

Chapter 8

APPROPRIATION ACCOUNTS 2008-09: AN ANALYSIS

Excess disbursements over grants/appropriations

8.1 Article 114(3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article. Further, General Financial Rule (GFR) 52(3) 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 8.1 contains the summary of total excess over the authorisation from the CFI. During 2008-09, there was an excess disbursement of Rs. 270,20,51,460 (i.e. Rs. 270.21 crore) in 4 segments of 4 grants in civil Ministries/departments, Rs. 519,81,26,360 (i.e. Rs. 519.81 crore) in 9 segments of 8 grants/appropriations of Railways and Rs. 742,61,46,657 (i.e. Rs.742.61 crore) in 2 segments of 2 grants of Defence Services. These are detailed in Table 8.2 and require regularisation under Article 115 (1) (b) of the Constitution.

Table 8.1: Summary of excess disbursements over grants/appropriations

		<i>(In Rupees)</i>		
		Civil	Defence	Railways
<i>Voted</i>	Revenue	2702051460	7426146657	5027043156
	Capital	-	-	-
<i>Charged</i>	Revenue	-	-	223981
	Capital	-	-	170859223
No. of Grants/ Appropriations		4	2	8
Total Excess		2702051460	7426146657	5198126360

Table 8.2: Details of excess disbursement over grants/appropriations

Sl. No	Grant/ Appropriation	Rupees	Contributory reasons as stated by the Ministries/departments
Civil			
Revenue (Voted)			
1.	19 – Ministry of Defence	Grant Expenditure Excess	83632200000 83907186122 274986122
			Due to implementation of 6 th Commission Pay recommendations, enhanced deployment of ships, increase in rates of supply etc..

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Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by the Ministries/departments
2.	20 – Defence Pensions	Grant	202329500000	Higher rate of payment of pension and dearness relief due to implementation of 6 th Pay Commission recommendations etc.,
		Expenditure	202330832985	
		Excess	1332985	
3.	39 - Pensions	Grant	105659300000	Receipt of more claims due to implementation of 6 th Pay Commission recommendations etc.,
		Expenditure	107291109424	
		Excess	1631809424	
4.	54 – Other Expenditure of the Ministry of Home Affairs	Grant	14375800000	More payments made for settlement of claims of displaced persons from Pak-occupied Kashmir, additional payments of dearness allowance to freedom fighters/pensioners and increase in security related expenditure.
		Expenditure	15169722929	
		Excess	793922929	

Railways

Revenue (Voted)

5.	4 –Repairs and Maintenance of Permanent Ways and Works	Grant	58402105000	Due to more activities under Minor Heads – Establishment in Offices, Maintenance of Permanent Way and Service Buildings.
		Expenditure	59442692825	
		Excess	1040587825	
6.	5-Repairs and Maintenance of Motive Power	Grant	28291172000	Due to more activities under Minor Heads – Establishment in Offices, Diesel Locomotives and Electric Locomotives.
		Expenditure	29243628565	
		Excess	952456565	
7.	6-Repairs and Maintenance of Carriages and Wagons	Grant	62805467000	Due to more activities under Minor Heads – Establishment in Offices, Carriages, Wagons, Electric Multiple Unit Coaches, Electric General Services Train Lighting.
		Expenditure	64302389039	
		Excess	1496922039	
8.	7-Repairs and Maintenance of Plant and Equipment	Grant	33295963000	Due to more activities under Minor Heads – Establishment in Offices, Plant and Equipment – Electrical, Signaling and Telecommunication.
		Expenditure	33455346651	
		Excess	159383651	
9.	8-Operating Expenses-Rolling Stock and Equipment	Grant	45805408000	Due to more activities under Minor Heads – Steam Locomotives, Diesel Locomotives, Electric Locomotives, Carriages and Wagons.
		Expenditure	47115977735	
		Excess	1310569735	

