

Chapter 12

REVIEW OF SELECTED GRANTS

Grant No. 6: Department of Fertilizers (Ministry of Chemicals & Fertilizers)

12.1 The main activities of the Department of Fertilizers include sectional planning, promotion and development of the fertilizer industry, planning and monitoring of production, import and distribution of fertilizers and management of subsidy for indigenous and imported fertilizers. The position of budget provision, actual disbursement and unspent provision under voted portion of the grant during the last five years 1995-00 was as shown in Table 12.1.

Table 12.1: Overall Position of the Grant for the Last Five Years

Rs in crore

Year	Total provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1995-96	7371.41	625.60	7363.39	624.00	8.02	1.60
1996-97	6989.76	803.85	6943.88	691.05	45.88	112.80
1997-98	8369.14	645.85	8334.97	597.87	34.17	47.98
1998-99	9483.59	594.62	8955.09	573.92	528.50	20.70
1999-00	9381.67	459.51	8981.70	430.22	399.97	29.29

12.2 It would be seen from the above that unspent provisions under the revenue section of the grant was in excess of four percent and it was in excess of six percent in the capital section of the grant. Whole unspent provision in 1999-00 has decreased in volume in respect of revenue head and has increased in capital head.

Unspent Amount and Excess Leading to net Unspent Provision

12.3 Persistent excess provisions were made in the budget leading to latter re-appropriation made from the unspent provisions. Under revenue (voted) section of the grant the gross unspent provision was largely off set by excess disbursement under other heads resulting in net unspent provisions during 1995-00 as shown in Table 12.2. Few cases of major unspent provisions during 1999-00 have been shown in Appendix-XXIV.

Table 12.2: Unspent Amount and Excess Leading to Net Unspent Provision

Rs in crore

Year	Gross Unspent	Offset by excess disbursement	Net unspent provision
1995-96	86.62	78.60	8.02
1996-97	307.57	261.69	45.88
1997-98	1260.10	1225.93	34.17
1998-99	1409.70	881.20	528.50
1999-00	1108.06	708.09	399.97

Rush of Disbursement

12.4 Department of Fertiliser made disbursements ranging from 26 to 100 percent of total in January to March during 1995-00 under the major heads, per details shown in Appendix-XXV. Since the funds released to the various organizations in the month of March cannot constructively be spent during the year, it is not possible to conclude whether the funds were applied for the purpose for which these were authorised.

Unrealistic Budgeting

12.5 As per instructions contained in Appendix 3 to Rule 53 of the GFRs, ministries are required to prepare their estimates, keeping in view the trend of disbursement during the previous years and other relevant factors like economy instructions issued by the Ministry of Finance. Scrutiny of appropriation accounts for the last three years (1997-00) revealed that under the major head '2401'- Crop Husbandry- Import of Fertilisers-subsidies' the provision was made much in excess of actual requirement every year resulting in large unspent provision from 42 percent to 81 percent as detailed in Table 12.3 below, which is indicative of over optimistic budgeting or of making excess provisions for re-appropriation latter to other sub-heads.

Table 12.3: Overall Position of Funds for the Last Three Years

Rs in crore

Year	Total provision	Actual disbursement	Unspent provision	
			Amount	Percentage
1997-98	2861.99	1658.71	1203.28	42
1998-99	1739.99	333.09	1406.90	81
1999-00	1369.99	293.00	1076.99	79

Irregular Re-appropriation from Capital to Revenue Section

12.6 According to Government of India decision (2) and (4) below Rule 10 of Delegation of Financial Power Rules (DFPR), the government has no power to re-appropriate funds from capital to revenue section and vice versa. Scrutiny of grant for 1999-00 revealed that ignoring the provisions of the DFPR, the Department of Fertilizer re-appropriated Rs 8.37 crore from major head '6855-Loans for Fertilizer Industries (capital section) to major head '2852-Industries-Grants under Indo-UK Fertilizer Development Programme (revenue section) for implementing KRIBHCO's Rainfed Farming Project vide re-appropriation order dated 31 March 2000. On being pointed out by audit the Department withdrew the said re-appropriation order. The re-appropriation of Rs 8.37 crore from capital to revenue section and also withdrawal of re-appropriation order after the close of the financial year was irregular and in contravention of the GFR and the DFPR.

Delay in Surrender of Unspent Provision

12.7 Scrutiny of the appropriation accounts revealed that the department surrendered the unspent provisions on the last working day of the financial year during the last three years as detailed in Table 12.4.

