

Chapter 7

APPROPRIATION ACCOUNTS 2004-05: AN ANALYSIS

Excess disbursements over grants/appropriations

7.1 Article 114(3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article. Further, General Financial Rules (GFR) 71 stipulates that no disbursements be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund. Table 7.1 contains the summary of total excess over the authorisation from the CFI. During 2004-05, there was an excess disbursement of Rs. 337845261673 (i.e. Rs. 33784.53 crore) in three segments of three grants/appropriations in Civil ministries, Rs. 2104.61 crore under 15 segments of 10 grants/appropriations of Railways, Rs. 41.99 crore in two segments of two grants in Defence and Rs. 0.05 crore in one segment of one grant in Postal Services. These are detailed in Table 7.2 and require regularisation under Article 115 (1) (b) of the Constitution.

Table 7.1: Summary of excess disbursements over grants/appropriations

		<i>(In Rupees)</i>				
		Civil	Railways	Defence	Posts	
<i>Voted</i>	Revenue	-	7145586950	419931967	-	
	Capital	-	13890900134	-	-	
<i>Charged</i>	Revenue	9769304	6434812	-	498909	
	Capital	337835492369	3181125	-	-	
No of Grants/ Appropriations		3	10	2	1	
Total Excess		337845261673	2104610302	419931967	498909	340370302851

Table 7.2: Details of excess disbursement over grants/appropriations

Sl. No	Grant/ Appropriation	Rupees	Contributory reasons as stated by Government
Civil:			
Revenue (Charged)			
1.	21- Ministry of Defence	Grant Expenditure Excess	8600000 15743011 7143011
			Due to finalisation of more number of Court/Central Administrative Tribunal cases in respect of Data Entry Operators.

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Sl. No	Grant/ Appropriation	Rupees	Contributory reasons as stated by Government	
2.	100- Department of Urban Development	Grant Expenditure Excess	229600000 232226293 2626293	Due to rising trend of increase in prices of raw material such as steel, cement etc. for maintenance work
Capital (Charged)				
3.	38-Repayment of Debt	Grant Expenditure Excess	5224852300000 5562687792369 337835492369	Due to more redemption of treasury bills than anticipated and more investment in treasury bills by State Governments than anticipated.
Postal Services Revenue (Charged)				
4.	14- Posts	Grant Expenditure Excess	2300000 2798909 498909	Payment under judicial orders to avoid contempt of Court and interest
Defence Revenue (Voted)				
5.	26-Defence Ordnance Factories	Appropriation Expenditure Excess	10189900000 10589908594 400008594	Due to shortfall in issues by ordnance Factories to the Services under deduct head.
6.	27-Defence Services- Research and Development	Appropriation Expenditure Excess	24198500000 24218423373 19923373	Due to payment against outstanding commitments, higher booking than anticipated, more materialisation of certain commitments, more payment against Electricity Tariff and Wages than anticipated.
Railways: Revenue (Voted)				
7.	3- General Superintendence & Services	Grant Expenditure Excess	18016872000 18113311447 96439447	Details are in Report No. 6 of 2006 (Railways)
8.	4-Repairs & Maintenance of Permanent Way	Grant Expenditure Excess	32997141000 33233661623 236520623	-do-
9.	5- Repairs & Maintenance of Motive Power	Grant Expenditure Excess	16691965000 17045897816 353932816	-do-
10.	6-Repairs & Maintenance of Carriages & Wagons	Grant Expenditure Excess	34606234000 35165895544 559661544	-do-
11.	9- Operating Expenses-Traffic	Appropriation Expenditure Excess	71220128000 71686599007 466471007	-do-

