, against additional requirement of Rs.145.19 crore, supplementary grants of Rs.269.39 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.124.20 crore. Details of these cases are given in *Appendix-III*.

**2.4.5** The excess of Rs.11.30 crore under 7 grants and Rs.584 crore under 3 appropriations requires regularisation under Article 205 of the Constitution. Details of these are given in *Appendix-IV*.

**2.4.6** In 6 cases, supplementary provision of Rs.39.67 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.595.04 crore as per details given in *Appendix-V*.

**2.4.7** In 17 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 3 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 under Appropriation - Public Debt (Capital Section – Charged) during the years 2000-01 (881 *per cent*), and 2001-02 (1442 *per cent*) and 2002-03 (1556 *per cent*).

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

#### **2.4.10 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. There were 39 cases where injudicious re-appropriation of funds resulted in excess/savings by over Rs.10 lakh as detailed in **Appendix-VIII**.

#### **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 noticed that expenditure of Rs.614.24 crore was incurred in 25 cases as detailed in **Appendix-IX** without provision having been made in the original estimates/supplementary demands and no re-appropriation orders were issued. This was a violation of the constitutional provision.

#### **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. At the close of the year 2002-03 there were 37 grants and 1 appropriation in which large savings had not been surrendered by the department. The amount involved was Rs.157.37 crore. In 14 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered, aggregated to Rs.153.33 crore. Details are given in **Appendix-X** and **X-A** respectively.

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

In 12 cases, the amount surrendered was in excess of actual savings. As against the total amount of actual savings of Rs.73.17 crore, the amount surrendered was Rs.76.19 crore resulting in excess surrender of Rs.3.02 crore. Details are given in **Appendix-XI**. This indicated inadequate financial control.

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.

#### ***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 6 grants the actual recoveries (Rs.28.16 crore) adjusted in reduction of expenditure were less than the estimated recoveries (Rs.70.70 crore) by Rs.42.54 crore. More details are given in Appendix of Appropriation Accounts.

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

For the year 2002-03, explanations for savings/excesses were not received from the concerned controlling officers.

#### ***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. An expenditure of Rs.100.62 crore in respect of 19 heads of accounts, pertaining to 2002-03 was not reconciled. Details are given in **Appendix-XII**.

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

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, and the month of March 2003 compared to the total expenditure varied between 32 and 100, and 19 and 100 respectively in case of six illustrative heads of accounts as indicated in **Appendix-XIII**.

### **2.5 Unadjusted Abstract Contingent Bills**

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.

Submission of DCC bills against drawal of Rs.8.21 crore in 70 AC bills by 15 Drawing and Disbursing Officers (DDOs) of seven departments was awaited as of August 2003. Of this, Rs.4.36 crore had been drawn by seven DDOs of four departments during 2002-03. The remaining amount of Rs.3.85 crore had been drawn by nine DDOs of four departments during the years 1997-98 (Rs.1 lakh), 1998-99 (Rs.2.79 crore), 1999-2000 (Rs.87 lakh) and 2001-02 (Rs.18 lakh), which remained unadjusted for the period ranging from one year to five years. This indicated serious deficiency in control over expenditure as the entire amount of Rs.8.21 crore remained out of Government account for a considerable period due to non-submission of DCC bills, besides being fraught with the risk of misappropriation.