

## Chapter II: Appropriation Accounts

### Summary of Appropriation Accounts 2002-03 Government of NCT of Delhi

(Rupees in Crore)

<b>Total No. of Grants/ Appropriation</b>		<b>13</b>
<b>Original Provision 9496.24</b>	<b>Gross Expenditure 10815.21</b>	
<b>Supplementary Grant 1903.68</b>		
<b>Total Provision 11399.92</b>		<b>Savings 584.71</b>
<b>Provision 712.93</b>	<b>← Recoveries in reduction of Expenditure →</b>	<b>Actual Recoveries 601.69</b>
<b>Charged and Voted Section</b>		
<b>Provision 2175.32</b>	<b>← Charged →</b>	<b>Expenditure 2155.27</b>
<b>Provision 9224.60</b>	<b>← Voted →</b>	<b>Expenditure 8659.94</b>
<b>Revenue and Capital Section</b>		
<b>Provision 4949.77</b>	<b>← Revenue →</b>	<b>Expenditure 4642.43</b>
<b>Provision 6450.15</b>	<b>← Capital →</b>	<b>Expenditure 6172.78</b>
<b>Net Provision 10686.99</b>		<b>Net Expenditure 10213.52</b>

### 2.1 Introduction

In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. 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 2002-03.

## 2.3 Charged and Voted Expenditure

The break-up of charged and voted expenditure during 1998-99 to 2002-03 is given below:

**Table 2.1: Charged and Voted Expenditure**

(Rupees in crore)

Year	Expenditure				
	Voted	Charged	Total	Percentage Voted	Percentage Charged
<b>2002-03</b>	8659.94	2155.27	10815.21	80	20
<b>2001-02</b>	8113.80	1189.19	9302.99	87	13
<b>2000-01</b>	6790.13	961.00	7751.13	88	12
<b>1999-00</b>	5865.11	590.56	6455.67	91	9
<b>1998-99</b>	4783.81	744.51	5528.32	87	13

It would be seen that while the total expenditure of the departments has increased by 95.63 per cent from Rs. 5,528.32 crore in 1998-99 to Rs. 10,815.21 crore during 2002-03, the voted expenditure has increased by 81.03 per cent from Rs. 4,783.81 crore in 1998-99 to Rs. 8,659.94 crore in 2002-03. Charged expenditure has increased by 189.49 per cent from Rs. 744.51 crore in 1998-99 to Rs. 2,155.27 crore in 2002-03 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 2003 compared with the sums authorised by the State Legislature during the year 2002-03 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
<b>Revenue</b>						
Charged	1134.56	8.49	1143.05	1141.82	1.23	0.11
Voted	3626.17	180.55	3806.72	3500.61	306.11	8.04
<b>Total Revenue</b>	<b>4760.73</b>	<b>189.04</b>	<b>4949.77</b>	<b>4642.43</b>	<b>307.34</b>	<b>6.21</b>
<b>Capital</b>						
Charged	177.27	855.00	1032.27	1013.45	18.82	1.82
Voted	4558.24	859.64	5417.88	5159.33	258.55	4.77
<b>Total Capital</b>	<b>4735.51</b>	<b>1714.64</b>	<b>6450.15</b>	<b>6172.78</b>	<b>277.37</b>	<b>4.30</b>
<b>Gross Total</b>	<b>9496.24</b>	<b>1903.68</b>	<b>11399.92</b>	<b>10815.21</b>	<b>584.71</b>	<b>5.13</b>

*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/ appropriation

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. 584.71 crore for the year 2002-03 constituted 30.71 per cent of supplementary grant of Rs. 1,903.68 crore and 5.13 per cent of total budget provision of Rs.11,399.92 crore. Savings highlight that the estimates prepared even in March, the last month of the financial year, were unrealistic. Details of grants/ appropriations-wise savings are given in Appendix-III.

Large savings occurred in developmental areas like industries, education, social welfare and urban development.

The entire provision of Rs. 80.00 crore made under Revenue Section of Grant No. 13 - Pensions and Other Retirement Benefits was surrendered in the last three years as well as this year 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 and schemes affected by savings are given in Appendix-IV.

The main reasons for the final savings were slow progress of work (Rs. 45.88 crore), release/ receipt of less grants (Rs. 37.08 crore), non-finalisation of scheme/ proposals (Rs. 255.87 crore) and non-filling up of vacant posts (Rs. 19.76 crore). The reasons for final savings of Rs. 56.78 crore were awaited from the Department.

