

CHAPTER II
APPROPRIATION AUDIT
AND
CONTROL OVER EXPENDITURE

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

Appropriation Accounts: 2000-2001

Total number of grants: 63

Total provision and actual expenditure

Provision	Amount (Rs in crore)	Expenditure	Amount (Rs in crore)
Original	26886.68		
Supplementary	5125.08		
Total gross provision	32011.76	Total gross expenditure	32256.50
<i>Deduct</i> – Estimated recoveries in reduction of expenditure	323.07	<i>Deduct</i> – Actual recoveries in reduction of expenditure	784.53
Total net provision	31688.69	Total net expenditure	31471.97

Voted and Charged provision and expenditure

	Provision (Rs in crore)		Expenditure (Rs in crore)	
	Voted	Charged	Voted	Charged
Revenue	20553.77	3046.89	19030.28	3163.75
Capital	2230.52	1.96	1887.81	2.02
Total (Gross)	22784.29	3048.85	20918.09	3165.77
<i>Deduct</i> – recoveries in reduction of expenditure	322.84	0.23	784.09	0.44
Total (Net)	22461.45	3048.62	20134.00	3165.33

(This table excludes provision and expenditure on “Loans and Advances” and “Public Debt-Repayment”).

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 Bill passed by the State Legislature contains authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Articles 204 and 205 of the Constitution of India and also 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 specified services actually spent by 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 –2000-2001

The summarised position of actual expenditure during 2000-2001 against 63 grants/appropriations was as follows:

(Rupees in crore)						
	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	19086.88	1466.89	20553.77	19030.28*	(-) 1523.49
	II Capital	2013.46	217.06	2230.52	1887.81*	(-) 342.71
	III Loans and Advances	393.31	36.95	430.26	452.65	(+) 22.39
Total Voted		21493.65	1720.90	23214.55	21370.74	(-) 1843.81
Charged	IV Revenue	2793.56	253.33	3046.89	3163.75	(+) 116.86
	V Capital	0.01	1.95	1.96	2.02	(+) 0.06
	VI Public Debt	2599.46	3148.90	5748.36	7719.99	(+) 1971.63
Total Charged		5393.03	3404.18	8797.21	10885.76	(+) 2088.55

(Rupees in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
	Appropriation to Contingency Fund (if any)
	Grand Total	26886.68	5125.08	32011.76	32256.50**	(+) 244.74

* These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure except in respect of grant numbers 35, 36, 38 and 54 where figures are net.

** The total expenditure stands inflated to the extent of Rs 3161.43 crore, transferred to 8443 – Civil Deposits – 800 Other Deposits.

2.3 Results of Appropriation Audit

The following results emerge broadly from the audit of appropriation accounts.

2.3.1 The overall excess of Rs 244.74 crore was the result of saving of Rs 1994.73 crore in 55 grants and 44 appropriations offset by excess of Rs 2239.47 crore in 6 grants and 7 appropriations.

2.3.2 The excess (Appendix II) of Rs 2239.47 crore requires regularisation under Article 205 of the Constitution.

2.3.3 Excess over provision relating to previous years requiring regularisation

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, the excess expenditure amounting to Rs 2026.56 crore for the years 1990-91 to 1999-2000 was yet to be regularised as detailed below:

(Rupees in crore)

Year	Number of grants/appropriations	Grant/Appropriation Numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
1990-91	21 Grants 5 Appropriations	2,3,5,7,14,17, 23,29,30, 31,37,38,41, 42,45,47,50,53, 54,55 and 59 7,37,44,52 and 53	269.65	PAC after discussion, has recommended for regularisation. Appropriation Act is yet to be passed by the Legislature.

