

3: APPROPRIATION ACCOUNTS: 2013-14

3.1 Constitutional provisions

Soon after the Lok Sabha passes the Demands for Grants under Article 113 of the Constitution of India, the Government introduces an Appropriation Bill under Article 114 to provide for appropriations out of the Consolidated Fund of India (CFI). The Appropriation Act passed by the Parliament authorises the Government to appropriate specified sums from the CFI for specified services. Parliament also sanctions supplementary or additional grants by the subsequent Appropriation Acts in terms of Article 115 of the Constitution. The Appropriation Acts authorise disbursements on services, which have been voted by Parliament under various grants in terms of Articles 114 and 115, and the disbursements, charged on the CFI in terms of Article 112(3) as well as Articles 273, 275(1) and 293(2) of the Constitution. The Government prepares Appropriation Accounts every year indicating the details of the gross amounts on various services actually spent by the government vis-à-vis those authorised by the Appropriation Acts.

The Controller General of Accounts (CGA) prepares the Appropriation Accounts in respect of 99 grants and appropriations of Civil Ministries. The Ministries of Defence, Railways and the Department of Posts prepare the Appropriation Accounts of their respective grants. The Comptroller and Auditor General of India submits four Appropriation Accounts pertaining to different sectors of activities of the Government, viz. Civil, Defence, Posts and Railways, along with his Report under Article 151 of the Constitution, to the President every year, who causes them to be laid before the Parliament. Details of demands for grants and appropriations of various Ministries during 2013-14 are as follows:

Ministry	Number of Demands for Grants/Appropriations
Civil	99
Defence	6
Posts	1
Railways	16
Total	122

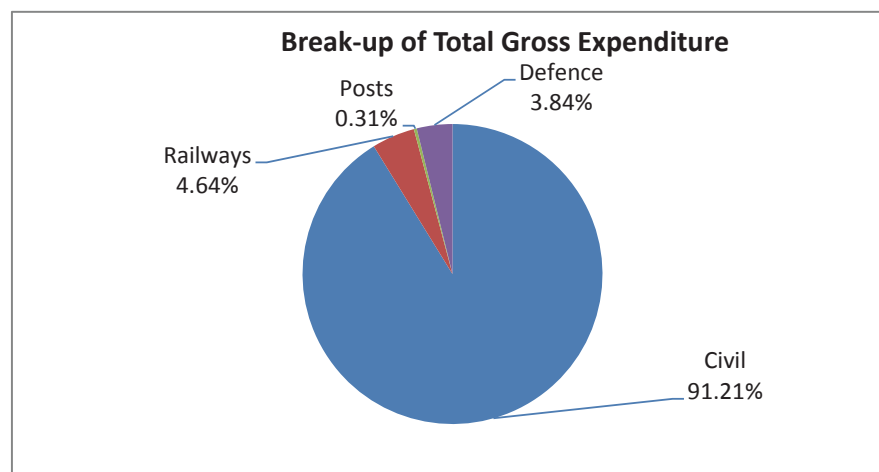
This Report contains audit observations on the Appropriation Accounts (Civil, Posts and Defence), including an analysis of expenditure in excess of allocation requiring regularisation by the Parliament, unspent provisions requiring explanation, irregular and injudicious re-appropriations, supplementary provisions obtained without requirement by some Ministries, unrealistic budgeting and detailed observations in respect of expenditure on

Grants-in-aid incurred in two selected Ministries. For facility of better appreciation of the sectoral features, grants/appropriations relating to Civil Ministries/Departments, Posts and Defence, have been dealt with comprehensively. References to Railways appropriations have been made, wherever necessary, in order to cover the appropriation process in totality. Audit findings on Railway appropriations are, however, available in the related separate Audit Report for the year ended 2013-14.

3.2 Summary of total provisions, actual disbursements and savings during 2013-14

Chart 3.1 below shows the break-up of expenditure between Civil Ministries/Departments, Posts, Railways and Defence during the financial year 2013-14. As can be seen from the chart, the bulk of the expenditure, 91.21 per cent, was incurred by the Civil Ministries, 4.64 per cent by Railways, 3.84 per cent by Defence, while the Posts accounted for 0.31 per cent of the total gross expenditure.

Chart 3.1: Break-up of expenditure between Civil Ministries/Departments, Railways, Posts and Defence during the financial year 2013-14



The **Table 3.1** below gives the break-up of expenditure between Civil Ministries/Departments, Railways, Posts and Defence during the year 2013-14.

Table 3.1: Expenditure under Charged and Voted during the year 2013-14

(₹ in crore)

Civil		Railways		Posts		Defence		Total	
49,90,058		2,53,939		17,066		2,09,788		54,70,851	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
1014393	3975665	253580	359	17065	1	209575	213	1494613	3976238
20.33%	79.67%	99.86%	0.14%	99.99%	0.01%	99.90%	0.10%	27.32%	72.68%

Table 3.2 below gives the total provisions (both Charged and Voted) and disbursements of the Government during the financial year 2013-14. **Annexure 3.1** presents the details of the summary of Appropriation Accounts of Civil Ministries, Posts, Railways and Defence Services.

Table 3.2: Provision, disbursement and savings during 2013-14

(₹ in crore)

Departments	Total Provision	Disbursements	Savings (-) Excess (+)	Percentage of Savings/Excess as compared to Total Provision
Civil	5715817.89	4990057.83	(-) 725760.06	12.70
Posts	17310.37	17065.68	(-) 244.69	1.41
Defence Services	217648.54	209788.52	(-) 7860.02	3.61
Railways	264394.88	253938.75	(-) 10456.13	3.95
Grand Total	6215171.68	5470850.78	(-) 744320.90	11.98

Under the Civil Ministries/Departments, the net saving of ₹ 7,25,760 crore was due to saving of ₹ 7,25,800 crore in the 99 *appropriations/grants* and excess expenditure of ₹ 39.59 crore under three *appropriations/grants* pertaining to civil Ministries/Departments.

Out of the overall saving of ₹ 7,25,800 crore in Civil Ministries/Departments, major savings occurred in Grant No. 38-Appropriation-Repayment of Debt under Capital (Charged) section (₹ 5,02,957 crore), Grant No. 33-Department of Economic Affairs under Capital (Voted) section (₹ 63,463 crore), Grant No. 36-Transfers to State and Union Territory Governments under Revenue (Voted/Charged) sections (₹ 25,928 crore), Grant No. 83-Department of Rural Development under Revenue (Voted) section (₹ 15,817 crore), Grant No. 34-Department of Financial Services under Capital (Voted) section (₹ 14,017 crore), Grant No. 59-Department of School Education & Literacy under Revenue (Voted) section (₹ 10,153 crore) and Grant No. 42-Department of Revenue under Revenue (Voted) section (₹ 7,537 crore).