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Sl. No	Grant/ Appropriation	Rupees	Contributory reasons as stated by Government	
12.	10- Operating Expenses-Fuel	Appropriation	87590756000	-do-
		Expenditure	88194086886	
		Excess	603330886	
13.	11- Staff Welfare & Amenities	Appropriation	13937016000	-do-
		Expenditure	13975292567	
		Excess	38276567	
14.	14- Appropriation to Funds-DRF, DF, Pension and CF	Appropriation	116543000000	-do-
		Expenditure	121333954060	
		Excess	4790954060	
Capital (Voted)				
15.	16- Assets-Acquisition, etc. Capital	Appropriation	216145271000	Details are in Report No. 6 of 2006 (Railways)
		Expenditure	230036171134	
		Excess	13890900134	
Revenue (Charged)				
16.	4- Repairs & Maintenance of Permanent Way	Appropriation	4253000	Details are in Report No. 6 of 2006 (Railways)
		Expenditure	4855713	
		Excess	602713	
17.	5- Repairs & Maintenance of Motive Power	Appropriation	139000	-do-
		Expenditure	180522	
		Excess	41522	
18.	6- Repairs & Maintenance of Carriage & Wagons	Appropriation	48950000	-do-
		Expenditure	48964763	
		Excess	14763	
19.	10- Operating Expenses – Fuel	Appropriation	83345000	-do-
		Expenditure	88345000	
		Excess	5000000	
20.	13-Prov.Fund, Pension and other retirement benefits	Appropriation	7366000	-do-
		Expenditure	8141814	
		Excess	775814	
Capital (Charged)				
21.	16- Assets-Acquisition, etc. Construction, etc. Capital	Appropriation	209696000	-do-
		Expenditure	212877125	
		Excess	3181125	

7.2 The details of excess disbursements and also other details relating to grants of the Railways are mentioned in Report No. 6 of 2006 of the Comptroller and Auditor General of India.

Excess expenditure over the available provisions

7.3. Pay and Accounts Officer can make payment in excess of the budget allotment under any sub-head or primary unit on receipt of an assurance from the head of the department controlling the grant that necessary funds to accommodate the disbursement would be provided by issue of re-

appropriation orders, etc. It was, however, observed from the head-wise appropriation accounts for the year 2004-05 that in 24 cases of 10 grants and appropriations that though the expenditure of Rs. 43389.66 crore had exceeded the available provisions under sub-heads, the authority administering the concerned grant/appropriation did not issue re-appropriation orders to accommodate the final excess expenditure over the available provision, indicating laxity in budgetary control. A few instances exceeding Rs two crore or more are given in **Appendix-VII-A**. The Ministry of Finance, Department of Revenue (Grant No.43) stated (December 2005) that excess expenditure was incurred in anticipation of the approval of Department of Expenditure and that the proposals for re-appropriation were not subsequently accepted by the Department of Expenditure, which resulted in excess expenditure. The reply is not tenable as incurring of excess expenditure in anticipation of approval was irregular.

Unspent provision of Rs. 100 crore or more

7.4 Unspent provisions in a grant or appropriation indicate either poor budgeting or shortfall in performance or both. Unspent provisions of more than Rs. 100 crore, which need a detailed explanatory note to the Public Accounts Committee, occurred in 48 cases of 38 grants and one appropriation during 2004-05. Large unspent provisions were in areas like Agriculture, Power, Food and Public Distribution, Family Welfare, Petroleum and Natural gas, Road Transport and Highways, Drinking Water, Statistics & Programme Implementation and Shipping. The unspent provisions were attributed by the ministries/departments to some of the schemes failing to take off. **Appendix-VII-B** indicates the details of the unspent provisions.

Surrender of unspent provision

7.5 According to the provisions of GFR 69, unspent provisions in a grant or appropriation are to be surrendered to government as soon as these are foreseen without waiting for the last day of the year. Unspent provision should also not be held in reserve for possible future excess. During 2004-05, under 205 segments of 96 grants/appropriations of civil ministries, there was an unspent provision of Rs. 38978.59 crore. This was offset by excess under three segments of two grants and one appropriation resulting in a net unspent provision of Rs. 5194.06 crore.

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The amounts surrendered are shown in Table 7.3.

Table 7.3: Details of unspent provision and surrender

<i>(Rupees in crore)</i>				
	Net unspent provision	Amount surrendered	Amount surrendered on last date	Amount not surrendered
Revenue				
Voted	18236.16	15121.02	13944.40	3115.14
Charged	7108.03	7772.66	7772.08	-
Total: Revenue	25344.19	22893.68	21716.48	-
Capital				
Voted	8064.10	7025.80	6851.83	1038.30
Charged	(+ 28214.23)	13549.70	13549.70	-
Total: Capital	(+ 20150.13)	20575.50	20401.53	-
Grand total	5194.06	43469.18	42118.01	-

7.6 Under the grants/appropriations pertaining to Interest Payment, Public Works, Ministry of External Affairs, Non-Conventional Energy Sources, Panchayati Raj, Overseas Indian Affairs, Statistics and Programme Implementation, Power, Social Justice and Empowerment and Defence Services-Navy, the amount surrendered exceeded the unspent provision. **Appendix-VII-C** gives the details.

