

CHAPTER-II ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget.

Audit of appropriation by the Comptroller and Auditor General of India seeks 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 2003-04 against 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 | 14,823.87 | 1,937.33 | 16,761.20 | 15,152.00 | (-) 1,609.20 |
| | II. Capital | 3,867.64 | 784.89 | 4,652.53 | 3,580.33 | (-) 1,072.20 |
| | III. Loans and Advances | 421.63 | 387.17 | 808.80 | 925.37 | (+) 116.57 |
| Total Voted | | 19,113.14 | 3,109.39 | 22,222.53 | 19,657.70 | (-) 2,564.83 |
| Charged | IV. Revenue | 4,815.89 | 12.78 | 4,828.67 | 4,804.86 | (-) 23.81 |
| | V. Capital | 0.02 | 0.04 | 0.06 | 0.04 | (-) 0.02 |
| | VI. Public Debt | 7,534.58 | 4,899.70 | 12,434.28 | 12,729.39 | (+) 295.11 |
| Total Charged | | 12,350.49 | 4,912.52 | 17,263.01 | 17,534.29 | (+) 271.28 |
| Grand Total | | 31,463.63 | 8,021.91 | 39,485.54 | 37,191.99¹ | (-) 2,293.55 |

Note: The actual expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure: Rs 1,108.57 crore and capital expenditure: Rs 399.39 crore.

The overall savings of Rs 2,293.55 crore as mentioned above was the net result of savings of Rs 2,617.55 crore in 54 grants and appropriations offset by excess of Rs 324 crore in 12 cases of grants and appropriations. The savings/excesses (Detailed Appropriation Accounts) were sent to the Controlling Officers requiring them to explain the significant variations, which were not received.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

- Analysis of savings (exceeding Rs 25 crore in each case and also by more than 15 per cent of

total grant) with reference to allocative priorities brought out the following:

Grant No. 9 – Forest

(Rupees in crore)

| Capital (Voted) | | Total grant | Actual expenditure | Saving | Percentage of saving |
|-----------------|-------|-------------|--------------------|--------|----------------------|
| Original: | 51.18 | 51.68 | 23.19 | 28.49 | 55.1 |
| Supplementary: | 0.50 | | | | |

Savings occurred mainly under 4406-Capital Outlay on Forestry and Wild Life-Forestry-Social and Farm Forestry-External aided Rajasthan Biological Pariyojana (Rs 27.33 crore) in the Plan side due to late receipt of sanction for the Pariyojana.

Grant No. 21 – Roads and Bridges

(Rupees in crore)

| Capital (Voted) | | Total grant | Actual expenditure | Saving | Percentage of saving |
|-----------------|--------|-------------|--------------------|--------|----------------------|
| Original: | 404.11 | 404.11 | 189.96 | 214.15 | 53.0 |
| Supplementary: | - | | | | |

Savings occurred mainly on the Plan side under 5054-Capital Outlay on Roads and Bridges-State Highways-Road Works-Payment of Land Acquisition (Rs 11.85 crore), Roads financed by Central Road Fund (Rs 27.08 crore), District and Other Roads-Transfer to/from Reserve Fund/Deposit Account-Central Road Fund (Rs 76.71 crore) and Other expenditure-Roads of RIDF financed by NABARD-Road Upgrading Project (Rs 47.79 crore), Missing Link Project (Rs 23.04 crore) and Agricultural Extension Programme (Rs 8.15 crore), those were surrendered in March 2004 due to reduction in annual plan outlay, non-release of administrative and financial sanction, receipt of less funds from the Government of India, lesser credit limit in the starting months etc.

Grant No. 27 – Drinking Water Scheme

(Rupees in crore)

| Capital (Voted) | | Total grant | Actual expenditure | Saving | Percentage of saving |
|-----------------|-------------------|-------------|--------------------|--------|----------------------|
| Original: | 1,034.57 | 1,034.57 | 781.26 | 253.31 | 24.5 |
| Supplementary: | Refer foot note 2 | | | | |

Savings occurred mainly on Plan and CSS side under 4215-Capital Outlay on Water Supply and Sanitation-Water Supply-Urban Water Supply-General Urban Water Supply Schemes-Water Supply to Jaipur from Bisalpur Project (Rs 15.06 crore), Bhilwara-Kankroli Valley Water Supply Scheme (Rs 17.72 crore), Rural Water Supply-Accelerated Rural Water Supply Scheme-Desertation (Rs 15.24 crore), Chambal Project, Bharatpur (Rs 28.32 crore), Fluoride Control Project Bisalpur-Dudu (Rs 44.97 crore), Fluoride Control Project Chambal-Baler-Sawaimadhupur (Rs 59.90 crore), Percentage charges for the Rural Schemes (Rs 33.27 crore) and Water Supply Schemes with the assistance of KFW Germany (Rs 34.20 crore), out of which Rs 244.23 crore were surrendered/re-appropriated in March 2004 due to less receipt of funds from the Government of India and slow progress of works. Reasons for the final savings have not been intimated.