Table 12.4: Details of Dates of Surrender of Funds

<i>Rs in crore</i>			
Year	Date of approval of REs.	Date of surrender of unspent provision	Amount Surrendered
1997-98	2.2.98	31.3.1998	82.22
1998-99	18.1.99	31.3.1999	25.15
1999-00	11.1.2000	31.3.2000	28.16

Grant No. 23: Ministry of Environment and Forests

12.8 The Ministry of Environment and Forests is the nodal agency in the administrative structure of the central government for the planning, promotion, co-ordination and implementation of the various environmental and forestry programmes. Conservation and survey of flora, fauna, forests and wildlife, prevention and control of pollution, afforestation and regeneration of degraded areas and prevention of environment are the mandates of the Ministry. The position of budget provision, actual disbursement and unspent provisions during the last three years were as shown in Table 12.5.

Table 12.5: Overall Position of Funds for the Last Three Years

Rs in crore

Year	Total provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1997-98	630.79	7.80	490.03	7.80	140.76	--
1998-99	806.31	13.30	593.50	12.68	212.81	0.62
1999-00	797.97	14.88	648.15	14.88	149.82	--

12.9 From the above it would be seen that the Ministry ended persistently with large unspent provisions, which is indicative of unrealistic budgeting assumptions and slackness in implementing the schemes/activities of the Ministry. Schemes/sub-heads under which large unspent provisions occurred are given in Appendix-XXVI. There was persistent unspent provision under the following schemes.

Persistent Unspent Provisions

12.10 Taj Protection Mission: Consequent upon judgment passed by the Supreme Court, the scheme -Taj Protection Mission was initiated for environment protection of Taj Mahal. Ministry had been making provisions of Rs 50.00 crore each year under the scheme out of which major portion remained unutilised during the last three years as detailed in Table 12.6. This revealed that central and state governments were not monitoring the scheme effectively.

Table 12.6: Overall Position under Major Head-3435 and 3601 for the Last Three Years

Rs in crore

Year	Total provision	Actual expenditure	Unspent provision
1997-98	50.00	0.45	49.55
1998-99	50.00	32.00	18.00
1999-00	50.00	12.50	37.50

12.11 Prevention of Pollution of National River: There were persistence unspent provisions for the last three years in Ganga Action Plan - Phase I and Ganga Action Plan - Phase- II as detailed in Tables 12.7 and 12.8.

Table 12.7: Overall Position under Ganga Action Plan (Phase I)-Major Head 3435 for the Last Three Years

<i>Rs in crore</i>			
Year	Total provision	Actual expenditure	Unspent provision
1997-98	5.30	3.30	2.00
1998-99	8.73	2.50	6.23
1999-00	2.00	-	2.00

Table 12.8: Overall position under Ganga Action Plan (Phase II)-Major Head 3435 and 3601 for the Last Three Years

<i>Rs in crore</i>			
Year	Total provision	Actual expenditure	Unspent provision
1997-98	86.00	82.30	3.70
1998-99	165.00	87.43	77.57
1999-00	120.00	90.38	29.62

12.12 Under the scheme, unspent provision went upto 100 percent in 1999-00 in respect of GAP I due to the fact that revised estimates received from the State government were not technically correct. In this regard Ministry was required to take remedial action and issue instructions to all the states in time. This was not done. This shows ineffective monitoring.

12.13 Similarly in case of GAP II, saving was due to non/late/less received of proposal from State Governments of Orissa, Gujarat and Madhya Pradesh also revealed ineffective monitoring by the Ministry and no remedial action thereon.

12.14 National Afforestation & Eco-Development Board/Programme: The Board, constituted in the Ministry of Environment and Forests in August 1992, had the mandate of promoting afforestation, tree plantation, ecological restoration and eco-development activities all over the country, giving special attention to degraded forests sanctuaries and protected areas, as well as the ecologically fragile areas. Scrutiny of the records and appropriation accounts for the year 1997-00 revealed that there were persistent unspent provisions under this head as indicated in Table 12.9.

Table 12.9: Overall Position for the Last Three Years

Rs in crore

Year	Total provision	Actual expenditure	Unspent provision
1997-98	92.00	68.26	23.74
1998-99	92.35	72.45	19.90
1999-00	93.50	86.50	7.00

12.15 The persistent unspent provision indicated that the Ministry had not been closely monitoring the progress of project. It was seen that physical achievements during 1999-00 on all 4 major schemes, viz. fuel and fodder, integrated eco-development projects, seed development and non-timber forests etc. were far behind the targets.

12.16 Environmental Commission & Tribunal (Major Head 3435). The Ministry had been making provisions every year for setting up of the Tribunal meant for expeditious disposal of cases arising from accidents in handling any hazardous substance and matters connected therewith. However, no disbursements were made during the last four years. The objective thus remained unachieved. This reflected unrealistic budgeting on the part of Ministry as it continued to make provisions every year without even identifying the action plan. It was further seen that even the appointment of Chairperson of tribunal had not been finalised as of March 2000, i.e. during past three years.

