

Chapter 8

REVIEW OF SELECTED GRANTS

Grant No. 19 – Department of Food and Public Distribution

(Ministry of Consumer Affairs, Food and Public Distribution)

Introduction

8.1 The Department of Food and Public Distribution is concerned with the formulation of policies concerning the food grains sector- procurement, storage movement and distribution. It implements the scheme of minimum support price to the producers of wheat, paddy and coarse grains. It supplies the foodgrains at reasonable prices to the consumers through the public distribution system.

Overall position

8.2 The overall position of budget provisions, actual disbursements and unspent provisions under the voted portion of the grant for the last three years is given below: -

Table 8.1: Overall position

(Rupees in crore)

Year	Total Provision		Actual Disbursement		Unspent Provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2002-03	24410.78	260.71	24293.64	139.67	117.14	121.04
2003-04	28377.07	362.33	25644.31	105.77	2732.76	256.56
2004-05	26628.59	472.22	26335.38	262.44	293.21	209.78

Persistent unspent provision

8.3 There were persistent unspent provisions under revenue and capital sections of the grant for the last three years. A few instances of unspent provisions and excess expenditure during the above three years are given in **Appendix VIII-A**.

Surrender of unspent provision

8.4 Test check revealed that contrary to the rule 69 of the GFR, Department surrendered the unspent provision towards the end of financial years 2002-05. The details of amounts under Revenue and Capital surrendered during 2002-05 are as under:-

Table 8.2: Surrender of Unspent Provision

(Rupees in crore)

Year	Unspent provision	Amount surrendered	Date of surrender
2002-03	238.18	233.01	31.3.2003
2003-04	2989.33	2951.81	31.3.2004
2004-05	502.99	454.13	31.3.2005

Rush of expenditure

8.5 Rush of disbursement particularly, in the closing month of the financial year, is to be regarded as a breach of financial regularity and should be avoided. Contrary to this, large disbursements were made in the month of March as well as in the last quarter of the financial year 2002-05. A few instances are given below:

Table 8.3 Rush of expenditure

(Rupees in crore)

Year	Major Head	Total expenditure	Expenditure. incurred in March	Percentage of expenditure. during the month of March of the year
2002-03	3456	1.38	0.66	48
	4408	30.08	14.78	49
2003-04	3456	0.40	0.22	55
	4408	39.49	13.54	34
	6860	66.16	34.59	52
2004-05	3456	0.77	0.72	94

Excess expenditure over appropriation/re-appropriation

8.6 In cases where the existing provision is not sufficient to cover the payment, the Pay and Accounts Office (PAO) can make payment only on receipt of an assurance in writing from the head of department controlling the grant that necessary funds to accommodate the disbursement will be provided by issue of re-appropriation orders etc.

Test check of head-wise appropriation accounts for the years 2002-05 revealed that in the following cases though the payments made were in excess of available provisions, the department did not issue any re-appropriation orders to accommodate the final excess expenditure over the available provisions, indicating ineffective expenditure control by the controlling officer of the concerned grant.

Table 8.4: Excess expenditure over appropriation /re-appropriation

(Rupees in lakh)

Sl. No.	Major Head and Sub-Head	Original (O) Re-appropriation (R)	Total grant	Actual expenditure	Excess (+)
2002-03					
1	3456.00.800.01 Scheme relating to Training Research and Monitoring for Public Distribution System	O 35.00 R 3.22	38.22	38.40	0.18
2003-04					
2	2408.01.800.03- Departmental Canteen National Sugar Institute	O 10.50 R (-) 0.80	9.70	13.36	3.66
3	2408.02.003.01 Save Grain Campaign	O 586.00 R (-) 13.05	572.95	584.14	11.19
4.	2408.02.004.02 Central Grain Analysis Laboratory	O 2.00 R (-) 1.05	0.95	0.96	0.01
2004-05					
5.	2408.01.798.01- Contribution to International Sugar Council	O 25.00 R (-) 3.29	21.71	22.17	0.46
6	2408.02.004.01-Indian Grain Management and Research Institute	O 325.00 R (-) 27.72	297.28	338.06	40.78
7.	2408.02.004.03- Quality Control Cell	O 49.00 R 1.98	50.98	52.80	1.82
8.	6860.04.190.04-Sugar Mills for Cane Development	O 2500.00 R (-) 732.00	1768.00	1953.30	185.30
9.	6860.04.190.07-Sugar factories for production of anhydrous alcohol or ethanol from alcohol	O 10000.00 R (-) 8052.00	1948.00	1948.10	0.10

Unrealistic budgeting

8.7 According to Rule 53 of the General Financial Rules, Ministries/Departments are required to prepare their estimates keeping in view the trends of disbursements during the previous years and other relevant factors like the economy instructions issued by the Ministry of Finance etc.

Scrutiny of the Appropriation Accounts for the years 2002-05 revealed that under a number of sub heads provisions remained unutilized during these years and were re-appropriated to other heads defeating the original purpose for which the budget provision were passed by the Parliament. A few instances are given in **Appendix. VIII-B**

Non-utilisation of entire funds

8.8 Scrutiny of Appropriation Accounts for the years 2002-05 revealed that entire provisions under 14 sub-heads remained unutilized. A few instances of Rupees two crore or more are given in **Appendix-VIII-C**. It was, thus, indicative of the fact that the budget estimates/supplementaries were not prepared/based on adequate review of the trend of disbursement during the previous years.

Grant No 30 – Ministry of Environment & Forests.

Introduction

8.9 The Ministry of Environment & Forests is primarily concerned with the implementation of policies and programmes relating to conservation of the country's natural resources including lakes and rivers, its biodiversity, forests and Wildlife and prevention and abatement of pollution.

Overall position

8.10 The overall position of budget provisions, actual disbursements and unspent provisions under the voted portion of the grant for last three years is given below: –

Table 8.5 Overall position

(Rupees in crore)

Year	Total Provision		Actual Disbursement		Unspent Provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2002-2003	1106.13	22.79	1034.83	22.69	71.30	0.10
2003-2004	1129.60	30.46	1011.93	24.26	117.67	6.20
2004-2005	1284.50	22.76	1136.27	17.82	148.23	4.94

Persistent unspent provision

8.11. There were persistent unspent provisions under revenue and capital sections during the last three years. The unspent provisions increased from Rs. 71.40 crore during 2002-03 to Rs. 153.17 crore during 2004-05.

Surrender of unspent provision

8.12. Test check revealed that contrary to rule 69 of GFR, the Ministry every year surrendered unspent provisions towards the end of the financial years. The details of amounts surrendered during 2002-2005 are given below:

Table 8.6: Surrender of unspent provision

(Rupees in crore)

Year	Unspent Provision		Amount Surrendered		
	Revenue	Capital	Revenue (Percentage)	Capital (Percentage)	Date of Surrender
2002-03	71.30	0.10	64.56 (91)	---	31.03.2003
2003-04	117.67	6.20	105.64 (90)	6.06 (98)	31.03.2004
2004-05	148.23	4.94	140.10 (95)	4.29 (87)	31.03.2005

Excess expenditure over the available provisions

8.13 In cases where the existing provisions are not sufficient to cover payment, the Pay and Accounts Officer can make payment in excess of the budget allotment under any sub-head or primary unit on receipt of an assurance from the head of the department controlling the grant that necessary funds to accommodate the disbursement would be provided by issue of re-appropriation orders, etc.