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Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by the Ministries/departments
10.	15-Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of over-Capitalisation	Grant	47109600000	Due to higher payment of dividend to General Revenues on account of higher booking in Capital as compared to Budget Estimates.
		Expenditure	47176723341	
		Excess	67123341	
Revenue (Charged)				
11.	3-General Superintendence and Services	Appropriation	848000	Due to more payments of court decrees than anticipated.
		Expenditure	952322	
		Excess	104322	
12.	5-Repairs and Maintenance of Motive Power	Appropriation	3389000	Due to more payments of court decrees than anticipated
		Expenditure	3508659	
		Excess	119659	
Capital (Charged)				
13.	16-Assets-Acquisition, Construction and Replacement-Capital	Appropriation	222000000	Due to more payments of court decrees than anticipated.
		Expenditure	392859223	
		Excess	170859223	
Defence Services				
Revenue (Voted)				
14.	23 – Defence Services – Air Force	Grant	126322100000	Due to implementation of VI CPC, higher booking on TA/DA, emergent requirement for operational maintenance of fleet, exchange rate variation in foreign payment, more payment due to increase in prices of ATF/supplies and more drawl of supplies due to fluctuation of troops etc.
		Expenditure	132425759389	
		Excess	6103659389	
15.	24 – Defence Ordnance Factories	Grant	28247500000	Due to higher booking in DSC, non-matching of expenditure with the projected figures, foreign exchange rate variation, issue of operating platform for CRN-91 and higher supply to DRDO.
		Expenditure	29569987268	
		Excess	1322487268	

8.2 The details of excess disbursements and other details relating to grants of the Railways are mentioned in the related Audit Report for the year 2008-09 of the Comptroller and Auditor General of India.

Excess expenditure over available provisions

8.3. Pay and Accounts Officers can make payments 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.,. It was, however, observed from the head-wise appropriation accounts for the year 2008-09 that in 72 sub-heads of 19 grants there was an excess expenditure of Rupees two crore and more over the available provision though the expenditure of Rs.27,372.52 crore had exceeded the available provisions under these sub-heads, the authority administering the concerned grant/appropriation did not issue re-appropriation orders to accommodate the final excess expenditure over the available provision, indicating laxity in budgetary control. Sub-heads with excess expenditure (Rupees two crore and more) are listed in **Appendix-VIII-A**.

Savings of Rs. 100 crore or more

8.4 Savings in a grant or appropriation indicate either deficient budgeting or shortfall in performance or both. Savings of more than Rs. 100 crore, which need a detailed explanatory note to the Public Accounts Committee (PAC), occurred in 68 cases of 55 grants (including Civil, Posts, Railways and Defence Services) during the year 2008-09. Large savings were in areas like Repayment of Debt (Rs. 23,607.19 crore), Transfers to State and Union Territory Governments (Rs. 10,896.67 crore), Capital Outlay on Defence Services (Rs. 7,081.13 crore), Interest Payments (Rs. 6,321.66 crore), Department of School Education & Literacy (Rs. 4,906.88 crore), Payments to Financial Institutions (Rs. 3,994.62 crore), Police (Rs. 3,109.49 crore), Department of Disinvestment (Rs. 2,003.12 crore), Department of Health and Family Welfare (Rs. 1,664.78 crore) and Department of Fertilizers (Rs. 1,345.18 crore) etc.,. The savings were attributed by the Ministries/departments to some of the schemes failing to take off. **Appendix-VIII-B** indicates the details of savings under various grants/appropriations.

8.5 Further, there were 26 sections of 23 grants/appropriations including seven capital sections with persistent savings of Rs. 100 crore and above during the last three years (2006-09) as given in **Appendix VIII-C**. Some of the cases with large persistent savings were Capital Outlay on Defence Services (Rs. 15,152 crore), Department of School Education & Literacy (Rs. 7,948 crore), Police (Rs. 5,977 crore), Payments to Financial Institutions (Rs. 3,835 crore), Ministry of Panchayati Raj (Rs. 3,696 crore), Ministry of Defence (Rs. 1,243 crore) and Department of Space (Rs. 1,038 crore).

Surrender of savings

8.6 According to the provisions of GFR 56, savings 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 provisions should also not be held in reserve for possible future excesses. During 2008-09, under 208 segments of 98 grants/appropriations of civil Ministries/departments, there were savings of Rs. 72,064.05 crore. This was offset by excess expenditure of Rs. 270.21 crore under 4 segments of 4 grants resulting in a net saving of Rs. 71,793.84 crore. The amounts surrendered are shown in Table 8.3.

