

Chapter 7

APPROPRIATION ACCOUNTS 2001-02: AN ANALYSIS

Excess disbursements over grants/appropriations

7.1 As per Article 114(3) of the Constitution, no money is to be withdrawn from the CFI except under appropriations made by law passed in accordance with the provisions of this Article. Further, GFR 71 stipulates that no disbursements be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund. Table 7.1 contains the summary of total excess over the authorisation from the CFI, while **Appendix-XIII** presents the details of excess expenditure over the sanctioned provision under civil ministries from 1991-92 onwards. During 2001-02, there was an excess disbursement of Rs 8786703678 (i.e. Rs 878.67 crore) in five segments of five grants in civil ministries, Rs 216.41 crore under 10 segments of 8 grants/appropriations of Railways and Rs 0.17 crore under one grant of postal services as detailed in Table 7.2 require regularisation under Article 115 (1) (b) of the Constitution.

Table 7.1: Summary of excess disbursements over grants/appropriations

		<i>(In Rupees)</i>			
		Civil	Defence	Railways	Posts
<i>Voted</i>	Revenue	-	-	2154470532	-
	Capital	8502210401	-	-	-
<i>Charged</i>	Revenue	283919677-	-	4913576	95000
	Capital	573600-	-	4753778	1583000
Total Excess		8786703678	-	2164137886	1678000
No of Grants/ Appropriations		5	-	8	1
Total		10952519564			

Table 7.2: Details of excess disbursement over grants/appropriations

Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by Government
Civil: Revenue-Charged				
1.	26-Interest Payments	Appropriation	1141443500000	Due to more payment of interest following higher market borrowing, hike in notified amount, increased recourse to ways and means advances etc.
		Expenditure	1141727419677	
		Excess	283919677	

Appropriation Accounts 2001-02: An Analysis

Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by Government
Capital-Voted				
2.	12-Deptt. Of Telecommunications	Grant	502000000	Due to more clearance of unadjusted transactions/ balances of previous years from remittances/ suspense head for transferring the reconciled assets/ liabilities to Bharat Sanchar Nigam Limited
		Expenditure	6163647956	
		Excess	1143647956	
3.	25-Payments to Financial Institutions	Grant	51839500000	To provide additional loans for transferring National Industrial Credits.
		Expenditure	59153086493	
		Excess	7313586493	
4.	80-Urban Development	Grant	12925300000	To provide additional funds for improving the quality of civic services in the urban local bodies owing to increase in urban population.
		Expenditure	12970275952	
		Excess	44975952	
Capital – Charged				
5.	44-Other Expenditure of Ministry of Home Affairs	Appropriation	122100000	To clear the equity portion of Ranganadi Transmission line project in anticipation of the approval of the Ministry of Finance
		Expenditure	122673600	
		Excess	573600	
Railways: Revenue-Voted				
6.	12-Miscellaneous Working Expenses	Grant	15052567000	Details are in Report No 8 of 2003 (Railways)
		Expenditure	15111180417	
		Excess	58613417	
7.	15-Dividend to General Revenues	Grant	13853054000	-do-
		Expenditure	15948911115	
		Excess	2095857115	
Revenue-Charged				
8.	3-General Supdt. and Services	Appropriation	677000	-do-
		Expenditure	1087031	
		Excess	410031	
9.	4-Repairs & Maintenance of Permanent Way and Works	Appropriation	1828000	-do-
		Expenditure	3137800	
		Excess	1309800	
10.	7-Repairs & Maintenance of Plant & Equipments	Appropriation	112000	-do-
		Expenditure	495181	
		Excess	383181	
11.	9-Operating Expenses – Traffic	Appropriation	666000	-do-
		Expenditure	2662760	
		Excess	1996760	