Test check of head-wise appropriation accounts for the year 2002-05 revealed that in the following cases shown in table though the expenditure had exceeded the available provisions under the sub-heads concerned, the authority administering the grant / appropriation did not issue re-appropriation orders to adequately accommodate the final excess expenditure over the available provision. This was indicative of deficient budgetary control.

Table 8.7: Excess expenditure over appropriation/re-appropriation

(Rupees in crore)

Year	Sub-Head	Provisions	Actual expenditure	Excess
2002-03	3435.03.101.06 Assistance for Regional Botanic Gardens	O 2.00	1.22	0.22
		R (-) 1.00		
2003-04	3435.02.001.01 Head Quarters Office	O 2.56	2.56	0.20
		R (-) 0.20		
	3435.02.004.02 Regional Offices	O 3.52	3.37	0.27
		R (-) 0.43		
	3435.03.003.01 Environmental Education and Training Scheme	O 17.02	19.01	0.17
		R 1.82		
3435.03.102.02 Centres of Excellence	O 9.35	9.08	0.19	
	S 0.13			
	R (-) 0.59			
3601.04.660.01 Assistance for Development of National Park	O 29.00	43.19	0.19	
R 14.00				

**Report of the CAG on
Union Government Accounts 2004-05**

(Rupees in crore)

Year	Sub-Head	Provisions	Actual expenditure	Excess
2004-05	2406.01.003.04 State Forest Service and Ranger College	O 3.33	4.10	0.50
		R 0.27		
	2406.01.004.01 Indian Council of Forestry Research and Education	O 40.28	42.28	0.15
		R 1.85		
	2406.01.101.02 Strengthening of Forests Division	O 4.00	4.67	0.42
		R 0.25		

Injudicious re-appropriation of funds

8.14 Re-appropriation of funds to the following sub-heads was injudicious as the original provision under the sub-heads was more than adequate. Consequently, the final savings under the sub-heads were more than the amount re-appropriated to these heads.

Table 8.8: Injudicious re-appropriation of funds

(Rupees in crore)

Year	Sub-Heads	Provision	Actual Expenditure	Saving
2002-03	3435.03.102.01 Environmental Information System	O 2.24	2.20	0.35
		R 0.32		
2003-04	3435.03.102.01 Environmental Information System	O 2.71	2.46	0.48
		R 0.23		
	3435.04.101.04 National River Conservation Directorate	O 6.00	5.45	1.28
		R 0.73		
	3435.04.104.01 Environmental Impact Assessment Programme	O 2.85	2.76	0.38
3435.60.800.06 Bio-Diversity Conservation	O 3.50	3.14	0.41	
	R 0.05			
2004-05	3435.02.001.01 Head Quarters Office	O 2.76	2.74	0.12
		R 0.10		

Unrealistic budgeting

8.15 Rule 53 of the General Financial Rules provides that the Ministries/Departments are required to prepare their estimates keeping in view the trends of disbursements during the previous years and other relevant factors like economy instruction issued by the Ministry of Finance. Scrutiny of the Appropriation Accounts for the period 2002-05 revealed that under the sub-heads shown below, 51 to 100 per cent of the provisions remained unutilised and were re-appropriated to other heads defeating the purpose for which the original budget provision were passed by the Parliament.

Review of Selected Grants

Table 8.9: Unrealistic budgeting

(Rupees in crore)

Year	Sub-Heads	Original Provision	Actual Expenditure	Saving	Percentage of Saving
Revenue Section					
2002-03	2406.02.110.13 Protection of Wild Life outside Protected Area	5.00	---	5.00	100
	2406.04.101.06 National Action Programme to Combat Desertification	1.50	---	1.50	100
	2552.00.800.14 Lump-Sum provision for Project/Scheme of North Eastern Region including Sikkim	99.00	---	99.00	100
	3601.03.663.07 National Action Programme to Combat Desertification	1.50	---	1.50	100
	3601.03.663.08 Greening India	1.50	---	1.50	100
2003-04	2406.01.101.07 Integrated Forest Protection Scheme	3.50	1.42	2.08	59
	2406.02.110.13 Protection of Wild Life outside Protected Area	5.00	---	5.00	100
	2406.04.101.06 National Action Programme to Combat Desertification	1.00	---	1.00	100
	2552.00.800.14- Lump-sum provision for Project/Scheme of North Eastern Region including Sikkim	100.00	---	100.00	100
	3601.03.663.07 National Action Programme to Combat Desertification	1.00	---	1.00	100
	3601.04.654.02 Taj Protection Mission	33.00	---	33.00	100
	3601.04.654.06 Prevention of Air and Water Pollution Promotion of Common Effluent Treatment of Plants	5.00	---	5.00	100
	3602.03.657.06 Integrated Forests Protection Scheme	2.00	---	2.00	100
	3602.04.654.01 National River Conservation Plan (Externally Aided Scheme)	75.00	---	75.00	100
	3602.04.660.01 Assistance for Development of National Park	1.00	---	1.00	100

**Report of the CAG on
Union Government Accounts 2004-05**

(Rupees in crore)

Year	Sub-Heads	Original Provision	Actual Expenditure	Saving	Percentage of Saving
2004-05	2406.01.101.07 Integrated Forest Protection Scheme	5.10	0.77	4.33	85
	2406.04.101.01 National Forestation and Eco Development Board	22.80	11.06	11.74	51
	2552.00.800.14 Lump-sum provision for Projects/schemes of North Eastern Region including Sikkim.	115.00	---	115.00	100
	3435.04.104.02 Development and Promotion of Clean Technology	2.00	0.76	1.24	62
	3435.60.800.16 India Environment Management Capacity Building Technical Assistance Project	25.26	6.99	18.27	72
	3601.04.654.02 Taj Protection Mission.	1.00	---	1.00	100
	3602.04.660.01 Assistance for Development of National Park	1.00	---	1.00	100
Capital section					
2003-04	4552.00.800.14 Lump-Sum provision for Project/Scheme of North Eastern Areas including Sikkim	1.00	---	1.00	100

Utilisation certificate

8.16 As per Rule 151(1) of General Financial Rules, the certificates of utilisation of grants are required to be submitted by the sanctioning authority to the Controller of Accounts. The purpose of furnishing the certificates is to ensure that the grants had been utilised properly and for the purpose for which they were sanctioned and where the grants were released with certain conditions, the prescribed conditions had been fulfilled.

Scrutiny of records pertaining to utilisation certificates for the grants released up to 2003-2004 by the Ministry of Environment & Forests revealed that utilisation certificates amounting to Rs. 849.21 crore were outstanding as of June, 2005 as shown in **Appendix VIII-D**:

In the absence of utilisation certificates, it could not be ascertained if the grants were actually utilised for the purpose for which they were sanctioned.

Deficient internal audit system

8.17 The Internal Audit wing of the Ministry of Environment and Forests is under the Administrative Control of the Accounts of the Ministry and is responsible for conducting Internal Audit of the Units under this Ministry. There are 35 units under the jurisdiction of Internal Audit wing; only 18 units had been inspected during 2002-2005 as detailed below:

Table 8.10: Functioning of Internal Audit

Year	Total No. of Units	Units Actually Inspected	Percentage of Units Inspected
2002-03	35	5	14
2003-04	35	4	11
2004-05	35	9	26

The above table indicates that the position of Internal Audit of the Ministry was not satisfactory. Keeping in view the large amount of funds handled by the Ministry and its range of activities, there is an urgent need to establish/ make the internal audit system effective for keeping a watch over the quantum, flow, regularity, propriety and economy of expenditure.