Table 8.3: Details of savings and surrender

<i>(Rupees in crore)</i>				
	Unspent provision	Amount surrendered	Amount surrendered on last date	Amount not surrendered
Revenue				
Voted	22420.28	19692.66	18487.27	2798.00
Charged	13821.88	13892.64	13891.75	26.96
Total: Revenue	36242.16	33585.30	32379.02	2824.96
Capital				
Voted	11008.13	10483.64	10337.92	543.26
Charged	24813.76	33201.79	33201.79	11.86
Total: Capital	35821.89	43685.43	43539.71	555.12
Grand total	72064.05	77270.73	75918.73	3380.08

8.7 Under the grants/appropriations pertaining to Ministry of Civil Aviation, Ministry of Culture, Transfers to State and U.T. Governments, Ministry of Food Processing Industries, Ministry of External Affairs, Re-payment of Debt, Ministry of Personnel, Public Grievances and Pensions, Ministry of Defence and Other Expenditure of the Ministry of Home Affairs, the amount surrendered exceeded the savings. **Appendix-VIII-D** gives the details.

Surrender of savings on 30/31 March

8.8 A few cases where major savings in a grant/appropriation were surrendered on 30/31 March 2009 are given in Table 8.4.

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**Table 8.4: Details of cases where major portion of savings were surrendered on
30/31 March 2009**

(Rupees in crore)

Sl. No	Description of the Grant	Amount of saving	Amount surrendered	Amount surrendered on 30/31 March 2009	Percentage of amount surrendered on 30/31 March in comparison with savings
Revenue - Voted					
1.	1-Department of Agriculture & Co-operation	696.62	529.22	529.22	76
2.	3-Department of Animal Husbandry, Dairying and Fisheries	183.24	158.34	158.34	86
3.	4- Atomic Energy	153.15	128.66	128.66	84
4.	5 – Nuclear Power Schemes	520.94	518.24	518.24	99
5.	7- Department of Fertilisers	1345.18	1344.58	1344.58	100
6.	9- Ministry of Coal	106.39	106.25	106.25	100
7.	13 – Department of Telecommunications	447.10	495.17	495.17	111*
8.	30 – Ministry of External Affairs	185.62	137.33	137.33	74
9.	32 – Payments to Financial Institutions	922.66	921.90	921.90	100
10.	35 – Transfers to State and UT Governments	2662.90	2662.91	2662.91	100
11.	43 – Indirect Taxes	316.81	202.07	202.07	64
12.	46 – Department of Health and Family Welfare	1474.84	965.26	965.26	65
13.	53 – Police	883.98	794.07	794.07	90
14.	57 – Department of School Education & Literacy	4906.88	4748.56	4748.56	97
15.	58 – Department of Higher Education	185.14	156.50	156.50	85
16.	59 - Ministry of Information and Broadcasting	120.41	115.00	115.00	96
17.	64 – Ministry of Micro, Small and Medium Enterprises	136.36	109.60	109.60	80
18.	67 – Ministry of New & Renewable Energy	176.50	174.44	174.44	99
19.	69 – Ministry of	788.10	787.43	787.43	100

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Sl. No	Description of the Grant	Amount of saving	Amount surrendered	Amount surrendered on 30/31 March 2009	Percentage of amount surrendered on 30/31 March in comparison with savings
	Panchayati Raj				
20.	73 – Ministry of Planning	554.01	547.84	547.84	98
21.	74 – Ministry of Power	252.86	245.66	245.66	97
22.	81- Department of Land Resources	611.94	611.50	611.50	100
23.	86 – Department of Shipping	252.46	218.66	218.66	87
24.	87 – Department of Road Transport & Highways	171.02	110.65	110.65	65
25.	92 – Ministry of Textiles	276.59	250.06	250.06	90
26.	103 – Ministry of Water Resources	138.85	122.09	122.09	88
27.	105 – Ministry of Youth Affairs & Sports	133.84	106.39	69.89	52
Revenue - Charged					
28.	34 – Appropriation – Interest Payments	6321.66	6419.38	6419.38	102*
29.	35 – Transfers to State & UT Governments	7233.77	7233.77	7233.77	100
30.	94- Ministry of Tribal Affairs	230.10	230.09	230.09	100
Capital - Voted					
31.	10 – Department of Commerce	101.22	98.01	98.01	97
32.	19 – Ministry of Defence	438.12	360.30	360.30	82
33.	28 – Ministry of Earth Sciences	267.17	258.10	258.10	97
34.	32 – Payments to Financial Institutions	3071.96	3071.97	3071.97	100
35.	43 – Indirect Taxes	183.94	174.51	174.51	95
36.	44- Department of Disinvestment	2003.12	2003.12	2003.12	100
37.	46 – Department of Health and Family Welfare	189.94	162.26	162.26	88
38.	49 – Department of Heavy Industry	157.63	157.58	157.58	100
39.	53 – Police	2225.51	2022.79	2022.79	91