(Rupees in crore)

Year	Number of grants/ appropriations	Grant/ Appropriation Numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
1991-92	15 Grants	5,10,11,17,19,20,35,37,39,44,46,48,50,57 and 58	167.82	Explanatory notes have been furnished and discussion is yet to be taken up.
	8 Appropriations	7,15,18,31,37,44,46 and 59		
1992-93	14 Grants	5,7,19,20,24,34,35,37,42,44,46,57,60 and 62	49.37	Explanatory notes have been furnished and discussion is yet to be taken up.
	8 Appropriations	2,7,11,15,18,19,37 and 55		
1993-94	9 Grants	11,19,20,22,37,38,45,49 and 56	39.42	Explanatory notes have been furnished and discussion is yet to be taken up.
	6 Appropriations	Debt Charges, 7,15,18,31 and 36		
1994-95	15 Grants	7,8,20,21,31,33,36,38,41,42,53,56,57,60 and 61	208.21	Explanatory notes have been furnished and discussion is yet to be taken up.
	8 Appropriations	7,15,35,36,38,41,45 and 52		
1995-96	8 Grants	30,31,34,38,40,41,45 and 56	112.51	Explanatory notes have been furnished and discussion is yet to be taken up.
	11 Appropriations	7,11,15,16,18,19,35,36,37,42 and 43		
1996-97	17 Grants	5,8,11,20,26,31,33,35,36,39,41,45,50,53,56,57 and 59	284.32	Explanatory notes not furnished 284.32
	8 Appropriations	1,15,18,19,35,45,46 and 47		
1997-98	7 Grants	19,20,23,26,35,38 and 45	299.42	Explanatory notes not furnished 299.42
	5 Appropriations	15,29,35,45 and 55		
1998-99	16 Grants	3,5,6,17,20,27,30,33,35,38,39,40,48,50,52 and 57	232.85	Explanatory notes not furnished 232.85
	2 Appropriations	Debt Charges and 45		
1999-2000	9 Grants	2,17,26,33,35,38,41,45 and 46	362.99	Explanatory notes not furnished 362.99
	1 Appropriation	29		
Total			2026.56	1179.58

2.3.4 (a)(i) Supplementary provision obtained during the year constituted 19 per cent of original provision compared to previous years 1996-97 to 1999-2000 when it was 13, 12,8 and 31 per cent respectively.

(ii) An analysis of the Budget provision made, expenditure incurred and amount surrendered during 1996-2001 disclosed the following:

(Rupees in crore)

Year	Original Provision	Supplementary Provision	Amount surrendered	Expenditure	Final saving (-)/ Excess (+)
1996-97	15657.21	1972.64	2212.39	15636.66	(-) 1993.19
1997-98	18131.10	2196.28	2756.40	17884.23	(-) 2443.15
1998-99	22513.64	1898.89	3775.81	21364.68	(-) 3047.85
1999-2000	23072.31	7199.20	1076.67	28717.41	(-) 1554.10
2000-2001	26886.68	5125.08	628.46	32256.50	(+) 244.74

During 2000-2001, huge funds had been provided in the Supplementary Estimates, of which 89 per cent was provided in February 2001 only.

(b) Unnecessary Supplementary provision

Supplementary provision of Rs 240.83 crore obtained in 33 grants (Rs 240.09 crore) and 14 appropriations (Rs 0.74 crore) (Appendix III) in February 2001 proved unnecessary in view of the final saving in each grant/appropriation being more than the supplementary provision obtained.

In 31 voted grants detailed below, the original provision of Rs 13479.04 crore was augmented by supplementary provision of Rs 295.85 crore, but the expenditure fell short of even the original provision.

(Rupees in crore)

Grant Number	Original provision	Expenditure	Grant Number	Original provision	Expenditure
1	14.27	13.90	25	186.76	177.64
2	24.07	21.28	28	132.47	111.13
3	32.68	32.44	30	346.26	331.33
4	124.74	114.23	31	156.33	142.17
8	31.71	25.10	32	67.47	50.86
9	178.79	166.92	33	38.51	30.88
11	577.56	537.79	34	1868.12	1664.47
12	24.94	23.17	36	87.42	77.16
13	141.55	134.01	42	394.41	288.70
14	55.88	51.81	43	62.52	58.97
15	1053.69	932.33	44	103.05	101.30
16	71.80	49.93	49	554.48	436.04
17	4648.95	4440.37	54	466.21	288.71
18	758.32	702.58	55	129.32	129.20
19	504.40	493.87	56	466.49	378.26
22	175.87	152.61	Total	13479.04	12159.16

Similarly, in the charged appropriations (under grant numbers 9, 15, 17 and 36), supplementary appropriation amounting to Rs 0.51 crore obtained in February 2001 proved unnecessary as the expenditure (Rs 15.75 crore) fell short of original provision of Rs 16.93 crore resulting in saving of Rs 1.69 crore.