12.17 The objective of this World Bank aided project was to assist in the implementation of modern and sustainable hazardous waste management in the country. The project had two components namely (i) Industrial Safety Disaster Prevention Project and (ii) Hazardous Waste Management Project. Scrutiny of accounts revealed that every year there were unspent provisions as indicated in Table 12.10. Slow progress of the feasibility studies is indicative of the fact that project completion will not be done in stipulated time.

Table 12.10: Overall Position for the Last Three Years

Rs in crore

Year	Total provision	Actual expenditure	Unspent provision
1997-98	13.33	2.75	10.58
1998-99	9.16	2.76	6.40
1999-00	6.05	2.52	3.53

12.18 Eco-Development Around Important Protected Areas: The objective of the scheme was to provide alternative sources of sustenance to the communities on the fringes of national parks and sanctuaries and to improve the ecological productivity of the buffer zones of protected areas. The scheme consisted of following two projects (i) Eco-development around important protected areas and (ii) India Eco-development Project (World Bank aided). Financial outlays of the scheme during 1997-00 were as shown in Table 12.11.

Table 12.11: Overall Position for the Last Three Years

Rs in crore

Year	Total provision	Actual expenditure	Unspent provision
1997-98	25.95	19.35	6.60
1998-99	66.83	27.23	39.60
1999-00	64.00	41.27	22.73

12.19 India Eco-development project, which was externally aided component of this scheme, was approved for implementation in October 1997 in seven protected areas in seven states. The total cost of the India Eco-development project was US\$67 million (Rs 294.93 crore) and it was to be completed by December 2001. In view of slow disbursement it is doubtful whether project could be completed by the scheduled date and would achieve its objectives.

Rush of Disbursements

12.20 The Ministry made disbursements ranging from 27 to 42 percent of the total disbursements in January to March during 1999-00 and 42 to 56 percent during 1998-99 under the major heads shown in Appendix-XXVII.

Surrender of Unspent Provision

12.21 The Ministry surrendered Rs. 100.62 crore only on 21 March 2000 out of the total saving of Rs. 149.82 crore and the balance Rs 49.20 crore were allowed to lapse, in contravention of the provisions of the GFR.

Grant No. 53: Department of Heavy Industry

12.22 The Department of Heavy Industry is concerned with the development of the heavy engineering industry, machine tool industry, heavy electricals industry and auto industry. It is vested with the administrative charge of 48

public sector enterprises. The Department is responsible for a wide range of intermediate engineering products like castings, forgings, diesel engines, industrial gears and gearboxes. It holds interactions with industry councils and evolves plans for growth of the various segments of industry.

12.23 During 1996-00, the overall position of budget provision, actual disbursements and unspent/excess amount under voted portion of the grant was as shown in Table 12.12. Major unspent provision and excesses leading to net unspent provision during 1999-00 have been shown in Appendix-XXVIII.

Table 12.12: Overall Position for the Last Four Years

Rs in crore

Year	Total provision		Actual disbursements		Unspent Provision-/ Excess+	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1996-97	1381.94	324.07	1375.36	322.44	- 6.58	- 1.63
1997-98	152.23	311.10	150.76	310.55	- 1.47	-0.55
1998-99	67.49	496.69	424.83	559.95	+357.34	+63.26
1999-00	494.66	588.16	491.97	519.48	-2.69	-68.68

Rush of Disbursements in the Month of March 2000

12.24 Appropriation accounts of the Department revealed that it made a large number of disbursements, ranging between 18 and 95 per cent of the total, in March 2000 under the heads shown in Appendix-XXIX. Since the funds released in March 2000 to public sector enterprises cannot constructively be spent during the year, it is not possible to conclude whether the funds provided under budget for a particular purpose were utilized for that purpose. Release of funds at the fag end of financial year was indicative of deficient financial management and was to avoid lapse of budget grant.

Surrender of Unspent Provision

12.25 The Department surrendered the unspent provision in the last fortnight of the financial year as detailed in Table 12.13.

Table 12.13: Details of Surrenders for the Last Three Years

Rs in crore

Year	Date of approval of Res	Date of surrender of unspent provision	Amount Surrendered
1995-96	16-01-1996	25-03-1996	28.61
1996-97	13-01-1997	12-03-1997	0.84
1999-00	11-01-2000	21-03-2000	42.46

Unspent Provision more than the Supplementary Grant

12.26 If the amount provided for in the sanctioned budget for any service in a financial year is found to be insufficient for the purpose in that year or when a need has arisen during that year for supplementary or additional disbursements upon some “New Service” not contemplated in the original budget for that year, government is to obtain supplementary grants or appropriations in accordance with the provisions of Article 115(1) of the Constitution. While obtaining the supplementary grant, Ministry has to keep in view the resources available or likely to be available during the year and exercise due caution forecasting its additional budgetary requirement of funds and seeking supplementary provision. Resort to supplementary demands should only be in exceptional and urgent cases. Scrutiny of grant no. 53 revealed that during the year 1999-00, the Department obtained Rs. 16.22 crore as supplementary grant in capital section and at the end of the year an unspent provision of Rs. 42.46 crore was surrendered. Thus, the entire supplementary provision of Rs. 16.22 crore proved to be unnecessary.