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Sl. No	Description of the Grant	Amount of saving	Amount surrendered	Amount surrendered on 30/31 March 2009	Percentage of amount surrendered on 30/31 March in comparison with savings
40.	59- Ministry of Information and Broadcasting	160.93	160.68	160.68	100
41.	86 – Department of Shipping	154.19	149.07	149.07	97
42.	87- Department of Road Transport & Highways	400.07	365.19	365.19	91
43.	89 – Department of Space	715.71	713.59	713.59	100
Capital-Charged					
44.	1 – Department of Agricultural & Co-operation	188.80	188.80	188.80	100
45.	35 – Transfers to State and UT Governments	1000.00	1000.00	1000.00	100
46.	37 – Appropriation - Repayment of Debt	23607.19	32007.08	32007.08	136*

* The Ministries/departments surrendered more than the savings.

Re-appropriation of funds

8.9 For disbursements, a grant or appropriation is distributed by sub-heads or standard object heads 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.

8.10 Test check of appropriation accounts with reference to re-appropriation orders for 2008-09 revealed that heavy re-appropriations of funds were made between the different primary units of appropriation defeating the original purpose/activity as authorised by the Parliament. A few cases, where heavy re-appropriation of funds took place, were Repayment of Debt (Rs. 1,85,416 crore), Interest Payments (Rs. 12,728 crore), Department of Fertilisers (Rs. 12,460 crore), Department of Rural Development (Rs. 5,085 crore), Department of Food and Public Distribution (Rs. 3,156

crore), Payments to Financial Institutions (Rs. 2,517 crore), Capital Outlay on Defence Services (Rs. 2,113 crore), Ministry of Tribal Affairs (Rs. 1,817 crore), Ministry of Power (Rs. 1,543 crore), Department of Road Transport and Highways (Rs. 1,312 crore), Department of Agriculture & Co-operation (Rs. 1,278 crore), Police (Rs. 949 crore), Department of Drinking Water Supply (Rs. 913 crore), Ministry of Women and Child Development (Rs. 811 crore), Indirect Taxes (Rs. 794 crore), Atomic Energy (Rs. 761 crore) and Defence Ordnance Factories (Rs. 515 crore).

Injudicious re-appropriation to minor/sub-heads

8.11 Test check of the accounts revealed that in 21 cases relating to 15 grants/appropriations of civil Ministries/departments, 4 cases of 1 grant of Department of Posts and 5 cases of 2 grants of Ministry of Defence, re-appropriations aggregating Rs. 528.40 crore were injudicious, as the original provision under the minor/sub-heads to which funds were transferred by re-appropriation was more than adequate. A few cases exceeding Rupees one crore are given in **Appendix-VIII-E**. Consequently, the final savings under the minor/sub-heads were more than the amount re-appropriated to these minor/sub-heads.

Injudicious re-appropriation from minor/sub-heads

8.12 In five minor/sub-heads of five grants/appropriations as indicated in **Appendix-VIII-F**, there were injudicious re-appropriations of funds aggregating to Rs. 207.59 crore wherein the final disbursement under each of funds cases was more than the original provision, before re-appropriation. In each of them, even the excess over the final provision, after re-appropriation from these heads, was more than the amounts re-appropriated.

Unnecessary supplementary grants

8.13 The position of original and supplementary grants obtained under civil Ministries/departments and percentage of supplementary provision to the original provision from 2002-03 onwards is given in **Appendix-VIII-G**. Test check revealed that in 40 sections relating to 36 grants/appropriations as detailed in Table 8.5, while supplementary provisions aggregating to Rs. 1,876.46 crore were obtained during 2008-09 in anticipation of higher expenditure, but the final expenditure was less than even the original grants/appropriations. The entire supplementary provision was unnecessary indicating deficient budgeting.