Grant No. 28 – Special Programmes for Rural Development

(Rupees in crore)

| Revenue (Voted) | | Total grant | Actual expenditure | Saving | Percentage of saving |
|-----------------|-------------------|-------------|--------------------|--------|----------------------|
| Original: | 108.44 | 108.44 | 59.60 | 48.84 | 45.0 |
| Supplementary: | Refer foot note 3 | | | | |

Savings occurred mainly under head 2501-Special Programmes for Rural Development-Waste Land Development-National Waste Land Development Programme-Through the Command Area Development and Water Utility Department-Grants in aid/Contributions/Subsidies to District Rural Development Agencies (Plan: Rs 0.05 crore and CSS: Rs 10.55 crore), Self Employment Programme-Swarna Jayanti Gram Swarojgar Yojana-Grants in aid to District Rural Development Agencies (CSS: Rs 16.80 crore), Rural Haat (Plan: Rs 0.45 crore and CSS: Rs 2.58 crore), under head 2515-Other Rural Development Programmes-Other expenditure-DRDA Administration-Headquarter (Plan: Rs 0.10 crore and CSS: Rs 6.38 crore) and Grants to DRDA for Establishment Charges (Plan: Rs 0.53 crore and CSS: Rs 8.09 crore) due to transfer of Central share directly in the Personal Deposit (PD) account of DRDAs by the Government of India.

Grant No. 29 – Urban Plan and Regional Development

(Rupees in crore)

| Revenue (Voted) | | Total grant | Actual expenditure | Saving | Percentage of saving |
|-----------------|-------------------|-------------|--------------------|--------|----------------------|
| Original: | 568.29 | 568.29 | 105.67 | 462.62 | 81.4 |
| Supplementary: | Refer foot note 4 | | | | |

Savings occurred mainly in Plan side under 2217-Urban Development-General-Assistance to Municipal Corporations-Special grants (Rs 150.56 crore), Assistance to Municipalities/Municipal Councils-Special grants (Rs 277.21 crore) were due to transferring the head regarding grant for Octroi reimbursement from Revenue to Capital head and General-Other expenditure-Development of six main cities through RUIDP (Rs 33.70 crore). Reasons for which were not intimated.

Grant No. 30 – Tribal Area Development

(Rupees in crore)

| Capital (Voted) | | Total grant | Actual expenditure | Saving | Percentage of saving |
|-----------------|-------------------|-------------|--------------------|--------|----------------------|
| Original: | 148.62 | 148.62 | 110.12 | 38.50 | 25.9 |
| Supplementary: | Refer foot note 5 | | | | |

Savings occurred mainly on Plan side under 4406-Capital Outlay on Forestry and Wild Life-Forestry-Tribal Area Sub-plan-External aided Rajasthan Biological Pariyojana (Rs 10.48 crore), under 4515-Capital Outlay on Other Rural Development Programmes-Tribal Area Sub-plan-Sampurna Gramin Rojgar Yojana-Grants in aid to District Rural Development Agencies (CSS: Rs 9.84 crore) and under 5054-Capital Outlay on Roads and Bridges-District and other Roads-Tribal Area Sub-plan-Road Development Project financed by NABARD (Plan: Rs 14.42 crore) due to late receipt of sanction for Biological Pariyojana transfer of Central grant directly to PD account of DRDAs and reduction in annual plan outlay.

Grant No. 41 – Community Development

(Rupees in crore)

| Revenue (Voted) | | Total grant | Actual expenditure | Saving | Percentage of saving |
|-----------------|--------|-------------|--------------------|--------|----------------------|
| Original: | 487.79 | 502.09 | 366.04 | 136.05 | 27.1 |
| Supplementary: | 14.30 | | | | |

Savings occurred mainly under 2515-Other Rural Development Programmes-Panchayati Raj-Grants to Panchayati Raj Institutions under the recommendations of State Finance Commission (Plan: Rs 25.60 crore) and Grants to Panchayati Raj Institutions under the recommendations of Eleventh Finance Commission (Non-Plan: Rs 0.30 crore and Plan: Rs 98.19 crore) due to reduction in annual plan outlay and non-receipt of funds from the Government of India.

