

**CHAPTER II**  
**APPROPRIATION AUDIT AND**  
**CONTROL OVER**  
**EXPENDITURE**

## **APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE**

### **2.1 Introduction**

In accordance with the provisions of Section 29 of the Government of Union Territories Act, 1963, soon after the grants under Section 28 are made by the Union Territory (UT) Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the UT. The Appropriation Act passed by the Legislature contains authority to appropriate certain sums from the Consolidated Fund of the UT for the specified services. Supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Section 30 of the Government of Union Territories Act, 1963.

The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Sections 29 and 30 of the Government of Union Territories Act, 1963 and also the expenditure which is required to be charged on the Consolidated Fund of the UT. The Appropriation Accounts are prepared every year indicating the details of amounts spent on various specified services by the Government *vis-à-vis* those authorised by the Appropriation Act.

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**

The demands for grants approved by the Legislature comprise Voted grants (Revenue and Capital) and Charged appropriations (Revenue and Capital) totalling 32 grants/appropriations. The summarised position of actual expenditure during 2005-06 against these grants and appropriations is as follows :

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure <sup>1</sup>	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	1413.06	239.49	1652.55	1625.13	(-) 27.42
	II Capital	293.53	19.95	313.48	304.15	(-) 9.33
	III Loans and advances	5.55	0.26	5.81	3.85	(-) 1.96
<b>Total-Voted</b>		<b>1712.14</b>	<b>259.70</b>	<b>1971.84</b>	<b>1933.13</b>	<b>(-) 38.71</b>
<b>Charged</b>	IV Revenue	161.07	12.59	173.66	173.12	(-) 0.54
	V Capital	--	--	--	--	--
	VI Public debt	74.99	11.02	86.01	86.01	--
<b>Total-Charged</b>		<b>236.06</b>	<b>23.61</b>	<b>259.67</b>	<b>259.13</b>	<b>(-) 0.54</b>
<b>Grand Total</b>		<b>1948.20</b>	<b>283.31</b>	<b>2231.51</b>	<b>2192.26</b>	<b>(-) 39.25</b>

The overall savings of Rs 39.25 crore was the result of savings in 32 grants and six appropriations (38 cases). The schemes under which the savings mainly occurred and the reasons therefor are given in Appropriation Accounts for the year 2005-06.

## 2.3 Results of Appropriation Audit

### *Supplementary provision*

**2.3.1** Supplementary provision constituted 15 *per cent* of the original provision as against 26 *per cent* in the previous year.

**2.3.2** In 12 cases, against additional requirement of Rs 189.64 crore, supplementary provisions of Rs 204.49 crore were obtained resulting in aggregate savings of Rs 14.86 crore (details are given in **Appendix IX**). The savings in each case exceeded Rs 10 lakh.

Audit scrutiny revealed that in 17 cases where Rs 11.14 crore were provided under supplementary grant, Rs 5.41 crore were not spent (details are given

<sup>1</sup> These are gross expenditure figures without taking into account the recoveries adjusted in accounts as reduction of expenditure.

in **Appendix X**). Of this, in eight<sup>2</sup> cases the supplementary provision proved entirely unnecessary.

**2.3.3** In 74 cases, expenditure fell short by Rs 50 lakh or more in each case and also by more than 10 *per cent* of the total provision, resulting in savings of Rs 156.85 crore (details are given in **Appendix XI**). In 43 cases, the expenditure exceeded the approved provisions (both Original and Supplementary) by more than Rs 50 lakh and also by more than 10 *per cent* of the total provision, resulting in an excess of Rs 68.30 crore (details are given in **Appendix XII**). In 20 out of these 43 cases, the expenditure exceeded the approved provision by 100 *per cent*.

**2.3.4** 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. In seven cases, re-appropriation proved either excessive or unnecessary, by over Rs 5 lakh (details are given in **Appendix XIII**) in each case.

### **2.3.5 Anticipated savings not surrendered**

The departments surrender the grants/appropriations or portions thereof whenever savings are anticipated. As against the total savings of Rs 39.25 crore in all grants/appropriations during 2005-06, the departments surrendered Rs 22.34 crore on 31 March 2006. It was, however, observed that anticipated savings of more than Rs 10 lakh each in 15 cases amounting to Rs 15.96 crore were not surrendered (details are given in **Appendix XIV**).

### **2.3.6 Expenditure on Centrally Sponsored Schemes**

Out of Rs 22 crore provided as Final Modified Grant (FMG) for implementing 91 Centrally Sponsored Schemes, Rs 18.62 crore (85 *per cent*) were spent. While no expenditure was incurred in respect of 26 schemes (FMG : Rs 1.60 crore), the expenditure was less than 50 *per cent* of provision in respect of five schemes.

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<sup>2</sup> Sl. Nos. 2, 3, 5, 7, 11, 13, 15 and 16 of **Appendix X**