**The CAG's Report on
Union Government Accounts 2001-02**

Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by Government
12.	11-Staff Welfare and Amenities	Appropriation	135000	-do-
		Expenditure	948804	
		Excess	813804	
Capital-Charged				
13.	16-Capital-Assets, acquisition, construction and replacement	Appropriation	153654000	-do-
		Expenditure	155315592	
		Excess	1661592	
14.	16-Railway Safety Fund	Appropriation	--	-do-
		Expenditure	139186	
		Excess	139186	
15.	16-Special Railway Safety Fund	Appropriation	--	-do-
		Expenditure	2953000	
		Excess	2953000	
Posts: Revenue-Charged				
16.	11-Postal Services	Appropriation	250000	Due to more court judgement cases than anticipated
		Expenditure	345000	
		Excess	95000	
Capital-Charged				
17.	11-Postal Services	Appropriation	58500000	Due to increase in the amount of curt decree and court judgement in land acquisition.
		Expenditure	60083000	
		Excess	1583000	

7.2 The details of excess disbursements as also other details relating to grants of the Railways are mentioned in Report No. 8 of 2003 of the CAG.

Deficient control by Pay and Accounts Offices

7.3 As per the provisions of Annexure A to note 3 under Rule 66 of GFR, it is an important part of the function of the Accounts Offices to see that no payment is made in excess of the budget allotment under any sub-head or primary unit of appropriation. In cases where the existing provision is not sufficient to cover the payment, Pay and Accounts Office (PAO) can make payment only on receipt of an assurance in writing from the head of the department controlling the grant that necessary funds to accommodate the disbursements will be provided by issue of re-appropriation orders etc. Test check of head-wise appropriation accounts for the year 2001-02 revealed 69 cases of 25 grants and appropriations, detailed in **Appendix-XIV**, where the PAO of the ministries made payments of Rs 8610.65 crore in excess of the available provisions though Department did not issue any re-appropriation order to accommodate the final excess expenditure over the available provisions, indicating deficient financial management and ineffective expenditure control by the PAOs.

Erroneous depiction of figures

7.4 A scrutiny of appropriation accounts of grant no. 12 – Department of Telecommunication revealed that under two sub-heads of Major Head “5225-Capital Outlay on Telecommunication Services, minus expenditure of Rs 544.38 lakh (Rs 98.38 lakh –Telephone Exchange (Manual) and Rs 446.00 lakh –Coaxial Cable System) was shown. The reasons for such minus expenditure were attributed to rectification of misclassification of two schemes/projects/components and not on account of recovery of expenditure incurred during the previous years. The details of these balances lying for adjustment are still awaited.

Unspent provisions

7.5 Unspent provisions in a grant or appropriation indicate either poor fiscal marksmanship, or shortfall in performance, or both. As already mentioned the overall unspent provision in the budget of government (other than posts, railways and defence) totalled Rs 24290.85 crore. Out of this, unspent provision of Rs 2733.84 crore was due to less discharge of 14, 91 and 182 days treasury bills consequent upon less issue of the treasury bills than what was estimated. The total unspent provision also included Rs 189.78 crore on account of less payment of interest on treasury bills for the same reason. Excluding these two, the effective unspent provision was Rs 21367.23 crore. Table 7.3 presents a summary of unspent provisions under various grants/appropriations.

**Table 7.3: Summary of grants and appropriations
with unspent provision of over Rs 20 crore**

	Above Rs 100 crore			Below Rs 100 crore but above Rs 20 crore		
	Cases	Grants	Appropriations	Cases	Grants	Appropriations
Civil	37	29	2	43	39	1
Post	-	-	-	2	1	-
Defence	4	4	-	1	1	-
Railways	10	8	-	4	4	-

7.6 Scrutiny of the Appropriation Accounts revealed that certain grants and appropriations relating to Transfers to State and Union Territory governments, Ministry of Coal, Defence Pensions, Department of Rural Development, Repayment of Debt, Ministry of Human Resource Development, Ministry of Social Justice and Empowerment, Department of Health, Department of Family Welfare, Ministry of Non-conventional Energy

Sources, Ministry of Shipping, Atomic Energy, Ministry of Power, Currency, Coinage and Stamps, Road Transport and Highways etc. have been registering unspent provisions which are not only persistent but display an increasing trend which continued during the year 2001-02. Such large-scale unspent provisions are indicative of the need on the part of these ministries to review their budgetary assumptions or/and efficiency of their programme management.

