CHAPTER III : MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

Department of Consumer Affairs

3.1 Unauthorized expenditure

The Department of Consumer Affairs met its additional requirement of funds by arranging ₹ 1.08 crore through two statutory bodies under its administrative control. The action of the Department had the effect of exceeding the budgetary provisions and circumventing Parliamentary authorization.

Rule 52 (3) of the General Financial Rules (GFR) stipulates that no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorized by the Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from the contingency fund.

The Department of Consumer Affairs (Department) was allocated a sum of ₹ 1.83 crore under the object head 'office expenses' during 2011-12 which in the course of the year proved insufficient.

Audit observed that the Department without resorting to the established procedures of augmenting additional requirement of funds through the process of supplementary grants, instead requested (October 2011) the Forwards Markets Commission (FMC), Mumbai, a statutory body under the Department's administrative control, to spare ₹ 80 lakh for making payments for stationery, petrol, staff car repairs, telephone charges etc. FMC made payments ₹ 78.20 lakh to various vendors between December 2011 and February 2012 on behalf of the Department. The Department also similarly requested (February 2012) Bureau of Indian Standards, another statutory body under the former's administrative control, to provide ₹ 30 lakh on loan basis which was to be subsequently recouped[1]. BIS paid ₹ 29.45 lakh to various vendors on behalf of the Department.

The course of action of the Department had the effect of incurring expenditure beyond the budgetary provisions and also circumvented

[1] The amount was not recouped as of March 2014

the parliamentary authorization for incurring expenditure. The unauthorized expenditure of ₹ 1.08 crore incurred by the Department constituted more than 59 *per cent* of the budgetary allocation under the head 'office expenses'. Further, under Rule 46 (5) of the GFR, any revised estimate shall be scrutinized by the Financial Adviser (FA) of the Ministry/Department concerned. However, in this case the Department did not consult its FA before arranging additional funds. As a result, the accounts of the Department did not reflect the correct position of the actual expenditure vis-à-vis the budgetary provisions[2] indicating financial indiscipline and weak internal controls within the Department.

The Ministry stated (May 2014) that its autonomous organizations, on receipt of requests from the Ministry, spared their funds for certain unavoidable office expenditure and that the payments were made with the approval of the competent authority in the respective autonomous organizations.

The reply does not address the core issue but rather justifies an incorrect practice overlooking the extant provisions. It is recommended that the Ministry may discontinue such practice forthwith.

[2] As per the Detailed Demands for Grants of the Ministry, against the allocated budget of ₹ 2.29 crore (₹1.83 crore for secretariat and ₹ 0.46 crore for the Pr. AO) an expenditure of ₹ 2.28 crore was shown.