Grant No. 49 – Department of Family Welfare

(Ministry of Health & Family Welfare)

Introduction

8.18 Department of Family Welfare is one of the three constituent Departments of the Ministry of Health & Family Welfare. Its main functions are to (i) formulate plans, policies and programmes for reducing the population growth birth rate, (ii) Assess the needs for reproductive and child health and provide need based client centered and demand driven Reproductive and Child Health (RCH) care, (iii) Strengthen the infrastructure for service delivery and bridging the gap in essential infrastructure and manpower, (iv) providing additional assistance to poorly performing districts by ensuring uninterrupted supply of essential drugs and contraceptives and (v) promoting male participation in the Planned Parenthood.

Overall position

8.19 The overall position of budget provisions, actual disbursements and unspent provisions under the voted portion of the grant for the last three years is given below.

Table 8.11: Overall position

(Rupees in crore)

Year	Total Provision	Actual Disbursement	Unspent Provision
	Revenue	Revenue	Revenue
2002-03	5849.83	4661.51	1188.32
2003-04	5986.14	5194.83	791.31
2004-05	6976.39	5816.96	1159.43

Persistent unspent provision

8.20 There were persistent unspent provisions under revenue section of the grant during the last three years. No steps have been taken by the Ministry to arrest this trend despite the fact that this was pointed out earlier also in the Audit Reports of the Comptroller and Auditor General of India published in the years 1997 and 2000. On the other hand, there was substantial excess expenditure under some sub-heads. A few instances of persistent unspent provisions and excess expenditure during the above three years are given in **Appendix VIII-E & F**.

There was, thus, a need for review of budgetary assumptions and efficiency of the programme management.

Excess expenditure over appropriation/re-appropriation

8.21 In cases where the existing provision is not sufficient to cover the payment, the Pay and Accounts Office (PAO) can make payment only on receipt of an assurance in writing from the head of department controlling the grant that necessary funds to accommodate the disbursement will be provided by issue of re-appropriation orders etc.

Test check of head-wise appropriation accounts for the years 2002-05 revealed that in the following cases shown in table though the expenditure had exceeded the available provisions under the sub-heads concerned, the authority administering the grant/appropriation did not issue any re-appropriation orders to adequately accommodate the final excess expenditure over the available provisions. This was indicative of deficient budgetary control.

Table: 8.12: Excess expenditure over appropriation/re-appropriation

(Rupees in crore)

Year	Sub-Head	Original/re-appropriation	Actual Expenditure	Final excess expenditure
(1)	(2)	(3)	(4)	(5)
2002-03	2211.00.001.01 – Technical wing at Headquarter	O 4.25	4.32	0.11
		R (-) 0.04		
	2211.00.200.05 – Social Marketing of Oral pills	O 18.00	19.14	0.34
		R 0.80		
	2211.00.800.07 – Travel of experts/conferences/Meetings etc.	O 1.50	0.47	0.07
		R (-) 1.10		
3601.04.238.03 – Provisions for POL/Procurement of vehicles.	O 100.90	112.98	0.58	
	R 11.50			
3602.04.237.07 – Strengthening of National Immunisation Programme and Polio Eradication	O 6.00	6.35	0.16	
	R 0.19			

Review of Selected Grants

(Rupees in crore)

Year	Sub-Head	Original/re-appropriation	Actual Expenditure	Final excess expenditure
(1)	(2)	(3)	(4)	(5)
2003-04	2211.00.800.09 – Measures under National Population Policy	O 262.00 R (-) 16.29	246.93	1.22
	3601.04.237.09 – Strengthening of National Immunisation Programme and Polio Eradication	O 507.25 R (-) 35.10	478.78	6.63
	3601.04.238.03 – Provision for POL/Procurement of vehicles.	O 48.80 R 24.65	79.80	6.35
	3601.04.240.03 - Free supply of Family Planning Material	O 162.30 R (-) 23.49	138.83	0.02
	3602.04.240.02 – Free supply of Family Planning Material	O 5.85 R (-) 2.41	3.59	0.15
2004-05	2211.00.101.01 – Expenditure in Union Territories without Legislature	O 3.43 R (-) 0.50	3.65	0.72
	3601.04.238.03 – Provision for POL/Procurement of vehicles	O 49.45 R 1.15	54.72	4.12

Unrealistic budgeting

8.22 Rule 53 of the General Financial Rules provides that the Ministries/Departments should prepare their estimates keeping in view the trends of disbursements during the previous years and other relevant factors like economy instructions issued by the Ministry of Finance. Scrutiny of the Appropriation Accounts for the period 2002-05 revealed that apart from cases of persistent savings discussed in sub-para 3 above, provisions under a number of heads remained unutilised and were re-appropriated to other heads defeating the purpose for which the original budget provision were passed by the Parliament. Instances of large savings have been detailed in **Appendix-VIII-G**.

Unrealistic estimation of supplementary demands

8.23 While obtaining a supplementary grant, the Ministry has to keep in view the resources available or likely to be available during the year and exercise due caution while forecasting its additional budgetary requirement of funds. Resort to supplementary demands should only be made in exceptional and urgent cases.

In the following cases, although supplementary provisions were obtained in anticipation of higher expenditure but the final expenditure was far less than even the original grants. This indicates lack of monitoring and expenditure control.

**Report of the CAG on
Union Government Accounts 2004-05**

Table 8.13: Unspent supplementary grants

(Rupees in crore)

Year	Sub-head	Provision	Actual Disbursement	Unspent Provision
2003-04	2211.00.103.04 Reproductive & Child Health Project	O 1307.92 S 0.02	1080.95	226.99
2004-05	2211.00.105.01 Expenditure in Union Territories without Legislature	O 1.00 S 0.01	0.08	0.93
2004-05	2211.00.800.09 Measures under National Population Policy	O 258.90 S 40.00	224.68	74.22

Surrender of unspent provision

8.24 Surrender is a budgeting 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, for being reallocated to any other sector. Rule 69 of the General Financial Rules provides that unspent provisions in a grant or appropriation are to be surrendered to the Government as soon as these are foreseen without waiting for the end of the financial year. Unspent provision should also not be held in reserve for any possible future excess. Test check revealed that contrary to the rule, the Ministry surrendered unspent provision every year towards the end of the financial year and that too partially despite approval of the Revised Estimates in the month of January. The details of amounts surrendered during 2002-05 are given in the following table: -

Table 8.14: Surrender of unspent provision

(Rupees. in crore)

Year	Unspent Provision	Amount Surrendered	Date of Surrender
	Revenue	Revenue	
2002-03	1188.32	960.12	31.03.2003
2003-04	791.31	504.99	31.03.2004
2004-05	1159.43	724.39	30.03.2005

Deficient internal audit system

8.25 The Internal Audit Wing of the Ministry of Health and Family Welfare is looked after by the Chief Controller of Accounts of the Ministry with his Headquarter at New Delhi. Four regional Internal Audit Parties function at Mumbai, Kolkata, Bangalore and Chandigarh. There were 1732 units under the audit jurisdiction of the Wing out of which 172 pertained to Department of Health and AYUSH and 1560 to the Department of Family Welfare.

