

**CHAPTER XIII: UNAUTHORISED AND INJUDICIOUS  
RE-APPROPRIATIONS**

**Re-appropriations**

	<b>No of Cases</b>	<b>Amount (Rupees in crore)</b>
Unnecessary re-appropriation	32	9480.57
Re-appropriation done without availability of provision from where re-appropriated	26	173.48
Re-appropriation without reporting to Parliament/prior approval of Secretary (Expenditure)	1	43.59
Re-appropriation without prior approval of Secretary (Expenditure)	14	105.17

**13 Re-appropriation of funds**

A grant or appropriation for disbursements is distributed by sub-heads or standard objects under which it is accounted. Re-appropriation of funds can be approved by executive between primary units of appropriation within a grant or appropriation before the close of financial year to which such grant or appropriation relates. Re-appropriation of funds should be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full or that unspent provision can be effected in the unit of appropriation.

**13.1 Heavy re-appropriation of funds**

Test check of appropriation accounts with reference to re-appropriation orders for 1998-99 revealed that out of the total sanctioned provision of Rs 643189 crore, an amount of Rs 33154 crore was re-appropriated between the different primary units of appropriation defeating the original purpose/activity as authorised by Parliament. Details of such re-appropriation are as under:-

(Rupees in crore)

	Revenue		Capital		Total
	Voted	Charged	Voted	Charged	
Sanctioned provision	112764	105232	26320	398873	643189
Amount re-appropriated	4934	2443	1293	24484	33154

In the developmental and welfare areas such as Health (Rs 205 crore); Family Welfare (Rs 308 crore); Department of Education (Rs 908 crore); Department of Women and Child Development (Rs 216 crore); Department of Heavy Industry (Rs 324 crore); Department of Small Scale Industries (Rs 114 crore); Ministry of Power (Rs 247 crore); Department of Atomic Energy (Rs 216 crore); Department of Space (Rs 145 crore) heavy re-appropriation of fund were mainly from welfare activities to the establishment related activities, payment of grants-in-aid and other non-developmental/welfare activities because sufficient fund under these activities could not be got authorised at budget stage. Such re-appropriation of funds defeated the original purpose for which the funds were authorised by Parliament.

### 13.2 Injudicious re-appropriation

#### 13.2.1 Injudicious re-appropriation to sub-head

**Test checks disclosed unnecessary re-appropriation of Rs 9481 crore to sub-heads.**

Test check of the accounts, revealed that in 32 cases of 16 grants/appropriations as per the details in Appendix XXII, re-appropriations aggregating Rs 9480.57 crore were injudicious, as the original provision under the sub-heads to which funds were transferred by re-appropriation was more than adequate. Consequently the final saving under the sub-heads were more than the amount re-appropriated to these sub-heads.

#### 13.2.2 Injudicious re-appropriation from sub-head

**Injudicious re-appropriations of Rs 173 crore were made from sub-heads.**

Similarly in 26 sub-heads of 17 grants/appropriations as indicated in Appendix XXIII, there was injudicious re-appropriation aggregating Rs 173.48 crore wherein the final disbursements under each of them was more than the original provision before re-appropriation from them. In each of them, the excess over the final provision after re-appropriation from these heads was more than the amounts re-appropriated.

The position of similar injudicious re-appropriations in respect of grants of Railways, Posts and Telecommunications and Defence Services have been included in the respective Audit Reports.

### **13.3 Irregular re-appropriation of funds**

#### **13.3.1 Re-appropriation in infringement of recommendations of Public Accounts Committee**

**Re-appropriations in contravention of PAC's recommendations**

As per the extant instructions of Ministry of Finance issued at the instance of the Public Accounts Committee (Eighth Lok Sabha) vide its recommendation in 147th Report, any re-appropriation order issued during the year which has the effect of increasing budget provision by more than 25 per cent or Rs one crore whichever is more, under a sub-head should be reported to Parliament along with the last batch of Supplementary Demands. In exceptional cases any order of re-appropriation issued by the Ministries/Departments after presentation of the last batch of Supplementary Demands, exceeding the above limit requires prior approval of the Secretary/Additional Secretary, Department of Expenditure.

Test check of Appropriation Accounts for 1998-99 revealed that there were 391 sub-heads/cases of 65 grants/appropriations to which re-appropriation in excess of Rupees one crore was made. Out of these in 165 sub-heads/cases involving 60 grants/appropriations, the re-appropriation exceeded 25 per cent of the budget provision and as such were required to be reported to Parliament through the last batch of supplementary demands for grants.