In 10^{@@} other appropriations, though the original provision of Rs 0.31 lakh was augmented by supplementary provision of Rs 23.59 lakh, no expenditure was incurred resulting in saving of the entire provision of Rs 23.90 lakh.

(c) *Insufficient Supplementary provision*

In 4 grants (Appendix IV), supplementary provision obtained during the year proved insufficient (by more than Rs 1 crore), resulting in excess ranging from Rs 2.38 crore to Rs 113.60 crore; aggregate excess expenditure was Rs 143.96 crore. Similarly, in 2 charged appropriations, supplementary provision obtained proved insufficient resulting in aggregate excess expenditure of Rs 2094.74 crore.

2.3.5 *Excess requiring regularisation*

(a) *Persistent excess*

Under grant number “35. Irrigation” there was significant excess persistent for five years; the percentage of excess ranged from 3 to 44.

Year	Amount of Excess (Rupees in crore)	Percentage of excess
1996-97	17.95	8
1997-98	124.49	44
1998-99	12.20	3
1999-2000	97.83	31
2000-2001	113.60	31

Persistent excess requires investigation by the Government for remedial action.

(b) *Expenditure incurred without provision*

In 351 sub-heads expenditure of Rs 167.70 crore had been incurred either without budget provision or the entire provision made was withdrawn subsequently through reappropriation.

2.3.6 *Persistent savings*

Persistent savings of 5 *per cent* and above during 1998-99 to 2000-2001 were noticed in 9 grants and 6 appropriations vide Appendix V. Under grant number 54 - Capital Outlay on Irrigation, saving occurred in all the preceding 21 years, the percentage of saving ranging from 11 to 83.

2.3.7 In 23 grants and one appropriation, the expenditure fell short by more than Rs 1 crore each and also by 10 *per cent* or more of the total provision (Appendix VI).

^{@@} Appropriations under grant numbers 2, 4, 14, 18, 20, 21, 22, 23, 28 and 38.

2.3.8 Substantial surrenders

Substantial surrenders were made in respect of 64 schemes on account of either non-implementation or slow implementation. Out of the total provision amounting to Rs 639.08 crore in these 64 schemes, Rs 534.32 crore (83 per cent) were surrendered. Results of review conducted by Audit in respect of a few of these cases are given in Appendix VII.

2.3.9 Excessive/unnecessary reappropriation of funds

Reappropriation 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 481 sub-heads where injudicious reappropriation of funds proved excessive or insufficient and resulted in savings/excess by over Rs 10 lakh. 127 cases in which the excess/saving was more than Rs 2 crore are detailed in Appendix VIII.

2.3.10 Unexplained reappropriations

A scrutiny of the reappropriation orders issued by the Finance Department revealed that in respect of 3379 out of 10133 items (33 per cent), reasons given for additional provision/withdrawal of provision were of general nature like "actual requirement" and "based on latest assessment".

2.4 Budgetary procedure and control over expenditure

2.4.1 Inadequate control over expenditure

The Appropriation Acts specify the sums authorised by the Legislature under each grant for meeting expenditure during a financial year; the final modified grants authorised by Government are the sums to be spent upto 31 March and the difference is resumed to the Consolidated Fund. Such resummptions of funds under the grants were persistent and significant not only during 2000-2001 but also in earlier years. Further, there had also been significant variations (excess or savings) between the final modified grant/appropriation and actual expenditure. Overall position for the 5 years from 1996-97 to 2000-2001 is indicated below:

(Rupees in crore)

Year	Sums authorised by the Legislature	Amount resumed (surrendered)	Final Modified Grant/ Appropriation	Actual expenditure	Variation between (4) and (5) Excess (+)/ Saving (-)
(1)	(2)	(3)	(4)	(5)	(6)
1996-97	17629.85	2212.39	15417.46	15636.66	(+) 219.20
1997-98	20327.38	2756.40	17570.98	17884.23	(+) 313.25
1998-99	24412.53	3775.81	20636.72	21364.68	(+) 727.96
1999-2000	30271.51	1076.67	29194.84	28717.41	(-) 477.43
2000-2001	32011.76	628.46	31383.30	32256.50	(+) 873.20

Savings compared to the final modified grant showed that estimates of expenditure prepared even in March, the last month of the financial year, were

defective. Similarly, excess expenditure over and above the final modified grant indicated that the control over expenditure was inadequate.