Grant No. 45 – Loans to Government Servants

(Rupees in crore)

| Capital (Voted) | | Total grant | Actual expenditure | Saving | Percentage of saving |
|-----------------|--------|-------------|--------------------|--------|----------------------|
| Original: | 116.32 | 116.32 | 48.72 | 67.60 | 58.1 |
| Supplementary: | - | | | | |

Savings occurred mainly on Non-plan side under 7610-Loans to Government Servants-House Building Advances-Loan for House Building to other employees through Housing Development Finance Corporation-To other Employees (Rs 22.35 crore), Advances for purchase of Motor Conveyances-Loan to other employees for purchase of Motor Vehicles (Rs 7.76 crore) and Other Advances -Food Grain Advances (Rs 33.00 crore) due to less demand of various loans and non-issue of sanction for food grain advances. Reasons for final savings were not intimated.

Grant No. 50 – Rural Employment

(Rupees in crore)

| Capital (Voted) | | Total grant | Actual expenditure | Saving | Percentage of saving |
|-----------------|-------------------|-------------|--------------------|--------|----------------------|
| Original: | 189.00 | 189.00 | 44.98 | 144.02 | 76.2 |
| Supplementary: | Refer foot note 6 | | | | |

Savings occurred mainly on CSS side under 4515-Capital Outlay on Other Rural Development Programmes-Panchayati Raj-*Sampurna Gramin Rojgar Yojana*-Grants in aid to District Rural Development Agencies (Rs 70.01 crore) and M. P. Local Area Development- Grants in aid to District Rural Development Agencies (Rs 77.00 crore) due to transfer of Central share directly in the account of DRDAs by the Government of India.

Grant No. 51 – Special Component Plan for Welfare of Scheduled Castes

(Rupees in crore)

| Capital (Voted) | | Total grant | Actual expenditure | Saving | Percentage of saving |
|-----------------|-------|-------------|--------------------|--------|----------------------|
| Original: | 83.99 | 83.99 | 52.01 | 31.98 | 38.1 |
| Supplementary: | - | | | | |

Savings occurred mainly under 4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-Welfare of Scheduled Castes-Special Component Plan for Scheduled Castes-Residential School aided from Germany (Plan: Rs 7.89 crore) and under 4515-Capital Outlay on Other Rural Development Programmes-Special Component Plan for Scheduled Castes-*Sampurna Gramin Rojgar Yojana*-Grants in aid to District Rural Development Agencies (CSS: Rs 21.49 crore) due to reduction in annual plan outlay and transfer of Central share directly in the PD account of DRDAs by the Government of India.

- In 30 cases involving 22 grants there were savings of Rs 2,111.55 crore which exceeded Rs one crore in each case and also by more than 10 *per cent* of total provision as indicated in [Appendix-IV](#).

2.3.2 Persistent savings

In Grant No. 46-Irrigation under head “Major Irrigation- Indira Gandhi Nahar Feeder Maintenance Charges” there were persistent savings of more than Rupees one crore and 20 *per cent* or more of total provision during last three years as under:

(Rupees in crore)

| Year | Provision | Expenditure | Savings | Percentage of savings |
|------|-----------|-------------|---------|-----------------------|
|------|-----------|-------------|---------|-----------------------|

| | | | | |
|---------|------|------|------|------|
| 2001-02 | 5.42 | 2.40 | 3.02 | 55.7 |
| 2002-03 | 4.52 | 1.45 | 3.07 | 67.9 |
| 2003-04 | 5.01 | 1.95 | 3.06 | 61.1 |

2.3.3 Excess requiring regularisation

Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India it is mandatory for State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs 1,009.40 crore for the years 2000-01 to 2002-03 had not been regularised so far (August 2004). This was breach of Legislative control over appropriations.

| Year | Number of Grants/ Appropriations | Grant/Appropriation No.(s) | Amount of excess (Rs in crore) |
|--------------|-------------------------------------|--|-----------------------------------|
| 2000-01 | 4/6 | 15,16,17,21,25,32, 40,46 | 55.53 |
| 2001-02 | 5/7 | 1,15,16,17,21,23,24,43,46,49 Public Debt | 97.59 |
| 2002-03 | 3/4 | 15,21,32,34,46,51, Public Debt | 856.28 |
| Total | 29 | | 1,009.40 |

