

Chapter II: Appropriation Accounts

Summary of Appropriation Accounts 2003-04 Government of NCT of Delhi

(Rupees in crore)

Total No. of Grants/ Appropriation		13
Original Provision 10512.98	Gross Expenditure 12468.57	
Supplementary Grant 3286.56		
Total Provision 13799.54		Savings 1330.97
Provision		
718.50	← Recoveries → in reduction of Expenditure	Actual Recoveries 748.40
Charged and Voted Section		
Provision 3842.14	← Charged →	Expenditure 3121.14
Provision		
9957.40	← Voted →	Expenditure 9347.43
Revenue and Capital Section		
Provision 5500.65	← Revenue →	Expenditure 5140.43
Provision		
8298.89	← Capital →	Expenditure 7328.14
Net Provision		
13081.04		Net Expenditure 11720.17

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 2003-04.

2.3 Charged and voted expenditure

The break-up of charged and voted expenditure during 1999-2000 to 2003-04 is given below:

Table 2.1: Charged and Voted Expenditure

Year	(Rupees in crore)				
	Expenditure				
	Voted	Charged	Total	Percentage Voted	Percentage Charged
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
1999-00	5865.11	590.56	6455.67	91	9

It would be seen that while the total expenditure of the departments has increased by 93.14 *per cent* from Rs. 6,455.67 crore in 1999-2000 to Rs. 12,468.57 crore during 2003-04, the voted expenditure has increased by 59.37 *per cent* from Rs. 5,865.11 crore in 1999-2000 to Rs. 9,347.43 crore in 2003-04. Charged expenditure has increased by 428.51 *per cent* from Rs. 590.56 crore in 1999-2000 to Rs. 3,121.14 crore in 2003-04 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 2004 compared with the sums authorised by the Delhi Legislative Assembly during the year 2003-04 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	1421.52	11.97	1433.49	1404.44	29.05	2.03
Voted	3893.43	173.73	4067.16	3735.99	331.17	8.14
Total Revenue	5314.95	185.70	5500.65	5140.43	360.22	6.55
Capital						
Charged	243.34	2165.31	2408.65	1716.70	691.95	28.73
Voted	4954.69	935.55	5890.24	5611.44	278.80	4.73
Total Capital	5198.03	3100.86	8298.89	7328.14	970.75	11.70
Gross Total	10512.98	3286.56	13799.54	12468.57	1330.97	9.65

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. 1,330.97 crore for the year 2003-04 constituted 40.50 per cent of supplementary grant of Rs. 3,286.56 crore and 9.65 per cent of total budget provision of Rs.13799.54 crore. Details of grants/ appropriations-wise savings are given in Appendix-III. Large savings occurred in developmental areas like health, education, social welfare and urban development.

The entire provision of Rs. 30.00 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 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 primary reasons for the savings of Rs.1330.97 crore were stated to be release of less grant to various organizations like MCD (Rs. 90.32 crore), non-implementation of schemes (Rs. 56.85 crore), slow progress of work (Rs. 26.39 crore), non filling of vacant post (Rs. 22.68 crore), less requirement of amount (Rs. 26.25 crore), non receipt of sanctions (Rs. 13.46 crore) and receipt of less grant from Central Government (Rs. 9.18 crore). The reasons for the slow progress of work were not furnished to audit. Moreover, budget provisions are to be made only for the existing posts and not for vacant posts.

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. 1,330.97 crore, an amount of Rs. 252.04 crore was surrendered on the last day of the financial year. The remaining savings of Rs. 1,078.93 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.

2.5.4 Utilisation of supplementary grants

Details of supplementary grants obtained during 2003-04 were as under:

Table No. 2.3: Supplementary Grants/ Appropriation obtained during 2003-04

(Rupees in crore)	
Section	Supplementary Grant/ Appropriation obtained during 2003-04
Voted	
Revenue	173.73
Capital	935.55
Total	1109.28
Charged	
Revenue	11.97
Capital	2165.31
Total	2177.28
Grand Total	3286.56
No. of Grants/ Appropriations	11

2.5.5 Unnecessary supplementary grants

The Department of Public Health obtained a supplementary grant in anticipation of higher expenditure. The entire amount of supplementary provision of Rs. 15.62 crore however proved to be unnecessary as the final expenditure was less than even the original grant as below:

Table No. 2.4: Unnecessary Supplementary Grants/Appropriation during 2003-04

(Rupees in crore)					
Sl.No.	Grant/ Appropriation	Amount		Batch of Supplementary Grant.	Reasons for obtaining Supplementary Grants.
Revenue Voted					
1	7. Medical and Public Health	O	593.74	First & Final of March 2004	To meet the additional expenditure on Public Health Programme and Family Welfare Scheme
		S	15.62		
		AE	571.55		
		UP	37.81		

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

Evidently, the Department 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.