Unspent Provision of Rs. 100 crore or more

7.7 Unspent provisions of more than Rs 100 crore, which need detailed explanatory note to the Public Accounts Committee, occurred in 37 cases of 29 grants and two appropriations during 2001-02. Large unspent provisions were in developmental areas like health, education, family welfare, rural development, surface transport and highways, shipping and power. The contributory reasons attributed for the unspent provision by the ministries/departments reveal that some of the schemes in these areas as planned during the year, failed to take off. **Appendix-XV** indicates the details of the unspent provisions and the main contributory reasons as given by the department.

Unspent Provision between Rs 20 crore and Rs 100 crore

7.8 There were 43 sections of 39 grants/appropriations, where unspent provision in each case was less than Rs 100 crore but in excess of Rs 20 crore which aggregated to Rs 1989.86 crore. **Appendix-XVI** has the details.

Defence Services

Details of unspent provisions exceeding Rs 20 crore noticed in the Voted Section of various Minor Heads for the reasons shown against each are given in Table 7.4.

Table 7.4

(Rs in crore)

Grant No. Minor Head	Final Grant or appropriation (Voted)	Unspent provisions (%)	Contributory reasons as stated by the Ministry
15 – Defence Services-Army			
104-Pay & Allowances of Civilians	1226.29	42.33 (3.45)	Sanction of lesser DA and Bonus than anticipated
105-Transportation	1029.17	47.33 (4.60)	Lesser Movement of Troops/ relief movement on account of 'OP Parakram'
108-R&D Organisation	2383.56	34.65 (1.45)	Non-materialisation of certain commitments against a special scheme

Appropriation Accounts 2001-02: An Analysis

Grant No. Minor Head	Final Grant or appropriation (Voted)	Unspent provisions (%)	Contributory reasons as stated by the Ministry
110-Stores	9559.18	278.07 (2.91)	Non-fructification of certain Contracts, less drawal of FOL and revision of supply target of Vehicles by DGOF
800-Other Expenditure	589.39	47.60 (8.08)	Less expenditure on Tele Charges, Telegrams issued and Conservancy charges.
16-Defence Services –Navy			
104-Pay & Allowances of Civilians	537.08	38.36 (7.14)	Delay in approval of cases for regularisation of casual labourers and less expenditure on Pay & Allowances
17-Defence Services-Air Force			
110- Stores	4300.00	130.27 (3.03)	Non-finalisation of certain Contracts for Repair, non-receipt of Spares and non-fructification of certain Procurements
18-Defence Ordnance Factories			
054-Manufacture	1800.00	28.67 (1.59)	Non-payment of arrears on account of Assured Career Progression Scheme
110-Stores	2912.54	40.93 (1.41)	Less expenditure against Foreign Purchase and delay in receipt of Documents from Supply Depot
19-Capital Outlay on Defence Services			
01-Army			
101-Air craft and Aero-engine	300.02	38.96 (12.99)	Less expenditure due to slippages in deliveries
103-Other Equipments	4167.53	508.71 (12.21)	Non-fructification of various proposals and delay in delivery of certain Supplies
106-Rolling Stock	125.00	69.72 (55.78)	Non-fructification of certain proposals
02-Navy			
103-Other Equipments	540.29	34.87 (6.45)	Delay in conclusion of certain contracts/agreements and non-receipt of certain Bills

The large unspent amount reflects either over provisioning of funds or the non-utilisation of funds as estimated and planned under these minor heads of grants by the Ministry of Defence.