Of the overall excess expenditure of ₹ 39.59 crore, excess expenditure of ₹ 35.89 crore registered in Grant No. 20 – Ministry of Defence (Revenue Voted), ₹ 0.75 crore in Grant No. 21 – Defence Pensions (Revenue Charged) and ₹ 2.95 crore in Grant No. 32 – Ministry of External Affairs (Capital Voted).

There were savings in 201 sections of the 99 grants and excess in three sections of three grants under the grants/appropriations relating to Civil Ministries/Departments; savings in three sections of Posts; savings in 14 sections and excess in 19 sections of Railways¹ and savings in eight sections

¹ Grant No. 16 of Railways is having four Revenue and four Charged sections.

and excess in four sections of Defence Services. **Annexure 3.2** presents an abstract of the savings and excess.

3.3 Charged and voted disbursements

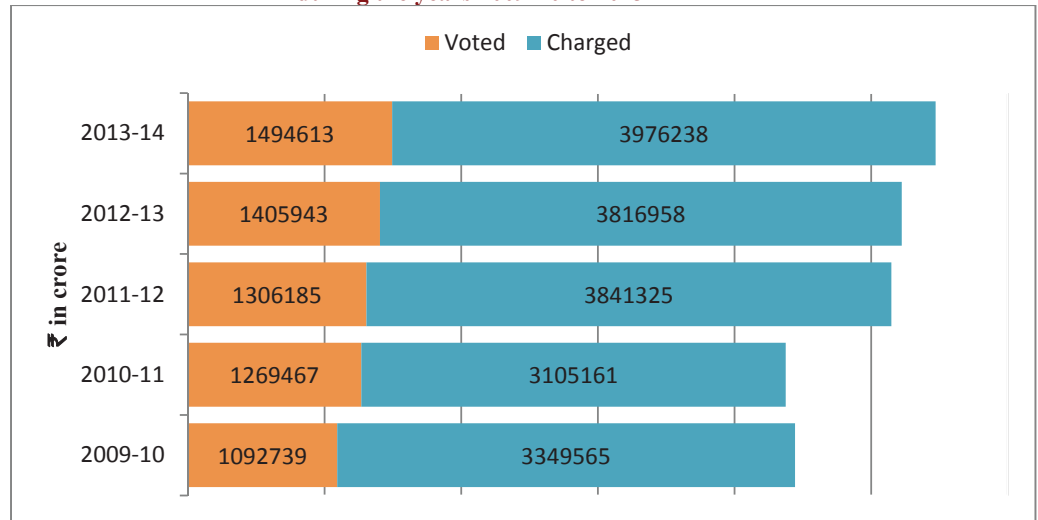
As per article 112(2) of the Constitution, a distinction is made between charged and voted expenditure. Charged expenditures are those expenditures as defined in Articles 112(3), 273, 275(1) and 293(2) of the Constitution. Estimates of charged expenditure are not subjected to the vote of the Parliament as enshrined in Article 113(1) of the Constitution but can be discussed in either House of the Parliament. **Annexure 3.3** contains the details of disbursements actually made against authorised demands (grants and appropriations) of the Civil Ministries/Departments for the years 2000-2014. During these years, 70 *per cent* to 81 *per cent* of the total disbursements for the Civil Ministries/Departments were charged on the Consolidated Fund of India.

During 2013-14, the total disbursements of ₹ 49,90,058 crore under the civil Ministries/Departments were higher by ₹ 1,96,592 crore as compared to the total disbursements of ₹ 47,93,466 crore during 2012-13. It had increased by 782 *per cent* from ₹ 5,66,042 crore in 2000-01. The charged disbursements increased by 881 *per cent* from ₹ 4,05,289 crore in 2000-01 to ₹ 39,75,665 crore in 2013-14 and voted disbursements increased by 531 *per cent* from ₹ 1,60,753 crore to ₹ 10,14,393 crore over the same period. The charged disbursement of the civil Ministries/Departments during 2013-14 was 80 *per cent* of the total disbursements.

Major charged disbursement comprised of Appropriation-Repayment of Debt ₹ 35,11,291 crore, Appropriation-Interest Payments ₹ 3,95,200 crore and Transfers to State and Union Territory Governments ₹ 64,904 crore. Since estimates of charged disbursements are not subject to vote by the Parliament, effectively the scope of financial control by Parliament is limited to about 20 *per cent* of the total disbursement of the Union civil Ministries /Departments.

Chart 3.2 depicts the preponderance of charged expenditure over voted expenditure in the Union Government during the last five years 2009-10 to 2013-14. However, viewed against the background of total disbursements amounting to ₹ 54,70,851 crore from the CFI including Civil, Posts, Defence Services and Railways, the percentage of charged disbursements was 73 *per cent* (₹ 39,76,238 crore) during the financial year 2013-14.

Chart 3.2: Disbursement under Charged and Voted sections during the years 2009-10 to 2013-14



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3.4 Grants/appropriations with excess disbursements

Article 114(3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India except under appropriations made by law. Rule 52(3) of General Financial Rules, 2005 stipulates that no disbursements shall 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 through an advance from the Contingency Fund. **Table 3.3** presents the summary of excess disbursement of ₹ 3493,06,46,212 (₹ 3493.06 crore) over the authorisation from the CFI during 2013-14. There was an excess disbursement of ₹ 39,59,09,662 (₹ 39.59 crore) in three segments of three grants/appropriations in Civil Ministries/ Departments, ₹ 2719,75,41,729 (₹ 2,719.75 crore) in 19 segments of 12 grants/appropriations of Railways and ₹ 733,71,94,821 (₹ 733.72 crore) in four segments of three grants of Defence Services.

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Table 3.3: Summary of excess disbursements over grants/appropriations

(Amount in ₹)

		Civil	Defence	Railways
Voted	Revenue	35,88,89,749	732,85,99,990	1854,69,72,730
	Capital	2,95,32,970	--	829,68,15,639
Charged	Revenue	74,86,943	85,94,831	22,39,52,699
	Capital	--	--	12,98,00,661
No of Grants/Appropriations		3	3	12
Segments		3	4	19
Total Excess		39,59,09,662	733,71,94,821	2719,75,41,729
Grand Total		3493,06,46,212		

The details of excess expenditure requiring regularisation under Article 115(1)(b) of the Constitution are given in **Table 3.4** detailed below.

