

## CHAPTER – II

### APPROPRIATION ACCOUNTS – 2002-03 AT A GLANCE

**Total number of Grants/Appropriations : 65 (61 Grants, four Appropriations)**

#### Total provision and actual expenditure

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	1405.33	Revenue	1032.10
Supplementary	304.49	Capital	364.00
<b>Total gross provision</b>	<b>1709.82</b>	<b>Total gross expenditure</b>	<b>1396.10</b>
Recoveries in reduction of expenditure	5.45	Deduct -Actual Recoveries in reduction of expenditure	5.45
<b>Total net provision</b>	<b>1704.37</b>	<b>Total net expenditure</b>	<b>1390.65</b>

#### Voted and charged provision and expenditure

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1030.22	136.51	901.60	130.50
Capital	464.82	78.27	297.77	66.23
<b>Total Gross :</b>	<b>1495.04</b>	<b>214.78</b>	<b>1199.37</b>	<b>196.73</b>
<b>Deduct</b> - recoveries in reduction of expenditure	5.45	-	5.45	-
<b>Total Net:</b>	<b>1489.59</b>	<b>214.78</b>	<b>1193.92</b>	<b>196.73</b>

## APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

### 2.1 Introduction

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.

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

The summarised position of actual expenditure, excess and savings during 2002-03 against 65 grants/appropriations is 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	890.98	139.24	1030.22	901.60	(-) 128.62
	II. Capital	299.80	161.53	461.33	294.79	(-) 166.54
	III. Loans	3.49	-	3.49	2.98	(-) 0.51
<b>Total Voted:</b>		<b>1194.27</b>	<b>300.77</b>	<b>1495.04</b>	<b>1199.37</b>	<b>(-) 295.67</b>
Charged	IV. Revenue	132.79	3.72	136.51	130.50	(-) 6.01
	V. Capital	-	-	-	-	-
	VI. Public Debt	78.27	-	78.27	66.23	(-) 12.04
<b>Total Charged:</b>		<b>211.06</b>	<b>3.72</b>	<b>214.78</b>	<b>196.73</b>	<b>(-) 18.05</b>
Appropriation to Contingency Fund (if any)		-	-	-	-	-
<b>Grand Total:</b>		<b>1405.33</b>	<b>304.49</b>	<b>1709.82</b>	<b>1396.10</b>	<b>(-) 313.72</b>

These are gross figures inclusive of recoveries adjusted in accounts as reduction of expenditure *viz.*, revenue expenditure Rs.0.73 crore and capital expenditure Rs.4.72 crore.

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

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, excess expenditure amounting to Rs.473.57 crore for the following years is yet to be regularised.

**Table 2.2**

(Rupees in crore)

Year	No. of Grant/ Appropriation	Grant/Appropriation(s)	Amount of excess
1986-87 (U.T. Period)	13	1, 7, 11, 12, 13, 15, 17, 30, 32, 34, 39, 40 and 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 and 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 and 38	27.91
1993-94	12	8, 15, 19, 25, 28, 30, 31, 32, 34, 38, 40 and 45	30.66
1994-95	18	6, 8, 11, 15, 21, 22, 23, 26, 28, 29, 31, 32, 34, 38, 40, 42, 43 and 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 and 51	14.86
1997-98	15	9, 10, 11, 13, 15, 20, 25, 30, 31, 34, 41, 46, 48, 59 and 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
2000-01	12	1, 3, 8, 13, 19, 28, 32, 34, 36, 50, 52 and 62	13.27
2001-02	13	1, 7, 8, 11, 13, 14, 16, 22, 28, 33, 35, 48 and 59	27.08
<b>Total</b>			<b>473.57</b>

## **2.4 Results of appropriation audit**

### **2.4.1 Original budget and supplementary provisions**

The overall saving of Rs.313.72 crore was the result of saving of Rs.323.42 crore in 57 grants and appropriations offset by excess of Rs.9.70 crore in 16 cases of grants and appropriations.

Supplementary provisions (Rs.304.49 crore) obtained during this year proved unnecessary as the expenditure (Rs.1396.10 crore) fell short of even the original budget of Rs.1405.33 crore, notwithstanding the fact that the supplementary provisions constituted 22 *per cent* of the original budget provision. This indicated defective budgeting. It calls for better monitoring and control by the Finance Department.

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

Supplementary provision of Rs.130.70 crore made in 32 cases during the year proved unnecessary in view of aggregate saving of Rs.192.80 crore as detailed in **Appendix - II**.

In 43 cases, against additional requirement of Rs.35.64 crore, supplementary grants and appropriations of Rs.286.81 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.251.17 crore. Details of these cases are given in **Appendix - III**.