Re-appropriation of funds

7.7 For disbursements, a grant or appropriation is distributed by sub-heads or standard objects under which it is accounted. The competent executive authorities can approve re-appropriation of funds between primary units of appropriation within a grant or appropriation before the close of the financial year to which such grant or appropriation relates. Re-appropriation of funds should be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full or that unspent provision can be effected in the unit of appropriation.

7.8 Test check of appropriation accounts with reference to re-appropriation orders for 2004-05 revealed that heavy re-appropriations of funds were made between the different primary units of appropriation defeating the original purpose/activity as authorised by Parliament. A few cases, where heavy re-appropriation of funds took place, were in Agriculture (Rs. 510 crore), Department of Fertiliser (Rs. 269 crore), Ministry of Environment and Forest (Rs. 172 crore), Transfers to State and UT Governments (Rs. 7686 crore), Department of Heavy Industry (Rs. 593 crore), Department of Drinking Water Supply (Rs. 397 crore), Department of Road Transport & Highways (Rs. 413 crore), Department of Space (Rs. 284 crore), Interest Payments (Rs. 4175 crore), Department of Health (Rs. 631 crore), Department of Family Welfare

(Rs. 403 crore), Police (Rs. 505 crore), Department of Women Child Development (Rs. 462 crore) and Department of Rural Development (Rs. 1637 crore).

Injudicious re-appropriation to sub-heads

7.9 Test check of the accounts revealed that in seven cases relating to seven grants/appropriations, re-appropriation aggregating Rs. 33.09 crore were injudicious, as the original provision under the sub-heads to which funds were transferred by re-appropriation was more than adequate. A few cases exceeding Rupees one crore are given in **Appendix-VII-D**. Consequently, the final savings under the sub-heads were more than the amount re-appropriated to these sub-heads. The reasons for re-appropriation were attributed by the Ministry of Finance (Grant No. 42) in December 2005, to utilisation of less quantity of opium than anticipated for extraction of alkaloids, non completion of conversion works of 11 KV to 33 KV power line, etc. Savings were attributed by the Ministry of Finance, Department of Revenue (Grant No. 44) in January 2006 to difficulties in making exact estimation of project requirements with proper accuracy as the estimated expenditure was intimated by field authorities, and also due to non-filling up of vacant posts, clearance of pending bills, etc.

Irregular re-appropriation

7.10 The Ministry of Finance had issued instructions that any re-appropriation order issued during the year which had the effect of increasing the budget provision by more than 25 *per cent* or Rupees one crore whichever is more under a sub-head, should be reported to Parliament along with the last batch of supplementary demands. In exceptional cases, any order of re-appropriation issued by the ministries/departments after presentation of the last batch of supplementary demands, exceeding the above limit requires prior approval of the Secretary/Additional Secretary, Department of Expenditure.

7.11 Test check of appropriation accounts for 2004-05 revealed that there were 501 sub-heads/cases under 77 grants/appropriations to which re-appropriation in excess of Rupees one crore was made. Out of these, in 258 sub-heads/cases involving 67 grants/appropriations, the re-appropriation exceeded 25 *per cent* of the budget provision and were required to be reported to Parliament through the last batch of supplementary demands for grants. Only in 74 cases, such re-appropriations were reported to Parliament.

Re-appropriation without prior approval of Secretary (Expenditure)

7.12 All re-appropriations which would have the effect of increasing the budget provision by Rupees one crore or more under a sub-head should be

made only with the prior approval of Secretary (Expenditure) even if the amount re-appropriated is within 25 *per cent* of the provision covered under the limit governing re-appropriation mentioned in the preceding paragraph. In the cases mentioned in Table 7.4, prior approval of Secretary (Expenditure) was not obtained for re-appropriations exceeding Rupees one crore. In reply, January, 2006, the Ministry of Finance (Grant No.44) while accepting the audit observation stated that approval of the appropriate authority would be obtained in future. The Ministry of Health and Family Welfare, Department of AYUSH (Grant No. 48) stated (January 2006) that re-appropriations to sub-heads were made from the Major Head-2552-North Eastern Areas for which the approval of Secretary (Expenditure) was not required. The reply is not tenable.