**Exception to obtain Secretary (Expenditure) approval was used as a rule.**

Only in 68 cases, such re-appropriation were reported to Parliament and in respect of remaining 96 cases the exception was made the rule undermining the Parliamentary financial control by different ministries/departments. In these cases despite prior knowledge, the approval of Secretary (Expenditure) was obtained at the fag end of the financial year instead of reporting the re-appropriation to Parliament. In most of these cases the ministries/departments did not explain as to why they were not in a position to report the re-appropriations to the Parliament.

**13.3.1.1** In the following cases, the amount of re-appropriation exceeded the above limits, for which the Ministries/Departments had neither reported the augmentation of funds by re-appropriation to Parliament through the last batch of supplementary demands for grants nor obtained prior approval of the Secretary/Additional Secretary, Department of Expenditure.

Sl. No.	No. and name of Grant	Major-head	Sub-head	Amount (Rs. in crore)		Remarks
	3-Department of Agricultural Research and Education (Ministry of Agriculture)	2415-Agricultural Research and Education	Assistance to ICAR-Administration	O	89.87	Ex-post facto approval of Secretary (E) was obtained in August 1999.
				R	43.59	

### 13.3.2 Re-appropriation without prior approval of Secretary (Expenditure)

In the context of the efforts to keep the fiscal deficit under control, Ministry of Finance had prescribed that all re-appropriations which would have the effect of increasing the budget provision by rupees one crore or more under a sub-head should be made only with the prior approval of Secretary (Expenditure) even if the amount re-appropriated was within 25 per cent of the provision covered under the limit governing re-appropriation mentioned in the preceding paragraph.

Sample check of appropriation accounts for 1998-99 revealed that there were 226 sub-heads under which re-appropriation in excess of rupees one crore but not exceeding 25 per cent of the budget provision was made and as such prior approval of Secretary (Expenditure) was required to be obtained, however in the following cases where the re-appropriation exceeded Rs one crore, approval of Secretary (Expenditure) was not obtained. In some cases the ministries obtained approval of Secretary (Expenditure) ex-post-facto after the close of the financial year, which was a fait accompli and defeated the objective of the instructions of the Ministry of Finance.

Sl. No.	No. and name of Grant	Major-head	Sub-head	Amount (Rs. in crore)		Remarks
1	3-Department of Agricultural Research and Education	2415-Agricultural Research and Education-Assistance to ICAR	Crop Husbandry - Research Institutes	O R	325.77 81.08	Ex-post facto approval of Secretary(E) was obtained in August 1999.
2	-do-	-do-	Animal Husbandry-Research Institutes	O R	63.60 3.40	-do-
3	-do-	-do-	Dairy Development-Research Institutes	O R	23.00 1.00	-do-
4	-do-	-do-	Fisheries-Research Institutes	O R	48.30 3.70	-do-
5	36-Department of Revenue	2070-Other Administrative Services	Central Bureau of Narcotics	O R	13.27 2.14	On being pointed out by audit ex-post facto approval was obtained on 29-9-99.
6	56-Information, Films and Publicity	2251-Secretariat-Social Services	Ministry of Information and Broadcasting	O R	10.80 1.02	-
7	-do-	2220-Information and Publicity	Films Division	O R	24.74 1.17	
8	58-Ministry of Labour	2230-Labour and Employment	Transfer to Iron Ore, Manganese Ore, Chromicore Mines Labour Welfare Fund	O R	32.10 2.90	
9	-do-	-do-	Beed Workers Welfare- Health	O R	15.67 1.32	
10	75-Department of Science and Technology	3425-Other Scientific Research	Grants-in-aid for Research and Development	O R	58.32 1.60	
11.	92-Department of Ocean Development	3403-Oceanographic Research	Marine Research and Development	O R	16.45 2.22	
12.	92-Department of Ocean Development	3403-Oceanographic Research	Mining Research and Development	O R	15.45 1.43	
13.	99-Andaman and Nicobar Islands	2055-Police	District Police	O R	16.53 1.08	
14.	-do-	2406-Forestry and Wild Life	Transportation of Timber	O R	8.39 1.11	

### **13.3.3 Re-appropriation without prior approval of Ministry of Finance**

Some cases sample checked by Audit were as under:-

#### **13.3.3.1 Grant No. 27- Currency, Coinage and Stamps (Ministry of Finance)**

As per provision of Rule 10(6)(e) of the Delegation of Financial Power Rules any augmentation of the provision under the primary unit 'overtime allowance' by way of re-appropriation should not be made without previous consent of the Ministry of Finance.