Excess over provision during 2003-04 requiring regularisation

The excess of Rs 324 crore under 12 grants/appropriations during the year requires regularisation under Article 205 of the Constitution. The excess was mainly under Appropriation *Public Debt* amounting to Rs 295.11 crore. Details are given below:

(Rupees in thousand)

| S. No. | Number and name of the Grant/Appropriation | Provision (Original + Supplementary) | Expenditure | Excess |
|---------------------------------|--|--------------------------------------|----------------------|-------------------|
| Voted: Revenue Section | | | | |
| 1. | 48-Power | 9,14,83,33 | 9,43,14,01 | 28,30,68 |
| Voted: Capital Section | | | | |
| 2. | 16-Police | 15,25 | 16,31 | 1,06 |
| Charged: Revenue Section | | | | |
| 3. | 14-Sales Tax | 2,30 | 3,47 | 1,17 |
| 4. | 15-Pensions and Other Retirement Benefits | 5,04 | 40,83 | 35,79 |
| 5. | 19-Public Works | 24,09 | 32,20 | 8,11 |
| 6. | 24-Education, Art and Culture | 27,89 | 30,46 | 2,57 |
| 7. | 26-Medical Public Health and Sanitation | 25,91 | 27,87 | 1,96 |
| 8. | 27-Drinking Water Scheme | 2,30 | 9,45 | 7,15 |
| 9. | 34-Relief from Natural Calamities | 52 | 66 | 14 |
| 10. | 36-Co-operation | 1,81 | 1,90 | 9 |
| 11. | 46-Irrigation | 70,87 | 70,87 | Refer foot note Z |
| Charged: Capital Section | | | | |
| 12. | Public Debt | 1,24,34,28,12 | 1,27,29,39,21 | 2,95,11,09 |
| | Total | 1,33,50,87,43 | 1,36,74,87,24 | 3,23,99,81 |

The main reasons for the excess expenditure during 2003-04 were:

- Actual repayment of ways and means advances was excessive than estimated because of inadequate estimation of day-to-day cash flow by the State Government. However reduction in provision by Rs 420.88 crore was unnecessary in view of excess expenditure (Rs 713.86 crore – Public Debt).
- Adjustment of amount of land and building tax and Stamp fee of Power Companies by the State Government (Rs 28.44 crore - Grant No. 48).

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 8,021.91 crore) made during the year constituted 25 *per cent* of the original provision (Rs 31,463.63 crore). The supplementary provision was higher by Rs 267.28 crore than the previous year (Rs 7,754.63 crore).

2.3.5 Unnecessary/excessive/inadequate supplementary provisions

- Supplementary provisions of Rs 120.79 crore made in 13 cases during the year proved unnecessary in view of aggregate saving of Rs 330.23 crore as detailed in [Appendix-V](#).
- In 14 cases, against additional requirement of only Rs 2,143.65 crore, supplementary grants of Rs 2,355.44 crore were obtained, resulting in savings in each case exceeding Rs one crore, aggregating Rs 211.79 crore. Details of these cases are given in [Appendix-VI](#).
- In two cases, supplementary provision of Rs 5,006.27 crore proved insufficient by more than Rupees one crore in each case leaving an uncovered excess expenditure of Rs 323.42 crore as per details given in [Appendix-VII](#).

2.3.6 Persistent excesses

Significant excesses were persistent in eight cases involving four grants and one appropriation as detailed in [Appendix-VIII](#). Persistent excess requires investigation by the Government.

2.3.7 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 the re-appropriation of funds proved injudicious in view of final savings/excess over grant by over rupees one crore are detailed in [Appendix-IX and X](#) respectively.