No audit plan for conducting the audit of units pertaining to Department of Family Welfare during the year was on record. However, against 344 units to be taken up annually as per the periodicity prescribed in the Audit Manual, the number of units actually audited during 2002-05 were as under: -

Table 8.15: Shortfall in internal audit

Year	No. of units required to be audited	No. of units actually audited	Percentage shortfall
2002-03	344	134	61
2003-04	344	65	81
2004-05	344	73	79

Audit Manual of the Internal Audit Wing, prescribed that inspection report in respect of audits conducted were required to be issued within one month after completion of the Audit. No audit control register to watch receipt and timely issue of inspection reports was maintained by Internal Audit Wing. Consequently, delay in issue of inspection reports during the last three years could not be ascertained in audit. However, detail of 78 available inspection reports in respect of internal audits conducted during last 3 years compiled at the instance of audit revealed that inspection reports were issued after a delay up to 10 months as indicated below:

Table 8.16: Delay in issue of Inspection Reports

Delay in issue of Inspection Reports	No. of Units		
	2002-03	2003-04	2004-05
Less than 1 month	-	1	2
1 to 3 months	-	6	16
3 to 6 months	1	8	26
Above 6 months	1	4	13

Internal audit of the Ministry of Health & Family Welfare, which was required to be conducted annually, was actually carried out only once during the last three years. Inspection report for the audit conducted in August-September 2004 for the period 2001-2004 has not been issued as of August 2005 even after a delay of one year. Scrutiny of the report revealed that the Internal Audit covered only the transactions generated through the drawing and disbursing offices. Formulation of budget, expenditure control, excess

**Report of the CAG on
Union Government Accounts 2004-05**

expenditure, unspent provision, monitoring and implementation of schemes etc. were not commented upon in the Inspection report although such comments could have helped in giving timely warning signals on crucial aspects.

Outstanding utilisation certificates

8.26 As per Rule 151(1) of General Financial Rules, certificates of utilisation of grants are required to be submitted by the sanctioning authority to the Controller of Accounts. The purpose of furnishing the certificates is to ensure that the grants had been utilised for the purpose for which these were sanctioned and where the grants were released with certain conditions, the prescribed conditions had been fulfilled.

Audit noted from a report furnished by the Controller of Accounts, 1152 utilisation certificates against grant-in-aid of Rs. 674.81 crore remained outstanding as of August 2005 as detailed below: -

Table 8.17: Awaited utilisation certificates

(Rupees in crore)

Year of sanction of grant	Due		Received		Outstanding	
	UCs	Amount	UCs	Amount	UCs	Amount
1982-2001	699	592.53	192	491.22	507	101.31
2002-02	281	313.76	177	228.60	104	85.16
2002-03	467	527.73	216	412.54	251	115.19
2003-04	423	1139.12	133	765.97	290	373.15
Total	1870	2573.14	718	1898.33	1152	674.81

In the absence of utilisation certificates, it could not be ascertained if the grants were actually utilised for the purpose for which these were sanctioned.

Test check of grant-in-aid registers maintained in the Pay and Accounts Office (Secretariat) revealed that dates of receipt of utilisation certificates had not been recorded in the registers in the absence of which the correctness of the figures of outstanding UCs furnished by the PAO could not be ensured in audit. The Department stated that the records of outstanding utilisation certificates was maintained in a computerised environment and as and when outstanding certificate was received it was struck off there from without making any entry in the Grant-in-aid register. The reply is not tenable as provision for the particular column in the register is for watching timely furnishing of utilisation certificates which the Pay and Accounts Office failed to ensure.

Schemes affected by unspent provision

8.27 Some of the important schemes affected by provisions remaining unspent are discussed in succeeding paragraphs.

(i) Social marketing area projects

With a view to making concerted efforts in selected regions/districts through area specific projects, social marketing endeavors were initiated by the Ministry in the states of Madhya Pradesh, Haryana, Andhra Pradesh, Bihar, Jharkhand and Orissa. The Ministry entrusted the projects of strengthening of social marketing of contraceptives to Hindustan Latex Family Planning Promotion Trust (HLFPPT), a non-profit organization under Hindustan Latex Limited and the Society for Women and Child Health, an NGO during 1998-99. However, entire budget provision amounting to Rs. 22.10 crores under the project remained unspent during 2002-05 as discussed under: -

Table 8.18: Budget provision and savings

<i>(Rupees in crore)</i>			
Year	Budget Provision	Actual Disbursement	Savings
2002-03	9.00	-	9.00
2003-04	3.60	-	3.60
2004-05	9.50	-	9.50

The Department attributed the entire unspent provision to non- finalisation of the National Strategy/guidelines on Social Marketing of contraceptives and funding of existing projects through external aids. The reply indicates lack of focus in implementing the scheme as the provisions remained unspent year after year.

(ii) Reproductive and Child Health (RCH) Programme

Reproductive and Child Health Programme was launched in October, 1997 after amalgamating the erstwhile programmes of Maternal and Child Health (MCH), Child Survival and Safe Motherhood (CSSM) and Family Planning with the broad objectives of reproductive health, child survival and fertility regulation. The overall goals of the programme are to reduce maternal and infant mortality, morbidity, unwanted fertility and contribute to the population stabilisation. The programme is primarily offered through Primary Health Infrastructure and is funded by support from World Bank, European Commission, UNFPA and other bilateral donors. However, it was noticed that out of a total budget provision of Rs 5129.71 crore, Rs 1455.91 crore remained unutilized during 2002-05. Table below depicts the details:

Report of the CAG on
Union Government Accounts 2004-05

Table 8.19 Budget provision and unspent provision

(Rupees in crore)

Year	Head	Budget Provision	Actual Disbursement	Unspent Provision
2002-03	2211.00.103.04 *	1293.37	824.60	468.77
	3601.04.237.07 **	225.00	128.22	96.78
	3602.04.237.05 ***	4.00	0.58	3.42
2003-04	2211.00.103.04	1307.94	1080.95	226.99
	3601.04.237.07	261.39	114.05	147.34
	3602.04.237.05	2.15	0.57	1.58
2004-05	2211.00.103.04	1809.29	1416.87	392.42
	3601.04.237.07	222.87	105.94	116.93
	3602.04.237.05	3.70	1.92	1.78
	Total	5129.71	3673.80	1455.91

* Grant released at the Central level, ** Grant released to State Governments,
*** Grant released to UT Governments.

The Department attributed the large unspent balances to less proposals received from States and UTs, non-receipt of UCs from them for earlier releases and non/less supply of RCH material/drugs by HSCC/HLL. This indicates of lack of planning and monitoring on the part of the Department in ensuring timely supply of RCH material and timely submission of utilisation certificates by the State/UT Governments.

Grant No. 57 – Department of Elementary Education & Literacy

(Ministry of Human Resource Development)

Introduction:

8.28 The Department of Elementary Education and Literacy is one of the three constituent Departments of the Ministry of Human Resource Development. Its main function is to formulate education policy, determine standards of elementary education, to promote non-formal and adult education and to conduct seminars to spread awareness of issues relating to these areas.