Unrealistic budgetary assumptions

7.9 Test check of some of the head-wise appropriation accounts revealed that unspent provisions under sub-heads detailed in **Appendix-XVII** were attributed to availability of unspent balance of the previous year with the implementing agencies\ non-receipt of proposals etc. The reasons given are not tenable as the Ministries\Departments were required to take into account the amount of unspent balance of the previous year with the implementing agencies and actual demands at the time of framing budget estimates for 2001-02.

7.10 Similarly, under sub-heads indicated in **Appendix-XVIII** the unspent provisions were attributed to “economy in expenditure” or “cut imposed by Ministry of Finance at revised estimates stage”. The reasons were too general and non-specific because the Ministry of Finance had imposed cut on ‘Non-Plan’ expenditure whereas under these schemes most of the provision was for Plan expenditure. The reasons furnished for non-utilisation were not correct.

7.11 Further, in respect of sub-heads mentioned in **Appendix-XIX** the unspent provisions were attributed to non-approval/finalisation of schemes/projects/plans/codal formalities etc. and also non-filling up of vacant posts. The Finance Ministry, in its annual budget circular, had emphasized the necessity of avoiding lumpsum provisions on schemes and getting the schemes cleared well before their inclusion in the budget. It is evident that these instructions, repeated every year, were not adhered to by departments. Resultantly, provisions were made under these sub-heads without completion of pre-budget scrutiny of the projects/schemes/activities and most of these provisions remained unutilised.

Surrender of unspent provision

7.12 ‘Surrender’ is a budgetary device by which the portion of grant or appropriation not utilised by the spending department is communicated to the Ministry of Finance and accepted by the latter, which can be reallocated to any other sector. According to the provisions of GFR 69, unspent provisions in a grant or appropriation are to be surrendered to government as soon as these are foreseen without waiting for the last day of the year. Unspent provision should also not be held in reserve for possible future excess. During 2001-02, under 206 segments of 94 grants/appropriations, there was an unspent provision of Rs 25169.52 crore. Out of this, Rs 878.67 crore were offset by excess under five segments of five grants resulting in a net unspent provision of Rs 24290.85 crore. Out of the gross unspent provision of Rs 25169.52 crore, the amounts surrendered are shown in Table 7.5.

Table 7.5: Details of unspent provision and surrender

<i>(Rupees in crore)</i>				
	Gross unspent provision	Amount surrendered	Amount surrendered on last date	Amount not surrendered
Revenue				
Voted	9228.54	7821.92	4534.88	1406.65
Charged	3142.49	3606.85	3599.49	--
Total: Revenue	12371.03	11428.77	8134.37	942.29
Capital				
Voted	7333.40	7768.12	1087.43	-
Charged	4586.42	9625.08	9618.49	-
Total: Capital	11919.82	17393.20	10705.92	-
Grand total	24290.85	28821.97	18840.29	-

7.13 Unspent provision of Rs 2733.84 crore was due to lesser discharge and cancellation of 14, 91 and 182 days treasury bills. The major amounts (more than Rupees forty crore) not surrendered pertained to the Department of Agriculture and Cooperation (Rs 64.76 crore), Loans to Government Servants (Rs 132.17 crore), Direct Taxes (Rs 133.89 crore), Indirect Taxes (Rs 191.92 crore), Department of Health (Rs 115.49 crore), Police (Rs 163.68 crore), Ministry of Road Transport and Highways (Rs 286.50 crore), Atomic Energy (Rs 52.48 crore), Ministry of Shipping (Rs 154.41 crore), Department of Commerce (Rs 51.46 crore), Department of Animal Husbandry and Dairying (Rs 75.76 crore), Department of Economic Affairs (Rs 95.13 crore), Pensions (Rs 231.20 crore), Department of Family Welfare (Rs 770.76 crore), Ministry of Textiles (Rs 70.31 crore), Department of Culture (Rs 62.19 crore), Ministry of Water Resources (Rs 75.53 crore), Nuclear Power Schemes (Rs 56.71 crore), Department of Space (Rs 45.39 crore) and Currency, Coinage and Stamps (Rs 107.40 crore), Department of Scientific and Industrial Research (Rs 70.31 crore), Ministry of Defence (Rs 62.74 crore) and Public Works (Rs .40.19 crore).

