

## CHAPTER – II

### APPROPRIATION ACCOUNTS – 2000-2001 AT A GLANCE

**Total number of grants/appropriations : 65**

#### Total provision and actual expenditure

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	1182.44	Revenue	980.03
Supplementary	269.23	Capital	305.00
<b>Total gross provision</b>	<b>1451.67</b>	<b>Total gross expenditure</b>	<b>1285.03</b>
Recoveries in reduction of expenditure	4.92	<b>Deduct -Actual</b> Recoveries in reduction of expenditure	4.17
<b>Total net provision</b>	<b>1446.75</b>	<b>Total net expenditure</b>	<b>1280.86</b>

#### Voted and charged provision and expenditure

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	907.20	129.11	854.60	125.43
Capital	358.58	56.78	270.74	34.26
<b>Total Gross :</b>	<b>1265.78</b>	<b>185.89</b>	<b>1125.34</b>	<b>159.69</b>
<b>Deduct - recoveries in reduction of expenditure</b>	4.92	-	4.17	-
<b>Total Net:</b>	<b>1260.86</b>	<b>185.89</b>	<b>1121.17</b>	<b>159.69</b>

## APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

### 2.1 Introduction

**2.1.1** The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by the Government vis-à-vis those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

**2.1.2** The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

### 2.2 Summary of Appropriation Accounts

**2.2.1** The summarised position of actual expenditure, excess and savings during 2000-2001 against 65 grants/appropriations was as follows:-

**Table 2.1**

(Rupees in crore)						
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-) Excess(+)
Voted	I. Revenue	751.62	155.58	907.20	854.60	(-) 52.60
	II. Capital	266.80	88.42	355.22	268.00	(-)87.22
	III. Loans	3.36	-	3.36	2.74	(-) 0.62
<b>Total Voted:</b>		<b>1021.78</b>	<b>244.00</b>	<b>1265.78</b>	<b>1125.34</b>	<b>(-)140.44</b>
Charged	IV. Revenue	2.21	0.33	2.54	2.17	(-) 0.37
	V. Capital	-	-	-	-	-
	VI. Public Debt	158.45	24.90	183.35	157.52	(-) 25.83
<b>Total Charged:</b>		<b>160.66</b>	<b>25.23</b>	<b>185.89</b>	<b>159.69</b>	<b>(-) 26.20</b>
Appropriation to Contingency Fund(if any)		-	-	-	-	-
<b>Grand Total:</b>		<b>1182.44</b>	<b>269.23</b>	<b>1451.67</b>	<b>1285.03</b>	<b>(-) 166.64</b>

**2.2.2** These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure Rs.0.42 crore and Capital expenditure Rs.3.75 crore.

**2.3. Excess over provision relating to previous years requiring regularisation**

**2.3.1** As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.433.22 crore for the following years were yet to be regularised.

**Table 2.2**

Year	No. of Grant/ Appropriation	Grant/Appropriation(s)	Amount of Excess (Rupees in crore)
1986-87 (U.T. Period)	13	1,7,11,12,13,15,17,30,32,34,39,40,42	6.56
1986-87 (State Period)	28	1,2,3,6,7,8,10,11,13,14,16,18,19,20,22, 24,27,28,29,31,32,33,34,38,39,40,42,43	12.71
1987-88	16	14,18,19,22,23,24,26,30,31,32,33,34,35 40,42 ,and Public Debt	9.06
1988-89	12	1,13,15,17,21,24,30,31,32,34,40 and Public Debt	54.51
1989-90	15	8,10,15,30,31,32,33,34,38,40,43,45,48, 49 and Public Debt	17.49
1990-91	16	5,8,13,15,19,23,24,26,30,.31,32,34,40, 44,48 and Public Debt	28.61
1991-92	17	4,8,10,14,15,18,19,23,25,28,30,31,34, 37,42,43 and Public Debt	63.12
1992-93	11	14,15,18,28,30,31,34,40,43,21,38	27.91
1993-94	12	8,15,19,25,28,30,31,32,34,38,40,45	30.66
1994-95	18	6,8,11,15,21,22,23,26,28,29,31,32,34, 38,40,42,43,45	64.45
1995-96	24	8,9,11,13,14,15,16,18,20,21,23,24,28, 29,31,32,34,40,41,51,53,59,60 and Public Debt	38.41
1996-97	12	1,9,11,13,14,21,28,30,31,34,40,51	14.86
1997-98	15	9,10,11,13,15,20,25,30,31,34,41,46,48, 59 & 60	25.34
1998-99	15	1,7,13,15,19,20,31,34,36,41,50,53,54, 64 and Public Debt	25.26
1999-2000	7	13,31,44,52,53,60 and Public Debt	14.27
<b>Total</b>			<b>433.22</b>