Overall position

8.29 The overall position of budget provisions, actual disbursements and unspent provisions of the grant for the last three years is given below:

Table 8.20: Overall position

(Rupees in crore)

Year	Total provision	Actual disbursement	Unspent provision
	Revenue	Revenue	Revenue
2002-03	4904.87	4475.27	429.60
2003-04	5454.63	5437.16	17.47
2004-05	8004.71	7950.65	54.06

Rush of expenditure

8.30 Rush of disbursements, particularly in the closing month of the financial year is to be regarded as breach of financial regularity and should be avoided. Contrary to this, large disbursements were made in the month of March as well as last quarter of the financial year 2004-05. A few instances are given below:

Table 8.21: Rush of expenditure

(Rupees in crore)

Year	Major Head	Disbursements	
		Total during the year	During March (percentage)
2002-03	2202 General Education	4255.72	727.56 (17)
	2251 Secretariat Social Services	7.57	3.54 (47)
2003-04	2202 General Education	5263.52	817.94 (16)
	3601 Grants-in-Aid to State Governments	146.78	24.51 (17)
	3602 Grants-in-aid to Union Territories	4.23	1.87 (44)
	2251 Secretariat Social Services	22.62	5.28 (23)
2004-05	2202 General Education	7726.99	1605.19 (21)
	3601 Grants-in-Aid to State Governments	197.13	43.84 (22)
	3602 Grants-in-Aid to Union Territories	5.40	5.31 (98)
	2251 Secretariat Social Services	21.12	6.62 (31)

Since the funds released in March of the financial year to various organisations cannot be constructively spent during the year, it is not possible to conclude whether these funds were applied during the year for the purpose for which these were authorised.

Unrealistic budgeting

8.31 Rule 53 of the General Financial Rules provides that the Ministries/Departments should prepare their estimates keeping in view the trends of disbursements during the previous year and other relevant factors like economy instructions issued by the Ministry of Finance. Scrutiny of the appropriation accounts for the period 2002-05 revealed that under the sub-head shown below the entire provision remained unutilised which resulted in non-implementation of the scheme/programme and defeating the purpose for which the original budget provisions were approved by the Parliament. A few instances exceeding rupees two crore or more are given below.

**Report of the CAG on
Union Government Accounts 2004-05**

Table 8.22: Unrealistic budgeting

(Rupees in crore)

Sl. No.	Major Head/Sub Head	Total provisions	Amount re-appropriated to other Heads	Reasons given by the Ministry
2002-03				
1	3601.04.165.07 Kasturba Gandhi Swantantra Vidyalaya	6.65	6.65	It was decided to restructure the scheme. Seeking mandatory approval of Expenditure Finance Committee/ Cabinet might take time, it was not possible to utilise the Budget Estimate Provision.
2003-04				
1	3601.04.165.07 Kasturba Gandhi Swantantra Vidyalaya	7.50	7.50	It was decided to restructure the scheme. Seeking mandatory approval of Expenditure Finance Committee/Cabinet might take time, it was not possible to utilise the Budget Estimate Provision.
2004-05				
1	2202.01.107.01 Strengthening of Teachers Training Institutions	8.00	8.00	Due to non-formulation of National component under the scheme.
2	2202.01.107.04 National Council for Teacher Education	7.75	7.75	Due to non-release of fund owing to increase of Council's own revenue on account of increase in application fees for recognition of institutions and also non-starting of its own building.
3	3601.04.165.07 Kasturba Gandhi Swantantra Vidyalaya	95.00	95.00	Due to re-appropriation of funds to Major Head 2202 as the funds were released as per the Sarva Shiksha Abhiyan pattern to the states SSA Societies.
4	3601.04.184.06 Continuing Education for Neo-Literates	2.00	2.00	Due to non-receipt of viable proposals from State Governments.

Review of Selected Grants

(Rupees in crore)

Sl. No.	Major Head/Sub Head	Total provisions	Amount re-appropriated to other Heads	Reasons given by the Ministry
5	3602.04.178.07 Kasturba Gandhi Swantantra Vidyalaya	5.00	5.00	Due to re-appropriation of funds to Major Head 2202 as the funds were released as per the Sarva Shiksha Abhiyan pattern to the states SSA Societies.

Persistent saving and unrealistic budgeting

8.32 There were persistent unspent provisions under some heads during the last three years. No steps have been taken by the Ministry to arrest this trend. Large unspent provisions under the grant not only reflected poorly on the budgeting of the Department but also adversely effected the implementation of various Elementary Education and Literacy programme like Mahila Samakhya and Strengthening of Teachers Training Institutions, and Kasturba Gandhi Sawantantra Vidyalaya, etc. A few instances of persistent unspent provisions during the years 2002-05 are given in **Appendix-VIII-H**.

Surrender of unspent provision

8.33 Rule 69 of the General Financial Rules provides that unspent provisions in a grant or appropriation are to be surrendered to the Government as soon as these are anticipated so that such amount can be used for other sectors. Unspent provision should also not be held in reserve for any possible future excess. Test check reveled that contrary to the rules, the Ministry every year surrendered unspent provisions towards the end of the financial years. The details of amounts surrendered during 2002 to 2005 are given below:

Table 8.23: Surrender of unspent provision

(Rupees in crore)

Year	Unspent provision	Amount surrendered	Date of surrender
2002-03	429.60	424.90	31.3.2003
2003-04	17.47	14.41	31.3.2004
2004-05	54.06	48.81	31.3.2005

Unspent provisions

8.34 Scrutiny of the Appropriation Accounts for the years 2002-05 revealed that there were with large unspent provisions under various heads, which were indicative of unrealistic budgeting assumption and slackness in implementing the Schemes/activities of the Ministry. Cases where unspent provisions were more than rupees two crore are shown below:-

Table 8.24: Unspent provision

(Rupees in crore)

Sl. No.	Major Head & Sub Heads	Total provision	Actual disbursement	Unspent provision	Percentage	Reasons given by the Ministry
2002-03						
1.	2202.01.105.02 Shiksha Karmi Project in Rajasthan	40.00	15.02	24.98	62	Due to plan ceiling in State Government of Rajasthan.
2.	2202.01.800.19 District Primary Education Programme	1328.00	1285.02	42.98	3	Due to reduction in Annual Plan allocation of the department.
3.	2202.01.800.28 Joint Government of Indian UN System Education Programme	20.00	13.50	6.50	33	Due to integration of the schemes with Sarva Shiksha Abhiyan.
4.	3601.04.165.03 Operation Black Board	58.25	27.79	30.46	52	Due to non-receipt of comprehensive proposals from Chandigarh & Assam.
2003-04						
1.	2202.01.800.19 District Primary Education Programme	1198.00	791.19	406.81	34	Due to slow pace of expenditure, closure of Phase I and Phase II.
2.	2202.01.800.28 Joint Government of Indian UN System Education Programme	5.00	0.94	4.06	81	Due to reduction of UNDP's contribution.

Review of Selected Grants

(Rupees in crore)

Sl. No.	Major Head & Sub Heads	Total provision	Actual disbursement	Unspent provision	Percentage	Reasons given by the Ministry
3.	3601.04.188.01 Strengthening of Teacher Training Institution	192.70	145.20	47.50	25	Dues to non-receipt of prospecting Plans from various State Governments as per new guidelines.
2004-05						
1.	2202.01.800.23 National Programme of Nutritional Support to Primary Education	1675.00	1588.55	86.45	5	Due to non-receipt of sufficient number of viable and "in order" proposals and available savings were reappropriated to Major head "2552".
2.	2202.04.101.01 Support to Non-Governmental Organisation in the field of Adult Education	25.00	17.81	7.19	29	Due to receipt of less number of viable and "in order" proposals from Non-Government Organisations.