7.14 On the other hand, under the grants pertaining to Department of Fertilisers, Other Expenditure of Ministry of Home Affairs, Interest Payments, Ministry of Home Affairs, Ministry of Civil Aviation, Department of Indian Systems of Medicines and Homeopathy, Ministry of Power, Department of Economic Affairs etc., the amount surrendered exceeded the amount of unspent provision under the segments of the grants. The major portion of excess surrender was under grant no 29- Repayment of Debt amounting to Rs.5046 crore. **Appendix-XX** gives the details.

Re-appropriation of funds

7.15 A grant or appropriation for disbursements is distributed by sub-heads or standard objects under which it is accounted. The competent executive authorities can approve re-appropriation of funds between primary units of appropriation within a grant or appropriation before the close of the 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.

7.16 In the developmental and welfare areas such as Agriculture (Rs 510 crore), Fertilizers (Rs 331 crore), Pension (Rs 203 crore), Health (Rs 322 crore), Interest Payments (Rs 1640 crore), Department of Elementary Education and Literacy (Rs 216 crore), Department of Secondary Education and Higher Education (Rs 166 crore), Direct Taxes (Rs 194 crore); Department of Rural Development (Rs 3398 crore), Department of Drinking Water Supply (Rs 184 crore), Textiles (Rs 230 crore), Atomic Energy (Rs 173 crore), Space (Rs 237 crore), heavy re-appropriations of funds were mainly from welfare activities to establishment related activities, payment of grants-in-aid and other non-developmental activities because sufficient fund under these activities could not be got authorised at budget stage.

Injudicious re-appropriation to sub-heads

7.17 Test check of the accounts revealed that in 21 cases of 17 grants/appropriations as detailed in **Appendix-XXI**, re-appropriations aggregating Rs 499.62 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 savings under the sub-heads were more than the amount re-appropriated to these sub-heads. The position of similar injudicious re-appropriations in respect of grants relating to Railways has been included in the concerned Audit Report.

Injudicious re-appropriation from sub-heads

7.18 Similarly in 13 sub-heads of 8 grants/appropriations as indicated in **Appendix-XXII**, there was injudicious re-appropriation aggregating to Rs 297.20 crore wherein the final disbursements under each of them was more than the original provision before re-appropriation. In each of them, the excess over the final provision after re-appropriation from these heads was more than the amounts re-appropriated.

Irregular re-appropriation

7.19 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 its 147th Report, any re-appropriation order issued during the year which has the effect of increasing the 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.

7.20 Test check of appropriation accounts for 2001-02 revealed that there were 426 sub-heads/cases of 71 grants/appropriations to which re-appropriation in excess of Rupees one crore was made. Out of these, in 221 sub-heads/cases involving 62 grants/appropriations, the re-appropriation exceeded 25 *per cent* of the budget provision; and, were required to be reported to Parliament through the last batch of supplementary demands for grants. Only in 74 cases, was such re-appropriation reported to Parliament and in respect of the remaining 147 cases the approval of Secretary (Expenditure) was obtained at the 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 Parliament.

Re-appropriation without prior approval of Secretary (Expenditure)

7.21 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.

7.22 Sample check of appropriation accounts for 2001-02 revealed that there were 205 sub-heads under which re-appropriation in excess of rupees one crore but not exceeding 25 *per cent* of the budget provision was made where prior approval of Secretary (Expenditure) was required to be obtained. However, in the cases mentioned in Table 7.6, re-appropriation exceeded Rs one crore but prior approval of Secretary (Expenditure) was not obtained.

**The CAG's Report on
Union Government Accounts 2001-02**

Table 7.6: Cases where prior approval of Secretary (Expenditure) was not obtained for re-appropriation.

