

**CHAPTER X : INTRODUCTION : SUMMARY OF  
APPROPRIATION ACCOUNTS 1998-99**

**Appropriation Accounts : Union Government (Civil)**

<b>Total No. of grants</b>	<b>96</b>
<i>of which</i>	
• <b>Departmentalised grants</b>	<b>93</b>
• <b>Non-departmentalised grants</b>	<b>3</b>

**Total provision and actual disbursements**

*(Rupees in crore)*

PROVISION*	DISBURSEMENTS*
Original <b>628740.73</b>	
Supplementary <b>14447.76</b>	
<b>Total gross provision 643188.49</b>	<b>Total gross Disbursements 608167.09</b>

(Estimated) 6303.52	Recoveries in reduction of disbursements	(Actual) 8026.96
Total net provision		Total net
636884.97		Disbursements 600140.13

**Voted and charged provision and disbursements**

	Provision		Disbursements	
	Voted	Charged	Voted	Charged
<b>Revenue</b>	112763.79	105231.60	114203.68	106237.51
<b>Capital</b>	26319.82	398873.28	25284.07	362441.83
<b>Total : gross</b>	139083.61	504104.88	139487.75	468679.34
<b>Recoveries in reduction of disbursements</b>	6297.00	6.52	8000.20	26.76
<b>Total : net</b>	<b>132786.61</b>	<b>504098.36</b>	<b>131487.55</b>	<b>468652.58</b>

\* These do not include the figures of Railways, Defence and P & T, while in Table 10.3 of this chapter the figures include them on gross basis. In Part-I of this report the figures of Civil, Railways, Defence and P & T are on net basis.

## 10.1 Introduction

In accordance with the provisions of Article 114 of the Constitution of India, soon after the grants under Article 113 are made by the House of People, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of India. The Appropriation Act passed by Parliament contains authority to appropriate the specified sums from the Consolidated Fund of India for the specified services. Supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 115 of the Constitution of India.

The Appropriation Acts include the disbursements which have been voted by Parliament under various grants in terms of Articles 114 and 115 of the Constitution of India and also include the disbursements which are required to be charged on the Consolidated Fund of India in terms of Article 112(3) as well as Article 293(2) of the Constitution of India. The Appropriation Accounts are prepared every year indicating the details of gross amounts on various services actually spent by Government vis-a-vis those authorised by the Appropriation Acts.

Five different Appropriation Accounts pertaining to different sectors of activities of the Government viz., Civil, Defence Services, Postal Services, Telecommunication Services and Railways are presented to Parliament. These Appropriation Accounts exhibit the total sanctioned grant/appropriation, actual disbursements and unspent provision/excess for the grant/ appropriation as a whole during the financial year. The total number of demands for grants/appropriations under which various Ministries/ Departments obtained the grants during 1998-99 under different sectors of activities were as under :

Sector of activity	No. of demands for grants/appropriations
Civil	96
Defence Services	5
Postal Services	1
Telecommunication Services	1
Railways	16
<b>Total:</b>	<b>119</b>

The Appropriation Accounts in respect of the grants for Post and Telecommunications, Defence Services and Railways are prepared by the respective Ministries. The Appropriation Accounts (Civil) in respect of 96 grants and appropriations mentioned above are prepared by the Controller General of Accounts in Ministry of Finance.

## 10.2 Appropriation Audit

The objective of appropriation audit is to ascertain whether the disbursements actually made under various grants is within the authorisation given under the Appropriation Acts and that the disbursements required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the disbursements made are in conformity with the law, relevant rules, regulations and instructions.

This part contains detailed audit observations on the Appropriation Accounts (Civil) prepared by the Controller General of Accounts for the year 1998-99 besides brief gist of audit findings on the Appropriation Accounts of Postal Services, Telecommunication Services, Defence Services and Railways, where appropriate. Detailed audit findings in respect of the Appropriation Accounts of Post and Telecommunications, Defence and Railways have been incorporated in CAG's Reports No. 6, 7, 8 and 9 of 2000.