Schemes affected by unspent provision

8.35 Some of the important schemes affected by provisions remaining unspent are discussed in the succeeding paragraphs.

(i) Strengthening of teachers training institutions

Strengthening of Teachers' Training Institutions is a centrally sponsored scheme of restructuring and reorganisation of teachers' education. It was taken up in 1987 to create a viable institutional infrastructure academic and technical resource base for orientation training and continuous upgradation of knowledge, competence and pedagogical skills of elementary school teachers in the country. The sanctioned provisions, actual expenditure and unspent provisions for the last 3 years are below:

Table 8.25: Unspent provisions

(Rupees in crore)

Year	Sanctioned provision	Actual expenditure	Unspent provision	Reasons
2002-03	25.00	0.52	24.48	Due to discontinuation of Special Orientation Programme for Primary Teachers.
2003-04	8.00	0.12	-7.88	Due to slow pace in activities for Teacher Education Resource Group.
2004-05	8.00	-	8.00	Entire provision remained unutilised due to non-formulation of National Component under the scheme.

(ii) National Literacy Mission Authority

National Literacy Mission Authority was set up as an independent and autonomous wing of the Department of Education vested with executive and financial powers in its sphere of work to promote literacy and adult education and achieve the goals as spelt out in National Literacy Mission. The sanctioned provisions, actual expenditure and unspent provision during the last 3 years are as under:

Table 8.26: Unspent provisions

(Rupees in crore)

Year	Sanctioned provision	Actual expenditure	Unspent provision	Reasons
2002-03	0.60	0.03	0.57	Saving was due to economy in expenditure.
2003-04	0.30	0.07	0.23	Due to release of less fund to the Institution.
2004-05	0.30	--	0.30	Not recorded.

(iii) The National Council for Teachers' Education

The National Council for Teachers' Education (NCTE) was established as an autonomous organisation with effect from 17.08.1995 with the objectives of achieving planned and coordinated development of teachers' education. The financial outlays of the programme for the last 3 years were as under:

Table 8.27: Unspent provision

(Rupees in crore)

Year	Sanctioned provision	Actual expenditure	Unspent provision	Reasons
2003-04	6.25	4.65	1.60	Due to release of less funds to the Institution.
2004-05	7.75	--	7.75	Entire provision remained unutilised due to increase of Council's own revenue.

(iv) Adult Education

The National Literacy Mission (NLM) was launched on May 5, 1988 as a Technology Mission to impart functional literacy to non-literates in the age group of 15-35, which had been the focus of attention as this is the productive and reproductive period of life. National Literacy Mission seeks to achieve full literacy i.e. on sustainable threshold level of 75 *per cent* literacy by 2007. The sanctioned provision, actual expenditure and unspent balances for the last three year are given below:

Table 8.28: Unspent provision

(Rupees in crore)

Year	Budget estimate	Actual expenditure	Unspent provision	Reasons
2002-03	14.65	12.31	2.34	Due to economy in expenditure and non-receipt of bills.
2003-04	12.43	12.25	0.18	-
2004-05	13.23	9.95	3.28	Due to non-filling up of posts and slow pace of expenditure.

Outstanding Utilisation Certificates

8.36 Rule 151 (1) of the General Financial Rules stipulates that a certificate of actual utilisation of the grant for the purpose for which it was received will be specifically insisted upon in respect of non-recurring grant and should be submitted within 18 months of the closure of the financial year by the institution concerned. The sanctioning authority is required to satisfy itself that the conditions attached to the grant have been fulfilled.

It was, however, noticed that Utilisation Certificates in respect of 3857 cases involving grant of Rs.1648.93 crore sanctioned by the Department of

Elementary Education & Literacy during the period 1977-78 to 2003-04 had not been received.

Deficient internal audit system

8.37 The internal audit wing of the Ministry of Human Resource Development functions under the administrative control of the Chief Controller of Accounts of Ministry and is responsible for conducting internal audit of the units under this Ministry which, *inter alia*, includes Department of Education, Department of Culture, Department of Youth Affairs and Sports, Department of Women and Child Development, Ministry of Social Justice and Empowerment and attached subordinate offices/Autonomous Bodies under these departments. Currently there are 189 units under the jurisdiction of Internal Audit Wing including 27 units pertaining to the Department of Education. Only 12 units had been inspected by wing during 2001 to 2005 as shown below:

Table 8.29: Shortfall in internal audit

Year	Total No of units		Units actually inspected	
	Regular audit	Special audit	Regular audit	Special audit
2001-02	27	8	2	8
2002-03	27	12	3	12
2003-04	27	2	5	2
2004-05	27	8	2	8

Keeping in view the large amount of funds handled by the Department and its range of activities there is an urgent need to make the internal audit system effective for keeping a watch over the quantum, flow, regularity, propriety and economy of expenditure.

Grant No. 61 – Ministry of Labour and Employment

Introduction

8.38 The Ministry of Labour formulates plans to protect and safeguard the interests of workers in general and the disadvantaged sections of the society, to create a healthy work environment. These objectives are sought to be achieved through enactment and implementation of various labour laws, which regulate the terms and, conditions of service and employment of workers.

Overall position

8.39 The overall position of budget provisions, actual disbursements and unspent balances under the voted portion of the grant for the last three years is given below. The Ministry stated (January 2006) that effective steps were being taken to reduce unspent provisions.

Table 8.30: Overall position

(Rupees in crore)

Year	Total provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2002-03	998.00	14.37	838.78	NIL	159.22	14.37
2003-04	970.87	0.16	918.51	0.01	52.37	0.15
2004-05	1137.17	0.06	1095.92	NIL	41.25	0.06

Persistent Unspent provisions

8.40 There were persistent unspent provisions under both revenue and capital sections of the grant during the last three years. The large unspent provisions during the previous years had also been pointed out in the Reports of the Comptroller and Auditor General of India from 1996 onwards. However, effective steps have not been taken by the Ministry to arrest the persistent trend of leaving large unspent provisions at the end of the financial year. On the other hand, there was substantial excess expenditure over the provisions under some sub-heads. Cases of unspent provisions of 25 *per cent* and above and excess expenditure of 25 *per cent* and above during 2002-05 are given in **Appendix-VIII I and J**.

Surrender of unspent provision

8.41 Rule 69 of the General Financial Rules provides that unspent provisions in a grant or appropriation are to be surrendered to the Government as soon as these are foreseen without waiting for the end of the financial year. Unspent provision should also not be held in reserve for any possible future excess. Test check of appropriation accounts revealed that contrary to the rules, the Ministry every year surrendered unspent provisions towards the end of the financial years. Public Account Committee (PAC) in its 110th Report (10th Lok Sabha) on Appropriation Accounts of the Union Government has taken a serious view on the deviation from the prescribed procedure laid down vide Rule 69 of GFR (regarding surrender of savings in a grant/appropriation) and also the time frame set by the Ministry of Finance for intimation of surrenders before the close of the financial year. The PAC had recommended that the budget should be prepared on absolutely realistic basis. The Controller of Accounts had issued instructions in this regard to the departments functioning under the control of Ministry of Labour during September 1998. Ministry, while accepting (January 2006) the audit observation stated that the observations had been noted for future compliance.

**Report of the CAG on
Union Government Accounts 2004-05**

The details of amounts surrendered during 2002-05 as mentioned in the table.