Table 7.4: Cases where prior approval of Secretary (Expenditure) was not obtained for re-appropriation

(Rupees in crore)

Sl. No.	No. and name of grant	Major head	Sub-head	Amount
1.	33 – Currency, Coinage & Stamps	4046- Capital Outlay on Currency, Coinage and Mint	Metals	O: 0.71 R: 2.07
2.	36 – Transfer to State and Union Territory Governments	2245- Relief on Account of Natural Calamities	Transfer to National Calamity Contingency Fund	O: 1600.00 R: 1000.00
3.	44 – Indirect Taxes	2037- Customs	Directorate of Revenue Intelligence	O: 25.04 S: 0.55 R: 1.50
4.	--do--	2038- Union Excise Duties	Commissionerates (including field offices)	O: 705.35 S: 36.97 R: 13.06
5.	--do--	--do--	Pay & Accounts Offices (Central Excise) of Principal Chief Controller of Accounts, CBEC	O: 13.25 R: 1.09
6.	--do--	--do--	Collection of Land Customs	O: 6.42 R: 1.05
7.	47 – Department of Health	2210- Medical and Public Health	Setting up of Dispensaries/Hospitals	O: 258.50 R: 79.65
8.	--do--	--do--	Dr. Ram Manohar Lohia Hospital, New Delhi	O: 68.60 R: 3.15

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Sl. No.	No. and name of grant	Major head	Sub-head	Amount
9.	--do--	--do--	Central Institute of Psychiatry, Ranchi	O: 12.10 R: 2.90
10.	--do--	--do--	Kalawati Saran Children's Hospital, New Delhi	O: 17.25 R: 1.02
11.	--do--	--do--	Hospital Waste Management	O: 4.50 R: 1.80
12.	--do--	--do--	Cancer Research	O: 46.50 R: 13.84
13.	--do--	--do--	Grants to North Eastern Indira Gandhi Regional Institute of Health & Medical Sciences, Shillong	R: 70.00
14.	--do--	--do--	Trachoma and Blindness Control Programme	O: 29.50 R: 18.91
15.	--do--	--do--	National T.B Control Programme	O: 89.00 S: 14.00 R: 21.61
16.	--do--	--do--	National AIDS Control Programme	O: 232.00 S: 190.00 R: 45.36
17.	--do--	--do--	Administration & Prevention of Food Adulteration	O: 27.10 R: 17.29
18.	--do--	--do--	Central Drugs Standards Control Organisation	O: 16.60 R: 11.52
19.	--do--	3601- Grants-in-aid to State Governments	National Anti-Malaria Programme (Rural) (General Component)	O: 40.26 R: 48.53
20.	48 – Department of AYUSH	2210- Medical and Public Health	Setting up of National Board of Medicinal Plants	O: 23.05 R: 4.51
21.	--do--	3601- Grants-in-aid to State Governments	State Drug Testing Laboratories/ Pharmacies	O: 3.00 R: 7.88
22.	--do--	--do--	Essential Drugs for Ayurveda, Siddha, Unani & Homoeopathy (ISM&H) dispensaries for rural & backward areas in various states.	O: 12.00 S: 8.50 R: 1.25

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Sl. No.	No. and name of grant	Major head	Sub-head	Amount
23.	--do--	--do--	Setting up of ISM wing in district hospitals	O: 3.00 R: 7.70
24.	49- Department of Family Welfare	2211- Family Welfare	Activities at Headquarters	O: 4.50 S: 0.01 R: 6.98
25.	--do--	3601- Grants-in-aid to State Governments	Urban Family Welfare Centres	O: 58.82 R: 1.68
26.	--do--	--do--	Provision for POL/Procurement of Vehicles	O: 49.45 R: 1.15
27.	--do--	--do--	Compensation for Sterilisation	O: 195.15 R: 8.78
28.	--do--	--do--	Training of ANM/LHV	O: 65.62 R: 4.68
29.	--do--	--do--	Maintenance of State/District Family Welfare Bureau	O: 194.06 R: 12.10
30.	--do--	--do--	Sub-Centres	O: 1527.46 S: 190.00 R: 69.93
31.	57 – Department of Education and Literacy	2202- General Education	Sarva Shiksha Abhiyan	O: 3035.15 S: 1676.30 R: 409.29
32.	60 – Ministry of Information and Broadcasting	2220- Information and Publicity	Films Division	O: 23.85 R: 1.17
33.	--do--	--do--	Press Information Bureau	O: 19.09 R: 1.79
34.	--do--	--do--	Directorate Field Publicity	O: 21.28 R: 1.54
35.	--do--	--do--	Employment News Services	O: 20.00 R: 4.08
36.	--do--	2221- Broadcasting	Prasar Bharti	O: 975.22 S: 18.52 R: 17.04

