

CHAPTER II
APPROPRIATION AUDIT
AND
CONTROL OVER EXPENDITURE

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

Appropriation Accounts: 2001-2002

Total number of grants: 63

Total provision and actual expenditure

Provision	Amount (Rs in crore)	Expenditure	Amount (Rs in crore)
Original	37048.29		
Supplementary	991.28		
Total gross provision	38039.57	Total gross expenditure	34304.31
Deduct – Estimated recoveries in reduction of expenditure	276.58	Deduct – Actual recoveries in reduction of expenditure	380.51
Total net provision	37762.99	Total net expenditure	33923.80

Voted and Charged provision and expenditure *

	Provision (Rs in crore)		Expenditure (Rs in crore)	
	Voted	Charged	Voted	Charged
Revenue	21571.43	3608.82	18376.01	3554.37
Capital	2514.96	0.02	1785.01	0.01
Total (Gross)	24086.39	3608.84	20161.02	3554.38
Deduct – recoveries in reduction of expenditure	276.34	0.24	380.12	0.39
Total (Net)	23810.05	3608.60	19780.90	3553.99

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

* This table excludes provision and expenditure on “Loans and Advances” and “Public Debt-Repayment”

Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains authority to appropriate specified sums from the Consolidated Fund of the State for the 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 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 –2001-2002

The summarised position of actual expenditure during 2001-2002 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	21446.46	124.97	21571.43	18376.01*	(-) 3195.42
	II Capital	2361.11	153.85	2514.96	1785.01*	(-) 729.95
	III Loans and Advances	643.13	0.38	643.51	546.87*	(-) 96.64
Total Voted		24450.70	279.20	24729.90	20707.89	(-) 4022.01
Charged	IV Revenue	3345.06	263.76	3608.82	3554.37	(-) 54.45
	V Capital	0.02	Nil	0.02	0.01	(-) 0.01
	VI Public Debt-Repayment	9252.51	448.32	9700.83	10042.04	(+) 341.21
Total Charged		12597.59	712.08	13309.67	13596.42	(+) 286.75
Appropriation to Contingency Fund (if any)		..	..	..	..	..
Grand Total		37048.29	991.28	38039.57	34304.31**	(-) 3735.26

* 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 includes Rs 3496.65 crore transferred to 8443 – Civil Deposits – 800 Other Deposits in respect of 29 Corporations /Autonomous Bodies.

2.3 Results of Appropriation Audit

The following results emerge from the audit of appropriation accounts.

2.3.1 The overall saving of Rs 3735.26 crore was the result of saving of Rs 4114.64 crore in 58 grants and 44 appropriations, offset by excess of Rs 379.38 crore in 3 grants and 4 appropriations.

2.3.2 The excess (Appendix II) of Rs 379.38 crore requires regularisation under Article 205 of the Constitution.

2.3.3 Excess over provision requiring regularisation - previous years

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 3996.38 crore for the years 1991-2001 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)
1991-92	15 Grants	5,10,11,17,19,20, 35,37,39,44,46, 48,50,57 and 58	167.82	Discussed by the PAC and recommendations of the PAC are awaited.
	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	Discussed by the PAC and recommendations of the PAC are awaited.
	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	Discussed by the PAC and recommendations of the PAC are awaited.
	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	Discussed by the PAC and recommendations of the PAC are awaited.
	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	Discussed by the PAC and recommendations of the PAC are awaited.
	11 Appropriations	7,11,15,16,18,19, 35,36,37,42 and 43		

(Rupees in crore)

Year	Number of grants/appropriations	Grant/appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
1996-97	17 Grants	5,8,11,20,26,31,33,35,36,39,41,45,50,53,56,57 and 59	284.32	Discussed by the PAC and recommendations of the PAC are awaited.
	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 awaited. Not yet discussed by PAC
	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 awaited. Not yet discussed by PAC
	2 Appropriations	Debt Charges and 45		
1999-2000	9 Grants	2,17,26,33,35,38,41,45 and 46	362.99	Explanatory notes awaited. Not yet discussed by PAC
	1 Appropriation	29		
2000-2001	6 Grants	6, 21, 29, 35, 47 and 61	2239.47	Explanatory notes awaited. Not yet discussed by PAC
	7 Appropriations	Debt Charges, 29, 35, 41, 42, 54 and Public Debt-Repayment		
Total			3996.38	

2.3.4 (a) (i) An analysis of the Budget provision made, expenditure incurred and amount surrendered during 1997-2002 disclosed the following:

(Rupees in crore)

Year	Original Provision	Supplementary Provision	Amount surrendered	Expenditure	Final saving (-)/ Excess (+)
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
2001-2002	37048.29	991.28	3800.12	34304.31	(-) 3735.26

During 2001-2002, Rs 991.28 crore had been provided in the Supplementary Estimates, of which 99 per cent was provided in March 2002 only.