Sl. No.	No and Name of grant	Major Head	Sub-head	Amount (Rs in crore)
1.	3-Deptt. Of Animal Husbandry & Dairying	3601.Grants in aid to State Govts.	Development of fresh water aqua culture	O. 9.97 R. 1.70
2.		-do-	Development of fisheries and aqua culture in hill regions	O. 0.60 R 3.40
3.	38-Deptt. Of Health	2210-Medical and Public Health	Grants to ICMR	O. 167.30 R 3.13
4.		-do-	Grants to Lala Ram Sarup Institute of TB and Allied Diseases	O. 13.10 R 1.25
5.		3601-Grants-in-aid to State Govts.	Assistance towards expenditure on hospitalisation of poor	O. 4.00 R 1.08
6.		-do-	National Anti Malaria Programme (Rural) (General Component)	O. 47.79 R 64.34
7.		4210-Capital Outlay on Medical and Public Health	National Anti-Malaria Programme	O. 150.87 R 18.73
8.	40-Department of Family Welfare	3601-Grant-in-Aid to States Govt.	Free supply of family planning material	O. 113.00 R. 2.58
9.	48-Deptt. Of Women and Child Development	3601-Grants in aid to State Govts.	Grants under training programme of ICDS	O. 34.70 R 15.00
10.	54-Law and Justice	2014-Administration of Justice	Department of Legal Affairs	O. 4.95 R 2.64
11.		3601-Grants-in-aid to State Govts.	Grants for infrastructural facilities for judiciary	O.58.30 R 6.63
12.	64-Ministry of Power	2801-Power	Central Electricity Authority	O.28.31 R 1.72

Sl. No.	No and Name of grant	Major Head	Sub-head	Amount (Rs in crore)
13.	68-Deptt. Of Science and Technology	3425-Other Schemes	Information Technology	O. ----- R 1.64
14.		2204-Sports and Youth Affairs	National Re-construction Corps	O. 10.80 R 1.18
15.	86-Ministry of Youth Affairs and Sports	-do-	Scheme for assisting, promising sports persons and sporting personnels	O. 1.00 R 1.40
16.		3601- Grants-in-aid to State Govts.	Schemes of grants for creation of sports infrastructures	O. 6.25 R 2.48

O=Original provision R=Re-appropriation

Issue of re-appropriation orders after the close of the financial year

7.23 In terms of Rule 69 of GFR, the Departments of Central Governments shall surrender to the Finance Ministry before the close of the financial year all the anticipated savings noticed in the Grants/Appropriation controlled by them. The Finance Ministry shall communicate the acceptance of such surrenders as are accepted by them to the Audit Officer/Accounts Officer as the case may be, before the close of the year. It was, however, noticed that the Department of Fertilisers (Grant No.6) after the close of financial year re-appropriated an additional amount of Rs 20 crore to Major Head – 4855 – Investments in Hindustan Fertilisers Limited from the Major Head – 4552 – Capital Outlay on North-Eastern Areas vide letter dated 27 August 2002. The expenditure of Rs 20 crore shown against the Major Head – 4552 in the head-wise Appropriation Accounts was also withdrawn. Such amendments/addition to the amount already re-appropriated by issue of any order after the close of financial order is in contravention of provisions of Rule 10(2) of delegation of financial power

Utilisation of Supplementary Grants

7.24 The position of original and supplementary grants obtained under civil ministries and percentage of supplementary provision to the original provision from 1996-97 onwards is given in **Appendix-XI**. Details of supplementary grants (civil) obtained during 2001-02 are given in Table 7.7.

Table 7.7: Supplementary Grant Obtained during 2001-02 in Civil Ministries

<i>(Rs in crore)</i>	
Section	Amount
Voted	
Revenue	20256.12
Capital	3841.78
Loans and Advances	9620.00
Charged	
Revenue	13.30
Capital	0.98
Public Debt	40628.00
Loans and advances	3334.09
Total	77694.27
Number of grants/appropriations	73
Supplementary provision obtained but not utilised	
16 grants (17 cases)	Rs 1202.01 crore

Unnecessary supplementary grant

7.25 In 17 cases relating to 16 grants as detailed in Table 7.8, although the supplementary provisions were obtained during 2001-02 in anticipation of higher expenditure, the final expenditure was less than even the original grants/appropriations. Thus, the entire amount of supplementary provision aggregating to Rs 1202.01 crore proved to be unnecessary.

