

CHAPTER – II

APPROPRIATION ACCOUNTS 2000-2001 AT A GLANCE

Total number of grants/appropriations : 56

Total provision and actual expenditure

Provision	Amount (Rupees in crore)	Expenditure	Amount (Rupees in crore)
Original	1087.40	Revenue	1030.58
Supplementary	419.09	Capital	475.87
Total gross provision :	1506.49	Total gross expenditure :	1506.45
Deduct – Estimated recoveries in reduction of expenditure	103.00	Deduct – Actual recoveries in reduction of expenditure	62.73
Total net provision :	1403.49	Total net expenditure :	1443.72

Voted and charged provision and expenditure

	Provision (Rupees in crore)		Expenditure (Rupees in crore)	
	Voted	Charged	Voted	Charged
Revenue	980.16	117.50	923.71	106.87
Capital	385.60	23.23	248.04	227.83
Total Gross :	1365.76	140.73	1171.75	334.70
Deduct -recoveries in reduction of expenditure	103.00	---	62.73	---
Total : Net	1262.76	140.73	1109.02	334.70

APROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

2.1.1 The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by the Governments *vis-à-vis* those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

2.1.2 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

2.2.1 The summarised position of actual expenditure during 2000-2001 against grants/appropriations was as follows :

Table 2.1

		(Rupees in crore)				
	Nature of expenditure	Original grant/ appropriation	Supplemen- tary grant/ appropriation	Total	Actual expen- diture*	Saving(-) Excess(+)
Voted	I. Revenue	689.87	290.29	980.16	923.71	(-) 56.45
	II. Capital	236.60	118.27	354.87	217.44	(-) 137.43
	III. Loans and Advances	28.08	2.65	30.73	30.60	(-) 0.13
Total Voted :		954.55	411.21	1365.76	1171.75	(-) 194.01
Charged	IV. Revenue	3.34	0.12	3.46	3.42	(-) 0.04
	V. Capital	---	---	---	---	---
	VI. Public Debt	129.51	7.76	137.27	331.28	(+) 194.01
Total Charged :		132.85	7.88	140.73	334.70	(+) 193.97
Appropriation to Contingency Fund (if any)		---	---	---	---	---
Grand Total :		1087.40	419.09	1506.49	1506.45	(-) 0.04

* These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz., Revenue expenditure Rs.8.97 crore and Capital expenditure Rs.53.76 crore.

2.3 Excess over provision relating to previous years requiring regularisation

2.3.1 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, the excess expenditure amounting to Rs.2490.75 crore for the years 1994-1995 to 1999-2000 was yet to be regularised.

Table 2.2

Year	No. of grants/ appropriations	Grant/Appropriation(s)	Amount of Excess	Amount for which explanations not furnished to PAC
(Rupees in crore)				
1994-95	6	11,15,25,30,37, Public Debt	170.75	---
1995-96	18	7,11,13,15,16,20,22,26, 27,29, 31,34,38,47,48, 49,52, Public Debt	123.80	115.16
1996-97	16	2,4,20,22,24,26,27,28,29,38,48, 50,52,53,54, Public Debt	379.62	369.49
1997-98	8	1,20,21,26,27,37,41, Public Debt	658.17	369.49
1998-99	6	16,20,26,48,55, Public Debt	532.11	---
1999-2000	10	3,11,14,16,18,24,34,47,48, Public Debt	626.30	---
Total :	64		2490.75	

2.4 Results of Appropriation Audit

2.4.1 The overall savings of Rs.0.04 crore was the result of savings of Rs.194.05 crore in 49 grants and appropriations offset by excess of Rs.194.01 crore in 12 cases of grants and appropriations.

2.4.2 Supplementary provision made during the year constituted 39 *per cent* of the original provision as against 42 *per cent* in the previous year.

2.4.3 Supplementary provision of Rs.21.04 crore made in 9 cases during the year proved unnecessary in view of aggregate saving of Rs.75.32 crore as detailed in **Appendix - II**.

2.4.4 In 32 cases against additional requirement of Rs.196.30 crore, supplementary grants of Rs.312.22 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.115.92 crore. Details of these cases are given in **Appendix - III**.

2.4.5 The excess of Rs.7.13 crore under 8 grants and Rs.204.62 crore under 4 appropriations require regularisation under Article 205 of the Constitution. Details of these are given in **Appendix - IV**.

2.4.6 In 2 cases, supplementary provision of Rs.4.93 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.204.89 crore as per details given in **Appendix - V**.

2.4.7 In 14 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**.

2.4.8 In 3 cases there were persistent savings in excess of Rs.10 lakh in each case and 20 *per cent* or more of the provision. Details are given in **Appendix - VII**.

