

## CHAPTER – II

### APPROPRIATION AND CONTROL OVER EXPENDITURE

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

2.1 The summarised position of actual expenditure during 2002-03 against 26 grants/appropriations was as follows:

Nature of expenditure		Original grants/ appropriations	Supplementary grants/ appropriations	Total	Actual expenditure	Saving(-) / Excess(+)
<b>(Rupees in crore)</b>						
<b>Voted</b>	I. Revenue	8,032.58	411.47	8,444.05	7,615.06	(-) 828.99
	II. Capital	2,434.26	19.42	2,453.68	2,155.31	(-) 298.37
	III. Loans and Advances	221.13	126.60	347.73	456.43	108.70
<b>Total Voted</b>		<b>10,687.97</b>	<b>557.49</b>	<b>11,245.46</b>	<b>10,226.80</b>	<b>(-) 1,018.66</b>
<b>Charged</b>	IV. Revenue	2,016.03	1.55	2,017.58	1,961.15	(-) 56.43
	V Capital	5.10	0.50	5.60	4.09	(-) 1.51
	VI Public Debt	3,631.09	-	3,631.09	2,743.67	(-) 887.42
<b>Total Charged</b>		<b>5,652.22</b>	<b>2.05</b>	<b>5,654.27</b>	<b>4,708.91</b>	<b>(-) 945.36</b>
<b>Grand Total</b>		<b>16,340.19</b>	<b>559.54</b>	<b>16,899.73</b>	<b>14,935.71</b>	<b>(-) 1,964.02</b>

#### 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.

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.

**Excesses and savings**

*Excess expenditure over provisions of previous years requiring regularisation*

**2.1.2** As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, excess expenditure amounting to Rs 1,225.21 crore for the years 2001-02 was yet to be regularised (September 2003).

Year	Number of Grants/ Appropriations	Grant/ Appropriation No.(s)	Amount of excess	Amount for which explanations not furnished to PAC
			(Rupees in crore)	
2001-02	5	4,5,8,17 and Public Debt	1,225.21	1,225.21
		<b>Total</b>	<b>1,225.21</b>	<b>1,225.21</b>

Due to failure and long delay in furnishing explanations of un-regularised excess expenditure, there was possibility of financial irregularities remaining un-examined.

*Excess expenditure over provisions of 2002-03 requiring regularisation*

**2.1.3** In Revenue Section, there was an excess of Rs 12.40 crore in three grants. In Capital Section, there was an excess of Rs 160.19 crore in three grants. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Sr. No	Number and name of grants/ appropriations	Total grants/ appropriations	Actual expenditure	Excess
	<b>Revenue (Voted)</b>			
			(In Rupees)	
1	1-Vidhan Sabha	8,99,52,000	9,47,69,913	48,17,913
2.	6-Finance	7,59,04,79,000	7,70,93,57,286	11,88,78,286
	<b>Revenue (Charged)</b>			
3.	10-Medical and Public Health	15,60,000	18,81,241	3,21,241
	<b>Total</b>	<b>7,68,19,91,000</b>	<b>7,80,60,08,440</b>	<b>12,40,17,440</b>
	<b>Capital (Voted)</b>			
4.	10-Medical and Public Health	1,64,23,00,000	1,92,75,66,040	28,52,66,040
5.	15-Irrigation	3,25,00,00,000	3,47,57,64,732	22,57,64,732
6.	25-Loans and Advances by State Government	3,47,72,75,000	4,56,81,07,094	1,09,08,32,094
	<b>Total</b>	<b>8,36,95,75,000</b>	<b>9,97,14,37,866</b>	<b>1,60,18,62,866</b>

Government did not furnish reasons for excess expenditure (August 2003).

**Original budget and supplementary provisions**

**2.1.4** The overall saving of Rs 1,964 crore was the net result of saving of Rs 2,137 crore (49 cases) of 24 grants/appropriations offset by excess of Rs 173 crore in six cases of five grants/appropriations. Savings were mainly under General Administration (Rs 133.33 crore), Revenue (Rs 112.94 crore), Education (Rs 258.78 crore), Capital outlay on Roads and Bridges (Rs 138.67 crore) and Capital outlay on Food and Supplies (Rs 203.05 crore).