Table 7.8: Unspent provision more than supplementary grant/ appropriation

<i>(Rupees in crore)</i>					
Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Unspent provision
Revenue – Voted					
1.	2-Department of Agriculture and Co-operation	1389.05	7.04	1376.67	19.42
2.	3-Department of Animal Husbandry and Dairying	448.58	3.89	376.71	75.76
3.	4-Deptt. Of Food Processing Industries	59.12	0.43	56.98	2.57
4.	6-Deptt. Of Fertilisers	14719.19	356.64	13098.07	1977.76

Appropriation Accounts 2001-02: An Analysis

Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Unspent provision
5.	9-Department of Commerce	1313.72	25.40	1287.66	51.46
6.	23-Deptt. Of Economic Affairs	1696.87	46.34	1648.11	95.10
7.	38-Deptt. Of Health	2363.72	60.51	2332.94	91.29
8.	40-Deptt. Of Family Welfare	4787.33	78.82	4095.39	770.76
9.	51-Ministry of Information and Broadcasting	1290.25	1.00	1150.55	140.70
10.	54-Law and Justice	430.14	2.85	393.66	39.33
11.	58-Ministry of Mines	419.73	102.22	398.81	123.14
12.	61-Ministry of Personnel, Public Grievances and Pensions	212.98	2.00	183.20	31.78
Revenue – Charged					
13.	23-Deptt. Of Economic Affairs	-	1.70	-	1.70
14.	24-Currency, Coinage and Stamps	1.22	0.19	0.03	1.38
Capital – Voted					
15.	64-Ministry of Power	2765.29	140.44	2324.04	581.69
16.	74-Ministry of Road Transport and Highways	5383.34	73.52	5170.36	286.50
Capital-Charged					
17.	1-Deptt. Of Agriculture and Cooperation	236.00	5.00	200.96	40.04
Total			1202.01		

Unrealistic estimation of expenditure/revised estimates

7.26 While obtaining token supplementary grant of Rs one lakh, the Ministries/Departments reported to Parliament large amounts of additional requirement for different purposes under the following schemes/activities (as shown in Table 7.9) but finally the Ministries/Departments were unable to spend even the original budget provision.

Table 7.9: Unrealistic estimation of expenditure reported to Parliament

(Rupees in crore)

Grant	Sub-head/ Scheme	Original provision	Additional requirement reported to parliament	Actual disburse ment	Unspent out of Original provision	Reasons for non- utilisation	
Capital-Voted							
1	34-Direct Taxes	Acquisition of ready built accommodation	85.00	18.00	52.00	33.00	Non-finalisation of various proposals for purchase of ready built office buildings
2	-do-	Acquisition of ready built flats	25.00	11.50	20.71	4.29	Non-finalisation of various proposals for purchase of ready built office flats
3	43-Police	Residential Buildings	75.85	15.00	66.61	9.24	Slow progress of construction work by CPWD
4	-do-	Indo-Pak Border Works	98.80	1.50	70.34	28.46	Non-availability of report on surveillance system and slow erection of barbed wire fencing work due to unprovoked firing
5	81-Public Works	Construction-Buildings	30.26	4.00	29.80	0.46	Non-issue of administrative approval and expenditure sanction for the purchase of land

Ministry of Health and Family Welfare (Grant No. 38 – Department of Health)

Expenditure on “New Service/New Instrument of Service”

7.27 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 requires prior approval of Parliament.