(ii) Supplementary provision obtained during the year constituted 3 per cent of original provision. In previous years 1997-98 to 2000-2001, it was 12, 8, 31 and 19 per cent respectively.

(b) Unnecessary supplementary provision

In 49 voted grants detailed below, the original provision of Rs 20170.26 crore was augmented by first and second supplementary provisions (September 2001 and March 2002) of Rs 15.47 crore, but the expenditure fell short of even the original provision under each of these grants.

(Rupees in crore)			(Rupees in crore)		
Grant Number	Original provision	Expenditure	Grant Number	Original provision	Expenditure
1	15.08	11.13	30	382.13	338.67
2	23.70	22.55	31	151.93	120.33
3	39.07	33.64	33	48.67	43.57
4	135.35	105.03	34	1694.44	1635.65
6	61.20	49.57	36	91.63	66.06
7	12.30	10.98	38	436.31	303.29
9	185.78	160.31	39	22.94	21.18
10	56.45	17.60	43	60.98	40.69
11	570.79	510.02	44	97.58	93.56
12	26.49	22.09	45	78.79	34.58
13	144.57	132.61	46	24.79	13.92
14	60.56	51.04	47	82.74	66.59
15	1102.59	982.50	48	159.11	153.95
16	55.70	47.88	49	775.33	337.01
17	4978.85	4336.53	50	16.93	14.21
18	792.97	675.52	51	40.77	28.81
19	541.76	525.68	52	9.48	8.16
20	1163.53	838.04	54	521.32	300.70
22	165.15	148.19	55	220.69	89.48
23	174.30	131.30	56	489.67	257.83
24	17.09	8.50	58	126.79	103.62
25	224.15	156.47	59	1.08	1.06
27	1544.58	959.67	60	991.18	872.25
28	85.45	77.36	61	643.13	546.87
29	824.39	643.62	Total	20170.26	16149.87

Of this, in 4 grants, supplementary provision of Rs 2.86 crore obtained (Appendix III) in March 2002 proved unnecessary in view of the final saving in each grant being more than the supplementary provision obtained in March 2002.

Similarly, in one charged appropriation (under grant number 9), supplementary appropriation of Rs 0.37 crore obtained in March 2002 proved

unnecessary as the expenditure (Rs 15.76 crore) fell short of original provision of Rs 16.78 crore, resulting in saving of Rs 1.39 crore.

In 13 appropriations, supplementary provision of Rs 1.24 crore (Appendix III) obtained in March 2002 proved unnecessary in view of the final saving in each appropriation being more than the supplementary provision obtained.

In 11^{@@} other appropriations, though the original provision of Rs 12.70 lakh was augmented by supplementary provision of Rs 80.43 lakh, no expenditure was incurred, resulting in saving of the entire provision of Rs 93.13 lakh.

(c) *Insufficient supplementary provision*

In 3 grants (Appendix IV), supplementary provision obtained during the year proved insufficient (by more than Rs 1 crore), resulting in excess ranging from Rs 1.09 crore to Rs 22.22 crore; aggregate excess expenditure was Rs 38.06 crore. Similarly, in one charged appropriation (Public Debt-Repayment), supplementary provision obtained proved insufficient resulting in excess expenditure of Rs 341.21 crore.

(d) *Expenditure not incurred despite budget provision*

Rupees 400 lakh were provided under grant no. 30 – Welfare of the Scheduled Tribes and Scheduled Castes etc. House sites/infrastructure facilities for Adi-Dravidars under charged appropriation, but no expenditure had been incurred. Similarly, entire amount of Rs 51.02 lakh provided in grant no. 53 – Capital Outlay on Industrial Development (voted) was not spent.

