

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

In accordance with the provisions of Section 29 of the Government of Union Territories Act, 1963, soon after grants under Section 28 are made by the Union Territory (UT) Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the UT. The Appropriation Act passed by the Legislature contains authority to appropriate certain sums from the Consolidated Fund of the UT for specified services. Supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Section 30 of the Government of Union Territories Act, 1963.

The Appropriation Act includes expenditure which has been voted by the Legislature on various grants in terms of Sections 29 and 30 of the Government of Union Territories Act, 1963 and also expenditure which is required to be charged to the Consolidated Fund of the UT. The Appropriation Accounts are prepared every year indicating details of amounts spent on various specified services by Government *vis-à-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 33 demands for grants approved by the Legislature comprise of 46 Voted grants (Revenue (31) and Capital (15)) and nine Charged appropriations (Revenue (eight) and Capital (one)) totalling 55 grants/appropriations. The summarised position of actual expenditure during 2007-08 against these grants and appropriations are as follows:

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure ¹	Saving (-)/ Excess (+)
Voted	I Revenue	1,945.79	169.34	2,115.13	1,988.90	(-)126.23
	II Capital	596.08	1.73	597.81	283.56	(-)314.25
	III Loans and Advances	3.40	0.00	3.40	2.68	(-)0.72
Total-Voted		2,545.27	171.07	2,716.34	2,275.14	(-)441.20
Charged	IV Revenue	204.47	15.28	219.75	219.43	(-)0.32
	V Capital	0.00	0.00	0.00	0.00	0.00
	VI Public Debt	108.94	0.00	108.94	108.92	(-)0.02
Total-Charged		313.41	15.28	328.69	328.35	(-)0.34
Grand Total		2,858.68	186.35	3,045.03	2,603.49	(-)441.54

Overall savings of Rs 441.54 crore was due to savings in 46 grants and nine appropriations (55 cases). The schemes under which the savings mainly occurred and the reasons therefor are given in Appropriation Accounts for the year 2007-08.

2.3 Results of Appropriation Audit

Supplementary provision

2.3.1 Supplementary provision constituted six *per cent* of the original provision as against eight *per cent* in the previous year.

¹ These are gross expenditure figures without taking into account the recoveries adjusted in accounts as reduction of expenditure.

2.3.2 In six grants, against additional requirement of Rs 89.14 crore, supplementary provisions of Rs 98.20 crore were obtained resulting in aggregate savings of Rs 9.06 crore (Details are given in **Appendix – 2.1**). The savings in each case exceeded Rs 50 lakh.

2.3.3 In 86 cases, expenditure fell short by more than Rs 50 lakh in each case and also by more than 10 *per cent* of the total provision, resulting in savings of Rs 569.33 crore (Details are given in **Appendix – 2.2**). In 26² out of these 86 cases, the entire provision of Rs 474.45 crore was not spent. In 54 cases, the expenditure exceeded the approved provisions (both Original and Supplementary) by more than Rs 50 lakh and also by more than 10 *per cent* of the total provision, resulting in an excess of Rs 149.85 crore. (Details are given in **Appendix – 2.3**). In 35 out of these 54 cases, the expenditure exceeded the approved provision by 100 *per cent*, resulting in an excess of Rs 112.39 crore.

2.3.4 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 29 cases, re-appropriation of Rs 4.67 crore proved unnecessary (Details are given in **Appendix – 2.4**).

2.3.5 Anticipated savings not surrendered

The departments surrender the grants/appropriations or portions thereof whenever savings are anticipated. As against the total savings of Rs 441.54 crore in all grants/appropriations during 2007-08, the departments surrendered Rs 420.10 crore on 31 March 2008. It was, however, observed that the entire anticipated savings in 11 cases amounting to Rs 17.77 crore were not surrendered (Details are given in **Appendix – 2.5**).

2.3.6 Expenditure on Centrally Sponsored Schemes

Out of Rs 37.54 crore provided as Final Modified Grant (FMG) for implementing 92 Centrally Sponsored Schemes, Rs 31.94 crore (85 *per cent*) were spent. While no expenditure was incurred in respect of 28 schemes (FMG : Rs 2.51 crore), the expenditure was less than 50 *per cent* of provision in respect of four schemes (FMG : Rs 1.63 crore).

2.4 Advance drawal of funds

Project Implementation Agency (PIA) implements Tsunami Rehabilitation Project (TRP) utilising plan funds of the UT. Government released Rs 30.89 crore to PIA for undertaking construction and rehabilitation works under Tsunami Rehabilitation Programme. Based on the decision to take up

² Items having saving of 100 *per cent* in **Appendix 2.2**

construction of houses under Tsunami Rehabilitation Programme, PIA sent proposals for release of Rs 60.11 crore which included Rs 31.05 crore for construction of 1,350 houses at Rs 2.30 lakh per house. The Department of Revenue and Disaster Management released (September 2007) Rs 48.26 crore for construction of 1,350 houses which was Rs 17.21 crore in excess of requirement. Besides, the amount was released even before acquisition of land required for construction of houses and obtaining statutory clearances etc. As only Rs 12.53 crore could be spent out of Rs 79.15 crore, PIA kept the balance amount in banks as savings bank account and fixed deposits. Thus, release of Rs 48.26 crore in September 2007 was far in advance of requirement resulting in keeping/parking of funds outside the Government account.