Table 3.4: Details of excess disbursement over grants/appropriations

Sl. No	Description of Grant/ Appropriation		Amount in ₹	Reasons for excess as stated by the Ministries/Departments
Civil				
Revenue (Voted)				
1.	20-Ministry of Defence	Grant Expenditure Excess	15696,62,00,000 15732,50,89,749 35,88,89,749	Reasons awaited (March 2015).
Revenue (Charged)				
2.	21-Defence Pensions	Appropriation Expenditure Excess	4,23,00,000 4,97,86,943 74,86,943	Mainly due to the compliance of decree of Hon'ble Court (Armed Forces Tribunal) which is an obligatory expenditure.
Capital (Voted)				
3.	32-Ministry of External Affairs	Grant Expenditure Excess	1893,50,00,000 1896,45,32,970 2,95,32,970	Excess was due to exchange rate variation.
Railways				
Revenue (Voted)				
1.	05-Repair and Maintenance of Motive Power	Grant Expenditure Excess	4397,04,93,000 4464,46,66,342 67,41,73,342	More drawl of stores from stock, more expenditure towards wages and materials, adjustment of more workshop debits due to more periodical overhaul (POH) activities and materialization of more contractual payments during the year, than anticipated.
2.	06-Repairs and Maintenance of Carriages & Wagons	Grant Expenditure Excess	10233,23,60,000 10330,64,11,236 97,40,51,236	Incurrence of more expenditure towards wages and material on POH, adjustment of more workshop debits, materialization of more contractual payments during the year, than anticipated.
3.	08- Operating Expenses-Rolling Stock and Equipment	Grant Expenditure Excess	8692,35,17,000 8797,44,55,905 105,09,38,905	Incurrence of more expenditure towards staff cost, more direct purchase and materialization of more contractual obligations, than anticipated.

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Sl. No	Description of Grant/ Appropriation	Amount in ₹		Reasons for excess as stated by the Ministries/Departments
4.	10-Operating Expenses – Fuel	Grant Expenditure Excess	28530,66,41,000 29214,21,50,268 683,55,09,268	Increase in prime cost of High Speed Diesel (HSD) Oil, more consumption of HSD Oil for more activity of diesel locos and more expenditure towards sales tax/excise duty and other taxes and levies during the year, than anticipated.
5.	13-Provident Fund, Pension & Other Retirement Benefits	Grant Expenditure Excess	24797,13,12,000 25529,56,50,190 732,43,38,190	Receipt of more debits from pension disbursing authorities on account of increase in dearness allowance, finalization of more number of death cum retirement gratuity cases, more expenditure towards leave encashment for pension optees and more Government contribution for newly defined contribution pension scheme, than anticipated.
6.	15-Dividend to General Revenues, Repayment of Loans taken from General Revenue and Amortisation of over capitalization.	Grant Expenditure Excess	7839,87,00,000 8008,66,61,789 168,79,61,789	Higher payment of dividend to General Revenues due to increase in the rate of dividend from 4 per cent to 5 per cent recommended by the Railway Convention Committee (2009) for the year 2013-14.
Revenue (Charged)				
7.	03-General Superintendence and Services	Appropriation Expenditure Excess	50,31,000 88,78,888 38,47,888	Materialization of more decretal payments, than anticipated.
8.	04-Repairs and Maintenance of Permanent Ways and Works	Appropriation Expenditure Excess	1,60,95,000 2,34,41,216 73,46,216	
9.	05-Repairs and Maintenance of Motive Power	Appropriation Expenditure Excess	0 4,76,961 4,76,961	
10.	06-Repairs and Maintenance of Carriages & Wagons	Appropriation Expenditure Excess	2,00,000 8,71,243 6,71,243	
11.	07-Repairs and Maintenance of Plant and Equipment	Appropriation Expenditure Excess	61,000 61,385 385	
12.	08-Operating Expenses- Rolling Stock and Equipment	Appropriation Expenditure Excess	11,56,000 51,52,570 39,96,570	
13.	09-Operating Expenses - Traffic	Appropriation Expenditure Excess	3,75,000 3,07,94,596 3,04,19,596	
14.	10-Operating Expenses - Fuel	Appropriation Expenditure Excess	61,38,40,000 78,92,23,182 17,53,83,182	
15.	11-Staff Welfare and Amenities	Appropriation Expenditure Excess	2,25,000 3,97,553 1,72,553	
16.	13-Provident Fund, Pension & Other Retirement Benefits	Appropriation Expenditure Excess	58,07,000 74,45,105 16,38,105	

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Sl. No	Description of Grant/ Appropriation	Amount in ₹	Reasons for excess as stated by the Ministries/Departments	
Capital (Voted)				
17.	16-Assets-Acquisition, Construction and Replacement -Capital	Grant Expenditure Excess	69618,75,85,000 70448,44,00,639 829,68,15,639	Materialization of more contractual payment and stores bills, residual works, and other miscellaneous expenses to commensurate the progress of work, booking of more expenditure on new rails and Pre Stressed Concrete Sleepers, adjustment of more debits, payment of Capital component of leased assets to Indian Railway Finance Corporation, more procurement of Machinery & Plants items, variation in prices of raw materials, increase in consumption of fuel and more expenditure towards HSD oil, more procurement /receipts of stores for general purposes and adjustment of debits for stores over various zonal railways during the year than anticipated.
Capital (Charged)				
18.	16-Assets-Acquisition, Construction and Replacement -Capital	Appropriation Expenditure Excess	150,00,00,000 162,15,62,239 12,15,62,239	Materialization of more decretal payments, than anticipated.
19.	16-Railway Fund (Depreciation Reserve Fund, Development Fund, Capital Fund)	Appropriation Expenditure Excess	3,50,50,000 4,32,88,422 82,38,422	Materialization of more decretal payments, than anticipated.
Defence Services Revenue (Voted)				
1.	23 – Defence Services – Navy	Grant Expenditure Excess	13331,12,00,000 13451,52,30,532 120,40,30,532	To meet the requirement for pay and allowances, increased expenditure on petrol, oil and lubricants, maintenance and fighter pilot training in U.S. and for short ad-hoc courses.
2.	24 – Defence Services-Air Force	Grant Expenditure Excess	19929,17,00,000 20115,89,28,987 186,72,28,987	On account of payment on pay and allowances, additional requirement for maintenance of aircraft and other assets, replenishment of airborne and ground bases weapons, procurement of clothing and ration articles, procurement of Aviation Turbine Fuel, increased expenditure on electricity and water tariff, repair, maintenance and upkeep of buildings, payment of rents, rates and taxes.
3.	25 – Defence Ordnance Factories	Grant Expenditure Excess	3072,84,00,000 3498,57,40,471 425,73,40,471	Increased requirement for cantonment charges.

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Sl. No	Description of Grant/Appropriation	Amount in ₹		Reasons for excess as stated by the Ministries/Departments
Revenue (Charged)				
4.	25 – Defence Ordnance Factories	Appropriation Expenditure Excess	8,40,00,000 9,25,94,831 85,94,831	Settlement of more number of court cases than anticipated.

Grants/Appropriations figure include Supplementary grants/appropriations, if any.

The detailed comments relating to grants of the Railways are included in the related separate Audit Report for the year 2013-14 of the Comptroller and Auditor General of India.