### **2.5.2 Savings due to non-implementation of schemes**

A provision of Rs. 331.65 crore was made for 279 schemes which included a supplementary provision of Rs. 3.05 crore. It remained wholly unutilised due to non-implementation of the schemes. Out of this provision, an amount of Rs. 167.10 crore was transferred by re-appropriation to other heads and Rs. 80 crore was surrendered leaving a balance of Rs. 84.55 crore un-utilised. Details of cases where either entire provision or major portion of the original provision was diverted to other sub-heads by re-appropriation and other schemes where entire provision remained unspent are indicated in Appendix-V.

### **2.5.3 Failure to surrender savings**

According to Rule 69 of the General Financial Rules, savings 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. 584.71 crore, Rs. 222.99 crore was surrendered on the last day of the financial year. The remaining savings of Rs. 361.72 crore were not surrendered, thereby depriving the Government of the opportunity of using these funds in other sectors where funds may have been required. Details of savings and amounts not surrendered are given in Appendix – VI.

### **2.5.4 Persistent Savings**

In 13 cases, there were persistent savings in excess of Rs. two crore under five grants as per details given in Appendix-VII. The persistent savings are indicative of overstated budgetary assumptions.

### 2.5.5 Utilisation of Supplementary Grants

Details of supplementary grants obtained during 2002-03 were as under:

**Table No. 2.3: Supplementary Grants/ Appropriation obtained during 2002-03**

		(Rupees in crore)
Section	Supplementary Grant/ Appropriation obtained during 2002-03	
<b>Voted</b>		
Revenue		180.55
Capital		859.64
<b>Total</b>		<b>1040.19</b>
<b>Charged</b>		
Revenue		8.49
Capital		855.00
<b>Total</b>		<b>863.49</b>
<b>Grand Total</b>		<b>1903.68</b>
No. of Grants/ Appropriations		12

### 2.5.6 Unnecessary supplementary grants

In three departments, the supplementary grants were not needed. Although the supplementary provisions were obtained in anticipation of higher expenditure, the final expenditure was below even the original grants. This was indicative of unrealistic budgetary assumptions and lack of management information. The entire supplementary provision aggregating Rs. 3.77 crore proved to be unnecessary as detailed below:

**Table No. 2.4: Unnecessary Supplementary Grants/ Appropriation during 2002-03**

					(Rupees in crore)
Sl. No.	Grant/ Appropriation	Amount		Batch of Supplementary Grant.	Reasons for obtaining Supplementary Grants.
<b>Revenue charged</b>					
1.	3. Administration of Justice	O	23.49	March, 2003	For meeting additional expenditure of Rs 16.00 lakh on other Administrative Services and Rs 2.00 lakh under grants-in-aid for infrastructural facilities for Judiciary (CSS) in respect of High Court.
		S	0.18		
		AE	23.45		
		UP	0.22		
<b>Revenue Voted</b>					
2	4. Finance	O	60.12	March, 2003	For promotion of small savings.
		S	0.65		
		AE	57.04		
		UP	3.73		
3.	10. Development	O	163.94	March, 2003	For meeting additional expenditure in Flood Control Department.
		S	2.94		
		AE	149.01		
		UP	17.87		

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

It is essential to carefully assess requirement of funds before supplementary provisions are sought.

### 2.5.7 *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.

In 42 sub-heads, re-appropriation was injudicious as the original provision under the sub-head to which funds were transferred by re-appropriation was more than adequate. Consequently, the final unspent amounts under the sub-heads were greater than the amounts re-appropriated to those sub-heads. Details of cases exceeding Rs. 50.00 lakh are given in Appendix-VIII.

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. 26.40 crore in 41 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.

### 2.5.8 *Releases for Centrally Sponsored Plan Schemes*

Details of central assistance released during 2002-03 as grants to the Government of NCT of Delhi for implementation of various Centrally Sponsored Plan Schemes, quarter wise, are indicated below :

**Table No. 2.5: Release of Central Assistance**

**(Rupees in crore)**

	<b>Quarter</b>	<b>Amount of Central Assistance Released</b>
I	April –June 2002	2.30
II	July-September 2002	8.92
III	October - December 2002	7.50
IV	January - March 2003	3.74
<b>Total</b>		<b>22.46</b>