2.3.5 *Excess requiring regularisation*

(a) *Persistent excess*

Under grant number “35. Irrigation”, there was significant persistent excess for six years which requires investigation by the Government for remedial action. 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
2001-2002	14.75	4

^{@@} 11,15,19,20,22,27,28,31,34,41 and 44

(b) Expenditure incurred without provision

In 150 sub-heads, expenditure of Rs 169.27 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 1999-2002 were noticed in 15 grants and 7 appropriations (Appendix V). Under grant number 54 - Capital Outlay on Irrigation, saving occurred in all the preceding 22 years, the percentage of saving ranging from 11 to 83.

2.3.7 In 30 grants and one appropriation, the expenditure fell short by more than Rs 1 crore each and also by 15 *per cent* or more of the total provision (Appendix VI).

2.3.8 Substantial surrenders

Substantial surrenders were made in respect of 184 schemes on account of either non-implementation or slow implementation. Out of the total provision amounting to Rs 3719.77 crore in these 184 schemes, Rs 2811.71 crore (76 *per cent*) were surrendered, of which cent *per cent* surrender was made in 46 schemes (Rs 661.07 crore). 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 702 sub-heads where injudicious reappropriation proved excessive or insufficient and resulted in savings/excess by over Rs 10 lakh. Ninety five cases in which the excess/saving was more than Rs 2 crore are detailed in Appendix VIII.

2.3.10 Unexplained reappropriations

According to paragraph 151 of Tamil Nadu Budget Manual, Volume I, reasons for the additional expenditure and the savings should be explained in the reappropriation statement and vague expressions such as “based on actuals”, “based on progress of expenditure”, etc., should be avoided. However, a scrutiny of reappropriation orders issued by the Finance Department revealed that in respect of 9426 out of 16,849 items (56 *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 resumptions of funds under the grants were persistent and significant not only during 2001-2002 but also in earlier years. Further, there had also been significant variations (excess or saving) between the final modified grant/appropriation and actual expenditure. Overall position for the 5 years from 1997-2002 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)
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
2001-2002	38039.57	3800.12	34239.45	34304.31	(+) 64.86

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 3800.12 crore were surrendered during 2001-2002 and resumed to Consolidated Fund on 31 March 2002. However, in one grant (number 35) and one appropriation (Grant No.54), total provision of Rs 417.38 crore was reduced to Rs 309.21 crore in the final modified grant stage, but expenditure incurred under these grants/ appropriations (Rs 432.13 crore) was in excess of final modified grant by Rs 122.92 crore.

In 20 other grants^a and 2 appropriations (numbers 7 and 43) against Rs 1125.95 crore surrendered in March 2002, the saving was only Rs 1046.57 crore, resulting in excess expenditure over the final modified grant.

In 38 other grants^b and 11 appropriations (numbers 13, 15, 17, 18, 20, 21, 28, 30, 31, 55 and Debt charges), against Rs 2566 crore surrendered in March 2002, the saving was Rs 3066.38 crore, indicating that the department had not utilised Rs 500.38 crore out of the final modified grant/appropriation.

2.4.2 Budget Review of Education Department

(i) Introduction

The Education Department consists of two major wings viz., School Education and Higher Education both covered under Grant No.17.

The Directorates of Elementary Education (DEE), School Education, Public Libraries, Teacher Education Research and Training, Non-formal and Adult Education, Government Examinations and Tamil Nadu Text Book Corporation, Teachers Recruitment Board, District Primary Education Programme fall under the control of School Education Department.

The Directorates of Collegiate Education and Technical Education along with Tamil Nadu State Council for Higher Education, Tamil Nadu State Council for Science and Technology, Tamil Nadu Science and Technology Centre, Science City and Tamil Nadu Archives fall under the control of Higher Education Department.

(ii) Overall position

The total budget provision, actual expenditure and variation (excess/saving) during the years 1999-2002 were as under:

(Rupees in crore)

Year	Total provision	Actual expenditure	Excess (+)/Saving (-)
1999-2000	4252.88	4396.30	(+) 143.42
2000-2001	4821.08	4440.37	(-) 380.71
2001-2002	4978.85	4336.53	(-) 642.32

During the years 2000-2001 and 2001-2002, there had been saving indicating unrealistic estimation even at the stage of second supplementary grant.

^a Grant numbers 2,5,10,11,12,15,19,24,26,27,28,30,33,39,40,42,44,46,58 and 61.

^b Grant numbers 1,3,4,6,7,8,9,13,14,16,17,18,20,21,22,23,25,29,31,34,36,37,38,43, 45,47,48,49,50,51,52,53,54,55,56,57,59 and 60.