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Table 8.5: savings were more than the supplementary grant/appropriation

(Rupees in crore)

Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Saving
Civil					
Revenue – Voted					
1.	1-Department of Agriculture and Cooperation	10455.20	280.42	10039.00	696.62
2.	3-Department of Animal Husbandry, Dairying and Fisheries	1357.97	24.69	1199.42	183.24
3.	5 – Nuclear Power Schemes	1486.40	152.21	1117.67	520.94
4.	6-Department of Chemicals and Petrochemicals	296.80	7.12	263.51	40.41
5.	9-Ministry of Coal	345.50	2.58	241.69	106.39
6.	11-Department of Industrial Policy and Promotion	673.45	27.91	619.69	81.67
7.	14 – Department of Information Technology	1616.50	100.02	1458.95	257.57
8.	17-Ministry of Corporate Affairs	158.00	14.49*	135.92	36.57
9.	27-Ministry of Development of North Eastern Region	1327.50	1.91	1290.29	39.13
10.	45-Ministry of Food Processing Industries	254.60	2.10	192.11	64.59
11.	46 – Department of Health & Family Welfare	17995.03	387.09	16867.28	1474.84
12.	47-Department of AYUSH	621.00	35.62	593.76	62.86
13.	52-Cabinet	302.69	41.78	295.86	48.61
14.	56-Ministry of Housing and Poverty Alleviation	855.00	2.17	673.60	183.57
15.	57 – Department of School Education & Literacy	40667.00	293.93	36054.05	4906.88
16.	64-Ministry of Micro, Small and Medium Enterprises	1931.11	53.65	1848.40	136.36
17.	66-Ministry of Minority Affairs	938.83	1.72	554.56	385.99
18.	67-Ministry of New and Renewable Energy	593.89	3.58	420.97	176.50
19.	68-Ministry of Overseas Indian Affairs	55.00	1.40	44.00	12.40
20.	73-Ministry of Planning	626.00	10.83	82.82	554.01
21.	74-Ministry of Power	6089.20	31.85	5868.19	252.86
* Ministry stated that the Ministry of Finance allocated the supplementary grant without any demand from them.					

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22.	76-Lok Sabha	323.49	24.89	296.05	52.33
23.	85 – Department of Biotechnology	919.00	12.33	891.30	40.03
24.	86 – Department of Shipping	1052.51	17.24	817.29	252.46
25.	88-Ministry of Social Justice and Empowerment	2320.00	16.02	2282.97	53.05
26.	93-Ministry of Tourism	486.00	5.71	460.95	30.76
27.	94-Ministry of Tribal Affairs	263.05	4.28	227.85	39.48
28.	100-Department of Urban Development	935.76	12.10	877.30	70.56
29.	102-Stationery and Printing	221.12	40.23	189.18	72.17
30.	103-Ministry of Water Resources	793.57	112.71	767.43	138.85
31.	104-Ministry of Women and Child Development	7262.00	13.09	6764.21	510.88
Capital – Voted					
32.	19 – Ministry of Defence	1006.68	9.84	578.40	438.12
33.	27 – Ministry of Development of North Eastern Region	143.50	60.00	142.70	60.80
34.	49 – Department of Heavy Industry	592.24	56.52	491.13	157.63
35.	86 – Department of Shipping	415.24	1.32	262.37	154.19
36.	89-Department of Space	1779.20	5.00	1068.49	715.71
37.	103 – Ministry of Water Resources	109.76	1.61	62.73	48.64
Capital - Charged					
38.	4 – Atomic Energy	1.00	1.00	0.16	1.84
39.	19 - Ministry of Defence	-	1.66	-	1.66
40.	87 – Department of Road Transport and Highways	7.00	3.84	6.09	4.75
Total		1876.46			

Unrealistic estimation of expenditure

8.14 While obtaining supplementary grants, the Ministries/departments reported to Parliament large amounts of additional requirement for different purposes under the schemes/activities detailed in **Appendix VIII-H** but they were finally unable to spend not only the entire supplementary grants or parts thereof but also the original budget provision in certain cases.