### 10.3 Appropriation Accounts

A summary of Appropriation Accounts of gross sums expended during the year ended March 1999 compared with the several sums authorised in the schedules appended to the various Appropriation Acts passed by Parliament during the year 1998-99 under Articles 114 and 115 of the Constitution of India, is given below:

**Table 10.3: Authorisation and disbursements**

*(Rupees in crore)*

	Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disbursements	Unspent provision- / Excess +
<b>Civil</b>						
<b>Voted</b>	I. Revenue	109434.34	3329.45	112763.79	114203.68	+1439.89
	II. Capital	18600.12	43.15	18643.27	18172.17	- 471.10
	III. Loans and Advances	6724.14	952.41	7676.55	7111.90	- 564.65
	<b>Total Voted</b>	<b>134758.60</b>	<b>4325.01</b>	<b>139083.61</b>	<b>139487.75</b>	<b>+404.14</b>
<b>Charged</b>	IV. Revenue	105199.64	31.96	105231.60	106237.51	+1005.91
	V. Capital	15.71	22.43	38.14	28.44	- 9.70
	VI. Public Debt	359079.96	-	359079.96	322679.22	- 36400.74
	VII. Loans and Advances	29686.82	10068.36	39755.18	39734.17	- 21.01
	<b>Total Charged</b>	<b>493982.13</b>	<b>10122.75</b>	<b>504104.88</b>	<b>468679.34</b>	<b>-35425.54</b>
	<b>Grand Total-Civil</b>	<b>628740.73</b>	<b>14447.76</b>	<b>643188.49</b>	<b>608167.09</b>	<b>-35021.40</b>

	Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disbursements	Unspent provision- / Excess +
<b>Post and Telecommunications (P&amp;T)</b>						
	Voted		33096.84	1059.45	34156.29	32855.21 -1301.08
	Charged		0.13	0.39	0.52	- -0.52
	<b>Total-P&amp;T</b>		<b>33096.97</b>	<b>1059.84</b>	<b>34156.81</b>	<b>32855.21 -1301.60</b>
<b>Defence Services</b>						
	Voted		42364.33	--	42364.33	41341.58 - 1022.75
	Charged		20.72	--	20.72	21.93 + 1.21
	<b>Total Defence Services</b>		<b>42385.05</b>	<b>--</b>	<b>42385.05</b>	<b>41363.51 - 1021.54</b>
<b>Railways</b>						
	Voted		51068.48	1701.16	52769.64	49392.92 - 3376.72
	Charged		24.13	11.88	36.01	26.28 - 9.73
	<b>Total Railways</b>		<b>51092.61</b>	<b>1713.04</b>	<b>52805.65</b>	<b>49419.20 - 3386.45</b>
	<b>Grand Total Voted:CFI</b>		261288.25	7085.62	268373.87	263077.46 - 5296.41
	<b>Grand Total Charged:CFI</b>		494027.11	10135.02	504162.13	468727.55 - 35434.58
	<b>Grand Total according to Union Government Appropriation Accounts:CFI</b>		<b>755315.36</b>	<b>17220.64</b>	<b>772536.00</b>	<b>731805.01 - 40730.99</b>

**Note: In demands for grants, provision for the charged disbursements is called appropriation and for voted disbursements, it is called grant.  
CFI=Consolidated Fund of India**

Out of the overall unspent provision of Rs 35021.40 crore in the grants pertaining to civil ministries/departments, Rs 28102.06 crore was on account of less than the budgeted drawal of 91, 28 and 14 days treasury bills and resulting in less than the budgeted repayments. Excluding this, the effective unspent provision was of Rs 6919.34 crore. Out of this, Rs 148.17 crore was attributable to less interest payment on these treasury bills for the reasons stated above.

Further, it would be seen from the above table that under the provision of Repayment of debt, the total unspent provision was of Rs 36400.74 crore. Of this unspent provision, Rs 28102.06 crore was on account of less discharge of short term borrowing viz. 91, 28 and 14 days treasury bills, while the remaining unspent provision of Rs 8298.68 crore against the provision for Repayment of debt related to market loans and External Debt. This unspent provision had the effect of hiding the excess in the service heads for revenue and other capital expenditure.

If both the provision and unspent amount for Repayment of debt are ignored, the civil ministries ended with the aggregate excess of Rs 1379.34 crore.

It is noteworthy that the above analysis of unspent provision/excess is with reference to the original provision plus the supplementary grants obtained in the first batch. However, since the ministries could not be aware that the second batch of supplementary demands for grants would not be made effective, they ought to have planned their expenditure assuming that the demands for supplementary grants in the second batch would be passed and related Appropriation Act would also come into effect. Therefore, in reality, the financial performance of the ministries/departments should be seen after reckoning this demand included in the second batch of supplementary demands for grants.