The excess over allotment during the year 1999-2000 requires regularisation by the State Legislature under Article 205 of the Constitution of India. Even though the ultimate saving in the voted grant during 2001-2002 was Rs 642.32 crore, only Rs 463.08 crore was resumed to the Consolidated Fund.

(iii) Excessive provision of funds in reappropriation leading to final saving of more than Rupees one crore

Funds reappropriated in March 2002 were far in excess of the actual requirement resulting in final saving of more than Rs 1 crore under the following sub-heads, indicating poor assessment of requirement even during the last month of the financial year.

(Rupees in lakh)

Head of Account	Original	Supple- men- tary	Reappro- piation	Total grant	Expendi- ture	Saving
2505 01 702 II JJ	..	0.03	2904.77	2904.80	1452.80	(-) 1452.00
2202 01 800 III SA	1288.65	0.01	545.59	1834.25	1444.40	(-) 389.85
2202 02 800 II JA	1162.00	0.04	570.05	1732.09	1214.82	(-) 517.27

(iv) Substantial surrender of funds in reappropriation

There had been substantial surrender of funds during reappropriation. The amount surrendered was more than 50 *per cent* of the provision (Original + Supplementary) and exceeded Rs 10 crore under the following sub-heads.

(Rupees in lakh)

Head of Account	Original	Supple- men- tary	Reappro- piation	Total grant	Expendi- ture	Excess (+)/ Saving (-)
(i) 2202 01 108 II JC	1756.26	..	(-) 1732.66	23.60	15.86	(-) 7.74
(ii) 2202 01 800 II JC	3629.87	..	(-) 3226.87	403.00	389.89	(-) 13.11
(iii) 2202 01 800 II JA	1162.00	..	(-) 1162.00	..	9.36	(+) 9.36
(iv) 2202 03 102 I AC	2000.00	..	(-) 1609.92	390.08	200.07	(-) 190.01
(v) 2202 04 200 VI UA	923.48	..	(-) 916.87	6.61	5.56	(-) 1.05

Item (i) Under the scheme of Supply of Text Books to Students, Rs 17.33 crore meant for payments towards cost of books/note books/slates etc., was surrendered through reappropriation. Scrutiny of records of the DEE revealed that there was a claim of Rs 16.63 crore pending towards the cost of free supply of text books made by the Tamil Nadu Text Book Corporation during the years 2000-2002. The DEE requested Government in December 2001 to sanction Rs 23.90 crore due to the Corporation for books supplied during 2000-2002. Government sanctioned Rs 7.26 crore only in March 2002

and even though there was an outstanding balance of Rs 16.63 crore due to the Corporation, Rs 17.33 crore was surrendered, due to non-issue of release order by State Government.

Item (ii) Under the scheme of Supply of Uniforms, Rs 32.27 crore meant for the purchase of clothing, tentage and stores was surrendered through reappropriation. Director of Handlooms and Textiles stated (April 2002) that he had requested the Government for release of balance provision in November 2001/March 2002, but release of funds was restricted in view of unprecedented financial crisis faced by Government.

Item (v) GOI stated (January 2001) that the Centrally sponsored scheme of Non-Formal Education (NFE) would be funded upto 31 March 2001 only. The scheme was revised as Education Guarantee Scheme and Alternative and Innovative Education (EGS&AIE) with effect from 1 April 2001.

Director of NFE stated (July 2002) that anticipating the continuance of Non-Formal Education Scheme during 2001-02, provision of Rs 9.23 crore was made in the budget. As the scheme was discontinued from 1 April 2001, major portion of the allocation (Rs 9.17 crore) was surrendered after meeting establishment expenditure for April 2001. The scheme of EGS & AIE also did not take off due to failure in completing the micro-planning within the prescribed time.

(v) Inclusion of vacant posts for making budgetary provision

As per Rule 37(a) of Tamil Nadu Budget Manual (Volume I), the estimates for salary should be framed based on the number of posts filled up and not on the basis of sanctioned strength. However, in three Directorates *viz.*, Directorate of School Education (DSE), Directorate of Technical Education (DTE) and Directorate of Public Libraries (DPL), the number statement prepared to forecast the budget estimate for the year 2001-2002 included 7167 (DSE : 4635, DTE : 1013 and DPL : 1519) vacant posts. Consequently, there was surrender of Rs 101.72 crore in reappropriation both under pay and dearness allowance.