As per Government of India Decision No. 1 below Rule 10 of Delegation of Financial Powers Rules, 1978, additional grants-in-aid in excess of Rs 10 lakh

or 10 per cent of the budget provision or Rs 2 crore, whichever is less, to statutory and other public institutions, attracts the limitations of New Service/New Instrument of Service and requires prior approval of Parliament.

Scrutiny of grant No. 38 –Department of Health revealed that against the sanctioned provision of Rs 167.30 crore the Ministry released Rs 170.63 crore to Indian Council of Medical Research, New Delhi. The additional release of Rs 3.33 crore exceeded the limit of Rs 2.00 crore and attracted the provisions of ‘New Instrument of Service’ and requires regularisation.

Persistent Unspent Provision

Ministry of Information and Broadcasting (Grant No. 51)

7.28 Scrutiny of the Appropriation Accounts of Grant No. 51- Information & Broadcasting for the last three years revealed that under the sub-head Film and Television Institute of India, Pune, there was persistent unspent provision, which ranged between 35 and 49 per cent. Table 7.9 indicates the details.

Table 7.9 Details of budget provision, actual expenditure and unspent provision

(Rupees in lakh)

Year	Budget provision & supplementary	Actual expenditure	Savings	Percentage
1999-2000	1030.25	530.25	500.00	49
2000-2001	1117.37	729.52	387.85	35
2001-2002	1072.44	644.13	428.31	40

Postal Services (Grant No.11)

7.29 The persistent savings in the Capital (voted) section for the past three years are depicted in Table 7.10.

Table 7.10 Persistent unspent provision under Capital (voted) section

(Rupees in crore)

Year	Budget provision & supplementary	Actual expenditure	Savings	Percentage
1999-2000	83.42	67.38	16.04	19
2000-2001	98.82	52.80	46.02	47
2001-2002	107.38	51.92	55.46	52

The Ministry in their action taken note attributed (July 2002) the savings to delay in identification of project specifications, long time taken in various procedural and codal formalities before according approval and inadequate monitoring systems. The Ministry added that the system of monitoring and control over various schemes/activities under the Plan had been strengthened

and each head of the division reviewed the progress of the projects once every quarter.

The savings rose about three times from Rs 16.04 crore (19 per cent) in 1999-2000 to Rs 55.46 crore (52 per cent) in 2001-02. As in 2000-01, savings under capital section in 2001-02, too were primarily under the head "5201 –104 – Mechanisation and Modernisation of Postal Services". Out of total saving of Rs 55.46 crore, saving of Rs 44.62 crore was alone under Mechanisation and Modernisation scheme. It needs detailed investigation, as some critical activities planned and budgeted for, could not take off for the last two years. The main reasons for these savings as indicated by the department were delays in submission of debit vouchers from DGS&D, late receipt of EFC approval for multipurpose counter machines, dropping of TMO project, hold up in payment for VSAT pending clearance of performance and non-clearance of MIS scheme, non-supply of vehicles ordered during the last quarter of the financial year and non- receipt of bills from building contractors.

Defence Services (Grant Nos.15,16,17 and 19)

7.30 Scrutiny of Appropriation Accounts of Defence Services disclosed a persisting trend of unspent provision during the years 1999-02 under voted segment of four grants as per details in Table 7.11.

Table 7.11 Persistent unspent provision

(Rupees in crore)

Grant	Unspent Provision		
	1999-2000	2000-01	2001-02
Defence Services-Army	109.14	2488.91	2908.45
Defence Services-Navy	106.46	355.24	681.15
Defence Services-Air Force	138.60	636.02	853.69
Capital Outlay on Defence Services	381.92	5534.13	3749.95

The persisting large unspent provisions in the grants of Army, Navy and Air Force also reflected an increasing trend over the years.

Misclassification of expenditure

7.31 A scrutiny of explanations for variations under the grants furnished by the Ministry of Defence revealed that expenditure of Rs 88.00 lakh was erroneously booked to Capital Works head of Inspection Organisation instead of capital works of an Ordnance Factory, resulting in excess expenditure under Inspection Organisation.