3.5 Persistent excess in grants

A scrutiny of the grants registering persistent excess for the five years period from 2009-10 to 2013-14 was undertaken. The scrutiny revealed that in 11 segments of nine grants/appropriations persistent excesses occurred in the year 2013-14 and at least in two years out of previous four years period for which analysis was made. The grant wise and year wise details of persistent excesses against authorisation are given in **Table 3.5** below:

Table 3.5: Persistent excess in grants/appropriations

(Amount in ₹)

Sl. No.	Description of Grant/Appropriation	2009-10	2010-11	2011-12	2012-13	2013-14
Civil Capital (Voted)						
1.	32 – Ministry of External Affairs Excess-Expenditure-Grant-	--	26,97,65,506 898,97,65,506 872,00,00,000	7,23,26,294 1398,23,26,294 1391,00,00,000	--	2,95,32,970 1896,45,32,970 1893,50,00,000
Civil Revenue (Charged)						
2.	21- Defence Pensions Excess-Expenditure-Appropriation-	--	10,74,960 35,74,960 25,00,000	28,54,467 82,54,467 54,00,000	3,99,60,400 4,81,60,400 82,00,000	74,86,943 4,97,86,943 4,23,00,000
Defence Services Revenue (Voted)						
3.	23- Defence Services - Navy Excess-Expenditure-Grant-	150,51,03,457 9586,21,03,457 9435,70,00,000	138,84,60,256 10141,36,60,256 10002,52,00,000	--	--	120,40,30,532 13451,52,30,532 13331,12,00,000

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Sl. No.	Description of Grant/Appropriation	2009-10	2010-11	2011-12	2012-13	2013-14
Railways						
Revenue (Voted)						
4.	05- Repair and Maintenance of Motive Power Excess-Expenditure-Grant-	90,87,30,288 3479,19,71,288 3388,32,41,000	75,06,60,832 3423,60,13,832 3348,53,53,000	--	--	67,41,73,342 4464,46,66,342 4397,04,93,000
5.	06- Repair and Maintenance of Carriages & Wagons Excess-Expenditure-Grant-	164,57,39,230 7857,06,14,230 7692,48,75,000	221,08,77,978 7799,58,75,978 7578,49,98,000	--	--	97,40,51,236 10330,64,11,236 10233,23,60,000
6.	08- Operating Expenses- Rolling Stock & Equipment Excess-Expenditure-Grant-	36,30,60,599 5983,59,00,599 5947,28,40,000	189,88,89,127 6156,81,96,127 5966,93,07,000	--	28,17,03,579 7888,94,97,579 7860,77,94,000	105,09,38,905 8797,44,55,905 8692,35,17,000
7.	10 – Operating Expenses - Fuel Excess-Expenditure-Grant-	--	398,08,55,127 16771,04,34,127 16372,95,79,000	--	658,82,43,046 22388,16,45,046 21729,34,02,000	683,55,09,268 29214,21,50,268 28530,66,41,000
8.	13- Provident Fund, Pension & other Retirement Benefits Excess-Expenditure-Grant-	1512,38,96,979 16911,20,69,979 15398,81,73,000	1403,97,51,918 16352,71,21,918 14948,73,70,000	769,61,68,663 18326,96,73,663 17557,35,05,000	981,95,20,896 21558,67,20,896 20576,72,00,000	732,43,38,190 25529,56,50,190 24797,13,12,000
Railways						
Revenue (Charged)						
9.	03- General Superintendence and Services Excess-Expenditure-Appropriation-	24,21,286 34,79,286 10,58,000	20,97,842 36,49,842 15,52,000	27,29,201 30,34,201 3,05,000	41,82,995 42,73,995 91,000	38,47,888 88,78,888 50,31,000
10.	08- Operating Expenses- Rolling Stock & Equipment Excess-Expenditure-Appropriation-	--	51,277 8,72,277 8,21,000	--	4,96,123 4,96,123 0	39,96,570 51,52,570 11,56,000
11.	13 – Provident Fund, Pension & other Retirement Benefits Excess-Expenditure-Appropriation-	--	--	4,09,113 62,67,113 58,58,000	15,63,329 73,83,329 58,20,000	16,38,105 74,45,105 58,07,000

A number of grants witnessing excesses year after year is a matter of concern. Despite Public Accounts Committee's recommendations to minimise the cases

of excesses, persistent excesses have been noticed in the above grants. Ministries/Departments did not make concerted efforts and devise effective mechanism with a view to observe financial discipline to avoid excess expenditure.

3.6 Minor/Sub head-wise excess expenditure

Rule 58(1) of General Financial Rules 2005 enjoins that a subordinate authority incurring the expenditure will be responsible for ensuring that the allotment placed at its disposal is not exceeded. Where any excess over the allotment is apprehended, the subordinate authority should obtain additional allotment before incurring the excess expenditure.

It was, however, observed from the Head-wise Appropriation Accounts for the year 2013-14 that in 68 minor/sub-heads of 24 grants, there was an excess expenditure of ₹ 5 crore and more, over the available provision. An aggregate expenditure of ₹ 5,048.92 crore was incurred which exceeded the available provisions under these minor/sub-heads, but 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. Minor/sub-heads where excess expenditure occurred are listed in **Annexure 3.4**.

3.7 Saving of ₹ 100 crore or more in grants/appropriations

The Public Accounts Committee (10th Lok Sabha, 1990-91) in its 60th Report (paras 1.22 and 1.24) had observed that savings of ₹ 100 crore or above are indicative of defective budgeting as well as shortfall in performance in a Grant or Appropriation. The Committee had, therefore, desired that detailed note in respect of savings of ₹ 100 crore or above in a section of the grant for each year was required to be furnished to the Committee by the respective Ministry /Department.

Saving of more than ₹ 100 crore, which need a detailed explanatory note to the Public Accounts Committee (PAC), had occurred in 102 cases of 78 grants (including Civil, Posts, Railways and Defence Services) during the financial year 2013-14. Large savings were noticed in grants: Appropriation-Repayment of Debt (₹ 5,02,957 crore), Department of Economic Affairs (₹ 63,651 crore), Transfers to State and Union Territory Governments (₹ 26,928 crore), Department of Rural Development (₹ 15,817 crore), Department of Financial Services (₹ 14,764 crore), Department of School Education & Literacy (₹ 10,153 crore), Capital Outlay on Defence Services (₹ 7,592 crore), Department of Revenue (₹ 7,537 crore), Appropriation to Funds –

Depreciation Reserve Fund, Development Fund, Pension Fund and Capital Fund (Railways) (₹ 6,156 crore), Ministry of Planning (₹ 6,348 crore), Department of Health and Family Welfare (₹ 7,060 crore), Appropriation-Interest Payments (₹ 5,301 crore), Ministry of Power (₹ 5,450 crore), Ministry of Panchayati Raj (₹ 3,739 crore), Ministry of Drinking Water & Sanitation (₹ 3,325 crore), Department of Agricultural Research and Cooperation (₹ 3,317 crore), Department of Land Resources (₹ 3,277 crore), Ministry of Road Transport & Highways (₹ 3,484 crore), Police (₹ 4,360 crore), Ministry of Women and Child Development (₹ 2,601 crore), Department of Higher Education (₹ 2,417 crore), Department of Telecommunications (₹ 4,304 crore), etc. Savings under various grants/appropriations of ₹ 100 crore or more are detailed in **Annexure 3.5**.