(vi) Substantial saving of more than Rupees thirty crore even after withdrawal of funds through reappropriation

The withdrawal of funds through reappropriation was insufficient which resulted in substantial saving of more than Rs 30 crore under the following three sub-heads:

(Rupees in lakh)

Head of Account	Original	Supple- men- tary	Reappro- priation	Total Grant	Expendi- ture	Savings
(i) 2202 01 101 I AC	112710.00	..	(-) 5919.12	106790.88	101771.45	(-) 5019.43
(ii) 2202 01 104 I AA	9208.52	0.01	(-) 468.21	8740.32	5628.90	(-) 3111.42
(iii) 2202 01 102 I AD	60473.12	0.01	(-) 4.24	60468.89	57364.37	(-) 3104.52

Huge savings even after substantial surrender of funds through reappropriation indicates inability or unwillingness to assess the requirement of funds even at the fag end of the financial year.

(vii) Persistent savings

There was persistent savings of more than Rs 4 crore under the following sub-head in all the three years as shown below.

2202 01 104 I AA District Elementary Educational Subordinate Officers

(Rupees in lakh)

Year	Total Provision	Actual Expenditure	Saving
1999-2000	7594.21	5703.68	1890.53
2000-2001	6319.39	5866.86	452.53
2001-2002	8740.32	5628.90	3111.42

This points to inaccurate budgeting even at the fag end of the year.

(viii) Injudicious withdrawal of funds in reappropriation leading to substantial excess of more than Rupees one crore

Under the following sub-heads, withdrawal of funds in reappropriation was injudicious as the expenditure exceeded the Final Modified Appropriation (FMA) substantially by more than Rs 1 crore:

(Rupees in lakh)

Head of Account	Original	Supple- men- tary	Reappro- priation	Total grant	Expendi- ture	Excess
(i) 2202 01 101 I AA	14104.92	0.01	(-) 3354.94	10749.99	11570.00	820.01
(ii) 2202 01 101 I AB	4292.31	..	(-) 705.83	3586.48	3905.02	318.54
(iii) 2202 02 101 I AA	2293.38	0.02	(-) 382.65	1910.75	2100.36	189.61
(iv) 2202 02 800 II JB	1471.28	..	(-) 22.04	1449.24	1820.81	371.57

(ix) Expenditure not incurred despite budget provision

Under the following sub-heads, no expenditure was incurred although huge amounts were provided in the budget.

(Rupees in lakh)

Head of Account	Original	Supple- men- tary	Reappro- piation	Total grant	Expendi- ture	Saving
(i) 2202 01 800 VI UB	300.00	..	..	300.00	..	(-) 300.00
(ii) 2202 03 103 I AX	600.00	..	(-) 600.00	..	..	..
(iii) 2204 00 104 II JU	350.00	..	(-) 350.00	..	..	..
(iv) 2059 01 051 I BG	748.20	..	(-) 748.20	..	..	..

Item (ii) Under the scheme of 'Introduction of Computer Education in Government Colleges', Rs 6 crore were provided in 2001-2002 and surrendered due to want of ways and means clearance from Finance Department.

Item (iii) Though Rs 3.50 crore were provided in the budget for grants to Sports Development Authority of Tamil Nadu (SDAT) for maintenance of sports stadium, Finance Department instructed SDAT in February 2002 to obtain a loan of Rs 6 crore from HUDCO for implementation of the scheme. Due to non-release of grant by the State Government, the amount provided in the budget was surrendered in March 2002.

(x) Expenditure incurred to avoid lapse of funds

To avoid lapse of funds, under the following sub-heads, the entire amount provided was spent during March 2002:

(Rupees in lakh)

Head of Account	Original	Supple- men- tary	Reappro- piation	Total grant	Total expenditure	Expenditure in March 2002
(i) 2202 01 101 VI UA	159.00	0.01	3199.99	3359.00	3297.50	3297.50
(ii) 2202 01 800 II KD	..	0.01	479.44	479.45	479.43	479.43
(iii) 2505 01 702 II JJ	..	0.03	2904.77	2904.80	1452.80	1452.80

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 32 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 2002 (Appendix IX). In the case of 15 heads *per cent* expenditure was incurred in the month of March.