Re-appropriation without Prior Approval of Secretary (Expenditure)

12.27 In the context of the efforts to keep the fiscal deficit under control, Ministry of Finance had prescribed vide Government of India decision (6) below Rule 10 of the DFPR that all re-appropriation 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 percent of the provision covered under the limit governing re-appropriation.

12.28 Test check of appropriation accounts for 1999-00 revealed that against the sanctioned provision of Rs 12.01 crore the Department re-appropriated Rs 17.24 crore to the sub-head “Loans to Hindustan Paper Corporation” under

major head “6860” but the prior approval of Secretary (Expenditure) was obtained for Rs 2.74 crore only leaving Rs 14.50 crore re-appropriation without prior approval of Secretary (Expenditure). However on being pointed out by audit, ex-post-facto approval of Secretary (Expenditure) was obtained in September 2000. Since there is no provision of ex-post-facto approval under the DFPR, re-appropriation without prior approval was irregular.

Grant No.56: Broadcasting Services (Ministry of Information and Broadcasting)

12.29 Grant No.56-Broadcasting Services includes provision for All India Radio and Doordarshan and their attached/subordinate media units i.e. news services division, listeners research, external services division, research and training etc. It mostly relates to salaries and working expenses of All India Radio and Doordarshan. The position of budget provision, actual disbursement and unspent provision pertaining to grant no.56-Broadcasting Services during the last three years 1997-00 was as shown in Table 12.14.

Table 12.14: Overall Position of Funds for the Last Three Years

Rs in crore

Year	Total provision		Actual disbursement		Unspent provision		Surrender	
	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
1997-98	1649.42	434.22	1620.55	349.72	28.87	84.50	-	68.56
1998-99	1900.68	461.60	1616.57	319.29	284.11	142.31	213.47	120.06
1999-00	1944.41	405.80	1887.05	367.44	57.37	38.36	5.42	22.68

Irregular Expenditure on ‘Prasar Bharati (Broadcasting Corporation of India)

12.30 Prasar Bharati was set up as an autonomous body (corporation) on 23.11.97 under the Prasar Bharati Act 1990. As per provisions of section 17 of chapter-III of the Act, for the purpose of enabling the corporation to discharge its functions/duties efficiently, the Central government was required to pay to the corporation in each financial year (i) the proceeds of the broadcast receiver licence fees, if any, as reduced by the collection charges and (ii) such other sums of money as considered necessary by way of equity, grants-in-aid or loan. Scrutiny of headwise appropriation accounts revealed that token provision of Rupees one lakh was made through supplementary demands for grants during 1997-98, Rupees two lakh for grants-in-aid and Rupees one lakh

for investment through regular budget were made by the Ministry during 1998-99 and 1999-00. However, the corporation was neither provided with grants-in-aid /investment/loans nor terms and conditions of pattern of financial assistance and maintenance of accounts were finalised. The corporation has continued to function as a department of the ministry defeating the very purpose of setting up the corporation as autonomous body. The Ministry stated in October 2000 that new accounting system has started with effect from 1 April 2000 after switching over from the Government Accounting System and as such provision made during 1997-98 to 1999-00 could not be utilized.

Unspent Amount and Excess Leading to Net Unspent Provision

12.31 Under voted portion of the grant the gross unspent provision was largely off set by excess disbursement under other heads resulting in net unspent provisions during 1998-00 as shown in Table 12.15.

Table 12.15: Unspent Amount and Excess Leading to Net Unspent Provision

Rs in crore

Year	Gross unspent provision		Unspent provision off set by excess		Net unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1998-99	307.57	155.83	23.46	13.52	284.11	142.31
1999-00	125.49	69.54	68.13	31.19	57.36	38.35

12.32 From the above details it is evident that there was a large unspent provision under some heads/schemes/activities, which was partially off set by excess under other heads under which the funds could not be obtained at budget stage.