Since the demands for civil ministries in second batch of supplementary demands for grants aggregated Rs 11809.55 crore, the effective unspent provision would be as under:-

*(Rupees in crore)*

	<b>First supplementary</b>	<b>Second supplementary</b>
Total unspent provision	35021.40	46830.95
Unspent provision excluding 91, 28 and 14 days treasury bills	6919.34	18728.89
Unspent provision excluding Public Debt	1379.34 (excess)	10430.21

### **10.3.1 Detailed results of Appropriation Audit of selected ministries**

While overall results of Appropriation Audit (Civil) are included in Chapters X to XV, the detailed results of Appropriation Audit of a few selected ministries/departments are included in Chapter XVI.

Similarly detailed results of Appropriation Audit of Post and Telecommunications, Defence Services (Army and Ordnance factories); Defence Services (Air Force and Navy) and Railways are included in Report Nos. 6, 7, 8 and 9 of 2000 of the Comptroller and Auditor General of India respectively.

## **10.4 Charged and voted expenditure**

The details of the amounts of the disbursements actually made against approved demands (grants and appropriations) of the civil ministries/departments for the years 1994-95 to 1998-99 are given in Annexure I at the end of this chapter. It would be seen that during the last five years 71 to 77 per cent of the disbursements of the civil ministries was charged on the Consolidated Fund of India.

While the total disbursements of the civil ministries have increased by 100 *per cent* from Rs 304012 crore in 1994-95 to Rs 608167 crore during 1998-99, charged disbursements has increased by 116 *per cent* from Rs 216958 crore to Rs 468679 crore and voted disbursements has increased by 60 *per cent* from Rs 87054 crore to Rs 139488 crore.

The charged disbursements of civil ministries during 1998-99 was mainly on account of interest payments (Rs 77882 crore i.e. 19 *per cent* higher than Rs 65637 crore for 1997-98), repayment of debt (Rs 322679 crore), transfers to States and Union Territory Governments mainly on account of states share of basic and additional Union Excise Duties, block grants and loans for state plan schemes, loans to States and Union Territories against net small savings collection, loans for rural electrification etc. excluding share of net collection of Income Tax (Rs 67121 crore i.e 23 percent higher than Rs 54717 for 1997-98) and others (Rs 997 crore) and constituted 77 *per cent* of the total disbursements.

**Limited scope of financial control by Parliament over the disbursements of civil ministries due to very high charged disbursements.**

Since charged disbursements are not subject to vote by the Parliament, the scope of financial control by the Parliament gets limited to only about 23 *per cent* of the total disbursement in the civil ministries. However, viewed in the background of the total disbursements from the Consolidated Fund of India (Rs 731805 crore), the percentage of charged disbursements was 64 *per cent* (Rs 468728 crore). If the disbursements on salary and allowances, which is largely inflexible, is also added to it, less than 25 *per cent* of the total disbursement of the Consolidated Fund of India is effectively voted by the Parliament.

## **10.5 Results of Appropriation Audit (Civil Ministries)**

Unspent provision in each grant are worked out separately for voted and charged sections for both the Revenue and Capital disbursements. The overall unspent in civil ministries as mentioned in para 10.3 above was the net result of unspent provision in 167 sections of grants/appropriations and excess in 56 sections as under:

**Table 10.5: Net unspent provision in Grants/Appropriations***(Rupees in crore)*

Grants and Appropriations affected	Unspent provision		Excess		Net unspent provision(-) / Excess(+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Civil						
Voted	5710.84	2792.09	7150.73	1756.34	+1439.89	-1035.75
No. of grants	59	60	31	12		
Charged	1885.68	36457.25	2891.59	25.80	+1005.91	-36431.45
No. of Appropriations	32	16	9	4	--	--
Post and Telecommunications						
Voted	76.33	1525.60	300.85	-	+224.52	-1525.60
No. of grants	1	2	1	-	-	-
Charged	0.51	0.01	-	-	-0.51	-0.01
No. of Appropriations	2	1				
Defence Services						
Voted	964.96	332.72	274.93	--	- 690.03	- 332.72
No. of grants	2	1	2	--		
Charged	7.77	--	--	8.98	- 7.77	+ 8.98
No. of Appropriations	4	--	--	1		
Railways						
Voted	1970.64	1752.19	346.11	-	- 1624.53	- 1752.19
No. of grants	13	1	4			
Charged	9.51	0.86	0.57	0.07	- 8.94	- 0.79
No. of Appropriations	9	1	4	1		