2.3.8 Anticipated savings not surrendered

- According to rules, 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 2003-04, there were 10 cases in which after partial surrender, savings of Rs one crore and above in each case aggregating Rs 97.66 crore remained unsurrendered. This included unsurrendered savings of Rs 29.22 crore (41 *per cent* of savings under Grant No. 15 – Pensions and Other Retirement Benefits), Rs 18.22 crore (81 *per cent* of savings under Grant No. 27 – Drinking Water Scheme) and Rs 10.46 crore (25 *per cent* of savings under Grant No. 46–Irrigation-Revenue voted). Details are given in [Appendix-XI](#).
- Besides, in seven cases, Rs 37.54 crore (25 *per cent* of savings) were surrendered in excess (more than five *per cent*), which includes excess surrender of savings of Rs 20.32 crore (26 *per cent* under Grant No. 26 – Medical, Public Health and Sanitation), Rs 7.47 crore (31 *per cent* under Grant No. 21 – Roads and Bridges) and Rs 4.27 crore (47 *per cent* under Grant No. 20 – Housing-Capital voted). It indicates inadequate financial control over expenditure. Details are given in [Appendix-XII](#).
- However, in all Rs 2,956.79 crore were surrendered on the last working day of the financial year. In 23 cases, involving 17 grants and two appropriations surrender exceeding Rs 20 crore in each case amounted to Rs 2,713.45 crore (92 *per cent* of total surrender). Details are given in [Appendix-XIII](#).

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. An expenditure of Rs 94 lakh was incurred in the Revenue Section under Grant No. 27-Drinking Water Scheme without provision having been made in the original estimates/supplementary demands or through re-appropriation.

2.3.10 Defective/inaccurate budgeting

Full or substantial portions of the supplementary provisions obtained under the following heads of account on 12 February 2004 were surrendered/re-appropriated (more than 50 per cent of total provision) on 31 March 2004, thus indicating defective/inaccurate budgeting:

| (Rupees in crore) | | | | | | |
|-------------------|-----------|------------------|--------------------|-------------------------|-----------------|---|
| Sl. No. | Grant No. | Head of Account | Original provision | Supplementary provision | Total provision | Surrender/Re-appropriation to other heads |
| 1. | 7 | 2015-105 | Refer foot note 8 | 17.50 | 17.50 | 15.84 |
| 2. | 16 | 2055-115(002) | -do- | 5.76 | 5.76 | 5.76 |
| 3. | 34 | 2245-01-103 | -do- | 30.00 | 30.00 | 30.00 |
| 4. | | 2245-02-113 | -do- | 2.58 | 2.58 | 1.45 |
| 5. | 36 | 6425-108(018) | - | 2.65 | 2.65 | 2.65 |
| 6. | 41 | 2515-101(005) | 98.19 | 0.30 | 98.49 | 98.49 |
| 7. | 46 | 2701-80-002(002) | 0.45 | 0.51 | 0.96 | 0.50 |
| 8. | | 2701-80-799(001) | 15.70 | 0.10 | 15.80 | 9.80 |

Under four heads of account of Grant No. 16, 34, 36 and 41, entire provision was re-appropriated/surrendered. In four cases⁹ only token provision of Rs 0.01 lakh was taken and supplementary provision was obtained, which were not fully utilised and surrendered/re-appropriated to other head on the last day of the financial year.

2.3.11 Shortfall/excess in recoveries

Under the system of gross budgeting followed by the Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all receipts and recoveries which are adjusted in the accounts in reduction of expenditure. The anticipated recoveries and receipts are shown separately.

During 2003-04, such receipts and recoveries were estimated at Rs 965.58 crore (Revenue – Rs 541.97 crore; Capital – Rs 423.61 crore). Actual receipts and recoveries during the year were Rs 1,507.96 crore (Revenue – Rs 1,108.57 crore; Capital – Rs 399.39 crore). A few significant cases (more than Rs one crore) of variations were as under:

| (Rupees in crore) | | | | |
|-------------------|---|------------------|-----------------|--------------------------|
| S. No. | Number and name of the Grant | Budget Estimates | Actuals | Shortfall(-)/ Excess (+) |
| 1. | 19-Public Works Revenue-Voted | 113.00 | 96.50 | (-) 16.50 |
| 2. | 21-Roads and Bridges Revenue-Voted Capital-Voted | 10.41 76.71 | 8.31 49.63 | (-) 2.10 (-) 27.08 |
| 3. | 22-Area Development Capital-Voted | 3.10 | 4.77 | (+) 1.67 |
| 4. | 27-Drinking Water Scheme Revenue-Voted Capital-Voted | 106.37 206.95 | 60.94 216.60 | (-) 45.43 (+) 9.65 |
| 5. | 30-Tribal Area Development Capital-Voted | 1.67 | 28.40 | (+) 26.73 |
| 6. | 34-Relief from Natural Calamities Revenue-Voted | 179.72 | 835.35 | (+) 655.63 |
| 7. | 46-Irrigation Revenue-Voted Capital-Voted | 103.81 135.19 | 81.20 98.59 | (-) 22.61 (-) 36.60 |

2.4 Non-refund of unspent balance of Central/State Government funds pertaining to dead/closed schemes

State Government issued instructions (June 1994) to all District Rural Development Agencies (DRDAs) to ensure that the unutilised funds of closed schemes lying in Personal Deposit (PD) accounts should be deposited in concerned head of account of the State Government.