Rupees 628.46 crore were surrendered out of the grants and appropriations authorised by the Legislature for expenditure during 2000-2001 and resumed to Consolidated Fund on 31 March 2001. However, in one grant (number 21) and two appropriations (Debt charges and Public Debt Repayment), total provision of Rs 8798.79 crore was reduced to Rs 8798.27 crore in the final modified grant stage, but expenditure incurred under these grants/appropriations (Rs 10893.98 crore) was in excess of final modified grant by Rs 2095.71 crore.

In 5 other grants,^a against Rs 30.07 crore surrendered in March 2001, the saving was only Rs 23.61 crore, resulting in excess expenditure over the final modified grant.

In 31 other grants^b and 3 appropriations (numbers 34,44 and 45), against Rs 597.87 crore surrendered in March 2001, the saving was Rs 1785.31 crore, indicating that the department had not utilised Rs 1187.44 crore out of the final modified grant/appropriation.

In 19 other grants^c and 34 appropriations,^d though the saving was Rs 185.81 crore, the department had not surrendered any funds in March 2001; as a result, this was not available to other grants where funds were actually required.

2.4.2 Budget Review of Highways Department

(i) Introduction

Highways Department was created for the development and maintenance of road network and efficient transportation system. It undertakes construction/improvements/renewal/maintenance of road network under its control in various categories such as National Highways, Major District Roads and other District Roads. The Department operates two grants viz., Revenue (Grant No. 38 – Roads, Bridges and Shipping) and Capital (Grant No. 56- Capital outlay on Roads, Bridges and Shipping).

(ii) Overall position

The Budget provision, actual expenditure, variation (excess/saving) during the years 1998-2001 is as under.

(Rupees in crore)

Year	Total provision		Actual expenditure		Variation	Excess (+)/ Savings (-)
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2000-2001	346.78	466.49	343.19	378.26	(-) 3.59	(-) 88.23
1999-2000	399.61	460.42	404.62	354.82	(+) 5.01	(-) 105.60
1998-1999	387.68	479.67	398.03	244.48	(+) 10.35	(-) 235.19

^a Grant numbers 1, 5, 19, 44 and 45.

^b Grant numbers 2, 4, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 22, 23, 27, 28, 31, 32, 33, 34, 36, 42, 43, 46, 49, 51, 53, 54, 56 and 57.

^c Grant numbers 3, 7, 8, 24, 25, 26, 30, 37, 38, 39, 40, 41, 48, 50, 52, 55, 58, 59 and 60.

^d Grant numbers 2, 3, 4, 6, 7, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 30, 31, 36, 37, 38, 39, 43, 47, 49, 55 and 60.

From the above it is evident that under Capital Grant (Voted) there has been persistent savings year after year which indicates unrealistic budgetary assumption and failure to take into account the trend of disbursements of preceding years. However, under Revenue Grant (Voted) there has been excess over the allotment during 1998-99 and 1999-2000 requiring regularisation by State Legislature under Article 205 of the Constitution of India.

(iii) Unnecessary Provision of funds made in Reappropriation

Reappropriation made for 5 sub-heads under the two grants (voted) during the year 2000-01 was unnecessary due to the reason that the ultimate saving (Rs 1090.23 lakh) was more than the amount provided in reappropriation (Rs 600.85 lakh). For the head 3054.80.797.AA, Rs 233.33 lakh was provided through reappropriation besides the original provision of Rs 168.99 lakh, but the expenditure was nil.

(iv) Injudicious reappropriation from sub-heads

In respect of 18 sub-heads under grant 38 and 56 (voted), the amount surrendered in reappropriation (Rs 3211.21 lakh) was injudicious as there was final excess against these sub-heads (Rs 427.83 lakh).

(v) Substantial savings of more than Rupees one crore

There has been substantial saving of more than Rs 1 crore in respect of the following three sub-heads even after reappropriation.

(Rupees in lakh)

Sl. No.	Head of account	Budget Estimate	Supplementary	Reappropriation	Total provision	Actual Expenditure	Savings
Grant 38							
(i)	3054-80-800-AE	166.92	0.01	234.84	401.77	209.46	192.31
Grant 56							
(ii)	5054-80-800-PB	3000.00	-	(-) 2386.26	613.74	508.24	105.50
(iii)	5054-04-800-JL	400.35	-	(-) 255.12	145.23	42.85	102.38

Test-check of records relating to the above sub-heads of account revealed the following.