Table: 8.31 Surrender of unspent provision

(Rupees in crore)

Year	Unspent provision		Amount surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	
2002-03	159.22	14.37	141.50	14.36	28 th March 2003
2003-04	52.37	0.15	43.26	0.15	19 th March 2004
2004-05	41.25	0.06	24.07	0.06	23 rd March 2005

Excess expenditure over appropriation/re-appropriation

8.42 In cases where the existing provision is not sufficient to cover the payment, the 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 2002-05 revealed that in the cases mentioned in table 8.32 though the payments made were in excess of the available provisions, the department did not issue any re-appropriation orders to accommodate the final excess expenditure over the available provisions. Bypassing⁶ of this internal control mechanism resulted in poor expenditure control.

Table 8.32: Excess provision over appropriation/re-appropriation

(Rupees in crore)

Year	Sub head	Excess provision		
		Original /Re-appropriation	Expenditure	Final excess expenditure
2002-03	2330.03.102.02- Central Instructional Media Institute at Chennai	O 0.12	2.04	1.92
	2230.03.102.04- Enhancement of related instructions charges on Apprentices	R 0.14	0.36	0.22
	2230.03.003.04- Training of Highly Skilled Craftsman and Supervisors	O 5.08 R (-) 0.25	6.01	1.18
	2230.01.110.02- Administration	O 0.01	0.24	0.23
	2230.01.101.08- Strengthening of Chief Labour Commissioner and Regional Labour Commissioner	O 1.60 R (-) 1.20	1.87	1.47
	2230.03.102.06- Regional Directorate of Apprenticeship	O 2.28 R (-) 0.10	2.21	0.03

Review of Selected Grants

(Rupees in crore)

Year	Sub head	Excess provision		
		Original /Re-appropriation	Expenditure	Final excess expenditure
2003-04	2230.01.102.09- Director General of Mines safety (main)	O 16.08 R (-) 1.41	14.81	0.14
	2230.01.102.12- Research & Training	O 6.08 R (-) 0.78	5.42	0.12
	2230.01.106.04- Education	O 1.91 R (-) 0.19	2.03	0.31
	2230.01.107.05- Education	O 1.12 R 0.06	1.33	0.15
	2230.01.110.03-Education	O 0.32 R 0.01	0.40	0.08
2004-05	3601.04.321.03- Other Schemes	O 1.42 S 0.01 R (-) 1.19	15.82	15.57
	2230.01.111.02- Employee's Pension Scheme, 1995	O 500.00 S 91.45 R 8.54	600.00	0.01

Injudicious re-appropriation of funds

8.43 According to Rule 72 (2) of General Financial Rules, re-appropriation of funds shall be made only when it is known that transferred funds will not be utilised in full or that savings can be effected in appropriation for the said unit. Test check of head-wise appropriation accounts for 2002-05 revealed that the re-appropriation to the following sub-heads was injudicious as the original provision under the sub-heads, to which the 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 heads. Few instances are given below in table. The Ministry stated that the observations had been noted for compliance in future.

Table 8.33: Injudicious re-appropriation of funds

(Rupees in crore)

	Sub-head	Original (O) Re-appropriation ®	Actual Expenditure	Saving(-)/ Excess(+)
2002-03	2230.01.101.05 Other items	O 2.92 R 0.80	1.83	(-) 1.89
	2230.01.101.06-Labour Tribunal Court of Enquiry and Conciliation Boards	O 1.67 R 0.11	1.47	(-) 0.31
	2230.01.110.03-Education	O 0.25 R 0.01	0.01	(-) 0.25
	2230.01.277.02-Grants to V.V. Giri National Labour Institute	O 4.35 R 0.20	4.35	(-) 0.20
	2230.02.004.01-Assistance to Physically Handicapped	O 6.72 R 0.21	6.61	(-) 0.32

**Report of the CAG on
Union Government Accounts 2004-05**

(Rupees in crore)

	Sub-head	Original (O) Re- appropriation ®	Actual Expen- diture	Saving(-)/ Excess(+)
	2230.01.101.08- Strengthening of Chief Labour Commissioner (Central) and Regional Labour Commissioner	O 1.60 R (-) 1.20	1.87	(+) 1.47
	2230.01.107.04- Housing	O 1.32 R 0.92	0.42	(+) 0.02
	2230.03.003.04- Training of Highly skilled Craftsmen and Supervisors	O 5.08 R (-) 0.25	6.01	(+) 1.18
	2230.03.102.06- Regional Directorates of Apprenticeship Training	O 2.28 R 0.10	2.21	(+) 0.03
2003-04	2230.03.004.01-Central Staff Training and Research Institute (C.S.T.R.I.) at Kolkata	O 1.67 R 0.13	1.67	(-) 0.13
	2230.01.105.02-Health	O 0.51 R 0.03	0.49	(-) 0.05
	2230.01.102.09- Director General of Mines Safety (Main)	O 16.08 R 1.42	14.81	(+) 0.14
	2230.01.102.12- Research and Training	O 6.08 R 0.78	5.42	(+) 0.12
	2230.01.106.04- Education	O 1.91 R 0.19	2.03	(+) 0.31
	2230.01.109.03- Education	O 34.72 R 0.42	39.06	(+) 4.76
2004-05	2230.01.101.05- other items	O 1.82 R 0.04	1.66	(-) 0.20
	2230.01.105.03-Education	O 0.38 R 0.02	0.27	(-) 0.12
	2230.03.800.05-Vocational Training Projects	O 2.87 R 0.05	2.74	(-) 0.18
	2230.01.102.10-Director General of Factory Advice Service and Inspectorates of Dock Safety (Main	O 2.62 R 0.06	2.59	(-) 0.09

Persistent saving/excess and unrealistic budgeting

8.44 According to Rule 63 of the General Financial Rules, ministries/departments are required to prepare their estimates, keeping in view the trends of disbursements during the previous years and other relevant factors like economy instructions issued by the Ministry of Finance. Ministry in its Action Taken Note submitted to PAC stated that in the Budget Circular for 1998-99, the divisions were requested to formulate Budget estimate on realistic basis. However, scrutiny of the Appropriation Accounts for the period 2003-05 revealed that there was persistent underutilisation of provisions under certain heads as detailed below.

Table 8.34: Persistent Savings

(Rupees in crore)

Sl. No.	Sub-head	2002-03	2003-04	2004-05	Main reasons given by the Ministry for unspent provision
1.	2230.01.101.06-Labour Tribunals Courts of Enquiry & Conciliation Boards	0.20	0.52	0.21	Saving was due to vacant posts and non-becoming fully functional of five new Central Govt. Tribunal cum-Labour Courts
2.	2230.01.101.07-Chief Labour Commissioner (Central) and Regional Labour Commissioners	1.89	1.52	0.67	Saving was due to non-filling up of vacant posts and less expenditure on tours, rent, rates taxes and professional services
3.	2230.01.102.03-Plan Schemes of Directorate General of Mines Safety (DGMS)	2.03	1.86	2.00	Saving was due to non-filling up of vacant posts and non-approval of two new schemes by expenditure Finance Committee/Sanding Finance Committee
4.	2230.01.102.08-Plan Schemes of Directorate General of Factory Advice Services	2.56	0.54	0.45	Saving was due to non-filling up of vacant posts and non-functioning of Regional Labour Institute and cut imposed by ministry of Finance.
5.	2230.01.106.02-Health	2.23	1.41	0.95	Saving was due to non-filling up vacant posts, non-payment of arrears non-purchase of Ambulances and material for hospital
6.	2230.01.109.01-Beedi Workers Welfare Fund Housing	4.19	2.42	4.48	Saving was due to non-receipt of progress report on construction of houses for Beedi Workers
7.	2230.01.109.04-Health	9.87	7.64	0.98	Saving was due to non-filling vacant posts, curtailment in tours, non-purchase of Mobile Vans, etc.
8.	2230.01.113.02-Child Labour Cell	15.03	5.09	5.91	Saving was mainly due to non-approval of Indo US project by Planning Commission
9.	2230.01.797.03-Transfer to Iron, Manganese Chrome Ore Labour Welfare Fund	5.00	2.74	2.78	Saving was due to collections being less than anticipated
10.	3601.01.325.01-Housing Scheme for Economically Weaker Section of Beedi Workers	10.88	2.25	2.94	Savings was due to non-receipt of complete application and documents from beneficiaries, non-receipts of claim for grants-in-aid etc.