During test-check of the records of 14 DRDAs of the State it was observed that Rs 19.40 crore¹⁰ pertaining to various closed schemes was lying in PD accounts of DRDAs for five to 23 years and the amount was not credited to Government account/concerned schemes. Resultantly, Government failed to utilise the amount gainfully and beneficiaries of the schemes were denied of the intended benefits. It also indicated lack of proper monitoring for effective utilisation of funds.

While accepting the facts the Government stated (January 2005) that Rs 4.24 crore¹¹ have been adjusted/refunded back (December 2004) by the seven DRDAs. The fact remained that huge funds remaining blocked and unutilised in PD accounts. The tendency of withholding funds of dead/closed schemes for years indicated financial imprudence.

It is recommended that instructions of June 1994 be reiterated and timely refund of unutilised funds be ensured.

2.5 Irregular adjustment of advances

As per Finance and Accounts Manual of District Rural Development Agency (DRDA), there should be supporting vouchers and valid authorisation for every transaction and no advance can be treated as expenditure till the amount is actually spent. As per guidelines of the Centrally sponsored schemes, there is a provision of a cut at the time of second instalment equal to excess amount available as unspent balance at the beginning of the financial year.

During test-check (January 2004) of the records of DRDA, Hanumangarh it was observed that during 2001-02 the DRDA, Hanumangarh transferred unutilised funds of Rs 42 lakh from one set of schemes¹² to other schemes showing expenditure incurred on first set of schemes as per Utilisation Certificates (UCs). In 2002-03, this amount was withdrawn from the second set of schemes by finally booking under those schemes as per UCs and transferred back to original schemes. Thus, an irregular adjustment of Rs 42 lakh was made though no actual expenditure was incurred.

It was observed (February 2004) that in DRDA Rajsamand Rs 25.31 lakh were adjusted under SGRY during 2002-03 although the expenditure was actually incurred in 2003-04.

Thus an irregular adjustment of Rs 67.31 lakh was made though no actual expenditure was incurred. This is indicative of the fact that the funds were irregularly adjusted to avoid future cut by the Government of India and refund of unutilised funds by ignoring the provisions of Finance and Accounts Manual.

The matter was referred to the Government in December 2003; reply was awaited (November 2004).

2.6 Loss of interest due to violation of scheme guidelines/ accounting procedure

As per accounting procedure for District Rural Development Agencies (DRDAs), funds received from

Central and State Government for Rural Development Schemes and National Social Assistance Programme Schemes should be kept in a savings bank account in a Nationalised/Co-operative/ Regional Rural Bank. Rule 4(D)(8) of Post Office Savings Account Rules, 1981 prohibits opening of saving bank account in respect of money belonging to Government.

Audit of DRDAs, Baran, Nagaur and Sriganganagar revealed that DRDAs transferred/deposited unutilised scheme funds lying in PD accounts to Post Office/Co-operative bank in violation of the accounting procedure which led to loss of interest of Rs 11.98 lakh as detailed below:

| Name of DRDA | Amount deposited in Post office/Bank | Loss of interest | Remarks |
|-----------------|---|--|---|
| Baran Nagaur | Rs 2 crore (29 March 2001 to 9 May 2001) Rs 2 crore (between 1 April 1999 to 9 May 2001) | Rs 1.50 lakh ¹³ Rs 5.90 lakh ¹⁴ | Despite instructions banning placing of Government funds in Post Office savings bank account, DRDAs transferred Rs 2 crore each in Post Office and suffered loss of interest, as Post Office does not pay any interest on Government Account. DRDAs action was also in contravention of accounting procedure of DRDAs. |
| Sriganganagar | Rs 3 crore (26 March 2002 to 31 March 2003) | Rs 4.58 lakh | The DRDA, Sriganganagar deposited Rs 3 crore in the Ganganagar Central Co-operative Bank Limited in March 2002 with the condition that the Bank will pay interest at 9 per cent per annum. However, it was noticed that the Bank credited interest of Rs 1.68 lakh (at 4 per cent) as against Rs 6.26 lakh at 9 per cent per annum. This not only resulted in loss of interest of Rs 4.58 lakh but also led to undue benefit to the bank. No action was taken against the bank for crediting less interest. The decision to deposit the funds in Cooperative Bank was taken by the Collector-cum-Executive Director who was the Chairperson of the bank also. |
| Total | | Rs 11.98 lakh | |

Thus, imprudent action/lack of action on the part of DRDAs led to loss of Rs 11.98 lakh towards interest which could be gainfully utilised in benefitting the beneficiaries of the schemes.