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Sl. No.	No. and name of grant	Major head	Sub-head	Amount
37.	90 – Ministry of Statistics and Programme Implementation	3454- Census, Surveys and Statistics	Subordinate office	O: 80.53 S: 0.64 R: 3.78
38.	94 – Ministry of Tribal Affairs	3601- Grants-in-aid to State Governments	Scheme of PMS, Book Bank and Upgradation of Merit of ST Students	O: 64.35 R: 12.00

O = Original Provision S = Supplementary R = Re-appropriation

Unnecessary supplementary grant

7.13 The position of original and supplementary grants obtained under Civil ministries and percentage of supplementary provision to the original provision from 1998-99 onwards is given in **Appendix-VII-E**. In 29 cases relating to 22 grants as detailed in Table 7.5, while supplementary provisions aggregating to Rs. 2259.81 crore were obtained during 2004-05 in anticipation of higher expenditure, the final expenditure was less than even the original grants/appropriations. The entire amount of supplementary provision was unnecessary pointing to deficient budgeting.

Table 7.5: Unspent provision more than supplementary grant/appropriation

(Rupees in crore)

Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Unspent provision
Revenue – Voted					
1.	1-Department of Agriculture and Co-operation	2782.77	397.06	2617.03	562.80
2.	34-Payments to Financial Institutions	3515.41	109.93	2091.33	1534.01
3.	49-Department of Family Welfare	6696.37	280.02	5816.96	1159.43
4.	50-Department of Heavy Industries	159.87	2.95	85.54	77.28
5.	52-Ministry of Home Affairs	707.21	8.87	698.99	17.09
6.	60-Ministry of Information and Broadcasting	1263.35	18.52	1248.96	32.91
7.	66-Ministry of Overseas Indian Affairs	6.00	3.00	5.84	3.16
8.	68-Department of Ocean Development	229.08	37.00	227.62	38.46

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Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Unspent provision
9.	82-Department of Drinking Water Supply	3301.39	248.00	3283.51	265.88
10.	84-Department of Scientific and Industrial Research	1295.90	41.02	1283.93	52.99
11.	86-Ministry of Shipping	570.55	29.66	489.41	110.80
12.	90-Ministry of Statistics and Programme Implementation	1834.87	0.65	1531.41	304.11
13.	93-Ministry of Tourism	227.24	3.50	200.79	29.95
14.	98-Daman and Diu	247.50	8.11	247.36	8.25
15.	99-Lakshadweep	218.66	4.14	217.18	5.62
16.	104-Ministry of Water Resources	793.38	5.00	618.79	179.59
Revenue Charged					
17.	79-Ministry of Road Transport and Highways	0.40	0.10	0.22	0.28
Capital Voted					
18.	1-Department of Agriculture and Co-operation	94.73	20.91	88.68	26.96
19.	18-Department of Consumer Affairs	9.46	20.20	5.81	23.85
20.	54-Police	1501.95	6.00	1364.74	143.21
21.	83-Department of Science and Technology	70.70	9.01	45.63	34.08
22.	84-Department of Scientific and Industrial Research	4.10	9.00	2.06	11.04
23.	86-Ministry of Shipping	307.63	40.01	92.64	255.00
24.	93-Ministry of Tourism	314.50	2.00	298.33	18.17
25.	99-Lakshadweep	38.03	0.35	36.68	1.70
26.	104-Ministry of Water Resources	57.48	6.50	56.26	7.72
Capital Charged					
27.	36-Transfer to State and Union Territory Governments	26767.92	947.01	24040.57	3674.36
28.	100-Department of Urban Development	9.00	1.13	8.24	1.89
29.	104-Ministry of Water Resources	3.50	0.25	2.18	1.57
Total			2259.81		