## 2.4 Results of Appropriation Audit

### *Original budget and supplementary provisions*

**2.4.1** The overall saving of Rs.166.64 crore was the result of saving of Rs.179.91 crore in 91 grants and appropriations offset by excess of Rs.13.27 crore in 12 cases of grants and appropriations.

(a) Supplementary provision made during the year constituted 23 *per cent* of the original provision as against 15 *per cent* in the previous year.

### *Unnecessary/excessive/inadequate supplementary provision*

**2.4.2** Supplementary provision of Rs.9.89 crore made in 19 cases during the year proved unnecessary in view of aggregate saving of Rs.20.48 crore as detailed in **Appendix - II**.

(a) In 39 cases against additional requirement of Rs.103.78 crore, supplementary grants and appropriations of Rs.223.86 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.120.08 crore. Details of these cases are given in **Appendix - III**.

### *Substantial savings/excesses*

**2.4.3** The excess of Rs.13.24 crore under 11 grants and Rs.0.03 crore under 1 appropriation require regularisation under Article 205 of the Constitution. Details of these are given in **Appendix - IV**.

(a) In 6 cases, supplementary provision of Rs.17.66 crore proved insufficient by more than Rs.10 lakh in each grant, leaving an aggregate uncovered excess expenditure of Rs.13.10 crore as per details given in **Appendix - V**.

(b) In 16 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 *per cent* of the total provision as indicated in **Appendix - VI**. In 6 of the above cases (Sl.No.3,7,8,10,12 and 15) 50 to 83 *per cent* of the total provision totaling Rs.55.43 crore was not utilised.

(c) In 2 cases, expenditure exceeded the approved provisions by Rs.25 lakh or more and also by more than 10 *per cent* of the total provision. Details of these are given in **Appendix - VII**. In 1 out of the above 2 cases, the expenditure exceeded the approved provision by over 74 *per cent*.

### *Persistent savings/excess*

**2.4.4** In 14 cases there were persistent savings in excess of Rs.10 lakh and 10 *per cent* or more of the provision in each case. Details are given in **Appendix - VIII**.

(a) Excess (12 *per cent*) was persistent in 1 case as detailed in **Appendix - VIII A**.

Persistent excess requires investigation by the Government for remedial action.

***Excessive/unnecessary re-appropriation of funds***

**2.4.5** Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where injudicious re-appropriation of funds that resulted in excess/saving by over Rs.20 lakh are given in **Appendix - IX**.

***New Service/New Instrument of Service***

**2.4.6** Article 205 of the Constitution provides that expenditure on a “New Services” not contemplated in the Annual Financial Statement (Budget) can be incurred only after its specific authorisation by the Legislature. The Government have issued orders based on recommendations of Public Accounts Committee laying down various criteria for determining items of ‘New Service’/‘New instrument of Service’.

**2.4.7** In 4 cases, expenditure totaling Rs.0.30 crore which should have been treated as ‘New Service’/‘New Instrument of Service’ was met by re-appropriation without the authorisation of the Legislature. This constituted a breach of government financial norms. Details of these cases are given in **Appendix - X**.

***Expenditure without provision***

**2.4.8** As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was however, noticed that expenditure of Rs.78.37 lakh was incurred in 4 cases as detailed in **Appendix - XI** without provision having been made either in the original estimates or in the supplementary demands and no re-appropriation orders were issued. This action without authorisation of the Legislature constituted a breach by the government.

***Anticipated savings not surrendered***

**2.4.9** According to rules framed by Government the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2000-2001 there were 19 grants/appropriations in which large savings had not been surrendered even partially by the department. The amount involved was Rs.95.69 crore. In 9 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered, aggregated Rs.90.83 crore. This indicated lack of financial control and monitoring. Details are given in **Appendix - XII**.