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. Some instances of rush of expenditure are given below:

(i) Grant No. 27 - 2515.00.101.II.JJ

Rural Sanitary Complex for women

On obtaining a loan assistance from HUDCO for Rs 95.55 crore in November 2001, Government sanctioned (December 2001) Rs 30.63 crore as its share for construction of Integrated Sanitary Complex for women in 6309 Village Panchayats. However, Government released its first instalment of Rs 25 crore only in February 2002, which was distributed to the 29 District Collectors. This was evidently done to avoid lapse of Budget provision.

(ii) Grant No. 49 - 2217.04.191.II.JR

Slum Improvement Programme in Urban Local bodies

Government sanctioned and released (February 2002) Rs 27.11 crore for the implementation of National Slum Development Programme in all Urban Local bodies. The details of works to be taken up were not received from various Municipalities and Corporations by the Commissioner of Municipal Administration even in March 2002. Thus, the amount was drawn evidently to avoid lapse of Budget provision.

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, Rs 1381.54 crore were received by the State Government as Central assistance during 2001-02 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 2001	50.98
II July to September 2001	314.55
III October to December 2001	306.39
IV January to March 2002	709.62
Total	1381.54

From the above table, it is observed that 51 *per cent* of funds were received in the last quarter. In respect of 37 schemes, the entire Central assistance of Rs 110.44 crore was received only during the last quarter of 2001-02.

Results of review conducted in respect of Centrally sponsored schemes implemented by two departments *viz.*, Education and Fisheries are given in Appendix X.

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 2001-2002, expenditure totalling Rs 10.67 crore was incurred on 7 schemes, where only token provision was made. In 14 schemes, expenditure of Rs 151.89 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. In 2 schemes, an expenditure of Rs 9.38 crore was incurred by utilising the reappropriated funds.

(b) Though only token provision was made in the Budget for 9 schemes receiving assistance from Government of India and in respect of Grant number 40 (Natural calamities), Rs 1.92 crore were 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. Sixty two sanctions were issued during 2001-2002 advancing Rs 129.57 crore from the Contingency Fund. It was noticed that:

- (i) four sanctions amounting to Rs 21.28 crore were neither operated nor cancelled.
- (ii) the actual expenditure (Rs 0.55 crore) against three sanctions was less than 50 *per cent* of the amount sanctioned (Rs 3.07 crore)

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 as reduction of expenditure; the anticipated recoveries and credits are shown separately in the Budget Estimates. During 2001-2002, though the anticipated recoveries were Rs 276.58 crore, the actual recoveries were much higher at Rs 380.51 crore. In 10* grants, the actual recoveries adjusted in reduction of expenditure (Rs 301.01 crore) exceeded the estimated recoveries (Rs 109.21 crore) by Rs 191.80 crore. However, in 5** grants, the actual recoveries (Rs 59.65 crore) were less than the estimated recoveries (Rs 148.69 crore) by Rs 89.04 crore. More details are given in Appendix to the Appropriation Accounts for 2001-2002.

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 731 sub-heads, the explanations for variations were not received in respect of 572 sub-heads (78 *per cent*) (July 2002).

* 8,11,12,15,17,18,30,35,40 and 60
** 20,36,38,43 and 52

2.10 Unreconciled Expenditure

Departmental figures of expenditure should be reconciled with those of the Office 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	3	0.18
1995-96	5	0.79
1996-97	4	2.39
1997-98	6	0.87
1998-99	5	0.55
1999-2000	7	13.67
2000-2001	13	104.07
2001-2002	97	1187.70
Total	145	1333.34

Amounts exceeding Rs 10 crore in each case remained unreconciled during 2001-2002 in respect of the following 13 controlling officers.

(Rupees in crore)

Serial Number	Controlling Officers	Amount not reconciled
1.	Chief Engineer, Agricultural Engineering, Chennai	20.15
2.	Director of Adi-Dravidar and Tribal Welfare, Chennai	123.92
3.	Director of Most Backward Classes and Denotified Communities, Chennai	72.36
4.	Director of Elementary Education, Chennai	169.02
5.	Director of Pension, Chennai	10.55
6.	Director of Medical Education, Chennai	28.33
7.	Registrar of Cooperative Societies (Housing), Chennai	11.65
8.	Director of Sugar, Chennai	52.33
9.	Director of Town Panchayats, Chennai	30.71
10.	Commissioner of Rehabilitation, Chennai	19.41
11.	Commissioner of Revenue Administration, Chennai	172.78
12.	Director of Rural Development, Chennai.	184.63
13.	Deputy Secretary to Government, Transport Department, Chennai.	151.63