Some of the reasons for savings were attributed by the Ministries/Departments as ‘some of the schemes failed to take off’, ‘non-submission/delay in submission of Utilisation Certificates’, ‘receipt of less claims’, ‘non-approval/non-finalisation of projects/schemes’, ‘unspent balances lying with the State Governments’, ‘Receipt of less proposals from State Governments’, etc.

Further, in 64 sections of 55 grants/appropriations, persistent savings of ₹ 100 crore and above, during the last three years (2011-12 to 2013-14), were noticed, details of which are given in **Annexure 3.6**. Some of the grants with large persistent savings were those pertaining to Ministry of Drinking Water & Sanitation, Department of Economic Affairs, Transfers to State and Union Territory Governments, Appropriation – Repayment of Debt, Department of Revenue, Department of Health and Family Welfare, Ministry of Home Affairs, Police, Department of School Education and Literacy, Department of Higher Education, Ministry of Panchayati Raj, Ministry of Power, Department of Rural Development, Department of Land Resources, Department of Space, Ministry of Textiles, Capital Outlay on Defence Services and Appropriation to Funds – Depreciation Reserve Fund, Development Fund, Pension Fund and Capital Fund (Railways).

3.8 Surrender of savings (Overall)

Rule 56 of General Financial Rules, 2005 provides that 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. Savings should also not be held in reserve for possible future excesses.

During the financial year 2013-14, under 201 segments of 99 grants/appropriations of Civil Ministries/Departments, there were savings of ₹ 7,25,800 crore. This was offset by excess expenditure of ₹ 40 crore under

three segments of three grants resulting in a net saving of ₹ 7,25,760 crore. The amounts surrendered by the Civil Ministries/Departments are shown in **Table 3.6**.

Table 3.6: Details of savings and surrender under Civil Ministries/Departments

(₹ in crore)

	Unspent Provision	Amount Surrendered	Amount Surrendered on 31 st March	Percentage of Amount Surrendered on 31 st March to Unspent Provision	Amount not Surrendered
Revenue					
Voted	111045.80	102827.82	99537.95	89.63	8217.98
Charged	13957.61	10592.70	10587.47	75.85	3364.91
Total: Revenue	125003.41	113420.52	110125.42	88.10	11582.89
Capital					
Voted	96791.04	93019.96	92390.11	95.45	3771.08
Charged	504005.20	506324.28	506201.17*	100.44*	(-) 2319.08*
Total: Capital	600796.24	599344.24	598591.28	99.63	3771.08
Grand Total	725799.65	712764.76	708716.70	97.65	15353.97

*Surrendered amount is more than unspent provision.

In 16 segments across 15 grants/appropriations, the amount surrendered exceeded the savings in the grants. This is indicative of poor budgetary management. Details of such cases are given in **Annexure 3.7**.

3.9 Surrender of savings on the last day of financial year (Grant-wise)

In 91 segments across 67 grants/appropriations, where savings of more than ₹ 100 crore had occurred, the Ministries/Departments concerned surrendered the savings on the last day of the financial year (i.e. 30th/31st March 2014) in violation of Rule 56 of the General Financial Rules, 2005. The details of savings, surrenders along with the amounts not surrendered, which stood lapsed at the close of the financial year, are given in **Annexure 3.8**.

3.10 Large supplementary grants due to unrealistic budgetary projections (exceeding 40 per cent of original provision)

Under Article 114 of the Constitution, the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India. Parliament also authorise supplementary or additional grants by subsequent Appropriation Acts, in terms of Article 115 of the Constitution over and above the authorisation made previously for the purpose of that year under Article 114. While preparing the initial 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.

If the amount authorised in accordance with the provision of Article 114 to be expended for a particular service for the current financial year is found to be insufficient for the purposes of that year or when a need has arisen during the current financial year for supplementary or additional expenditure upon some new service not contemplated in the annual financial statement for that year, another statement (supplementary demand) in terms of Article 115(1)(a) is laid in the Parliament showing the estimated amount of that expenditure.

Table 3.7 below presents the supplementary provisions obtained by the Ministries of the Union Government and their percentage to the original provision during 2013-14.

Table 3.7: Ministry-wise Original and Supplementary Provisions

(₹ in crore)

Ministries	Original Provision	Supplementary Provision	Total Provision	Percentage of Supplementary to Original Provision
Civil	5651863.26	63954.63	5715817.89	1.13
Post	17309.48	0.89	17310.37	0.01
Defence	209282.80	8365.74	217648.54	4.00
Railways	257245.22	7149.66	264394.88	2.78
Total	6135700.76	79470.92	6215171.68	1.30

Further scrutiny revealed that a number of Ministries/Departments of the Central Government obtained supplementary grants/appropriations which were even higher than the original provisions. The cases where the supplementary provision exceeded 40 *per cent* of the original provision are detailed in **Table 3.8**.

Table 3.8: Details of large Supplementary Grants obtained due to unrealistic initial budgetary projections

(₹ in crore)

Sl. No.	Description of grant/appropriation	Original Provision	Supplementary Provision	Percentage of Supplementary to Original Provision
Civil				
Revenue (Voted)				
1.	34-Department of Financial Services	7468.99	4000.00	54
2.	51- Department of Heavy Industry	461.41	469.56	102
3.	69-Ministry of New and Renewable Energy	1434.05	1214.16	85

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Sl. No.	Description of grant/appropriation	Original Provision	Supplementary Provision	Percentage of Supplementary to Original Provision
Revenue (Charged)				
4.	11-Department of Commerce	0.50	0.82	164
5.	20-Ministry of Defence	0.26	0.22	85
6.	21-Defence Pensions	0.69	3.54	513
7.	42-Department of Revenue	0.02	26.50	132500
8.	55-Police	9.94	8.18	82
Capital (Voted)				
9.	10-Ministry of Coal	50.00	1672.00	3344
10.	48-Department of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	9.40	18.00	191
11.	51- Department of Heavy Industry	567.56	420.10	74
12.	67-Ministry of Mines	246.53	103.14	42
13.	69-Ministry of New and Renewable Energy	99.50	100.00	101
14.	94-Ministry of Tourism	2.00	1.00	50
Capital (Charged)				
15.	04-Atomic Energy	1.00	10.00	1000
16.	55-Police	2.92	4.59	157
17.	82-Ministry of Road Transport & Highways	10.00	20.00	200
18.	101-Department of Urban Development	26.00	22.70	87
Defence Services				
Revenue (Voted)				
19.	25-Defence Ordnance Factories(Voted)	1709.27	1363.57	80
Revenue (Charged)				
20.	24-Air Force (Charged)	3.70	50.40	1362
21.	25-Defence Ordnance Factories (Charged)	5.20	3.20	62

Large supplementary provisions indicate 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 the Ministry of Finance for ensuring realistic budgetary projections did not have the desired effect.

