

## Chapter 6

### APPROPRIATION ACCOUNTS 2001-02: INTRODUCTION

#### Constitutional provisions

**6.1** The government introduces an Appropriation Bill to provide for appropriation out of the Consolidated Fund of India (CFI), as per provisions of Article 114 of the Constitution of India, soon after the House of the People passes the demands for grants under Article 113. The Appropriation Act passed by Parliament contains the authority to appropriate the specified sums from the CFI for the specified services. Parliament can also sanction supplementary or additional grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution. The Appropriation Acts include the disbursements, which have been voted by Parliament under various grants in terms of Articles 114 and 115, and the disbursements, charged on the CFI in terms of Article 112 (3) as well as Article 293 (2) of the Constitution. The government prepares Appropriation Accounts every year indicating the details of gross amounts on various services actually spent by government vis-à-vis those authorised by the Appropriation Acts.

**6.2** The Controller General of Accounts (CGA) prepares the Appropriation Accounts in respect of 94 grants and appropriations of civil ministries. The Ministries of Defence and Railways and the Department of Posts prepare the Appropriation Accounts of their respective grants. The CAG submits four different appropriation accounts pertaining to different sectors of activities of the government, *viz.* Civil, Defence, Posts and Railways, along with his Report under Article 151 of the Constitution, to the President every year, who causes them to be laid before Parliament. Details of demands for grants and appropriations of various ministries during 2001-02 were as follows:

Sector of activity	Number of demands for grants/appropriations
Civil	94
Defence Services	5
Postal Services	1
Railways	16
<b>Total:</b>	<b>116</b>

**6.3** This Report contains audit observations on the Appropriation Accounts (Civil, Postal and Defence Services), including an analysis of expenditure in excess of allocation requiring regularisation by Parliament, unspent provisions requiring explanation, irregular and injudicious re-appropriations, supplementary provisions made without requirement by some Ministries,

expenditure on new instruments of service, unrealistic budgeting and detailed observations in respect of the Ministries selected for in-depth examination. For facility of better appreciation of sectoral features, all grants relating to civil departments, posts and defence appropriation have been dealt with comprehensively. References to Railway appropriation have been made, wherever necessary, in order to cover wholly the appropriation process. Audit findings on railway appropriations are, however, available in Audit Report No. 8 of 2003.

### A summary

**6.4** Appendix-VII presents a summary of Appropriation Accounts of Civil Ministries/Departments, Postal, Defence Services and Railways of gross sums expended during the year ended March 2002 relative to the corresponding sums authorised in the schedules appended to the various Appropriation Acts passed by Parliament during the year 2001-02. Table 6.1 gives the total provision and actual disbursements under Civil Ministries, Department of Posts and Defence Services during 2001-02.

**Table 6.1: Provision and Disbursements under Civil, Posts and Defence: 2001-02**

<i>(Rs in crore)</i>				
<b>Provision*</b>		<b>Disbursements</b>		
<b>A Civil</b>				
Original	622120.57			
Supplementary	77694.27			
Total gross provision	699814.84	Total gross Disbursements	675523.99	
Recoveries in reduction of disbursements				
(Estimated)	16748.25	(Actual)	14209.04	
Total net provision	683066.59	Total net Disbursements	661314.95	
Voted and charged provisions and disbursements				
Provision		Disbursements		
	Voted	Charged	Voted	Charged
Revenue	179070.50	131190.89	169841.96	128048.40
Capital	39065.83	350487.62	31732.43	345901.20
Total: gross	218136.33	481678.51	201574.39	473949.60
Recoveries in reduction of disbursements	16747.53	0.72	14189.68	19.36
<b>Total: net</b>	<b>201388.80</b>	<b>481677.79</b>	<b>187384.71</b>	<b>473930.24</b>

\* Exclusive of the figures of railways

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<b>B Posts</b>				
Original	5397.00			
Supplementary	5.87			
Total gross provision	5402.87	Total gross Disbursements	5252.52	
Recoveries in reduction of disbursements				
(Estimated)	88.00	(Actual)	85.98	
Total net provision	5314.87	Total net Disbursements	5166.54	
Voted and charged provisions and disbursements				
	Provision		Disbursements	
	Voted	Charged	Voted	Charged
Revenue	5289.62	0.02	5194.56	0.03
Capital	107.38	5.85	51.92	6.01
Total: gross	5397.00	5.87	5246.48	6.04
Recoveries in reduction of disbursements	88.00	--	85.98	--
<b>Total: net</b>	<b>5309.00</b>	<b>5.87</b>	<b>5160.50</b>	<b>6.04</b>
<b>C Defence</b>				
Original	64067.73			
Supplementary	539.91			
Total gross provision	64607.64	Total gross Disbursements	56326.20	
Recoveries in reduction of disbursements				
(Estimated)	405.39	(Actual)	326.29	
Total net provision	64202.25	Total net Disbursements	55999.91	
Voted and charged provisions and disbursements				
	Provision		Disbursements	
	Voted	Charged	Voted	Charged
Revenue	44633.04	14.08	40109.08	10.21
Capital	19946.49	14.03	16196.54	10.37
Total: gross	64579.53	28.11	56305.62	20.58
Recoveries in reduction of disbursements	405.39	--	326.29	--
<b>Total: net</b>	<b>64174.14</b>	<b>28.11</b>	<b>55979.33</b>	<b>20.58</b>