### **2.4.3 Substantial savings/excesses**

The excess of Rs.9.70 crore under 15 grants and one appropriation requires regularisation under Article 205 of the Constitution. Details of these are given in **Appendix - IV**.

In five cases, supplementary provision of Rs.9.05 crore proved insufficient by more than Rs.10 lakh in each grant, leaving an aggregate uncovered excess expenditure of Rs.9.44 crore as per details given in **Appendix - V**.

In 28 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 two 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**.

### **2.4.4 Persistent savings/excess**

In 11 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**.

Excess was persistent under Grant No. 13 – Directorate of Accounts during the period 1999-03.

The case of persistent excess requires investigation by Government for remedial action.

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

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. There were 34 cases where injudicious re-appropriation of funds resulted in excess/saving by over Rs.20 lakh. The details are given in **Appendix - IX**.

#### ***2.4.6 Expenditure without provision of fund and re-appropriation***

As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was however, noticed that expenditure of Rs.21.25 lakh was incurred in two cases as detailed in **Appendix - X** without provision having been made in the original estimates/supplementary demands and no re-appropriation orders were issued.

#### ***2.4.7 Unutilised provision of fund***

In 35 cases, there was no expenditure resulting in non-utilisation of entire budget provision of Rs.106.44 crore (Original – Rs.58.80 crore and Supplementary – Rs.47.64 crore). The details are given in **Appendix – XI**. In nine cases, the savings exceeded by more than Rs.1 crore and in one case (capital), the saving was Rs.54.61 crore. Entire savings of Rs.54.61 crore was not surrendered. These instances were indicative of ineffective monitoring and control over expenditure.

#### ***2.4.8 Anticipated savings not surrendered***

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 2002-03 there were 46 grants/appropriations in which large savings had not been surrendered by the department. The amount involved was Rs. 255.51 crore. In 29 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered, aggregated Rs.245.98 crore. This indicated lack of financial control and monitoring. Details are given in **Appendix - XII**.

#### ***2.4.9 Surrender in excess of actual savings***

In six cases, the amount surrendered was in excess of actual savings and in three cases though there was excess expenditure under revenue head of account in respect of three grants, the amount surrendered inflated this excess expenditure under the grant indicating inadequate budgetary control. As

against the total amount of actual savings of Rs.12.92 crore, the amount surrendered was Rs.24.17 crore resulting in excess surrender of Rs.11.25 crore. Further, against the excess expenditure of Rs.104.48 crore under revenue section of three grants, the amount surrendered was Rs.11.40 lakh, which resulted in injudicious surrender of Rs.11.40 lakh as the expenditure already exceeded the grant and no savings were available for surrender. Details are given in **Appendix - XIII**.

Budgetary irregularities as mentioned above 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 would not have occurred.

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

For the year 2002-03, explanations for savings/excesses were not received.

#### ***2.4.11 Trend of recoveries and credits***

Under the 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.

In three grants the actual recoveries adjusted in reduction of expenditure (Rs.5.45 crore) exceeded the estimated recoveries (Rs.3.30 crore) by Rs.2.15 crore. Further, in two grants though no recoveries were provided in budget estimates for the year 2002-03, recoveries of Rs.1.11 crore were made. More details are given in Appendix of Appropriation Accounts.

#### ***2.4.12 Un-reconciled expenditure***

Financial rules require that the Departmental Controlling Officers (DCOs) should periodically reconcile their figures of expenditure with those booked by the Accountant General. 74 out of 77 DCOs reconciled their figures of expenditure for the year 2002-03 in March 2003. In respect of four heads of accounts involving expenditure of Rs.123.60 crore pertaining to 2002-03, no reconciliation was made by the three DCOs.

### **2.5 Control over expenditure**

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 all one month old AC bills (drawn more than a month before the date of that bill).

Test check (June 2003) of the records of 28 drawing and disbursing officers (DDOs) revealed that Rs.2.38 crore were drawn during 1998-99 (Rs.10.19 lakh), 1999-2000 (Rs.15.07 lakh) and 2000-01(Rs.2.13 crore) through 46 AC bills (1998-99: six numbers; 1999-2000: 11 numbers; 2000-01: 29 numbers) but DCC bills had not been furnished to the Accountant General as of June 2003 (**Appendix - XIV**). These drawals remained unadjusted for periods ranging from two years to five years as of 31 March 2003.

Thus, due to non-submission of DCC bills, the actual expenditure against these drawals remained unassessed by the Government which indicated a serious deficiency in control over expenditure.

The matter was reported to Government in September 2003; reply has not been received (September 2003).