Unrealistic estimation of expenditure/revised estimates

7.14 While obtaining supplementary grants, the Ministries/Departments reported to Parliament large amounts of additional requirement for different purposes under the schemes/activities shown in Table 7.6 but they were finally unable to spend not only the entire supplementary grants or parts thereof but also the original budget provision in certain cases. The Ministry of Finance (Grant No. 44) attributed (January 2006) the savings to non-filling up of vacant posts, delay in finalisation of computerisation proposals, etc. The reply is not tenable as it was irregular on the part of the Ministry to obtain large supplementary grant without anticipating the sequence of events. The reasons for saving were attributed by the Ministry of Health and Family Welfare (Grant No. 48) in January 2006 to non-creation of posts. The reply is not tenable as without anticipating this contingency, Ministry obtained supplementary grant.

Table 7.6: Statement showing unnecessary supplementary grant under sub-heads

(Rupees in crore)

Sl. No.	Grant no. and name	Major head/Sub-head	Original provision	Supplementary provision	Actual disbursement	Unspent provision	Reasons attributed by the ministry/department
1.	31-Ministry of External Affairs	2061.00.798.02- Other International Organisations	1.39	0.87	0.36	1.90	Saving was due to some portion of the contributions not materialising
2.	--do--	3605.00.101.20- Aid to African Countries	104.54	2.30	75.80	31.03	Non release of payment for a Convention Centre in Mauritius and due to procedural problems
3.	34-Payment to Financial Institution	2416.00.800.01- Grants to National Bank for Agricultural and Rural Development (NABARD)	805.30	5.01	42.80	767.51	Saving was due to non-finalisation of report by task force on co-operatives
4.	38- Repayment of Debt	6001.00.112- 10% Relief Bonds, 1993	0.50	1.87	0.16	2.21	Saving was due to lesser claims by the holders than anticipated
5.	--do--	6001.00.106.15- 9% Relief Bonds 1987	5.00	13.67	0.47	18.20	Saving was due to lesser claims by the holders than anticipated
6.	--do--	6001.00.106.18- 9% Relief Bonds 1993	7.50	1.79	0.74	8.55	Saving was due to lesser claims by the holders than anticipated

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7.	43-Direct Taxes	2020.00.101.01-Commissioners and their offices	1080.37	11.40	1058.62	33.15	Non-payment to supplier/vendors of computer hardware/software under the Comprehensive Computerisation Programme
8.	44-Indirect Taxes	2037.00.101.01-Sea Customs-Major Ports	159.07.	3.50	140.69	21.87	Non filling of vacant posts, delay in finalisation of major computerisation proposals and change in payment procedure
9.	44-Indirect Taxes	2037.00.102.01-Sea Customs-Major Ports	259.66	4.50	241.86	22.30	Non filling up of vacant posts, non finalisation of reward cases on account of change in reward policy
10.	47-Department of Health	3601.04.263.62-National Anti-Malaria Programme (Rural) (EAC)	86.00	23.00	30.38	78.62	Saving was due to delay in procurement of insecticide etc. on account of objection of the World Bank regarding mandatory clause on requirement, WHO-Goods Manufacturing Process in the bid document
11.	48-Department of AYUSH	2210.02.101.09-CGHS Ayurveda Hospital	1.03	0.19	0.92	0.30	Saving was due to non creation of requisite posts in CGHS, Ayurveda Hospital
12.	58-Department of Secondary Education & Higher Education	2251.00.090.17-Department of Secondary Education and Higher Education	27.54	1.67	27.26	1.95	Non filling up of vacant posts, economic measures, less foreign tours and less receipt of medical reimbursement claims
13.	--do--	2203.00.105.11-Setting up of New Polytechnics	--	14.40	--	14.40	Non implementation of projects owing to technical problem
14.	--do--	2203.00.105.12-Infrastructure Development Programme in Polytechnics	--	8.11	--	8.11	Non implementation of projects owing to technical problem