Supplementary provisions made during the year constituted 2.51 per cent of the original provision as against seven per cent in the previous year.

**Unnecessary/excessive/inadequate supplementary provisions**

**2.1.5** Supplementary provisions of Rs 55.67 crore in four cases proved unnecessary as the expenditure in each case was less than the original provision as detailed below:

Sr. No.	Number and name of grant	Original grant	Supplementary provision	Total	Expenditure	Saving
<b>(Rupees in crore)</b>						
<b>Revenue (Voted)</b>						
1	10-Medical and Public Health	687.40	22.58	709.98	654.92	55.06
2	15-Irrigation	1,409.93	32.15	1,442.08	1,381.82	60.26
<b>Revenue (Charged)</b>						
3.	3-Home	10.21	0.44	10.65	8.35	2.30
<b>Capital (Charged)</b>						
4.	15-Irrigation	2.00	0.50	2.50	1.65	0.85
	<b>Total</b>	<b>2,109.54</b>	<b>55.67</b>	<b>2,165.21</b>	<b>2,046.74</b>	<b>118.47</b>

**2.1.6** In eight cases, against additional requirement of Rs 98.60 crore, supplementary grants and appropriations of Rs 223.41 crore were obtained resulting in savings, in each case exceeding Rs 50 lakh, aggregating Rs 124.81 crore. Details of these cases are given below:

Sr. No.	Number and name of grants/ appropriations	Original grants/ appropriations	Supplementary provision	Total	Expenditure	Saving
<b>(Rupees in crore)</b>						
<b>Revenue (Voted)</b>						
1.	4-Revenue	160.07	169.96	330.03	217.09	112.94
2.	11-Urban Development	41.06	14.44	55.50	52.22	3.28
3.	14-Food and Supplies	24.09	1.20	25.29	24.63	0.66
4.	16-Industries	35.72	8.11	43.83	42.79	1.04
5.	20-Forest	75.11	4.55	79.66	77.47	2.19
6.	21-Community	126.64	14.17	140.81	138.65	2.16

	Development					
	<b>Revenue (Charged)</b>					
7.	2-General Administration	3.97	0.98	4.95	4.18	0.77
	<b>Capital (Voted)</b>					
8.	4-Revenue	5.00	10.00	15.00	13.23	1.77
	<b>Total</b>	<b>471.66</b>	<b>223.41</b>	<b>695.07</b>	<b>570.26</b>	<b>124.81</b>

### **Substantial savings/excesses**

**2.1.7** In 10 cases, expenditure fell short by more than Rs 10 crore in each case and also by more than 10 *per cent* of the original provision as indicated in *Appendix-IX*. In two cases<sup>1</sup>, the entire provision totalling Rs 49.85 crore remained unutilised.

**2.1.8** In 12 cases, expenditure exceeded the original provisions by Rs five crore or more and also by more than 10 *per cent* of the original provision. Details of these are given in *Appendix-X*.

### **Persistent savings**

**2.1.9** In five cases, there were persistent savings of Rs 10 lakh and more and 10 *per cent* or more of the provisions in the last three years. Details are given below:

Sr. No.	Number and name of grants/appropriations	Percentage of saving to total provision (amount of savings - Rupees in crore)		
		2000-01	2001-02	2002-03
	<b>Revenue (Voted)</b>			
1.	18-Animal Husbandry	13 (14.03)	22 (27.39)	22 (30.28)
2.	19-Fisheries	13 (1.24)	10 (1.22)	31 (3.85)
3.	22-Co-operation	22 (5.46)	23 (5.70)	11 (2.42)
	<b>Capital (Voted)</b>			
4.	8-Buildings and Roads	67 (202.35)	14 (47.99)	36 (138.67)
5.	16-Industries	57 (5.86)	91 (5.40)	70 (1.18)

### **Entire savings surrendered only on the last day of the year**

**2.1.10** According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof as and when the savings are anticipated and latest by the 1 December every year by the respective administrative department to the Finance Department.