Public Accounts Committee in their 92nd Report (15th Lok Sabha 2013-14), while regularising the excess expenditure incurred by the

Ministries/Departments of the Union Government over voted grants and charged expenditure for the financial year 2011-12, despite obtaining large amount of supplementary grants, had observed that the Ministry of Finance, should initiate a study of the best international practices on the modalities for ensuring greater conformity of expenditure to the budgetary provisions. The practice of the three supplementaries during the fiscal year in addition to the main budget undercuts the sanctity of budgetary provisions. In practice often even known expenditure outgoes are suppressed in the main budget to be provided for in subsequent supplementaries. The supplementary budget should normally be for unexpected items of expenditure or schemes taken up for compelling public interest. Based on other fiscal federal models, the Finance Ministry should evolve modalities and a framework which will enable the sanctity of budgetary provisions ensuring the reach and superintendence of Parliament on appropriation outgoes.

The position of original and supplementary grants obtained under civil Ministries/Departments and percentage of supplementary provision to the original provision from the year 2005-06 onwards is given in **Annexure 3.9**.

3.11 Unnecessary cash supplementary provision (grant-wise)

In eight grants/appropriations, as detailed in **Table 3.9** below, cash supplementary provisions aggregating to ₹ 722.48 crore were obtained during 2013-14 in anticipation of higher expenditure, but in three grants the final expenditure was even less than the original provisions. The unutilised cash supplementary provision was, therefore, unnecessary, indicative of deficient budgeting.

Instead of obtaining 'Cash Supplementary', the Ministries/Departments should have explored the possibility of utilising the savings available within the grant by obtaining 'Token' or 'Technical Supplementary', to avoid savings at the end of the year.

Table 3.9: Unnecessary cash supplementary leading to savings

(₹ in crore)

Sl. No.	Description of Grant/Appropriation	Original Provision	Supplementary Grant obtained	Cash Supplementary	Disbursements	Saving
Civil Grants						
1.	10-Ministry of Coal (Revenue voted)	497.70	100.01	100.00	568.45	29.26
2.	11-Department of Commerce (Revenue voted)	4383.77	58.08	4.00	4312.47	129.38
3.	19-Ministry of Culture (Revenue voted)	2023.00	102.06	2.00	1959.89	165.17

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Sl. No.	Description of Grant/Appropriation	Original Provision	Supplementary Grant obtained	Cash Supplementary	Disbursements	Saving
4.	34-Department of Financial Services (Revenue voted)	7468.99	4000.00	500.00	10722.45	746.54
5.	51-Department of Heavy Industry (Capital voted)	567.56	420.10	44.16	829.08	158.58
6.	88-Ministry of Shipping (Revenue voted)	1392.28	299.36	41.35	1491.04	200.60
7.	91-Ministry of Statistics & Programme Implementation (Revenue voted)	4935.53	13.83	5.97	4839.77	109.59
8.	102-Public Works (Capital voted)	558.25	25.03	25.00	572.14	11.14
Total		21827.08	5018.47	722.48	25295.29	1550.26

Ministry of Finance should review such cases and consider issuing suitable guidelines to all Ministries and Departments in this regard.

3.12 Injudicious re-appropriation to minor/sub-heads (exceeding ₹ 5 crore)

Examination of the accounts revealed that in 21 cases across 14 grants/appropriations of Civil Ministries/Departments, Posts and Defence Services, re-appropriations aggregating ₹ 613.95 crore were injudicious, as the original provision under the minor/sub-heads to which augmentation was made by way of re-appropriation was more than adequate. As a result of injudicious re-appropriation, the final savings under the heads were more than the amount re-appropriated to these heads. The 21 cases, where injudicious re-appropriation exceeding ₹ 5 crore and more were made, are given in **Annexure 3.10**.

3.13 Injudicious re-appropriation from minor/sub-heads (exceeding ₹ 5 crore)

Similarly, scrutiny of the accounts revealed that in six cases across three grants/appropriations of Civil Ministries/Departments, Posts and Defence Services, re-appropriations of funds, aggregating ₹ 264.99 crore, were injudiciously made to other heads, as the final disbursement under each of these six minor/sub-heads was more than the original provision, even before re-appropriation. In each of these heads, the excess, over the available provision after re-appropriation, was more than the amount re-appropriated. The details of such injudicious re-appropriation exceeding ₹ 5 crore and more, are given in **Annexure 3.11**.

3.14 Unnecessary supplementary provision obtained under sub-heads

While obtaining supplementary provision, the Ministries/Departments reported to Parliament large additional requirement for different purposes under various schemes/activities, but finally they were unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. The details of seven minor/sub-heads across seven grants/appropriations where entire supplementary grant, together with part of original budget provision, remained unspent are given in **Annexure 3.12**.

3.15 Saving of entire provision (Sub-head wise)

In 133 sub-heads across 47 grants/appropriations, the entire provision (₹ 10 crore and above) aggregating to ₹ 93,447.67 crore, authorised by the Parliament could not be spent by the Ministries/Departments and remained unutilised. Out of above entire savings ₹ 56,000 crore pertained to subscription to International Monetary Fund; and ₹ 21,000 crore for transfer to Public Account in Social and Infrastructure Development Capital Fund (₹ 7,000 crore) and National Investment Fund (₹ 14,000 crore).

Savings of entire provision is indicative of the fact that the estimates were not prepared after adequate scrutiny of the projects/schemes. Major schemes which failed to take off or suffered due to non-utilisation of entire provision are:

- Appropriation – Interest Payment: ‘Interest/Discount paid on Market Stabilization Scheme - Deposit of Money in the Bank’ (₹ 1,630.38 crore);
- Department of Heavy Industry: ‘National Automotive Testing and R&D Infrastructure Project’ (₹ 341.94 crore);
- Department of Rural Development: ‘Extension of Rashtriya Suraksha Bima Yojana (RSBY) to MGNREGS workers’ (₹ 200 crore);
- Ministry of Science & Technology: ‘Fund for Inclusive Innovations for Common Man’ (₹ 200 crore);
- Ministry of Social Justice & Empowerment: ‘Welfare of Scheduled Castes- Economic Development’ (₹ 100 crore);
- Andaman and Nicobar Islands (through Ministry of Communication & Information Technology): ‘Laying of under-sea optical fiber cable between Mainland and A & N Islands’ (₹ 153 crore);
- Ministry of Women & Child Development: ‘Hostels for Working Women (WWH)’ (₹ 200.01 crore); and

- Police (Ministry of Home Affairs): ‘Assistance to Delhi Police for Modernization’ (₹ 100 crore).

The details of sub-heads where entire provision of ₹ 10 crore and above remained unutilised are given in **Annexure 3.13**.