2.4.9 Significant excess was persistent in 1 case as detailed in **Appendix - VIII**.

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

2.4.11 Expenditure in 1 case exceeded the approved provision by over 800 *per cent* as shown in **Appendix - VIII**.

Injudicious re-appropriation of funds

2.4.12 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. There were 53 cases where injudicious re-appropriation of funds resulted in excess/savings by over Rs.10 lakh as detailed in **Appendix - IX**.

Expenditure without provision

2.4.13 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.18.99 crore was incurred in 17 cases as detailed in **Appendix-X** without provision having been made in the original estimates/supplementary demands or any re-appropriation orders issued. This was violative of the constitutional provision.

Anticipated savings not surrendered

2.4.14 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 2000-2001 there were 19 grants in which large savings had not been surrendered by the department. The amount involved was Rs.6.04

crore. In 2 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered aggregated Rs.2.62 crore. Details are given in **Appendix - XI and XI - A** respectively. This showed weak financial control and management by the Finance Department.

Surrender in excess of actual savings

2.4.15 In 23 cases, the amount surrendered was in excess of actual savings. As against the total amount of actual savings of Rs.83.22 crore, the amount surrendered was Rs.93.86 crore resulting in excess surrender of Rs.10.64 crore. Details are given in **Appendix - XII**. This indicated inadequate financial control and monitoring by the Finance Department.

2.4.16 The above instances of budgetary irregularities have been reported from year to year in Chapter II of the Audit Reports. If precautions had been taken as envisaged in the Budget Manual, these irregularities would not have persisted.

Trend of Recoveries and Credits

2.4.17 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 estimates.

2.4.18 In 3 grants the actual recoveries (Rs.8.58 crore) adjusted in reduction of expenditure exceeded the estimated recoveries (Rs.2 crore) by Rs.6.58 crore and in 3 grants the actual recoveries (Rs.54.15 crore) were less than the estimated recoveries (Rs.101 crore) by Rs.46.85 crore. More details are given in Appendix - II of Appropriation Accounts. The total under recoveries showed weak budgeting practices.

Non-receipt of explanations for savings/excesses

2.4.19 For the year 2000-2001, explanations for savings/excesses were not received from the concerned controlling officers.

Unreconciled Expenditure

2.4.20 Financial rules require that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. An expenditure of Rs.203.50 crore in respect of 19 heads of accounts, pertaining to 2000-2001 was not reconciled. Details are given in **Appendix – XIII**.

Rush of expenditure

2.4.21 The financial rules require that Government expenditure be evenly phased out throughout the year as far as practicable. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. The percentage of expenditure during the 4th quarter, and the month of March 2001 compared to the total expenditure varied between 40 and 74, and 22 and 61 respectively in case of 13 illustrative heads of accounts as indicated in **Appendix – XIV**.

2.5 Unadjusted AC Bills

2.5.1 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 one month old all AC Bills drawn earlier.

2.5.2 Scrutiny of records of 7* departments revealed (September 2001) that the submission of DCC bills against the drawal of Rs.10.41* crore made between 1997-1998 and 1999-2000 in 87 AC bills was awaited as of September 2001. These drawals remained unadjusted for a period ranging from one year to three years as of 31 March 2001. 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 non-submission of the DCC Bills allowed Rs.10.41 crore to remain out of Government Account and tantamounted to temporary misappropriation of Government money.

2.6 Drawal of funds in advance of requirement to avoid lapse of budget grant

2.6.1 Under financial rules, all appropriations lapse at the close of the financial year. The savings which are foreseen or provisions that cannot be profitably utilised should immediately be surrendered. No attempt should be made, on any account, to reserve or appropriate funds by transfer to a deposit or any other fund to prevent it from lapsing and use it for expenditure after the end of the year.

2.6.2 Scrutiny of monthly accounts, vouchers *etc.*, of Tlabung Public Works Division revealed (August 2001) that the Executive Engineer drew

* Local Administration (Rs.3.28 crore), General Administration (Rs.0.48 crore) Geology and Mining (Rs.0.31 crore) Rural Development Department (Rs.1.11 crore) Housing (Rs.0.08 crore) Food and Civil Supplies (Rs.4.50 crore) and Animal Husbandry and Veterinary (Rs.0.65 crore).

Rs.313 crore between January 1997 and March 2001 for execution of 22 works. The entire amount was credited to 8443 – Civil Deposit – Public Works Deposit (between March 1997 and March 2001) by debiting these amounts under final head of the works concerned in the respective year in which these were drawn earlier. Thus appropriation of fund by way of transfer to Public Works Deposit to avoid lapse of budget grant was irregular. However, the Department stated (September 2001) that the entire amount had been utilised by the end of June 2001 by withdrawing the same from Public Works Deposit.