Persistent Unspent Provision and Excess

12.33 Under the sub-heads shown in Table 12.16 there was persistent unspent provision mostly with the similar reasons.

Table 12.16: Persistent Unspent Provision

		<i>Rs in crore</i>		
Sl.No	Sub-head	1997-98	1998-99	1999-00
Revenue				
1.	Sound Broadcasting-Commercial Services- Commercial Broadcasting Services	4.85	3.04	2.34
2.	Sound Broadcasting-Transfer to Akashwani and Doordarshan Commercial Revenue Fund	21.13	15.00	18.75
3.	Suspense	13.34	28.19	0.70
4.	TV Commercial Services	20.27	33.34	11.19
5.	Television-Transfer to Akashwani and Doordarshan Commercial Revenues Fund	83.75	145.25	38.18
Capital				
6.	Sound Broadcasting-Studios-New Equipment	11.26	19.70	6.28
7.	Transmitters-New Equipment	17.61	18.41	14.16
8.	Transmitters-Suspense	2.28	0.63	1.49
9.	Miscellaneous Works Schemes	11.72	7.57	4.54
10.	Television-Studios-Building	10.95	5.38	5.61
11.	Transmitters-Building	18.63	16.81	18.31

12.34 Persistent unspent provisions under the above schemes /activities indicated slackness on the part of the ministry in implementing these schemes and unrealistic budgetary assumptions. Since the amount transferred to reserve fund is directly proportional to the commercial revenue earning, large unspent indicated non-achievement of the targets fixed for commercial revenue earnings. On the other hand there was persistent excess expenditure under establishment related heads. Besides the above, some of the heads under which there was major unspent provision/excess during 1999-00 have been given in Appendix-XXX.

Grant No 88: Ministry of Social Justice and Empowerment

12.35 The Ministry is responsible for looking after the welfare of disadvantaged and marginalized section of the society such as scheduled castes, minorities, backward classes, children in need of care and protection, aged persons, persons with disability and victims of drug abused. The subject of scheduled tribes has been transferred to the Ministry of Tribal Affairs, which was created in October 1999. The year-wise details of budget provision, actual expenditure and unspent provision during the last three years 1997-00 were as shown in Table 12.17.

Table 12.17: Overall Position of Funds for the Last Three Years

Rs in crore

Year	Total provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1997-98	1546.78	293.42	1136.15	109.52	410.63	183.90
1998-99	1745.24	325.41	1247.67	313.91	497.57	11.50
1999-00	1732.14	219.02	1573.57	208.52	158.57	10.50

12.36 From the above, it would be seen that there were persistently large unspent provisions during all these three years. The position of unspent provision deteriorated during 1997-00 in comparison to the position pointed out in respect of this Ministry in chapter XVIII of the Report of the CAG for the year ended 31 March 1997, No. 1 of 1998 on the accounts of the Union government (Civil). In the explanatory notes submitted to the Public Accounts Committee, the Ministry had stated that saving was 0.67 percent of the total budget provision for 1996-97. However it could not maintain low rate of saving and the percentage of saving went up and ranged between 9 to 29 percent during 1997-00 on revenue side and between 4 to 63 percent on capital side. Some schemes under which there was persistent unspent provision have been shown in Appendix-XXXI. Persistent large amounts of unspent provisions suggest a tendency of over-optimistic budgeting or poor operational performance, or both.

Rush of Disbursements in the Month of March

12.37 Test check of appropriation accounts of the Ministry revealed that major part of the total disbursement under the major heads shown in Appendix-XXXII was made in the last quarter of the year as well as in the month of March during 1998-00. Since the funds released in March to voluntary organizations, State/Union Territory governments and other organisations/implementing agencies cannot constructively be spent during the year, it is not possible to conclude that these funds were applied for the purpose for which these were provided for during the year. Release of funds at the very end of the financial year was indicative of deficient financial management and was to avoid lapse of budget grant.

Surrender of Unspent Provision

12.38 The Ministry surrendered Rs.594.53 crore and Rs.509.07 crore during 1997-98 and 1998-99 and Rs.145.20 crore during 1999-00 on the last day of the financial year, i.e. on 31 March without assigning reasons for the late surrender, even though the Ministry was well aware of the scheme-wise savings as early as in January 2000 when the revised estimates were passed.

Release of Grants

12.39 As per provisions of Rule 151 of the GFR, in respect of recurring grants, administrative ministry/department concerned should examine the annual audited statement of accounts of grantee institutions and utilization certificate to satisfy themselves about the proper utilization of grants released for the preceding year before admitting their claim for grants-in-aid in the subsequent financial year. A perusal of records, however revealed that out of grants of Rs.70.00 crore released to Scheduled Castes Development Corporations (SCDCs) under the scheme of liberation and rehabilitation of scavengers on 29 March 2000, Rs.59.59 crore were released to such SCDCs who had heavy unspent balance with them as shown in Table 12.18.

Table 12.18: Details of Release of Grants to the SCDCs

<i>Rs in crore</i>				
S. No.	Name of SCDCs	Unspent balance with SCDC As on 1-4-99 as per State government	Amount sought	Grant released
1.	Tamil Nadu	18.57	40.18	22.53
2.	Gujarat	11.30	22.90	11.61
3.	Madhya Pradesh	19.47	28.31	8.83
4.	Rajasthan	18.22	35.72	16.62
Total		67.56	127.11	59.59

12.40 The SCDCs utilization record had been poor as would be evident from the details shown in Appendix-XXXIII. During 1999-00, the Ministry did not release any grant to the SCDCs on the plea that they had heavy unspent balances (shown in Table 12.19), did not even prefer claims, and had not furnished utilization certificates for the previous years. The Ministry needs to exercise better control over the budgeting, sanction, release, and end use of the

funds, to ensure fruitful utilization of funds earmarked by the Parliament for an important social purpose.