3.16 Saving of ₹ 100 crore or more under a sub-head

Scrutiny of Appropriation Accounts revealed that in certain grants and appropriations large savings of ₹ 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 actuals but also to gainfully utilise the scarce resources. These Ministries/Departments are required to review their system of budgetary assumption and/or efficiency of their programme management. **Annexure 3.14** gives the details of 166 such large savings of ₹ 100 crore or more and constituting more than 10 *per cent* of the budgeted provision under a sub-head along with reasons given by respective Ministries/Departments.

Major savings occurred under the following programmes/schemes:

- **Appropriation-Repayment of Debt:** ₹ 2,57,575 crore under ‘Ways and Means Advances’ (against the budgeted provision of ₹ 5,00,000 crore) due to less utilization of ways and means advances and overdraft owing to surplus in cash balance of Government of India.
- **Transfer to State and Union Territory Governments:** ₹ 8,332 crore under ‘Accelerated Irrigation Benefit Programme and other Water Resources Programme’ (against the budgeted provision of ₹ 12,962 crore) due to receipt of less proposals from the Ministry of Water Resources and reduction of provision at revised estimates stage by the Ministry of Finance; ₹ 6,441 crore under ‘Jawahar Lal Nehru National Urban Renewal Mission’ (against the budgeted provision of ₹ 14,000 crore) due to non-receipt of Utilisation Certificates and Reform Agenda from the State Governments.
- **Department of Revenue:** ₹ 7,359.49 crore under ‘Compensation to State Government for Revenue Loss due to phasing out of CST’ (against the budgeted provision of ₹ 9,300 crore) due to receipt of less claims towards CST compensation from the State Governments.

- **Department of Rural Development:** ₹ 6,524.69 crore under ‘Assistance to District Rural Development Agencies/Other Executing Agencies etc.’ (against the budgeted provision of ₹ 11,221.69 crore) and ₹ 3,584.83 crore under ‘EAP Component’ (against the budgeted provision of ₹ 4,266 crore) - due to availability of unspent balances of previous year with State Governments, receipt of less proposals from implementing agencies and reduction of provision at revised estimates stage by the Ministry of Finance.
- **Department of Fertilizers:** ₹ 4,805.54 crore under ‘Import of Urea’ (against the budgeted provision of ₹ 20,158.84 crore) due to softening of urea prices in international market and import of less quantity of urea.
- **Department of School Education & Literacy:** ₹ 4,440.76 crore under ‘Funds for Transfer to Prarambhik Shiksha Kosh’ (against the budgeted provision of ₹ 24,429 crore) due to less collection of education cess.
- **Department of Agricultural and Co-operation:** ₹ 3,054.43 crore under ‘Rashtriya Krishi Vikas Yojana’ (against the budgeted provision of ₹ 10,054.46 crore) due to non-finalization of proposals, less receipt of viable proposals and availability of unspent balance of previous years.
- **Ministry of Panchayati Raj:** ₹ 2,399.30 crore under ‘Grants for Backward Regions’ (against the budgeted provision of ₹ 4,216.50 crore) due to less receipt of viable proposals and reduction of provision at revised estimates stage by the Ministry of Finance.

3.17 Persistent saving (Sub-head wise)

A scrutiny of Appropriation Accounts revealed that during three years period 2011-12 to 2013-14, across 18 grants and appropriations persistent savings under 23 sub-heads were noticed, which is indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Ministry/Department. The details of 23 sub-heads are given in **Annexure 3.15**.

3.18 Rush of expenditure during March and last quarter of the financial year

In terms of Rule 56(3) of General Financial Rules, 2005, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided. The Ministry of Finance has also issued instructions to Ministries/Departments in September 2007 to restrict expenditure during the month of March and the last quarter of the financial year to 15 *per cent* and 33 *per cent*, respectively, of the budgeted estimates.

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Some Ministries/Departments sought clarification from the Ministry of Finance about these expenditure ceilings, to which the Ministry of Finance reiterated (January 2013) that restriction of these ceilings in last quarter/month were to be enforced both scheme-wise and demand-wise as a whole subject to revised estimates ceilings. Information regarding trend of expenditure for financial year 2013-14 was called for from Ministries/Departments by Audit.

Based on information provided by Ministries/Departments, in cases detailed in **Table 3.10** below, it has been noticed that major part of disbursement by some Ministries/Departments was made in the month of March 2014 and/or during last quarter of the financial year in contravention of the provisions of Rules and extant instructions.

Table 3.10: Rush of expenditure during March 2014 and/or last quarter of 2013-14

(₹ in crore)

Sl. No.	Descriptions of the Grants	Budget Estimates (revised estimates)	Expenditure in March	Percentage of expenditure in March#	Expenditure incurred during last quarter	Percentage of expenditure during last quarter#	Reasons as furnished by the Ministries/Departments
Civil							
1.	9-Ministry of Civil Aviation	5882.22 (6985.40)	1181.43	20 (17)	1199.98	--	Ministry of Finance provided additional budget of ₹ 1000.00 crore under Plan and ₹ 103.12 crore under Non-Plan through 3 rd Supplementary Grant. The notification for actual use of additional budget was issued by M/o Finance on 05.03.2014. Accordingly expenditure limitation of 15 per cent for March and 33 per cent for the last quarter could not be maintained.
2.	10-Ministry of Coal	547.70 (2319.00)	318.71	58 (14)	850.73	155 (37)	Due to late receipt of supplementary grants, the expenditure exceeded the prescribed 33 per cent limit in the last quarter of the financial year.
3.	12-Department of Industrial Policy and Promotion	1716.29 (1355.77)	350.76	20 (26)	511.78	30 (38)	Ministry of Finance allocated ₹ 303.80 crore in the month of February 2014 to Delhi-Mumbai Industrial Corridor (DMIC) projects and the expenditure was incurred during March 2014.
4.	45- Department of Disinvestment	63.24 (30.00)	12.71	20 (42)	14.57	23 (49)	Department stated that an amount of ₹ 4.64 crore was adjusted against Advertising and Publicity (new object head) and ₹ 1.97 crore was book adjustment in the month of March 2014.