Rupees 22.46 crore were received during the year which included Rs. 2.30 crore relating to 2001-02. Besides, there was an opening balance of Rs. 55.72 crore. The Government spent Rs. 33.58 crore for implementing the various Centrally Sponsored Plan Schemes. No expenditure was incurred against Rs. 13.36 crore made available for implementation of 90 Centrally Sponsored Schemes. These included :

**(Rupees in crore)**

Sl. No.	Name of Scheme	Amount un-utilised
1.	Promotion of Science Laboratories	Rs. 0.60 crore
2.	Computer Education in Schools	Rs. 0.81 crore
3.	Grants in Aid to Voluntary Organisation - General Area	Rs. 1.36 crore
4.	Providing Facilities for Teaching of Sanskrit in Senior Secondary School	Rs.0 90 crore
5.	Strengthening of State Drug Testing laboratory etc.	Rs.0.95 crore
6.	Development of Oncology Wing at GTB Hospital	Rs.2.00 crore
7.	Rural Family Welfare Centres	Rs. 2.43 crore
8.	Post Partum at Sub-divisional Hospitals	Rs. 2.67 crore
9.	National Old Age Pension Scheme	Rs. 1.14 crore
10.	Programme for Juvenile Justice	Rs.1.34 crore

Funds amounting to Rs. 51.55 crore received from the Central Government for implementation of 147 Centrally Sponsored Schemes up to the end of 2002-03 remained unutilised as on 31 March 2003. The schemes where Rs. 50.00 lakh and above remained unutilized as of 31 March 2003 are shown in the table below :

**(Rupees in crore)**

Sl. No.	Name of Scheme	Amount un-utilised
1.	Operation Black Board	1.79
2.	Strengthening of Directorate of Family Welfare	2.65
3.	Urban Family Welfare Centres	4.96
4.	Post Partum at District level Hospitals	3.35
5.	Revamping of Urban Family Welfare Centres	4.83
6.	Integrated Child Development Scheme	0.74
7.	Macro Management of Agriculture	0.69
8.	Computerisation of land records	0.89
9.	Swaran Jayanti Shahari Rojgar Yojna	4.85
10.	Infrastructural facilities for Judiciary	6.18

### **2.5.9 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 2002-03, such recoveries were anticipated at Rs. 712.93 crore. However, actual recoveries during the year were Rs. 601.69 crore. During the previous five years, actual recoveries were much less than those estimated except during 2001-02 as depicted below:

**Table No. 2.6: Recoveries in Reduction of Expenditure**

(Rupees in crore)

Year	Estimated Recoveries	Actual Recoveries	Excess (+) Short fall (-)	Percentage of variation Excess(+) Short fall(-)
2002-03	712.93	601.69	(-)111.24	(-)16
2001-02	550.09	672.27	(+)122.18	(+)22
2000-01	526.67	388.85	(-)137.82	(-)26
1999-00	832.12	544.00	(-)288.12	(-)35
1998-99	832.35	585.72	(-)246.63	(-)30

The short recoveries of Rs. 111.24 crore during 2002-03 were due to less receipt of sale proceeds of land under the scheme 'Large scale acquisition, development and disposal of land in Delhi'.

#### 2.5.10 *Suspense Balances*

The Government has no separate Public Account and such transactions are carried out under the 'Public Account of the Union Government'. All such transactions, as are ultimately cleared either by payment or recovery in cash or by book adjustment, 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 to bring about its clearance in the ordinary course with due regard to the rules applicable to each case. There is a need to clear these balances expeditiously and classify them to appropriate heads of accounts.

Examination of such transactions in the Public Account (Central) prepared by the Government revealed large balances under 'Suspense Heads'. The amounts lying under the suspense heads for the last five years are given below:

**Table No. 2.7: Amounts under Suspense heads**

(Rupees in crore)

At the end of March	Amount
2003	Dr. 384.17
2002	Dr. 161.63
2001	Dr. 236.69
2000	Dr. 126.20
1999	Dr. 161.95



The balance as on 31 March 2003 consisted of debit balance under Pay and Accounts Office Suspense Account (Rs. 305.87 crore), Cash Settlement Suspense Account (Rs. 85.22 crore), Public Sector Bank Suspense Account (Rs. 0.14 crore) Provident Fund (Rs. 0.09 crore) and credit balance on Material Purchase Settlement Suspense Account (Rs. 7.05 crore).

**2.5.11 *Expenditure in the month of March***

According to 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 11 grants, 11.92 per cent to 55.38 per cent of the total expenditure of the year was incurred in the month of March. Details of Grant-wise expenditure in the month of March are given in Appendix-IX.