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Sl. No.	Grant no. and name	Major head/Sub-head	Original provision	Supplementary provision	Actual disbursement	Unspent provision	Reasons attributed by the ministry/department
15.	--do--	2552.00.800.14- Provision for Projects/Schemes North Eastern Areas and Sikkim	--	10.51	--	10.51	Re-appropriation of part funds to functional heads for utilisation in the schemes for benefit of North Eastern Areas and surrender of balance amount

Irregular re-appropriation of funds

7.15 Ministry of Finance, Department of Expenditure had issued instructions in March 2005 to all Ministries/Departments of the Government of India that lump-sum provision for projects/scheme for North Eastern Region and Sikkim made under Major Heads `2552' and `4552' for revenue and capital expenditure respectively should be re-appropriated to the functional heads of the scheme/project for the benefit of North Eastern Region including Sikkim.

7.16 Test check of the appropriation accounts, Grant No. 16 – Department of Information Technology revealed that DIT re-appropriated funds aggregating Rs. 13.40 crore from Major Heads `2552' and `4552' for meeting salary and other administrative expenses of DIT and NIC respectively, which was irregular.

Postal Services (Grant No. 14)

7.17 Persistent savings were noticed under Capital Section of the grant having only one head i.e. 'Mechanisation and Modernisation of Postal Services' for the last four years 2001-05 as per details in Table 7.7.

Table 7.7: Persistent unspent provision under capital (voted) section

(Rupees in crore)

Year	Budget provision and supplementary grant	Actual expenditure	Unspent provision	Percentage
2001-02	107.38	51.92	55.46	52
2002-03	128.56	41.54	87.02	68
2003-04	129.18	48.16	81.02	63
2004-05	178.75	126.29	52.46	29

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7.18 The reasons advanced by the department for savings under the Revenue (Voted) and Capital (Voted) sections were as under:

Table 7.8 : Savings in Grant

(Rupees in crore)

Grant No.14	Total grant or appropriation	Actual expenditure	Savings	Contributing reasons as stated by the Department of Posts
Revenue (Voted)	6041.14	5964.26	76.88	<ul style="list-style-type: none"> - Less expenditure under salaries, medical, office and travel expenses than anticipated. - Less receipt of claims under retirement benefits than anticipated. - Less supply of papers and bills from paper mills than anticipated. - Less receipt of claims from the Government Press than anticipated. - Non completion of building work by contractors in Bihar, Gujarat, Karnataka and Maharashtra. - Less training activity under the Plan than anticipated. - Non materilisation of system study with consultant for Research and Development under 'Mechanisation and Modernisation'.
Capital (Voted)	178.75	126.29	52.46	- Non receipt of bills from suppliers in time
Total	6219.89	6090.55	129.34	

Defence Services

7.19 Scrutiny of Appropriation Accounts of Defence Services disclosed a persistent trend of unspent provision during the year 2002-05 under voted segment of three grants as per details in table 7.9.

Table 7.9 : Persistent unspent provision

(Rupees in crore)

Grant No Sub-Major/ Minor Head	2002-03	2003-04	2004-05	Reasons for unspent amount given in Appropriation Accounts
23- Defence Services-Army				
110-Stores	62.63	198.30	266.20	Non-materialisation of complete supplies of certain provision stores, oil/lubricants, chemicals less than anticipated deliveries of Bullet Proof Jackets and less supply of Ammunition by Ordnance Factories.
800-Other Expenditure	19.12	11.87	32.84	Procedural delays in procurement of certain materials and laying of Astro Turf.

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(Rupees in crore)

Grant No Sub-Major/ Minor Head	2002-03	2003-04	2004-05	Reasons for unspent amount given in Appropriation Accounts
25- Defence Services-Air Force				
110-Stores	6.75	93.15	172.61	Non-materialisation of contracts for spares, delay in payment claimed by vendors and non-supply of stores in time by Ordnance Factories.
111-Works	19.82	23.15	55.67	Less utilisation of funds on maintenance of building, communication furniture etc.
26- Defence Ordnance Factories				
110-Stores	173.20	31.18	10.43	Non-materialisation of certain purchases and non-raising of Bills by Railways.
800-Other Expenditure	43.51	24.22	8.43	Reduced requirement of Electricity and Water, postponement of TOT payment of AMR of OFT.

7.20 The persisting trends of large unspent provisions in the aforesaid heads of grants are indicative of over-estimation of the requirement of funds by Ministry of Defence.