(a) A sum of Rs 234.84 lakh was obtained through reappropriation in March 2001 for the payments to be made to contractors. However Rs 192.31 lakh remained unutilised; due to slow progress of work and non-completion of land acquisition by revenue officials in respect of two works. This only shows that the requirement of funds could not be assessed accurately even in the month of March.

(b) The Project Director, Tamil Nadu Road Sector Project had obtained Budget provision of Rs 30 crore. However, Rs 23.86 crore was withdrawn through reappropriation during March 2001 for want of World Bank approval.

(c) A sum of Rs 400 lakh was provided in the Budget for construction of high level bridge at Singarathope. Out of this, Rs 255.12 lakh was surrendered in reappropriation due to change in design at various stages. Thus, funds were provided without actually assessing the exact requirement.

(vi) Unnecessary provision of funds by Government leading to surrender

In respect of the following sub-heads, Government had provided funds in excess of the department's requirement, leading to surrender of funds and savings.

(Rupees in lakh)

Sl. No.	Head of account	Amount proposed by Department	Amount provided in Budget Estimate	Reappropriation	Final grant	Expenditure	Savings
	Grant 56						
1.	5054-04-800-JC	17.48	305.56	(-) 94.70	210.86	207.92	2.94
2.	5054-04-800-JV	69.13	169.13	(-) 109.13	60.00	48.40	11.60
3.	5054-04-800-JJ	389.45	631.11	(-) 0.81	630.30	564.77	65.53

(vii) Substantial surrender of funds in Reappropriation

There has been substantial surrender of funds by reappropriation of more than Rs 10 crore in respect of the following sub-heads of account under Grant 56.

(Rupees in lakh)

Sl. No.	Head of account	Budget Estimate	Reappropriation	Final grant	Actual expenditure	Savings(-) Excess (+)
(a)	5054-04-101-JC	3161.00	(-) 1168.61	1992.39	1992.39	-
(b)	5054-04-337-JP	5252.00	(-) 2127.00	3125.00	3251.44	126.44

Test-check of records relating to the above sub-heads of account revealed the following.

(a) Rupees 31.61 crore had been provided in the Budget Estimate for 2000-01 for construction of 50 bridges based on original administrative sanction. The amount was withdrawn to the extent of Rs 11.69 crore, due to revision of project cost, which indicates that requirement of project funds were not assessed by the Department accurately.

(b) Rupees 52.52 crore had been provided in the Budget Estimate for 2000-2001 for improvement of radial roads in and around Chennai city with loan assistance of HUDCO. However, as the unutilised balance of Rs 33.29 crore received in 1999-2000 from HUDCO was utilised during 2000-01, funds to the extent of Rs 21.27 crore was surrendered. Even at the end of March, the funds requirement was not assessed correctly, and there was an excess expenditure of Rs 1.26 crore over the final grant.

(viii) Persistent Excess

Test-check of accounts for three years indicated persistent excess under the following Heads of account under Grant 38.

(Rupees in lakh)

Serial Number	Head of Account	1998-99		1999-2000		2000-2001	
		Total grant	Excess	Total grant	Excess	Total grant	Excess
1.	3054-01-001-AA	200.62	139.04	208.30	98.99	123.74	85.40
2.	3054-04-337-AA	8231.81	3165.13	5905.87	210.95	6251.46	124.14
3.	3054-80-799-AC	1.01	214.84	28.69	86.58	34.82	155.35

(ix) *Rush of Expenditure*

Rush of expenditure particularly in the closing months of financial year is to be regarded as a breach of financial regularity and should be avoided. Contrary to the above provisions, test-check revealed that in 9 cases (Grant 38 and 56) large portion of expenditure was incurred in the month of March 2001.

(x) *Excess expenditure over the allotment*

In 25 sub-heads (Grant No. 38) and in 5 sub-heads (Grant No. 56) there was an excess expenditure of Rs 1964.91 lakh as compared to the final grant, which indicates that the requirement could not be assessed correctly even towards the end of March. Excess expenditure of more than Rs 1 crore occurred in the following sub-heads of accounts.