Non-utilisation of entire funds or appropriation thereof

8.45 The entire provision under 31 sub-heads shown in **Appendix-VIII-K** during 2002-2005 either remained unutilised or were re-appropriated/surrendered. Evidently, provisions were made without adequate pre-budget scrutiny of projects and schemes in violation of the instructions contained in budget circulars issued by the Ministry of Finance each year. Savings were attributed by the Ministry (January 2006) to non-receipt of proposals and claims for grant-in-aid from state governments. The Ministry's reply is not tenable as without anticipating various events it was irregular to make token provisions to meet these contingencies.

Utilisation certificates

8.46 As per Rule 151(1) of General Financial Rules, the certificates of utilisation of grants are required to submit by the sanctioning authority to the Controller of Accounts. The purpose of furnishing the certificates is to ensure that the grant had been utilised properly and the purpose for which they were sanctioned and where the grants were released with certain conditions, the prescribed conditions had been fulfilled.

Scrutiny of records pertaining to utilisation certificates for the grants released during 2001-02 to 2003-04 by the Ministry of Labour and Employment revealed that 699 utilisation certificates pertaining to Rs. 38.40 crore were outstanding as on 14-7-05. Out of which 576 utilisation certificates amounting Rs. 37.65 crore for the period 1979-80 to 2003-04 pertains to Child Labour Cell Scheme. Details are given below: -

Table 8.35: Awaited utilisation certificate

Year of sanction of grant	Due		Received		Outstanding	
	UCs	Amount	UCs	Amount	UCs	Amount
1979-2002	534	13.37	26	1.80	508	11.57
2002-03	135	20.74	75	14.18	60	6.56
2003-04	325	67.45	194	47.18	131	20.27
						38.40

In the absence of utilisation certificates it could not be ascertained the grants were actually utilised for the purpose for which they were sanctioned. In their reply (January 2006) the Ministry stated that matter regarding submission of pending utilisation certificates was being pursued regularly.

Scheme affected by persistent unspent provisions

8.47 Integrated Housing Scheme for Beedi, IRON ORE and Manganese Ore (IOMC) and Limestone and Dolomite Mines Workers

The Scheme is intended for easing the housing shortage among the Beedi, IOMC and LSDM Workers. A subsidy at the uniform rate of Rs. 20,000 per worker or 50% of the actual cost of the construction per tenement whichever is less is given, through State, UT Governments. During 2002-03, entire original provision of Rs. 10.88 crore remained unutilized and in subsequent years funds were not utilised to a larger extent as per details given below:

Table 8.36: Persistent unspent provision

<i>(Rupees in crore)</i>					
Sl. No.	Year	Provision	Expenditure	Saving	Percentage
1.	2002-03	10.88	NIL	10.88	100
2.	2003-04	3.50	1.25	2.25	64
3.	2004-05	3.60	0.66	2.94	82

As funds ranging from 64 to 100 *per cent* remained unutilised, the aims and objectives of the Scheme could not be achieved and the very purpose of the scheme was defeated. The savings were attributed (January 2006) by the Ministry to non-receipt of proposals from the state governments. The reply is not tenable as it was irregular on the part of the Ministry to make provisions of funds in anticipation of proposals for the same.

Under utilisation of labour welfare funds

8.48 Government of India attaches high priority to the welfare of workers in unorganised sector, particularly those engaged in beedi, mines and cinema industries. Welfare Funds have been established by the Ministry for the following schemes

- (a) The Mica Mines Labour Welfare Fund
- (b) The Limestone & Dolomite Mines Labour Welfare Fund
- (c) The Iron Ore, Manganese Ore and Chrome Ore Mines Labour Welfare Fund
- (d) The Beedi Workers Welfare Fund
- (e) The Cine Workers Welfare Fund

Levy of cess on consumption of export of minerals, manufactured beedis and production of feature films finances these Funds. The welfare measures financed out of these Funds relates to the provision of medical facilities, housing, supply of drinking water, support to education of dependants of beneficiaries, recreation of workers etc.

**Report of the CAG on
Union Government Accounts 2004-05**

In the following three major funds, large amounts have remained unspent at the end of the year, defeating the objectives for which these funds have been created. The Ministry needs to take immediate steps to properly use the funds.

Table 8.37: Workers' Welfare Funds

(Rupees in crore)

	Year	Opening balance	Receipt	Expenditure	Closing balance
Beedi Workers Welfare Fund	2002-03	31.93	84.15	65.82	50.26
	2003-04	50.26	85.83	82.14	53.95
	2004-05	53.95	72.39	88.83	37.51
Lime Stone & Dolomite Mines Workers Welfare Fund	2002-03	21.13	10.13	6.22	25.03
	2003-04	25.03	10.08	6.50	28.61
	2004-05	28.61	12.09	7.51	33.19
Iron Ore, Manganese Ore and Chrome Ore Workers Welfare Fund	2002-03	115.87	15.08	7.96	122.99
	2003-04	122.99	12.28	9.16	126.11
	2004-05	126.11	11.56	9.85	127.82

Deficient internal audit system

8.49 The internal audit wing of the Ministry of Labour & Employment functions under the administrative control of the Controller of Accounts of the Ministry and is responsible for conducting internal audit of the units under the Ministry which, inter-alia, includes Directorate General of Employment & Training (DGE&T), office of the Chief Labour Commissioner (Central), Directorate General of Factory Advice Service and Labour Institutes (DGFASLI), Directorate General of Mines Safety (DGMS) attached offices and eighteen subordinate offices, Autonomous Bodies and one arbitration body. Currently there are 214 units under the jurisdiction of internal audit wing.

As on 31st March 2005, 2331 observations of the audit parties of the Controller General of Accounts were pending. These related mainly to cases of non-recovery of dues, overpayments, irregular purchases, non-adjustment of advances, blocking of funds etc. Also, as pointed out in the preceding paragraphs, there was large number of cases of savings, excess, re-appropriation etc. However, these deficiencies had not been pointed out by internal audit. Thus, the Ministry needs to make the internal audit system effective. In their reply (January 2006) the Ministry stated that instruction of audit had been brought to the notice of Internal Audit Wing.

Excess drawal of housing subsidy

8.50 Scrutiny of records relating to the scheme 'Integrated Housing Scheme for Beedi, Iron, Ore, Mines, Manganese Ore Mines and Chrome Mines and

Review of Selected Grants

Lime Stone and Dolomite Mines Workers,' revealed that Andhra Pradesh Housing Corporation Limited had drawn excess subsidy amounting to Rs. 25.47 lakh without constructing the houses. The department is yet to intimate the action taken in the matter. The Ministry, in their reply (January 2006) accepted the observation and stated that necessary action for recovery of the excess amount drawn would be taken.