

Chapter II: Appropriation Accounts

Summary of Appropriation Accounts 2004-05 Government of NCT of Delhi

(Rupees in crore)

Total No. of Grants/ Appropriation		13
Original Provision 13495.91	Gross Expenditure 13746.87	
Supplementary Grant 1666.29		
Total Provision 15162.20	Savings 1415.33	
Provision		
926.51	← Recoveries → in reduction of expenditure	Actual Recoveries 871.44
Charged and Voted Section		
Provision 4663.21	← Charged →	Expenditure 4004.40
Provision		
10498.99	← Voted →	Expenditure 9742.47
Revenue and Capital Section		
Provision 6373.66	← Revenue →	Expenditure 5880.67
Provision		
8788.54	← Capital →	Expenditure 7866.20
Net Provision 14235.69		Net Expenditure 12875.43

2.1 Introduction

In accordance with the provisions of Article 204 of the Constitution of India, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State once the grants are made by the State Legislature under Article 203. The Appropriation Act passed by the State Legislature contains authority to appropriate specified sums from the Consolidated Fund of the State for specified services. Supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Acts include the expenditure which has been voted by the Legislature under various grants in terms of Articles 204 and 205 of the

Constitution of India and also include the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of amounts on various services actually spent by Government vis-à-vis those authorised by the Appropriation Acts.

2.2 Appropriation audit

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

This chapter contains audit observations in respect of the Appropriation Accounts prepared by the Controller of Accounts, Government of NCT of Delhi for the year 2004-05

2.3 Charged and voted expenditure

The break-up of charged and voted expenditure during 2000-01 to 2004-05 is given below:

Table 2.1: Charged and Voted Expenditure

(Rupees in crore)

Year	Expenditure				
	Voted	Charged	Total	Percentage Voted	Percentage Charged
2004-05	9742.47	4004.40	13746.87	71	29
2003-04	9347.43	3121.14	12468.57	75	25
2002-03	8659.94	2155.27	10815.21	80	20
2001-02	8113.80	1189.19	9302.99	87	13
2000-01	6790.13	961.00	7751.13	88	12

It would be seen that while the total expenditure of the departments has increased by 77.35 per cent from Rs. 7,751.13 crore in 2000-01 to Rs. 13,746.87 crore during 2004-05, the voted expenditure has increased by 43.48 per cent from Rs. 6,790.13 crore in 2000-01 to Rs. 9,742.47 crore in 2004-05. Charged expenditure has increased by 316.69 per cent from Rs. 961.00 crore in 2000-01 to Rs. 4,004.40 crore in 2004-05 largely on account of increased debt servicing.

2.4 Appropriation accounts

A summary of the Appropriation Accounts of gross sums expended during the year ended March 2005 compared with the sums authorised by the Delhi Legislative Assembly during the year 2004-05 is given below:

Table 2.2: Summary of Appropriation Accounts

(Rupees in crore)

Nature of Expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Grant/Final Appropriation	Actual Expenditure	Savings	Savings as percentage of Total Grants
Revenue						
Charged	1680.44	10.65	1691.09	1607.50	83.59	4.94
Voted	4315.01	367.56	4682.57	4273.17	409.40	8.74
Total Revenue	5995.45	378.21	6373.66	5880.67	492.99	7.73
Capital						
Charged	2484.84	487.29	2972.13	2396.90	575.23	19.35
Voted	5015.62	800.79	5816.41	5469.30	347.11	5.97
Total Capital	7500.46	1288.08	8788.54	7866.20	922.34	10.49
Gross Total	13495.91	1666.29	15162.20	13746.87	1415.33	9.33

Note : In Demands for Grants, provisions for charged expenditure are called appropriations. For voted expenditure, they are called grants.

2.5 Results of appropriation audit

2.5.1 Savings under various grants/appropriations

Savings in each grant/appropriation are worked out separately for voted and charged sections for both revenue and capital expenditure. Savings indicate that expenditure could not be incurred as estimated, anticipated and planned and are reflective of poor budgeting or shortfall in performance or both. Overall savings of Rs. 1,415.33 crore for the year 2004-05 constituted 84.94 per cent of supplementary grant of Rs. 1,666.29 crore and 9.33 per cent of total budget provision of Rs. 15,162.20 crore. Details of grants/appropriations-wise savings are given in Appendix-III. Large savings occurred in developmental areas like education, Medical and Public Health and social welfare.

The entire provision of Rs. 34 crore made under Revenue Section of Grant No. 13 - Pensions and Other Retirement Benefits was surrendered in the last five years as well as this year (Rs. 34 crore) due to non-finalisation of transfer of Pension Scheme to the Government of NCT of Delhi from the Government of India. Other cases of savings under schemes affected due to unspent provision are given in Appendix-IV.

The primary reasons for the savings of Rs. 1,415.33 crore were stated to be, non-implementation of scheme of “Development of Ring Railways in integration with MRTS^{*}” (Rs 110.00 crore), non-release of last installment of old age pension due to non-completion of work of physical verification of beneficiaries in time in –“Expansion of Old Age Assistance” (Rs. 11.47 crore), less dues of DMRC[†] in “Re-imbusement of Sales Tax/Work contract cess to DMRC” scheme (Rs. 74.63 crore), curtailment of rates of High capacity bus system by Expenditure Finance Committee in “Alternative mode of transport” scheme (Rs. 54.22 crore).