Table 12.19: Details of Grants Lying Unutilized with SCDCs

Rs in crore

S. No.	Name of State SCDCs	Unspent balance
1.	Bihar	11.01
2.	Haryana	6.62
3.	Orissa	8.52
4.	Uttar Pradesh	35.74
5.	West Bengal	4.25
Total		66.14

Correctness and Completeness of Accounts

12.41 The expenditure booked by different sections in grants-in-aid register and expenditure booked by Drawing and Disbursing Officer (DDO) must agree with expenditure booked by its Pay and Accounts Office (PAO). In the Ministry of Social Justice and Empowerment there was no system to reconcile the expenditure between two sets of records. Neither DDO and different Sections nor PAO had reconciled the expenditure during the year 1999-00. Test check of expenditure control register/grants-in-aid register of concerned division vis-à-vis appropriation accounts of 1999-00 revealed the following discrepancy under sub-head 36010210402.

Expenditure as per Appropriation Accounts	Expenditure as per ECR/grants-in-aid register
Rs 3,97,00,00,000	Rs 4,00,00,00,000

Expenditure on 'New Instrument of Service'

12.42 On the recommendations of the Public Accounts Committee, government has prescribed financial limits for different categories of expenditure beyond which the additional expenditure constitutes 'New Service/New Instrument of Service' and require prior approval of Parliament. As per item No. 2(F)(II) of Government of India decision (1) below Rule 10 of the DFPR, 1978, additional grants-in-aid to statutory and other public institutions in excess of 10 percent of the budget provision or Rs 2 crore, whichever is less, attract the limitations of 'New Service/New Instrument of

Service' and requires prior approval of Parliament. Scrutiny of the headwise appropriation accounts for 1999-00 for the grant no. 88- Ministry of Social Justice & Empowerment disclosed that as against the sanctioned provision of Rs 147.00 lakh, the Ministry released grants-in-aid of Rs 169.00 lakh to the Wakf Board. The excess release of Rs 22.00 lakh exceeded the limit of 10 per cent of budget provision and attracted the provisions of 'New Instrument of Service'. Therefore the release was an infringement of the rule governing Parliament financial control and require regularization.

Grants No. 89: Atomic Energy and 90-Nuclear Power Schemes (Department of Atomic Energy)

12.43 The Department of Atomic Energy aims to harness atomic energy for a variety of applications, which contribute to development and welfare programmes of the country with emphasis on self-reliance. During 1995-00, the provision and disbursements in grant no. 89 and 90 (Atomic Energy and Nuclear Power Schemes) of the Department of Atomic Energy (DAE) were as shown in Table 12.20.

Table 12.20: Overall Position of Funds for the Last Five Years

Rs in crore

Year	Atomic Energy Grant No. 89				Nuclear Power Schemes Grant No. 90			
	Total grant/ Appropriation	Actual disbursement	Unspent provision	Surrender	Total grant/ appropriation	Actual disbursement	Unspent provision	Surrender
1995-96	1271.96	1170.45	101.51	87.50	816.01	789.79	26.22	25.76
1996-97	1270.48	1258.67	11.81	3.81	1012.77	1005.44	7.33	6.04
1997-98	1584.03	1493.46	90.57	41.01	1484.18	1415.34	68.84	27.00
1998-99	1858.81	1800.70	58.11	47.89	2149.28	1992.87	156.41	126.81
1999-00	2184.36	2038.37	145.99	126.83	2385.62	2317.63	67.99	65.61

Persistent Delay in the Surrender of Unspent Provision

12.44 In the accounts of the DAE in respect of grant no. 89 and 90 for the year 1999-00, the final unspent provision aggregating Rs 213.98 crore was registered. Out of this Rs 192.44 crore only were surrendered and Rs 21.54 crore were allowed to lapse. Though, the DAE stated in August 1999 that efforts would be made to advance the surrender in future, it surrendered Rs 192.44 crore only on 21 March 2000. These surrenders were accepted by

the Ministry of Finance on 31 March 2000, the last working day of the financial year. In August 2000, the DAE claimed that the surrender orders for the year 1999-00 were issued on 21 March 2000 as against on 24 March in previous year and there was tangible improvement in surrender of unspent provision.

12.45 Advancing surrender of unspent provision only by three days cannot be accepted as tangible improvement in advancing surrender of unspent provision. Moreover, the unspent provision in respect of grant no. 89 increased to Rs 145.99 crore in 1999-00 from Rs 58.11 crore in 1998-99. Similarly unspent provision in respect of grant no. 90 were also substantial. Persistent unspent provision, delay in surrender of unspent provision, substantial increase in unspent provision and failure to surrender the entire unspent provision in advance depicts shortcoming in the financial management.