2.7 Review on AC-DC bills

2.7.1 Introduction

Rule 219 of General Financial and Accounts Rules (GF&AR) empowers the heads of departments/offices to draw money as advance on Abstract Contingent (AC) bills as per delegation of financial powers to meet immediate requirements of funds for expenditure, subject to submission of Detailed Contingent (DC) bills within one month. The Finance Department may relax the period of one month to any period keeping in view the requirement of a particular case.

A test-check (May 2004 to August 2004) of 6554 AC bills drawn aggregating to Rs 630.05 crore during 2001-02 to 2003-04 was conducted in 111 offices of nine districts¹⁵.

2.7.2 Non-submission of DC bills

337 DC bills relating to the period 1984-85 to 2003-04 aggregating Rs 61.46 crore were found pending as of August 2004 as per details given in [Appendix-XIV and XV](#). Following further observations were made:

2.7.3 Non-supplying of material by the firms/departments/institutions against advance drawn on AC bills

In six cases Rs 3.39 crore were drawn from treasuries in February 2003/March 2004 against AC bills for purchases and execution of works and advances/payments were made to the suppliers. Neither the advances were got adjusted nor the execution of works completed.

The reasons of non-supplying of material and non-completion of works were not intimated to Audit.

2.7.4 Non-recovery of interest from suppliers

Deputy Superintendent of Police (Central Stores), Jaipur, Deputy Director, Agriculture (Extension), Jaipur and Inspector General, Registration and Stamps, Ajmer advanced Rs 1 crore, Rs 59.06 lakh and Rs 14.59 lakh during February 2003, March 2004 and February 2004 to suppliers viz. Defence Research Development Organisation, New Delhi, RajCOMP, Jaipur respectively after drawing the amount against AC bills. As per the terms and conditions the supply were to be made within six to eight months, one month against which the material was supplied by a delay of nine months, and three months respectively, but no interest was charged for delayed supplies, which works out to Rs 16.81 lakh at 18 per cent per annum.

2.7.5 Non-forwarding of original paid vouchers alongwith DC bills

As per Rule 219 of GF&AR the original vouchers of Rs 500 and above were to be appended to the DC bills and were to be forwarded to head of office and office of the Accountant General. A scrutiny of DC bills revealed that in three districts mandatory vouchers for Rs 32.78 crore, were not appended with 137 DC bills for Rs 40.66 crore.

2.7.6 Delayed submission of DC bills

In 89 offices, 3687 DC bills aggregating Rs 388.76 crore were submitted late by one to 150 months against prescribed period of one month as detailed below:

| S. No. | Period of delay (in months) | Name of districts | Number of offices | Number of DC bills | Amount (Rs in crore) |
|--------------|-----------------------------|--|-------------------|--------------------|----------------------|
| 1. | 1-50 | Ajmer, Barmer, Bhilwara, Chittorgarh and Udaipur | 59 | 2449 | 216.67 |
| 2. | 1-100 | Sikar | 04 | 449 | 57.56 |
| 3. | 1-150 | Churu and Jaipur | 26 | 789 | 114.53 |
| Total | | | 89 | 3687 | 388.76 |

Reasons for delayed submission were not intimated by 75 offices. In 14 cases the offices intimated that the accounts were received late from the subordinate units.

2.7.7 Non-adjustment of AC bills

Five DC bills for Rs 36.99 lakh for the years 2000-01 and 2001-02 of various executing agencies of Ajmer district were not adjusted till June 2004 for want of scrutiny, which was to be completed within the prescribed period of 15 days.