1 S. No. 8 and 9 of *Appendix-IX*.

However, against the final savings of Rs 2,136.60 crore (49 cases), Rs 1,284.81 crore (45 cases) were surrendered on the last day of financial year viz., 31 March 2003. In eight cases, against the available savings of Rs 1,349.40 crore, savings aggregating Rs 883.08 crore (savings of more than Rs one crore in each case) were not surrendered as detailed below:

Sr. No.	Name of the grants/ appropriations	Saving	Surrender	Saving remained un-surrendered
		(Rupees in crore)		
	<b>Revenue (Voted)</b>			
1.	8-Buildings and Roads	16.36	15.33	1.03
2.	9-Education	258.78	213.82	44.96
3.	10-Medical and Public Health	55.05	26.12	28.93
4.	13-Social Welfare and Rehabilitation	17.51	16.50	1.01
5.	15-Irrigation	60.27	51.05	9.22
	<b>Revenue (Charged)</b>			
6.	6-Finance	52.24	32.25	19.99
	<b>Capital (Voted)</b>			
7.	4-Revenue	1.77	0.38	1.39
	<b>Capital (Charged)</b>			
8.	Public Debt	887.42	110.87	776.55
	<b>Total</b>	<b>1,349.40</b>	<b>466.32</b>	<b>883.08</b>

Though such failures had been pointed out in earlier Audit Reports, the deficiencies/shortcomings, etc. continue to persist year after year. This indicated that expenditure control mechanism and State level budgetary control process are ineffective.

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

**2.1.11** As against the actual savings of Rs 263.14 crore, the amount surrendered was Rs 309.88 crore resulting in excess surrender of Rs 46.74 crore in 11 cases. In respect of one case (Sr. No.3) Rs 2.34 crore were surrendered despite of excess expenditure of Rs 11.89 crore. This indicated poor financial and budgetary control practices in the departments. Details are given in *Appendix-XI*.

#### *Injudicious re-appropriation of funds*

**2.1.12** 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 resulted in excess/savings by over Rs 50 lakh in each case, are as given in *Appendix-XII*.

#### *Expenditure without provision*

**2.1.13** 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 53.79 crore was incurred in 17 cases as detailed in *Appendix-XIII*, without provision in the original estimates/supplementary demands and no re-appropriation orders were issued.

### ***Trend of recoveries***

**2.1.14** Under the system of gross budgeting followed by the Government, the demands for grants presented to the Legislature are for gross expenditure and excludes 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 estimates.

In three grants<sup>2</sup>, the actual recoveries adjusted in reduction of expenditure (Rs 1,781.32 crore) exceeded the estimated recoveries (Rs 1,027.86 crore) by Rs 753.46 crore. Though no recoveries were provided in the budget estimates in four grants<sup>3</sup> for the year 2002-03, recoveries of Rs 131.64 crore were made. Despite having been pointed out in earlier Audit Reports, such recoveries without budget estimates persist year after year. However, in respect of 25-Loans and Advances by State Government (Capital) the actual recoveries (Rs 0.38 crore) were less than the estimated recoveries (Rs 0.60 crore) by Rs 0.22 crore. Details of recoveries are given in Appendix of Appropriation Accounts.

### ***Savings/excesses without explanation***

**2.1.15** After the close of the accounts of the each financial year, the detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and resultant variations are sent to the Controlling Officers, requiring them to explain the variations in general and those under important heads/sub-heads in particular.

Explanations for savings (60 *per cent*)/excesses (40 *per cent*) in respect of the Appropriation Accounts for the year 2002-03 were not received in respect of 202 heads/sub-heads (31 *per cent*) against the total 647 heads/sub-heads of accounts.

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|---|---|
| 2 | 4–Revenue (Revenue), 10–Medical and Public Health (Revenue) and 14–Food and Supplies (Revenue and Capital). |
| 3 | 8–Buildings and Roads, 15–Irrigation, 17–Agriculture and 22–Co-operation.                                   |