The original provision of Rs 628741 crore obtained for the year 1998-99 was 37 per cent more than Rs 460248 crore obtained for 1997-98. During 1998-99, total disbursements of Rs 608167 crore was Rs 23696 crore higher than the total disbursements of Rs 584471 crore during 1997-98. The charged disbursements registered 4 per cent increase whereas increase in voted

disbursements was 5 per cent over the preceeding year. 69 per cent of the charged disbursements pertains to repayment of debt and 17 per cent to interest payments. Charged disbursements were 77 per cent of the total disbursements under civil ministries. This included interest payments and repayment of debt which accounted for 66 per cent of the total disbursements under civil ministries.

**Position of Original/Supplementary Grants obtained under civil ministries and percentage of supplementary provision to the original provision during last five years**

(Rupees in crore)

Year	Provision	Revenue		Capital					Total
		Voted	Charged	Voted		Charged			
				Capital	Loans & Advances	Public Debt	Capital	Loans & Advances	
1994-95	Original	64579	66938	14846	5536	168638	7	14500	335044
	Supplementary	6686	256	1954	779	176	219	4047	14117
	<b>Percentage</b>	<b>10</b>	<b>0.4</b>	<b>13</b>	<b>14</b>	<b>0.1</b>	<b>3129</b>	<b>28</b>	<b>4</b>
1995-96	Original	69473	77275	8722	5766	184928	8	16731	362903
	Supplementary	8065	99	3358	1337	-	3	3034	15896
	<b>Percentage</b>	<b>12</b>	<b>0.1</b>	<b>38</b>	<b>23</b>	<b>-</b>	<b>38</b>	<b>18</b>	<b>4</b>
1996-97	Original	86187	87431	9042	6790	201914	9	22202	413575
	Supplementary	4378	55	767	418	-	11	1698	7327
	<b>Percentage</b>	<b>5</b>	<b>0.1</b>	<b>8</b>	<b>6</b>	<b>-</b>	<b>122</b>	<b>8</b>	<b>2</b>
1997-98	Original	94519	97177	9907	6258	227229	8	25150	460248
	Supplementary	30641	62	3507	781	130735	4	5673	171403
	<b>Percentage</b>	<b>32</b>	<b>0.1</b>	<b>35</b>	<b>12</b>	<b>58</b>	<b>50</b>	<b>23</b>	<b>37</b>
1998-99	Original	109434	105200	18600	6724	359080	16	29687	628741
	Supplementary	3329	32	43	953	-	23	10068	14448
	<b>Percentage</b>	<b>3</b>	<b>0.03</b>	<b>0.23</b>	<b>14</b>	<b>-</b>	<b>144</b>	<b>34</b>	<b>2</b>
	Supplementary demanded in March 1999 but could not be passed.	7569	2272	95	1847	-	4	23	11810

### 10.6 Expenditure incurred without sanction

In accordance with the provisions of Rule 6 of General Financial Rules, 'Subject to the provisions of Article, 266(3), 267(1) and 283(1) of the Constitution, no authority may incur any expenditure or enter into any liability involving expenditure or transfer of moneys for investment or deposit from Government account unless such expenditure or transfer, as the case may be, has been sanctioned by general or special order of the Government or by any authority to which power has been duly delegated in this behalf'.

Scrutiny of Annexure 'B' of the appropriation accounts for 1998-99 revealed that disbursements on 10 items aggregating Rs 22 lakh had been made by Ministry of Finance without sanction in contravention of the aforesaid rules. This amount is included in the disbursements figures of respective grants of

**Ministry of Finance spent Rs 0.22 crore without proper sanction.**



Ministry of Finance. The Controller General of Accounts, while certifying the disbursements has qualified this amount from the point of view of sanction. Details of such cases for the last five years are given in Annexure II of this chapter.

### **10.7 Disbursements made in the month of March/last quarter of the financial year**

As per Note 3 of Rule 69 of General Financial Rules, rush of disbursements particularly in the closing month of the financial year is to be regarded as a breach of financial regularity and should be avoided. Test checks revealed that despite being pointed out by Audit regularly in previous Audit Reports of the Comptroller and Auditor General of India from the year 1996 and contrary to the above provisions, disbursements ranging from 27 to 100 *per cent* was made in the month of March 1999 in 68 major heads of 34 grants/appropriations. Disbursements made in the last quarter of the year ranged from 50 to 100 *per cent* in 77 Major Heads of 36 grants/appropriations. A few instances are indicated in Appendix XVIII.