2.7.8 Non-recovery of disallowed amount

Audit scrutiny revealed that District Collector, allowed partial adjustment of funds drawn through AC bills but neither recoveries of disallowed amount have been made up to June 2004 nor interest/penalty was imposed on defaulters.

| S. No. | Period of drawal | Total Number of bills | Total amount (Rs in crore) | Bills adjusted | | Amount disallowed (out of adjusted bills) (Rs in crore) |
|--------------|------------------|-----------------------|----------------------------|----------------|----------------------|---|
| | | | | Number | Amount (Rs in crore) | |
| 1. | 1998-2002 | 52 | 11.92 | 13 | 11.10 | 0.82 |
| 2. | 1999-2002 | 17 | 3.24 | 7 | 2.84 | 0.40 |
| 3. | -do- | 19 | 1.47 | - | - | 1.47 |
| Total | | | | | | 2.69 |

2.7.9 Drawal of funds through AC bills without requirement

- In 171 cases of 17 offices of 9 districts an amount of Rs 9.85 crore was drawn through AC bills without immediate necessity and the same was deposited back after one to 41 months from the date of drawal and such heavy amount was kept outside Government treasuries against financial prudence. The

district-wise position of such cases was shown in [Appendix-XVI](#).

- Without assessing the requirements, a sum of Rs 49.24 crore was drawn through 331 AC bills in nine districts (details in [Appendix-XVII](#)) as a result of which only Rs 26.14 crore (53 per cent) was deposited back into treasuries with delay of 1 to 70 months (excluding prescribed period of 2/3 months). This indicates imprudent financial management.

2.7.10 Non-writing-off/adjustment of stolen amount

During 2002-03 and 2003-04 a sum of Rs 10.565 lakh (three AC bills) and Rs 1.50 crore (one AC bill) were withdrawn by District Collectors (Relief), Bikaner and Udaipur respectively. This amount was transferred to *Tehsildars*, Dungarpur and Kherwara, but a sum of Rs 4.17 lakh and Rs 3.70 lakh was stolen in *Tehsildar's* offices. No action to write off or effect recovery was initiated by Collectors.

The matter was referred to the Government in October 2004; reply has not been received (November 2004).

1. Rupees 1,767.11 crore drawn through NIL payment vouchers were transferred to 8443- Civil Deposits. Besides, Rs 3,364.18 crore were also drawn through NIL payment vouchers and transferred to other Deposit heads like 8448, 8338, 8342, etc.
2. Rs 6000
3. Rs 1000
4. Rs 2000
5. Rs 2000
6. Rs 1000
7. Rs 46 only.
8. Rs 1000
9. Including two cases (Grant No. 16 and 34)
10. DRDAs Jaipur: Rs 1.21 crore since 1998-99, Jalore: Rs 3.97 crore since 1994-95, Sirohi: Rs 0.71 crore since 1995-96, Jaisalmer: Rs 0.93 crore since 1991-92, Bundi: Rs 0.63 crore since 1980-81, Churu: Rs 2.75 crore since 1996-97, Rajsamand: Rs 0.57 crore since 1992-93, Bharatpur: Rs 0.43 crore since 1998-99, Barmer: Rs 0.28 crore since 1982, Kota: Rs 0.76 crore since 1997-98, Sikar: Rs 4.45 crore since 1998-99, Hanumangarh: Rs 0.39 crore since 1998-99; Jhalawar: Rs 1.15 crore since 1997-98 and Banswara: Rs 1.17 crore since 1997-98.
11. DRDAs Banswara: Rs 1.12 crore; Barmer: Rs 0.19 crore; Bharatpur: Rs 0.23 crore; Hanumangarh: Rs 0.39 crore; Jalore: Rs 0.69 crore; Rajsamand: Rs 0.53 crore and Sikar: Rs 1.09 crore.
12. SGSY, PMGY (new) PMGY (Upgradation) and IAY borrowed Rs 25 lakh, Rs 7.50 lakh, Rs 1.50 lakh and Rs 8.00 lakh from SNVY, IPP and IPP respectively during 2001-02 and next year (2002-03) the amount borrowed was refunded to the respective schemes.
13. Interest calculated @ 4.5 per cent which was prevailing rate of interest on savings bank accounts during 29 March 2001 to 30 May 2001.
14. Interest calculated @ 4.5 per cent on Rs 50 lakh from 01.04.1999 to 31.03.2000, @ 4 per cent from 1.4.2000 to 31.3.2001 and @ 4 per cent on Rs 1.50 crore from 1.2.2001 to 9.5.2001.
15. Ajmer, Barmer, Bhilwara, Bikaner, Chittorgarh, Churu, Jaipur, Sikar and Udaipur.