Irregular Re-appropriations

12.46 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 percent or Rupees one crore whichever is more, under a sub-head should be reported to the 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 demand, exceeding the above limit requires prior approval of the Secretary/Additional Secretary, Department of Expenditure. Test check of appropriation accounts for 1999-00 revealed that in five cases the re-appropriation exceeded the above limits as detailed in Table 12.21.

Table 12.21: Details of Irregular Re-appropriation Under the Sub Heads

Rs in crore

Sl. No.	No. & Name of grant with major and sub-heads	Original provision	Amount reappropriated	Month in which expenditure exceeded original provision and expenditure up to that month		Total expenditure up to March 2000 including supplementary
				Month	Amount	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Grant 89 - Atomic Energy						
1	Engineering Design & Development	16.18	6.27	Jan 2000	16.47	22.68
2	Chemistry & Isotope	3.00	2.90	Nov 1999	3.34	5.85
Grant 90 - Nuclear Power Schemes						
3	Nuclear Power Generation - Madras Atomic Power Station Supplies & Materials	62.06	41.38	Sep 1999	63.95	103.42
4	Kakrapar Atomic Power Station	91.02	27.53	Nov 1999	92.19	118.52
5	Kaiga Atomic Power Station	41.70	42.44	Dec 1999	42.05	84.10

12.47 The above cases were required to be reported to the Parliament along with the last batch of supplementary demands for grant. Despite prior knowledge, the approval of Secretary (Expenditure) was obtained at the fag end of the year and re-appropriation orders were issued on 31 March 2000 instead of reporting the re-appropriation to the Parliament through the last batch of supplementary demand for grants. It was also observed that the DAE allowed the expenditure even after completion of the budget provision without re-appropriation as the re-appropriation orders were issued only on 31 March 2000.

12.48 The DAE stated in August 2000 that even though proposal for seeking approval for augmenting the budget estimates over Rs 1 crore were sent to Ministry of Finance on 14 February 2000 due to delay in the receipt of approval from Finance Ministry, these re-appropriations could not be reported to Parliament along with the last batch of supplementary demands. It was also stated that with the issue of re-appropriation orders on 31 March 2000 the expenditure for the year 1999-00 as a whole stands ratified.

12.49 The reply is not tenable inasmuch as, out of the above five cases in respect of four cases expenditure had exceeded the original provision between September 1999 and December 1999 and accordingly the proposal for seeking approval for augmenting the budget provision under these heads could have been sent well in advance to enable its report to the Parliament through the last batch of supplementary grant obtained in March 2000. By not doing so the DAE made exception to the rule undermining Parliamentary financial control.

Re-appropriation in Infringement of Government Orders/ Instructions

12.50 In the absence of institution-wise break up, a lump sum provision of grants-in-aid is made in the budget estimate under a particular scheme, any re-appropriation beyond budget provision is required to be reported to the Parliament. Contrary to the above rule in respect of sub-head 'assistance to universities research institutions, societies and non-government institutions', though the DAE had augmented budgetary provision by Rs 2.07 crore through re-appropriation the details of this re-appropriation were not reported to Parliament. Department stated (July 2000) that additional funds to augment the approved budget estimates (by re-appropriation) was sought through supplementary demands for grants 1999-00 and as such, the re-appropriation stands reported to the Parliament.

12.51 The reply of the Department is not tenable inasmuch as the supplementary demand of Rs 0.45 crore was floated (under the above sub-head) to provide additional grants-in-aid to Dr.B.Barooah Cancer Research Institute and other institutes. As such the re-appropriation of Rs 2.07 crore cannot be construed to have been reported to the Parliament through supplementary demand.

12.52 In August 2000, the DAE claimed that although the amount of Rs 0.45 crore was sought in supplementary demands the entire amount of Rs 24.26 crore was sought in the revised estimates 1999-00 in the detailed demands for grants of the department 2000-01 and approved by the Parliament. As such, the orders of re-appropriation were with reference to the revised estimates 1999-00 and could be taken as approved by the Parliament. Since the limits prescribed in the subject rule are with reference to the budget estimates and not with reference to revised estimates the reason advanced by Department is not tenable. Since the DAE had not followed the prescribed procedure in the

Delegation of Financial Powers Rules, the re-appropriation under the sub-head was irregular.

Unrealistic Budgeting

12.53 As per instructions contained in Appendix-3 to Rule 53 of the GFR, ministries/departments are required to prepare their estimates, keeping in view the trends of disbursements during the previous years and other factors like economy instructions issued by the Ministry of Finance. A scrutiny of the appropriation accounts of the DAE for the year 1999-00 revealed that under the sub-heads shown in Appendix-XXXIV the entire provision remained unutilised, which indicated a tendency of over optimistic budgeting in the Department. In view of the position mentioned in the Appendix, the situation warrants closer monitoring and realistic approach in budgeting and appropriations. Moreover, the duplicate provision of Rs 20 crore at sl.no.1 of Appendix shows lack of co-ordination between two Ministries.