***Surrender in excess of actual savings***

**2.4.10** In 3 cases, the amount surrendered was in excess of actual savings and in one case though there was excess expenditure under Revenue head of account in respect of one grant, the amount surrendered inflated this excess expenditure under the grant indicating inadequate budgetary control. As against the total amount of actual savings of Rs.5.74 crore, the amount surrendered was Rs.6.69 crore resulting in excess surrender of Rs.0.95 crore and further, against the excess expenditure of Rs.5.16 crore under Revenue Section of one grant, the amount surrendered was Rs.0.09 crore which resulted in injudicious surrender. This calls for better monitoring and control by the Finance Department. Details are given in **Appendix - XIII**.

**2.4.11** The above instances of budgetary irregularities are reported from year to year in Chapter II of the Audit Report. If precautions had been taken by all the departments in the light of the observations made earlier in Chapter II of the Reports, the irregularities could not have occurred.

***Non-receipt of explanations for savings/excesses***

**2.4.12** For the year 2000-2001, explanations for savings/excesses were not received.

***Trend of Recoveries and credits***

**2.4.13** Under system of, gross budgeting followed by Government the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the Accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimate.

**2.4.14** In 2 grants the actual recoveries (Rs.32.91 lakh) adjusted in reduction of expenditure without any provision of fund and exceeded by Rs.32.91 lakh (Revenue –Rs.9.65 lakh and Capital – Rs.23.26 lakh ) and 1 grant the actual recoveries (Rs.383.96 lakh) were less than the estimated recoveries (Rs.491.99 lakh) by Rs.108.03 lakh. More details are given in Appendix of Appropriation Accounts.

***Un-reconciled expenditure***

**2.4.15** Financial rules require that the Departmental Controlling Officers (DCOs) should periodically reconcile their figures of expenditure with those booked by the Accountant General. 71 DCOs reconciled their figures of expenditure only once in March 2001. In respect of 06 heads of accounts, expenditure of Rs.61.63 crore pertaining to 2000-2001 no reconciliation was made by the 6 DCOs.

## **2.5 Control over expenditure**

**2.5.1** Rules provide that drawals in Abstract Contingent Bill (AC Bill) require presentation of Detailed Countersigned Contingent Bills (DCC Bills) to the Controlling Officer (CO) and transmission to the Accountant General. A certificate shall be attached to every AC bill to the effect that (DCC Bills) have been submitted to the CO in respect of AC bills drawn more than a month before the date of that bill.

**2.5.2** Text check (March 2001) of the records of 74 Drawing and Disbursing Officers (DDO's) revealed that Rs.3.15 crore were drawn during 1998-99 (Rs.0.41 crore), 1999-2000 (Rs.1.19 crore) and 2000-2001(Rs.1.55 crore) through 117 Ac bills (1998-99 :19 nos; 1999-2000 :18 nos; 2000-2001 : 80 nos) but DCC bills had not been furnished to the Accountant General till 31 March 2001 (Details given in **Appendix XIV**).

**2.5.3** Withdrawal of money in AC bills was exhibited in the accounts and as shown spent for the purpose for which the funds were provided by the Legislature. However, due to non-submission of detailed countersigned bills, the actual expenditure against which the withdrawal in AC bills and the extent to which the purpose for which the amounts appropriated was fulfilled, remained unassessed. The large scale non regularisation of withdrawals through AC bills indicated a serious deficiency in control over expenditure. Because of this Rs.3.15 crore had not been accounted for by the Government till 31 March 2001.

## **2.6 Rush of expenditure**

**2.6.1** The financial rules require that Government expenditure be evenly phased out throughout the year as far as practicable. Rush of expenditure at the close of the year can lead to infructuous nugatory or ill-planned expenditure. The percentage of expenditure during the 4<sup>th</sup> quarter and during the March 2001 compared to the total expenditure varied between 34 and 75, 18 and 63 respectively in respect of 9 illustrative heads of accounts as indicated in **Appendix – XV**.

**2.6.2** The matter was reported to Government in December 2001; reply has not been received.