2.5.2 Failure to surrender savings

According to Rule 69 of the General Financial Rules, savings anticipated in a grant/ appropriation are to be surrendered to the Government as soon as these are foreseen without waiting for the last day of the financial year. Savings should also not be held in reserve for possible future use. Against the total savings of Rs. 1,415.33 crore, an amount of Rs. 466.01 crore was surrendered on the last day of the financial year. The remaining savings of Rs. 949.32 crore were not surrendered thereby depriving the Government of the opportunity of using these funds in other sectors where they may have been required. Details of savings and amounts not surrendered are given in Appendix–V.

2.5.3 Persistent savings

There were persistent savings for the last four years under four grants in nine cases as detailed in Appendix-VI. The persistent savings are indicative of continued overstatement of budgetary assumptions.

^{*} Mass Rapid Transit System

[†] Delhi Metro Rail Corporation

2.5.4 Utilisation of supplementary grants

Details of supplementary grants obtained during 2004-05 were as under:

Table 2.3: Supplementary Grants/ Appropriation obtained during 2004-05
(Rupees in crore)

Section	Supplementary Grant/ Appropriation obtained during 2004-05
Voted	
Revenue	367.56
Capital	800.79
Total	1168.35
Charged	
Revenue	10.65
Capital	487.29
Total	497.94
Grand Total	1666.29
No. Of Grants/ Appropriations	11

2.5.5 Unnecessary supplementary grants

The Departments of Finance, Home and Medical & Public Health obtained supplementary grants in anticipation of higher expenditure. The entire amount of supplementary provision amounting to Rs 2.59 crore, Rs 8.49 crore and Rs. 33.74 crore respectively proved to be unnecessary as the final expenditure was less than even the original grant in all the three cases as below:

Table 2.4: Unnecessary Supplementary Grants/Appropriation during 2004-05

(Rupees in crore)					
Sl.No.	Grant/ Appropriation	Amount	Batch of Supplementary Grant.	Reasons for obtaining Supplementary Grants.	
Revenue Voted					
1	04 Finance	O 70.06 S 2.59 AE 64.64 UP 8.01	First & Final of March 2005	To defray court orders and to meet expenditure on publicity and awareness campaign.	
2	05 Home	O 98.90 S 8.49 AE 98.06 UP 9.33	First & Final of March 2005	To meet additional office expenditure and motor vehicle expenditure	
3	07 Medical and Public Health	O 706.14 S 33.74 AE 695.98 UP 43.90	First & Final of March 2005	To meet the additional expenditure on salaries of DDUH* & Rural Family Welfare Centre (CSS)#	

(O-Original Provision, S-Supplementary Provision, AE-Actual Expenditure, UP-Unspent Provision)

*-Deen Dayal Upadhyay Hospital, #- Centrally Sponsored Scheme

Evidently, the departments did not carefully assess the requirement of funds before seeking supplementary grants.

2.5.6 *Re-appropriation of funds*

A grant or appropriation is distributed among sub-heads or standard objects called primary units under which it is to be accounted. Re-appropriation of funds can take place 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 fully utilised.

Re-appropriation was injudicious in 32 cases as the original provision under the sub-head to which funds were transferred by re-appropriation was more than adequate. As a result, the final unspent amounts under the sub-heads were greater than the amounts re-appropriated to those sub-heads. Details of cases involving important re-appropriations are given in Appendix-VII.

Cases of injudicious re-appropriation are indicative of an inadequate accounting information system and poor assessment of requirement of funds.

While there was no excess in any grant, the expenditure exceeded the budget provision by Rs. 27.42 crore in 32 sub heads. The excess expenditure was incurred either without augmenting the provisions by re-appropriating the funds from other units of appropriation or even after providing funds by way of re-appropriation.

2.5.7 *Releases for centrally sponsored plan schemes*

Details of central assistance released during 2004-05 as grants to the Government of NCT of Delhi for implementation of various Centrally Sponsored Plan Schemes, quarter wise, are indicated below:

Table 2.5: Release of Central Assistance

(Rupees in crore)

	Quarter	Amount of Central Assistance Released
I	April –June 2004	6.88
II	July-September 2004	10.20
III	October - December 2004	10.92
IV	January - March 2005	12.66
Total		40.66

The amount of Rs. 40.66 crore received during the year included Rs. 5.24 crore relating to 2003-04. Besides, there was an opening balance of Rs. 56.85 crore and funds amounting to Rs. 6.62 crore pertaining to the year 2004-05 were being accounted for in the accounts of 2005-06 as they were received

after the close of the financial year 2004-05. The Government spent Rs. 51.80 crore for implementing the various Centrally Sponsored Plan Schemes. No expenditure was incurred against Rs.25.57 crore made available for implementation of 84 Centrally Sponsored Schemes. These included the following:

Table 2.6: Schemes not utilising funds above Rupees one lakh

(Rupees in crore)

Sl. No.	Name of Scheme	Amount unutilised
1.	Grants-in –aid to Delhi State Blindness Control Society	0.04
2.	Re-orientation Training Programme AYUSH	0.02
3	State Model Institute of Ayurveda /Siddha/Unani /Homeopathy	1.47
4	Sub-Centre	1.47
5	Jahan-e-Khusaro festival	0.27
6	Strengthening of existing website and e-governance facilities	0.44

Funds amounting to Rs. 47.10^{9†} crore received from the Central Government for implementation of 137 Centrally Sponsored Schemes up to the end of 2004-05 remained unutilised as on 31 March 2005. The schemes where Rs. 1.00 crore and above remained unutilised as of 31 March 2005 are shown in the table given below:

Table 2.7: Schemes under-utilising funds exceeding Rupees one crore

(Rupees in crore)

Sl. No.	Name of Scheme	Amount unutilised
1.	Conduct of 4 th Economic Census	1.06
2.	Operation Black Board	1.79
3.	Scheme for continuing education in schools	1.28
4.	Grants in aid to Voluntary organization (i) General Area	1.36
5.	State Model Institute of Ayurveda / Siddha / Unani / Homeopathy	1.47
6.	Development of Oncology Wing of GTB Hospital	2.00
7.	Strengthening of Directorate of Family Welfare	7.94
8.	Post Partum of District Level Hospitals	3.35
9.	Revamping of Urban Family Welfare Centres	4.24
10.	Compensation	4.67
11.	Sub-Centre	1.47
12.	National old Age Pension Scheme	1.14
13.	Programme for Juvenile Justice	2.04
14.	Swarn Jayanti Shahari Rojgar Yojna	4.52
15.	Infrastructural facilities for Judiciary	1.05

^{9†} This includes Rs. 6.62 crore released by Government of India in March 2005 but received in the next financial year and shown in the account of 2005-06.

In five schemes, expenditure was incurred in excess (Rs. 6.73 crore) of the amount actually received. The schemes where Rs. 50 lakh and above were incurred in excess are shown below:

Table 2.8: Expenditure in excess of receipts by Rs. 50 lakh

(Rupees in crore)		
Sl. No.	Name of Scheme	Amount excess utilised
1.	Urban Family Welfare Centres	1.19
2.	Infrastructural facilities for Judiciary	5.18

2.5.8 Recoveries in reduction of expenditure

The demands for grants presented to the Legislature are for gross expenditure including credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the Budget estimates. During 2004-05, such recoveries were anticipated at Rs. 926.51 crore. However, actual recoveries during the year were Rs. 871.44 crore. Position of estimated and actual recoveries during the previous five years is depicted below:

Table 2.9: Recoveries in Reduction of Expenditure

(Rupees in crore)				
Year	Estimated Recoveries	Actual Recoveries	Excess (+) Short fall (-)	Percentage of variation Excess (+) Short fall (-)
2004-05	926.51	871.44	(-) 55.07	(-) 5.94
2003-04	718.50	748.40	(+) 29.90	(+) 4.16
2002-03	712.93	601.69	(-) 111.24	(-) 15.60
2001-02	550.09	672.27	(+) 122.18	(+) 22.21
2000-01	526.67	388.85	(-) 137.82	(-) 26.17

2.5.9 Suspense balances

The Government of NCT of Delhi has no separate Public Account and such transactions are carried out under the 'Public Account of the Union Government'. All such transactions are ultimately cleared either by payment or recovery in cash or by book adjustment. These are recorded initially under the 'Suspense Heads'. Balances under Suspense Heads are required to be reviewed at short intervals so as to ensure that no item remains unadjusted longer than is reasonably necessary and its clearance is brought about in the ordinary course with due regard to the rules applicable to each case. There is therefore a need to clear these balances expeditiously and to classify them to the appropriate heads of accounts.

Examination of such transactions in the Public Account (Central) prepared by the Government of NCT of Delhi revealed that large balances were outstanding under 'Suspense Heads' during the last five years as below:

Table 2.10: Amount under Suspense heads

(Rupees in crore)

At the end of March	Amount
2005	Dr.215.35
2004	Dr.742.73
2003	Dr. 384.17
2002	Dr. 161.63
2001	Dr. 236.69

The balance as on 31 March 2005 included balance under Pay and Accounts Office Suspense Account (Rs. 119.10 crore), Cash Settlement Suspense Account (Rs. 97.83 crore), Public Sector Bank Suspense Account (Rs. 9.33 crore) Provident Fund (Rs. 0.09 crore), credit balance in Material Purchase Settlement Suspense Account (Rs. 10.90 crore) and Suspense Account Civil (0.10 crore).

2.5.10 Expenditure in the month of March

As per the General Financial Rules, rush of expenditure particularly in the closing month of the financial year is to be regarded as a breach of financial regularity and should be avoided. In six grants, more than 25 per cent of the total expenditure of the year was incurred in the month of March. Details of Grant-wise rush of expenditure in the month of March are given in Appendix-VIII.