In 16 cases, re-appropriation was injudicious 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. 16.21 crore in 16 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 2003-04 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)

	Quarter	Amount of Central Assistance Released
I	April –June 2003	12.78
II	July-September 2003	3.60
III	October - December 2003	14.31
IV	January - March 2004	13.90
Total		44.59

Rupees 44.59 crore received during the year included Rs. 9.24 crore relating to 2002-03. Besides, there was an opening balance of Rs. 51.61 crore and funds amounting to Rs. 5.24 crore pertaining to the year 2003-04 were being accounted for in the accounts of 2004-05 as they were received after the close of the financial year 2003-04. The Government spent Rs. 35.43 crore for implementing the various Centrally Sponsored Plan Schemes. No expenditure was incurred against Rs. 28.86 crore made available for implementation of 73 Centrally Sponsored Schemes. These included the following:

(Rupees in crore)

Sl. No.	Name of Scheme	Amount unutilised
1.	Infrastructure facilities for judiciary	Rs. 1.00 crore
2.	Post Partum at District Hospital	Rs. 0.63 crore
3.	Medical and Public Health - Sub-Centres	Rs. 0.52 crore
4.	Sarva Shiksha Abhiyan	Rs. 0.50 crore
5.	Computer Education in Schools	Rs. 0.80 crore
6.	Grants-in-aid to Voluntary Organisation – General Area	Rs. 1.00 crore
7.	Programme for Juvenile Justice	Rs. 0.50 crore
8.	National Old Age Pension Scheme	Rs. 1.00 crore

Funds amounting to Rs. 56.76 crore received from the Central Government for implementation of 127 Centrally Sponsored Schemes up to the end of 2003-04 remained unutilised as on 31 March 2004. The schemes where Rs. 50.00 lakh and above remained unutilized as of 31 March 2004 are shown

in the table given below:

(Rupees in crore)

Sl. No.	Name of Scheme	Amount unutilised
1.	Micro Management of Agriculture	1.35
2.	Urban Family Welfare Centres	3.63
3.	Revamping of Urban Family Welfare Centres	1.51
4.	Medical and Public Health - Compensation	0.72
5.	State Illness Assistance Fund	0.70
6.	Swaran Jayanti Shahri Rojgar Yojna	1.70
7.	Grant-in-aid to Delhi University	0.52
8.	Grant-in-aid to SCERT	2.84
9.	Integrated Child Development Scheme	3.32

In nine schemes, expenditure was incurred in excess (Rs. 3.24 crore) of the amount actually received. The schemes where Rs. 50 lakh and above were incurred in excess are shown in the table:

(Rupees in crore)

Sl. No.	Name of Scheme	Amount unutilised
1.	Vocationalisation of Education (Department of Education)	0.84
2.	Infrastructure facilities for Judiciary (Department of Public Works)	1.86

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 2003-04, such recoveries were anticipated at Rs. 718.50 crore. However, actual recoveries during the year were Rs. 748.40 crore. During the previous four 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(-)
2003-04	718.50	748.40	(+)29.90	(+)4.16
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

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 appropriate heads of accounts.

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

Table No. 2.7: Amounts under Suspense heads

(Rupees in crore)	
At the end of March	Amount
2004	Dr. 742.73
2003	Dr. 384.17
2002	Dr. 161.63
2001	Dr. 236.69
2000	Dr. 126.20

The balance as on 31 March 2004 included balance under Pay and Accounts Office Suspense Account (Rs. 663.36 crore), Cash Settlement Suspense Account (Rs. 97.94 crore), Public Sector Bank Suspense Account (Rs. 0.14 crore) Provident Fund (Rs. 0.09 crore), credit balance in Material Purchase Settlement Suspense Account (Rs. 18.70 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 13 grants, 1.02 *per cent* to 100 *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-VIII.