Unrealistic budgetary assumptions

8.15 The budget circulars issued by the Ministry of Finance every year stipulate that due note, while framing the estimates, be taken of the past

performance, the stages of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme, the constraints on spending by the spending agencies etc.,. The objective is to minimise the scope for avoidable surrenders at a later stage. Further, no provision should normally be made in the budget without completion of pre-budget scrutiny of the projects/schemes. Where, however, provision has been made without necessary scrutiny, such scrutiny should be completed and appropriate approvals obtained therefor before the commencement of the financial year at the latest by the time budget is passed by the Parliament. Scrutiny of the head-wise Appropriation Accounts revealed that the Ministries/departments made excessive provisions under the various sub-heads, which ultimately resulted in the large savings and surrenders at the end of the year. **Appendix VIII-I** gives the details of 187 such cases with savings of Rupees ten crore and above, constituting more than 40 *per cent* of the budgeted provision.

Savings of Rs. 100 crore or more under a sub-head

8.16 A detailed scrutiny of Appropriation Accounts revealed that under certain grants and appropriations savings of Rs. 100 crore or more under a sub-head were noticed which are indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Ministry/department. Necessary steps need to be taken by the Ministries/departments to make their budgetary exercise more realistic not only to minimise large scale variations between estimates and actual but also to gainfully utilise the scarce resources. These Ministries/departments are required to review their system of budgetary assumption or/and efficiency of their programme management. **Appendix VIII-J** gives the details of 36 such savings of Rs. 100 crore or more under a sub-head.

Large supplementary grants due to unrealistic budgetary projections

8.17 Under Article 114 of the Constitution of India, the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India. Parliament can also sanction supplementary or additional grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution. While preparing the estimates of expenditures, Ministries/departments are required to keep in view the trends of disbursements during the previous years and take due care so that provision for all inescapable and foreseeable expenditures is made in the estimates before they are submitted to the Ministry of Finance. The Ministry of Finance after due deliberations and pre-budget meetings/scrutiny finalises the budget proposals. A scrutiny of the Appropriation Accounts for the year 2008-09

revealed that a large number of Ministries/departments of the Central Government obtained supplementary grants/appropriations much in excess of the original provisions. The supplementary provisions ranged from 41 *per cent* to 2,585 *per cent* of the original provisions in some sections of the grants mentioned in Table 8.6. This indicated that the Ministries/departments did not prepare estimates of expenditure on a realistic basis and that the mechanism of holding pre-budget meetings and scrutiny by Ministry of Finance for ensuring realistic budgetary projections did not have the desired effect.

Table 8.6: Statement showing details of large Supplementary Grants due to unrealistic budgetary projections

(Rupees in crore)

Sl. No.	Description of the grant	Original provision	Supplementary provisions	Percentage of supplementary provision to original provision
Revenue (Voted)				
1.	7- Department of Fertilisers	34335.51	66521.62	194
2.	8- Ministry of Civil Aviation	476.06	217.13	46
3.	10- Department of Commerce	2823.74	1511.77	54
4.	15-Department of Consumer Affairs	231.99	157.09	68
5.	32- Payments to Financial Institutions	7263.64	43811.49	603
6.	38- Department of Expenditure	41.86	17.10	41
7.	43- Indirect Taxes	1804.60	880.20	49
8.	49- Department of Heavy Industry	214.96	1678.06	781
9.	54- Other Expenditure of the Ministry of Home Affairs	999.03	438.55	44
10.	72- Ministry of Petroleum and Natural Gas	2938.00	75944.54	2585
11.	80- Department of Rural Development	51569.81	39360.61	76
12.	91- Ministry of Steel	104.02	403.08	387
13.	92- Ministry of Textiles	3064.53	2600.29	85
14.	105- Ministry of Youth Affairs and Sports	977.29	551.10	56