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Sl. No.	Descriptions of the Grants	Budget Estimates (revised estimates)	Expenditure in March	Percentage of expenditure in March#	Expenditure incurred during last quarter	Percentage of expenditure during last quarter#	Reasons as furnished by the Ministries/Departments
5.	51- Department of Heavy Industry	1028.97 (1542.04)	500.80	49 (32)	684.83	67 (44)	Grant-in-aid to Hindustan Engineering Corporation for ₹ 182.43 crore and to Hindustan Paper Corporation Ltd. for ₹ 47.23 crore could be released only in the month of February and March 2014 respectively after following due procedure. In respect of Lumpsum provision for implementation of Voluntary Retirement Scheme/ Voluntary Separation Scheme (VRS/VSS) etc. for ₹ 116.86 crore and loans for HMT Ltd. for ₹ 27.06 crore, Ministry of Finance relaxed the expenditure ceiling for the last quarter and March 2014.
6.	54-Cabinet	403.00 (375.00)	29.10	--	229.04	57 (61)	Higher expenditure in last quarter was due to one-time releases of ₹ 183.30 crore based on receipt of claim from Air India towards maintenance of PM's aircraft.
7.	70-Ministry of Overseas Indian Affairs	115.79 (97.88)	18.82	16 (19)	28.12	--	A large chunk of expenditure on account of celebration of <i>Pravasi Bhartiya Divas</i> , Awareness & media campaign, Overseas Citizenship of India (OCI), Scholarship Program for Diaspora Children (SPDC) etc., booked in the last quarter.
8.	74-Ministry of Petroleum and Natural Gas	65188.41 (85566.13)	10482.07	16 (12)	30025.62	46 (35)	The releases under the budget heads "Payment to Oil Marketing Companies (OMCs) as compensation for under recoveries in their domestic LPG and Kerosene (PDS) operations", "Payment to OMCs for Direct Transfer of Subsidy of LPG Scheme" and "Payment to OMCs for Project Management Expenditure for Direct Transfer of Subsidy of LPG Scheme" were authorized by Ministry of Finance. Relaxation had also been allowed by Ministry of Finance.
9.	88-Ministry of Shipping	2050.67 (2092.03)	562.69	27 (27)	628.50	--	Pr.AO stated that supplementary Grant of ₹ 153.03 crore and ₹ 146.33 crore received in the month of March 2014 and ₹ 151.21 crore and ₹ 146.33 crore were booked in respective heads in March 2014.
Defence Services							
10.	23-Defence Services (Navy)	12394.43 (13363.94)	2013.73	16 (15)	4525.41	37 (34)	Reason awaited (March 2015)

Figures in parenthesis indicate percent with respect to revised estimates.

-- Expenditure within the prescribed limits

Note: The percentage in the columns may not agree with Annexure 1.2 as these percentages have been calculated with respect to Budget estimates (subject to revised estimates). The percentages in Annexure 1.2, on the other hand, are percentages with respect to total expenditure.

Since the funds released in March to various organisations cannot be constructively spent during the year, which closes on the last day of the same month, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.

3.19 Defence Services

3.19.1 Persistent savings

Scrutiny of the Appropriation accounts of Defence Services disclosed a persistent trend of savings (more than ₹ 5 crore) during the years 2011-12 to 2013-14 under charged/voted segment of six grants as detailed in **Table 3.11** below.

Table 3.11: Persistent savings during the years 2011-14

<i>(₹ in crore)</i>				
Sl. No.	Description of Grant Sub Major/Minor Head	2011-12	2012-13	2013-14
22 – Defence Services – Army (Major Head – 2076)				
1.	110 – Stores (Voted)	451.90	1197.52	750.98
2.	113 – NCC (Voted)	244.63	286.33	16.44
3.	800 – Other Expenditure (Voted)	246.90	490.67	462.22
23 – Defence Services – Navy (Major Head – 2077)				
4.	104 – Pay & Allowances of Civilians (Charged)	7.18	2.00	10.31
5.	104 – Pay & Allowances of Civilians (Voted)	658.17	295.87	17.37
6.	105 – Transportation (voted)	81.94	19.51	42.82
24 – Defence Services – Air Force (Major Head – 2078)				
7.	800 – Other Expenditure (Voted)	52.06	118.49	130.81
25 – Defence Ordnance Factories (Major Head – 2079)				
8.	001 – Direction & Administration (Voted)	4.41	6.09	8.56
9.	004 – Research & Development (Voted)	4.29	21.96	27.25
10.	053 – Maintenance – Machinery and Equipment (Voted)	6.22	2.69	7.33
11.	054 – Manufacture (Voted)	33.42	125.01	24.96
12.	105 – Transportation (Voted)	0.02	34.99	31.65
13.	110 – Stores (Voted)	246.03	781.41	1130.47
26 – Defence Services – Research and Development (Major Head – 2080)				
14.	004 – Research/Research & Development (Voted)	132.09	632.89	85.28
15.	105 – Transportation (Voted)	12.19	26.74	51.04
27 – Capital Outlay on Defence Services (Major Head – 4076)				
01 – Army				
16.	050 – Land (Charged)	17.26	16.35	17.18
17.	050 – Land (Voted)	131.31	14.89	26.89
18.	101 – Aircraft & Aero-engine (Voted)	686.66	745.58	317.65
19.	103 – Other Expenditure(Voted)	3895.78	1591.85	2033.47
20.	105 – Military Farms (Voted)	2.17	6.64	9.18
21.	107 – Ex-Servicemen Contributory Health Scheme (Voted)	34.04	33.17	19.10
22.	113 – NCC (Voted)	22.35	49.31	4.82
23.	202 – Construction Works (Voted)	656.88	1350.22	477.92
02 – Navy				
24.	102 – Heavy and Medium Vehicles (Voted)	12.88	12.55	48.37

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25.	202 – Construction Works (Voted)	34.82	77.31	125.60
26.	205 – Naval Dockyards (Voted)	72.51	287.66	1378.84
03 – Air Force				
27.	050 – Land (Charged)	4.78	7.67	9.58
28.	050 – Land (Voted)	17.45	70.22	46.21

The persisting trend of large savings in the aforesaid heads of grants are indicative of over-estimation of the requirement of funds or poor planning for procurement and projects, poor contract management, lack of an internal control system and failure to take effective remedial measures to avoid persistent savings.

3.19.2 Surrender of savings in Defence Services grants

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. During 2013-14 under charged segments of two grants, surrenders of ₹ 13.87 crore, was made against a saving of ₹ 23.81 crore. Under Voted segment of one grant, surrender was made for ₹ 7,854.78 crore against saving of ₹ 7,592.40 crore. Thus, overall ₹ 7,854.78 crore under one grants in Voted segment and ₹ 13.87 crore under two grants in Charged segment were surrendered on the last day of the financial year as detailed in **Table 3.12**.

Table 3.12: Details of savings and surrender

Grant/ Appropriation	Savings		Amount Surrendered on last day of the financial year		Amount not surrendered (Lapsed)	
	Charged	Voted	Charged	Voted	Charged	Voted
22-Army	50.23	879.63	--	--	50.23	879.63
23-Navy	12.09	--	--	--	12.09	--
24-Air Force	9.73	--	--	--	9.73	--
26-Research & Development	0.54	25.86	0.15	--	0.39	25.86
27-Capital Outlay on Defence Services	23.27	7592.40	13.72	7854.78	9.55	--
Total	95.86	8497.89	13.87	7854.78	81.99	905.49

In the case of Grant No. 27-Capital Outlay on Defence Services (Voted), the Ministry of Defence surrendered ₹ 7,854.78 crore against the available savings of ₹ 7,592.40 crore. This indicates deficient budgetary control mechanism in the Ministry.