**Rush of disbursements in the month of March/last quarter of the financial year persistent during 1998-99 also.**

The details in Appendix XVIII would indicate that in respect of almost all disbursements on grants-in-aid to State/Union Territory Governments, loans and investments, the funds were released only in the month of March. It is necessary to consider the functional impact of this practice. It should also be ascertained whether this practice had any impact on achievement of the overall targets of development, which takes into account the utilisation of these funds during the financial year for which these are voted or appropriated.

Since the funds released in March/ last quarter of the financial year to various organisations can not be constructively spent during the year, it is not possible to conclude whether these funds were applied during the year for the purpose for which these were authorised.

### **10.8 Exclusion of expenditure amounting to Rs 26.71 crore from Appropriation Accounts for the year 1998-99**

Appropriation accounts means the accounts which indicate the expenditure (both voted and charged) of the Government for each financial year compared with the amount of voted grants and charged appropriations for different purposes as specified in the schedules appended to the Appropriation Acts passed by Parliament and as such money spent during a year shall not ordinarily be kept out of Appropriation Accounts longer than absolutely necessary. Scrutiny of appropriation accounts of various grants/appropriations for the year 1998-99 revealed that in case of four grants/appropriations mentioned below, expenditure involving Rs 26.71 crore was kept out of the Appropriation Accounts (Civil) for the year 1998-99 after incurring the

expenditure and showing the same in the Contingency Fund of India as unrecovered advances.

(Rupees in crore)

	Actual expenditure incurred during the year	Expenditure kept out of Appropriation Account	Expenditure shown in the Appropriation Account	Advance drawn from Contingency Fund of India
Grant No.27-Currency,Coinage and Stamps				(Rupees)
Revenue-(Charged)	6.46	1.93	4.53	19268000
Grant No. 50-Department of Culture				
Revenue (Voted)	312.18	14.69	297.49	150000000
Grant No. 55-Department of Small Industries and Agro and Rural Industries				
Revenue (Voted)	670.79	1.65	669.14	16482842
Grant No. 61-Supreme Court of India				
Revenue (Charged)	29.42	8.44	20.98	84360000
<b>Total</b>	<b>1018.85</b>	<b>26.71</b>	<b>992.14</b>	<b>270110842</b>

The matter was taken up with the concerned Controllers of Accounts and the Controller General of Accounts, who stated that the expenditure was met out of Contingency Fund of India, which could not be recovered as Appropriation Act authorising additional expenditure came into force after financial year had already ended. Since the expenditure incurred out of the advances from the Contingency Fund of India, it requires the approval of Parliament which was not taken by the concerned ministries/department and resulted in unauthorized excess expenditure. This expenditure requires regularization.

## 10.9 Analysis and audit findings

In the chapters that follow, an analysis of various facets of Appropriation Accounts has been presented. It includes an analysis of excess expenditure requiring regularisation by Parliament, unspent provision requiring explanation, reappropriations, utilisation of supplementary grants, cases of new service/new instrument of service and detailed observations in respect of the Ministries selected for in-depth examination. In respect of crucial areas of disbursements, trends over the past few years have been presented for a balanced appreciation.

**Annexure I****(Refers to Paragraph 10.4)****Proportion of charged and voted disbursements (civil sector)***(Rupees in crore)*

Sl. No	Year	Authorisation			Disbursements				
		Voted	Charged	Total	Voted	Charged	Total	%age of Voted	%age of Charged
1.	1994-95	94380	254781	349161	87054	216958	304012	29	71
2.	1995-96	96720	282079	378799	90196	231831	322027	28	72
3.	1996-97	107583	313320	420903	96316	280355	376671	26	74
4.	1997-98	145613	486038	631651	132239	452232	584471	23	77
5.	1998-99	139083	504105	643188	139488	468679	608167	23	77

**Annexure II****(Refers to Paragraph 10.6)****Statement of miscellaneous disbursements held under objection***(Rupees in lakh)*

Year	Ministry of Finance	
	No. of items	Amount
1994-95	45	89.51
1995-96	23	44.56
1996-97	27	45.52
1997-98	17	12.24
1998-99	10	21.85