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Sl. No.	Description of the grant	Original provision	Supplementary provisions	Percentage of supplementary provision to original provision
Capital (Voted)				
15.	1- Department of Agriculture and Cooperation	90.45	65.68	73
16.	13- Department of Telecommunications	200.75	507.92	253
17.	17-Ministry of Corporate Affairs	45.00	30.00	67
18.	27-Ministry of Development of North Eastern Region	143.50	60.00	42
19.	30-Ministry of External Affairs	845.93	794.92	94
20.	31- Department of Economic Affairs	599.12	1377.21	230
21.	32- Payments to Financial Institutions	2809.23	5653.13	201
22.	60- Ministry of Labour and Employment	129.65	627.50	484
23.	91- Ministry of Steel	15.50	252.05	1626
24.	92 – Ministry of Textiles	258.98	107.44	41
25.	95 – Andaman and Nicobar Islands	750.83	388.95	52
26.	100-Department of Urban Development	2019.38	2149.12	106

Postal Services (Grant No. 12)

8.18 Persistent savings were noticed under Capital section of the grant. Out of the budget allocation of Rs. 408.10 crore, during 2008-09, under the head 5201.104– Mechanisation and modernisation only Rs. 226.30 crore was spent, leaving an unspent amount of Rs. 181.80 crore. The details of persistent savings noticed under this head during the period 2004-09 are given in Table 8.7.

Table 8.7: Persistent savings under capital (voted) section

(Rupees in crore)

Year	Budget provision including supplementary grant	Actual expenditure	Unspent provision	Percentage
2004-05	178.75	126.29	52.46	29
2005-06	367.09	268.98	98.11	27
2006-07	385.98	284.73	101.25	26
2007-08	232.22	90.43	141.79	61
2008-09	426.61	244.30	182.31	43

8.19 The reasons advanced by the Department for savings under Revenue (Voted) and Capital (Voted) sections are as under:

Table 8.8: Savings in Grant

(Rupees in crore)

Grant no. 12	Total grant or appropriation	Actual expenditure	Savings	Contributing reasons as stated by the Department of Posts
Revenue (Voted)	10292.02	9755.98	536.04	<ul style="list-style-type: none"> • Less expenditure on salaries, training activities, commuted value of pension and gratuity, • Less payment of incentive to Development Officers of PLI and Doctors examination fees.
Capital (Voted)	426.61	244.30	182.31	<ul style="list-style-type: none"> • Non receipt/non adjustment of DGS&D bills, • Late approval of schemes
Total	10718.63	10000.28	718.35	

Defence Services

8.20 Scrutiny of the Appropriation Accounts of Defence Services disclosed a persistent trend of savings during the years 2006-09 under voted segment of five grants as detailed in Table 8.9.

Table 8.9: Persistent savings

(Rupees in crore)

Grant No Sub-Major/ Minor Head	2006-07	2007-08	2008-09	Contributing reasons as stated by the Ministry
21- Defence Services-Army				
109- Inspection Organisation	15.86	22.02	27.17	Due to less booking in proofing, non-payment of arrears and non fixation of pay in revised scales, less booking under code 'Foreign travel', less booking in proofing, non-finalisation of training scheduled.

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(Rupees in crore)

Grant No Sub-Major/ Minor Head	2006-07	2007-08	2008-09	Contributing reasons as stated by the Ministry
800-Other Expenditure	19.06	52.68	64.75	Due to large number of estimating authorities, delay in booking of funds, low expenditure in TAG, I&M Grant, MIFD, Army adventure wing, Recruiting organizations and ACSFP.
22- Defence Services-Navy				
104- Pay and Allowances of Civilians	32.94	11.90	49.32	Payment of increase rate of DA, non-filing up of vacant posts, less LTC claims, non-payment of dues on ACP, delay in induction of new recruits, etc.
110 - Stores	15.45	48.01	167.77	Delay in supply of machinery/transport spares/weapon spares/indigenous machinery spares and non-booking of expenditure by OFB resulting in less expenditure.
23- Defence Services-Air Force				
800 – Other Expenditure	20.50	15.59	15.77	Due to enforcement of economy measures, non-submission of bills by the civil/meteorology departments, non-booking of funds catered for Embassies/Missions/exercises/training abroad etc., reduction in tariff rates, non-materialization of procurements, non-completion of certain communications projects etc.
24- Defence Ordnance Factories				
110-Stores	18.43	82.02	69.96	Delay in receipt of payment vouchers from RBI for power packs required for MBT Arjun against foreign purchase, non-receipt of bills from Russian supplier, non-materialisation of supplies/booking under foreign purchase against HVE viz. T-90, T-72, T-90 MBT etc., local/central purchase of IT items etc.
800-Other Expenditure	19.27	16.84	31.95	Due to non-receipt of TOT documents, debit vouchers from Central Depots for machines and reduction in electricity/water/misc. expenses etc.
26- Capital Outlay on Defence Services				
02 – Navy				
104 – Joint Staff	19.41	18.64	15.48	Non-completion of work in time, non-acceptance of advance payment of Project HFDF system East Coast by MOF on the last day of the financial year, delays in materialization/progress of cases, exchange rate variation, non-materialisation/progress of capital acquisition projects by ADG, SI, HQ SFC, HQ ANC, CD and DSSD.