(Rupees in lakh)

Serial Number	Head of account	Budget Estimate	Reappropriation	Final grant	Actual expenditure	Excess
Grant 38						
1.	3054-04-337-AA	6251.46	-	6251.46	6375.60	124.14
2.	3054-04-337-AB	9499.77	490.06	9989.83	10909.94	920.11
3.	3054-80-799-AC	34.16	0.66	34.82	190.17	155.35
Grant 56						
4.	5054-04-337-JP	5252.00	(-) 2127.00	3125.00	3251.44	126.44

2.4.3 *Rush of expenditure*

According to Codal provisions, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 16 heads, expenditure exceeding Rs 10 crore and also more than 50 per cent of the total expenditure for the year was incurred in the month of March 2001 (Appendix IX).

Since the funds released to various organisations in March cannot be constructively spent during the year, it is not possible to conclude whether these funds were applied for the purpose for which they were authorised.

2.5 Funds flow for Centrally sponsored schemes

(i) Government of India (GOI) implements various Centrally sponsored schemes by releasing funds either to the State Government as grants or direct to the implementing agencies.

As revealed by the Finance Accounts, an amount of Rs 538.73 crore was received by the State Government as Central assistance during 2000-01 for implementing various Centrally sponsored schemes. Details of Central assistance received during each quarter are as follows:

(Rupees in crore)

Quarter	Amount of Central assistance received
I April to June 2000	30.66
II July to September 2000	162.23
III October to December 2000	68.49
IV January to March 2001	277.35
Total	538.73

In respect of 25 schemes, the entire Central assistance of Rs 56.07 crore was received only during the last quarter of 2000-01.

Under the post-matric scholarship scheme for Scheduled Caste students, there was an unutilised balance of Rs 4.07 crore as of 31 March 2001. Government of India released funds for the scholarships based on State Government's projection of Rs 37.64 crore, but the actual expenditure was only Rs 33.57 crore during 2000-01. The projection was overpitched.

(ii) Special Component Plan under Central Plan Scheme

Government of India released Rs 35.58 crore to State Government as Special Central assistance towards Special Component Plan for implementation of various schemes for benefit of Scheduled Castes by Tamil Nadu Adi Dravidar Housing and Development Corporation Limited (TAHDCO) in two instalments of Rs 17.79 crore each in July 2000 and January 2001. Although the first instalment of Rs 17.79 crore was sanctioned by State Government in September 2000, the Director of Adi Dravidar and Tribal Welfare (DADTW) drew the same and released to TAHDCO only in February 2001. The second instalment of Rs 17.79 crore received from GOI was released by State Government only in August 2001.

2.6 Expenditure on New Service/New Instrument of Service

(a) According to Article 205 of the Constitution, no expenditure should be incurred on a service not contemplated in the Budget except after getting vote of the Legislature or by an advance from Contingency Fund.

During 2000-2001, expenditure totalling Rs 3.77 crore was incurred on 3 schemes (Appendix X) where the token provision made was also withdrawn. In 53 schemes, expenditure of Rs 131.26 crore was incurred without any original or supplementary provision or reappropriation and had to be treated as New Service/New Instrument of Service as the prescribed procedure for drawal had not been followed (Appendix XI). In 3 schemes, an expenditure of

Rs 0.47 crore was incurred by utilising the reappropriated funds (Appendix XII).

(b) In 7 other schemes (Appendix XIII), receiving assistance from Government of India and in respect of expenditure on natural calamities, though token provision was made in the Budget, expenditure of Rs 4.06 crore was incurred during the year without seeking supplementary grant.

2.7 Advances from Contingency Fund

The corpus of the Contingency Fund placed at the disposal of the State Government to meet unforeseen expenditure pending authorisation by the State Legislature was Rs 150 crore for the year 2000-2001. 84 sanctions were issued during 2000-2001 advancing Rs 112.08 crore from the Contingency Fund. It was noticed that:

- (i) nine sanctions amounting to Rs 5.21 crore were neither operated nor cancelled
- (ii) the actual expenditure (Rs 1.94 crore) against 17 sanctions was less than 50 *per cent* of the amount sanctioned (Rs 8.66 crore); and
- (iii) against 4 sanctions of Rs 88.45 lakh, expenditure of Rs 61.25 lakh incurred from the contingency Fund remained unrecouped to the Fund till 31 March 2001.