Loan to Nuclear Power Corporation of India Ltd. (NPCIL)

12.54 The position of the budget estimates and surrender for the last three years was as shown in Table 12.22.

Table 12.22: Details of Funds Utilized by NPCIL

	<i>Rs in crore</i>		
	1997-98	1998-99	1999-00
Original	27.00	111.00	102.00
Surrendered	27.00	83.00	43.00
Unutilised lapsed	--	28.00	--

12.55 The reasons for savings were attributed to slow progress made in the preparation of detailed project report and other preparatory works for Kudankulam Project. In June and August 2000, the DAE stated that the budget provision was made for the Detailed Project Report (DPR) work of Kudankulam Project, a turn-key project entrusted to the Russian Federation. The decrease in the outlay is on account of time taken in completing the following formalities for DPR contract to become effective:

- (i) Ratification of the supplement to inter governmental agreement of 1988 by the government.

- (ii) Finalisation of technical procedure for accounting the Russian State Credit by Controller of Aid Accounts and audit, Ministry of Finance and Russian Economic Affairs Bank.
- (iii) Formalities in obtaining clearance from RBI for payment of the 10 per cent advance.

12.56 The DAE stated that as the above were beyond the control of the Department, provision of Rs 43 crore was surrendered. It would be seen that the entire budget provision during 1997-99 remained unspent. During 1999-00 also more than 42 per cent (Rs 43.00 crore) of the budget provision remained unspent, which is indicative of over optimistic budgetary assumption.

Persistent Unspent Provision under Specific Heads

12.57 Test check of appropriation accounts of the DAE for the year 1999-00 revealed that persistent unspent provisions were recorded in seven sub-heads of grant no. 89 and 90 where unspent provision was more than Rupees one crore and ranged between 10 to 100 percent of the sanctioned provision as detailed in Appendix-XXXV.

12.58 The Department stated in August 2000 that it had noted the observation of audit and that it had a system of constant monitoring of the budget provisions vis-à-vis the expenditure thereof at the unit level and in the Department. The situation of persistent unspent provision revealed inadequate monitoring system and unrealistic estimates.

Rush of Disbursements during March

12.59 Test check of accounts revealed that under the major heads shown in Table 12.23, major part of the total disbursements, ranging between 23 and 100 percent, were made in March 2000.

Table 12.23: Details of Fund Released in the Month of March

Rs in crore

Grant and major head	Total disbursements	March Disbursements	Percent of March disbursements to total
Grant No. 89 Atomic Energy			
(i) 5401-Capital outlay on Atomic Energy Research	193.69	45.16	23
(ii) 6859-Loans for Telecommunication and Electronics & Industries	6.97	6.97	100
Grant No. 90 Nuclear Power Scheme			
(iii) 2801-Power	1432.60	511.82	36
(iv) 4801-Capital outlay on power projects	826.02	396.50	48
(v) 6801-Loans for power projects	59.00	59.00	100

12.60 Scrutiny of cheque register of the PAO of the DAE revealed heavy bunching of expenditure during 1997-00 inasmuch as 50 to 45 percent of disbursements were made in the month of March as indicated in Table 12.24.

Table 12.24: Overall Position of Expenditure in March during the Last Three Years

Rs in crore

Year	Total expenditure during the year	Expenditure in the month of March	Percentage in March to the total expenditure
1997-98	697.22	353.55	50.70
1998-99	1148.17	519.80	45.27
1999-00	1185.81	537.98	45.36

Drawal of Cheques for Rs 470.23 crore in the very end of the Year to Avoid Lapse of Grant

12.61 It was observed that the cheques amounting to Rs 470.23 crore as detailed in Appendix-XXXVI issued to various Institutions between 30 March 2000 to 31 March 2000 by the DAE were encashed subsequently on or after 31 March 2000 which indicates that these grants were not available for the Institutes during 1999-00 and hence it cannot be construed that these funds were utilised/applied during the year for the purpose for which they were authorised.

12.62 The DAE stated in August 2000 that payments were released based on sanctions received from competent authority and subject to availability of funds. It also contended that few of the transactions are mere book adjustments and as such need not be construed as rush of expenditure. The Parliament approves the budget for meeting the expenditure during the financial year to which it pertains and not for subsequent years. Since the funds released in March to voluntary organisations and other implementing agencies cannot constructively be spent during the year, it is not possible to conclude whether these funds were applied for the purpose for which these were provided during the year. Release of funds at the fag end of the financial year was indicative of deficient financial management.