(Rupees in crore)

Grant No Sub-Major/ Minor Head	2006-07	2007-08	2008-09	Contributing reasons as stated by the Ministry
05 – Research and Development Organisation				
052- Machinery and Equipment	72.43	117.25	41.52	Non-materialisation of certain commitments against programmes/special schemes, LCs against ATVP, cumulative effect of small savings from Labs/Establishment and delay in delivery of certain stores by foreign suppliers against special schemes.

The persisting trends of large savings in the aforesaid heads of grants are indicative of over-estimation of the requirement of funds and failure to take effective remedial measures to avoid persistent savings.

Surrender of savings

8.21 The savings in a grant or appropriation are required to be surrendered as soon as these are foreseen without waiting till the end of the year. Further, savings should also not be held in reserve for possible future excesses as per Financial Regulations. During 2008-09, under Charged segments of two grants of Defence Services where surrenders were made for Rs. 1.10 crore, there was saving of Rs. 1.89 crore. Under Voted segments of four grants of Defence Services, where surrenders were made for Rs. 7,133.71 crore, there was saving of Rs. 8,132.23 crore. Out of this, Rs.742.61 crore was offset by excess under Voted segments of Grant relating to Defence Services-Air Force and Defence Ordnance Factories (Rs. 610.37 crore + Rs. 132.24 crore) resulting in overall savings of Rs. 7,389.62 crore. Besides, Rs. 7,133.71 crore under four Grants in Voted segment and Rs. 1.10 crore under two Grants in Charged segment were surrendered on the last day of the financial year which was contrary to the rule as per details appended in Table 8.10.

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Table 8.10: Details of savings and surrender

(Rupees in Crore)

Grant/Appropriation	Savings		Amount surrendered on last date		Amount not surrendered	
	Charged	Voted	Charged	Voted	Charged	Voted
2076-Army	5.11	808.27	-	47.12	5.11	761.15
2077-Navy	1.27	242.14	-	76.14	1.27	166.00
2078-Air Force	1.25	-	1.00	-	0.25	-
2080-R & D	0.64	0.69	0.10	1.39	0.54	(-) 0.70
4076-Capital Outlay on Defence Services	9.45	7081.13	-	7009.06	9.45	72.07
TOTAL	17.72	8132.23	1.10	7133.71	16.62	998.52

Persistent excesses beyond budgeted provisions

8.22 An analytical table on the persistent trend of financial budgetary control failure over the last three years in certain grants relating to Defence Services is detailed below:

Table 8.11: Details of persistent savings

(Rupees in crore)

Sl. No.	Description of Grant	Final excess expenditure during			Contributing reasons as stated by the Ministry
		2006-07	2007-08	2008-09	
1.	Grant No. 23 – Defence Services - Air Force 2078.00.101 – Pay and Allowances of Air Force	6.47	8.40	454.84	More expenditure on local allowances, heavy rush of booking by CGDA towards end of the year and due to implementation of VI CPC recommendations.
2.	Grant No. 24 – Defence Ordnance Factories 2079.00.106 – Renewal and Replacement	2.14	5.00	5.22	Excess expenditure over MA projection which had been adjusted against the RR fund account of Ordnance factories and due to foreign exchange rate variation.

Ministry failed to give appropriate justification as to how the PCDA/CDA had authorised excess expenditure without the budget provision in the above grants. Even after repeated assurances to the Public Accounts Committee in the ATNs and issue of instructions, Ministry failed to arrest the trend of persistent excesses beyond budget provisions in the above detailed cases.