2.8 Trend of Recoveries and Credits

Under the system of gross budgeting, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure; the anticipated recoveries and credits are shown separately in the Budget Estimates. During 2000-2001, the anticipated recoveries were Rs 323.07 crore and the actual recoveries were much higher at Rs 784.53 crore. Some of the important cases of shortfall/excess as compared to estimates are detailed in Appendix XIV.

2.9 Non-receipt of explanations for saving/excess

After the close of each financial year, the detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and the resultant variations are sent to the Controlling officers requiring them to explain significant variations under the heads. Out of 757 sub-heads, the explanations for variations were not received in respect of 594 sub-heads (78 *per cent*) (July 2001).

2.10 Unreconciled Expenditure

Departmental figures of expenditure should be reconciled with those of the Principal Accountant General (Accounts and Entitlements) every month. The reconciliation had, however, remained in arrears in several departments.

The number of controlling officers who did not reconcile their expenditure figures and the amounts involved were as under:

(Rupees in crore)

Year	Number of controlling officers who did not reconcile their figures	Amount not reconciled
1992-93	1	0.65
1993-94	4	22.47
1994-95	5	0.69
1995-96	5	0.93
1996-97	7	5.29
1997-98	9	9.02
1998-99	8	13.44
1999-2000	12	43.71
2000-2001	96	1418.57
Total	147	1514.77

Amounts exceeding Rs 10 crore in each case remained unreconciled during 2000-2001 in respect of the following 22 controlling officers.

(Rupees in crore)

Serial Number	Controlling Officers	Amount not reconciled
1.	Chief Engineer, Agricultural Engineering, Chennai	15.25
2.	Director of Agriculture, Chennai	83.45
3.	Director of Adi Dravidar and Tribal Welfare, Chennai	77.48
4.	Director of Veterinary Services, Chennai	10.02
5.	Director of Most Backward Classes and Denotified Communities, Chennai	20.19
6.	Commissioner of Commercial Taxes, Chennai	24.87
7.	Director of Collegiate Education, Chennai	30.65
8.	Under Secretary to Government, Energy (OP) Department, Chennai	11.89
9.	Under Secretary to Government, Finance (Bills) Department, Chennai	11.61
10.	Commissioner of Treasuries and Accounts, Chennai	32.09
11.	Director of Handlooms and Textiles, Chennai	42.08
12.	Director of Medical Education, Chennai	13.81
13.	Director, Medical and Rural Health Services (ESIS), Chennai	35.35
14.	Director of Public Health and Preventive Medicine, Chennai	33.53
15.	The Registrar (Administration) High Court, Chennai	46.77
16.	Commissioner of Transport, Chennai	33.27
17.	Director of Fire Services, Chennai	20.04
18.	Commissioner of Sugar, Chennai	30.00
19.	Director of Municipal Administration, Chennai	239.33
20.	Joint Chief Electoral Officer, Public (Election VI) Department, Chennai	15.66
21.	Commissioner of Revenue Administration, Chennai	468.05
22.	Commissioner of Rehabilitation of Disabled, Chennai	11.46

2.11 Reserve Funds

Reserve Funds are constituted by the State Government under a statutory provision or otherwise, either by allotment of sums from the Consolidated Fund of the State or from grants or contributions made by other Governments or outside agencies, for spending for specific and particular purposes for which they have been constituted. As of 31 March 2001, the accumulated balances in various Reserve Funds were Rs 1243.30* crore.

Review of the transactions under Reserve Funds revealed that:

- (i) The Depreciation Reserve Fund (Milk scheme - Central Dairy, Madhavaram under “8115 - Depreciation/Renewal Reserve Funds”) had not been operated for more than 14 years and an accumulation of Rs 1.01 crore was still lying under this fund;
- (ii) Though the Urban Development Fund was abolished in September 1993, the accumulated balance of the fund as on 31 March 2001 (Rs 657.11 crore) continued to exist in Government accounts;
- (iii) For want of adequate balance, expenditure of Rs 51.90 crore could not be recovered from the ‘Religious and Charitable Endowments Fund’.

* Includes amount under Major Head ‘8449.103.Subventions from Central Road Fund: Rs 7.85 crore.