Scrutiny of headwise appropriation accounts of Grant No. 27- Currency, Coinage and Stamps disclosed that as against the sanctioned provision of Rs 89.86 crore the Ministry had re-appropriated Rs 5.87 crore under the primary unit 'overtime allowance' for which specific prior approval of Ministry of Finance was not obtained as such the above re-appropriation was irregular and unauthorized.

#### **13.3.3.2 Grant No. 3-Department of Agricultural Research and Education (Ministry of Agriculture)**

As per provision of Rule 10(6)(d) of the Delegation of Financial Power Rules, re-appropriation of funds from plan heads to non-plan heads in a grant or appropriation can be made only with the prior approval of Ministry of Finance. The expenditure incurred without prior approval for re-appropriation would be termed as unauthorised. The PAO is also required to exercise checks prescribed under para 4.2.4 of Civil Accounts Manual before authorizing such payments where no provisions of funds or sanction of competent authority exists. Scrutiny of appropriation accounts in respect of grant no. 3- Department of Agricultural Research and Education for the year 1998-99 revealed that the Department re-appropriated Rs 81.17 crore from plan heads to non-plan heads under major head 2415- Agricultural Research and Education without obtaining the prior approval of Ministry of Finance. However, in August 1999 ex-post facto approval of Ministry of Finance was obtained. Since there is no provision for ex-post facto approval under the Delegation of Financial Power Rules, re-appropriation of funds from plan heads to non-plan heads was irregular and accordingly the expenditure of Rs 81.17 crore incurred against said re-appropriation was unauthorized.

**13.3.4 Irregular re-appropriation exceeding the provision-Grant No.43-  
Ministry of Home Affairs**

As per provisions of Rule 72 of the General Financial Rules, re-appropriation of funds can take place from one primary unit of appropriation to another primary unit within the grant or appropriation at any time before the close of the financial year. Further, as per provisions of Rule 71 of the General Financial Rules, no expenditure can be incurred which may have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from Contingency Fund of India. Rule 61 of the General Financial Rules, also do not permit disbursements to be made out of Consolidated Fund of India in anticipation of Appropriation Bill relating to the Budget of a financial year.

Scrutiny of headwise appropriation accounts in respect of Grant No.43-Ministry of Home Affairs for the year 1998-99 revealed that the Ministry had re-appropriated an amount of Rs 1.83 crore against the original provision of Rs 1.17 crore from the sub-head 3601.01.141.01-Other Acts and Regulations to other sub-heads which resulted in re-appropriation of Rs 0.66 crore more than the original provision under the sub-head. Against this minus provision of Rs 0.66 crore the Ministry incurred an expenditure of Rs 3.48 crore under the sub-head.

On being pointed out, the Ministry stated that due to non-passing of second batch of Supplementary Demands for Grants excess re-appropriation over the original budget was made. Since there was not sufficient provision under the sub-head for re-appropriation, Ministry's action to re-appropriate funds more than the provision from the sub-head, on the presumption that the supplementary grants would be passed was against the principle of sound financial management as the Ministry of Finance had already intimated the Ministry of Home Affairs on 27 March 1999 regarding inability in passing of second Supplementary Demands for Grants, despite which the Ministry had re-appropriated funds from the sub-head on 31 March 1999.

**13.4 Issue of Re-appropriation orders after the close of the financial year  
(Grant No. 3 - Department of Agricultural Research and Education)**

In terms of Rule 69 and 72 of General Financial Rules, Departments of Central government are empowered to re-appropriate funds from one primary unit of appropriation to another such unit within a grant or appropriation and also to surrender all anticipated savings to the Ministry of Finance before the close of the financial year.

On scrutiny of Appropriation Accounts and re-appropriation orders in respect of Grant No.3- Department of Agricultural Research and Education, it was

revealed that in violation of the provisions of General Financial Rules the Department re-appropriated Rs 81.39 crore after the close of the financial year vide re-appropriation order no. 1(8)198-Budget dated 23rd June 1999. While approving the re-appropriation proposal in August 1999, the Secretary (Expenditure) had also made observation that re-appropriation should have been proposed in the last financial year itself.

Re-appropriation of Rs 81.39 crore made after the close of the financial year was thus irregular and accordingly the expenditure incurred to that extent was unauthorized.