

## Chapter 6

### APPROPRIATION ACCOUNTS 2003-04: INTRODUCTION

#### Constitutional provisions

**6.1** Soon after the Lok Sabha passes the demands for grants under Article 113 of the Constitution of India, the Government introduces an Appropriation Bill under Article 114 to provide for appropriations out of the Consolidated Fund of India (CFI). The Appropriation Act passed by the Parliament authorises the Government to appropriate specified sums from the CFI for specified services. The 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 the 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 96 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 Comptroller and Auditor General of India 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 2003-04 were as follows:

<b>Sector of activity</b>	<b>Number of demands for grants/appropriations</b>
Civil	96
Defence Services	6
Postal Services	1
Railways	16
<b>Total:</b>	<b>119</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, unrealistic budgeting, deficient control by Pay and Account office and detailed observations in respect of the Ministries selected for in-depth examination.

For facility of better appreciation of the sectoral features, all grants relating to Civil departments, Posts and Defence appropriation have been dealt with comprehensively.

### A summary

**6.4** Table 6.1 gives the total provision (both charged and voted) and disbursement during 2003-04. **Appendix-VI-A** presents the details of the summary of Appropriation Accounts of Civil Ministries/Departments, Postal, Defence Services and Railways.

**Table 6.1: Provision and Disbursements during 2003-04**

Departments	Total Provision	Disbursements	Unspent provision
Civil	818603	830989	(+) 12386
Posts	5936	5784	152
Defence Services	67859	62429	5430
Railways	77205	75737	1468
<b>Grand Total</b>	<b>969603</b>	<b>974939</b>	<b>* (+) 5336</b>

*(Rupees in crore)*

\* Excess

**6.5** The net excess of Rs. 12386 crore was due to excess expenditure of Rs 42190 crore under seven grants and unspent provision of Rs. 29804 crore in the grants pertaining to Civil ministries/departments. Out of the overall excess expenditure of Rs. 42190 crore, Rs. 42183 crore was on account of pre-payment of high cost external loans under grant no. 37-Repayment of Debt. Out of the overall unspent provision of Rs. 29804 crore, Rs. 185 crore was on account of less than the budgeted payment of interest on 364 days treasury bills. Excluding this, the gross unspent provision was Rs. 29619 crore.

**6.6** There were net unspent provisions in 201 sections and excess in seven sections under the grants/appropriations relating to Civil ministries, unspent provision in four sections of Posts, unspent provisions in 11 sections and excess in one section of Defence Services and unspent provision in 22 sections and excess in 13 sections of Railways. **Appendix-VI-B** presents an abstract of the details.

### Charged and Voted disbursement

**6.7** **Appendix-VI-C** contains the details of the disbursements actually made against approved demands (grants and appropriations) of the Civil ministries for the years 1992-2004. 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** During 2003-04, the total disbursements of Rs 830989 crore under Civil ministries were Rs. 113037 crore higher than the total disbursement of Rs 717952 crore during 2002-03. It had increased by 308 *per cent* from Rs. 203576 crore in 1992-93. The charged disbursements increased by 345 *per cent* from Rs. 134672 crore in 1992-93 to Rs. 599889 crore in 2003-04 and voted disbursements increased by 235 *per cent* from Rs. 68904 crore to Rs. 231100 crore over the same period. The charged disbursements of Civil ministries during 2003-04 were mainly on account of Interest payments (Rs. 128114 crore, which was three *per cent* higher than Rs. 124573 crore for 2002-03), repayment of debt (Rs. 430963 crore), transfers to State and Union Territory governments mainly on account of block grants, loans for State plan schemes, loans for rural electrification etc. and constituted 72 *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 28 *per cent* of the total disbursement in the civil ministries. However, viewed against the background of the total disbursements from the CFI (gross - Rs. 974939 crore), the percentage of charged disbursements was 62 *per cent* (Rs. 599968 crore) (including Post, Defence & Railways).

### **Disbursements**

**6.10** The details given in **Appendix-VI-D** would indicate that major parts of disbursements on grants-in-aid to State/Union Territory governments, capital outlay and investments, were made in the month of March 2004. Since the funds released in March 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. The reasons attributed by the Department of Development of North Eastern Region (Grant No. 27) in January 2005 were delay in approving funds by Planning Commission in August, late review/finalisation of budgeting ceiling by Ministry of Finance in December-January and slow progress of work due to heavy rain etc. The rush of expenditure was attributed by the Ministry of Human Resources Development (Grant No. 58) to the bunching of releases in last month of the financial year. It added that the position was now being monitored by the Secretary (WCD) in weekly meetings with the senior officers for avoiding this practice. Ministry of Statistics and Programme Implementation (Grant No. 87) stated that directions had been issued to all divisional heads to avoid the practice of incurring expenditure in the last month of the financial year.