**6.5** Out of the overall unspent provision of Rs 24290.85 crore in the grants pertaining to civil ministries/departments, Rs 2733.84 crore was on account of less than the budgeted drawal of 14, 91 and 182 days treasury bills which resulted in repayments, which were less than the budgeted amounts. Excluding this, the effective unspent provision was Rs 21557.01 crore. Out of this, Rs 189.78 crore was attributable to less interest payment on these treasury bills for the reasons stated above. If both the provision and unspent amounts for repayment of debt are ignored, the civil ministries ended with an aggregate unspent provision of Rs 20237.21 crore.

**6.6** There were net unspent provisions and excess under the grants/appropriations in 206 sections and excess in 5 sections relating to Civil ministries, unspent provision and excess each in 2 sections of Posts, unspent provisions in 10 sections of Defence Services and unspent provision in 25 sections and excess in 8 sections of Railways. **Appendix VIII** presents the details.

#### **Charged and Voted disbursement**

**6.7** **Appendix-IX** contains the details of the disbursements actually made against approved demands (grants and appropriations) of the civil ministries for the years 1991-02. During these years, 66 to 77 *per cent* of the total disbursements for the civil ministries was charged on the Consolidated Fund of India.

**6.8** The total disbursements of the civil ministries increased by 274 *per cent* from Rs 180575 crore in 1991-92 to Rs 675524 crore during 2001-02. The charged disbursements increased by 287 *per cent* from Rs 122373 crore to Rs 473950 crore and voted disbursements increased by 246 *per cent* from Rs 58202 crore to Rs 201574 crore. The charged disbursements of civil ministries during 2001-02 was mainly on account of interest payments (Rs 114173 crore, i.e. 11 *per cent* higher than Rs 103224 crore for 2000-01), repayment of debt (Rs 321725 crore), transfers to State and Union Territory governments mainly on account of block grants, loans for state plan schemes, loans to States and UTs against net small savings collection, loans for rural electrification etc. excluding share of net collection of income tax (Rs 36135 crore) and others (Rs 1916 crore); and, constituted 70 *per cent* of the total disbursements.

**6.9** Since charged disbursements are not subject to vote by Parliament, effectively the scope of financial control by Parliament is limited to about 30 *per cent* of the total disbursement in the civil ministries. However, viewed against the background of the total disbursements from the CFI (gross -

Rs 801228 crore), the percentage of charged disbursements was 59 *per cent* (Rs 474010 crore). If the disbursement on salary and allowances, which is largely inflexible, is also added to it, about 25 *per cent* of the total disbursement of the Consolidated Fund of India is effectively subject to the vote of Parliament.

**6.10** A few cases noticed during test check of 20 grants, involving increased provisions through reappropriation of savings in excess of rupees one crore are detailed in **Appendix-X**. It also includes 28 cases, involving increased provision of Rupees one crore and 25 *per cent* of the sanctioned provision. **Appendix-XI** presents the details of original and supplementary grants/appropriations for the years 1996-02.

### **Disbursements**

**6.11** During 2001-02, the total disbursements of Rs 675524 crore were, Rs 109482 crore higher than the total disbursements of Rs 566042 crore during 2000-01. The voted and charged disbursements increased by 25 *per cent* and 17 *per cent* respectively over the preceding year. 68 *per cent* of the charged disbursements pertained to repayment of debt and 24 *per cent* to interest payments. Charged disbursements were 70 *per cent* of the total disbursements under civil ministries. This included interest payments and repayment of debt, which accounted for 65 *per cent* of the total disbursements under civil ministries.

**6.12** The details given in **Appendix-XII** would indicate that major part of disbursements on grants-in-aid to State/Union Territory governments, capital outlay and investments, were made in the month of March. Since the funds released in March/last quarter of the financial year to various organisations cannot be constructively spent during the year, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.