

Chapter 7

APPROPRIATION ACCOUNTS 2007-08: INTRODUCTION

Constitutional provisions

7.1 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. Parliament can also sanction supplementary or additional grants by the 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 the gross amounts on various services actually spent by the government vis-à-vis those authorised by the Appropriation Acts.

7.2 The Controller General of Accounts (CGA) prepares the Appropriation Accounts in respect of 97 grants and appropriations of civil ministries. The Ministries of Defence, 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 2007-08 are as follows:

Sector of activity	Number of demands for grants/appropriations
Civil	97
Defence Services	6
Postal Services	1
Railways	16
Total:	120

7.3 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 the Parliament, unspent provisions requiring explanation, irregular and injudicious re-appropriations, supplementary provisions made without requirement by some ministries, unrealistic budgeting 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. Audit findings on

Railway appropriations are, however, available in respective Audit Report for the year ended 2007-08.

A summary

7.4 Table 7.1 gives the total provision (both charged and voted) and disbursement during 2007-08. **Appendix-VII-A** presents the details of the summary of Appropriation Accounts of Civil Ministries/Departments, Postal and Defence Services.

Table 7.1: Provision and Disbursements during 2007-08

Departments	Total Provision	Disbursements	Savings
Civil	2445865	2338093	107772
Posts	7524	7363	161
Defence Services	99868	95094	4774
Grand Total	2553257	2440550	112707

7.5 Under the civil departments, the net saving of Rs. 107772 crore was due to excess expenditure of Rs. 100 crore under 3 grants and 1 appropriation and unspent provision of Rs. 107872 crore in the grants pertaining to the civil ministries/departments. Out of the overall excess expenditure of Rs. 100 crore, Rs. 98 crore was on account of payment of more pensions than anticipated under grant no. 39-Pensions. Of the overall unspent provision of Rs. 107872 crore, saving of Rs. 70109 crore was in grant no. 37 – Repayment of Debt {Capital (Charged) Section}, Rs. 3710 crore was in grant no. 33 – Payments to Financial Institutions, Rs. 3748 crore was in grant no. 35 – Transfer to State & U.T. Governments {Revenue (Charged) Section}, Rs. 2668 crore was in grant no. 56 – Department of School Education & Literacy and Rs. 2952 crore was in grant no. 57 – Department of Higher Education {Revenue (Voted) Section}. Excluding this, the gross unspent provision was Rs. 24685 crore.

7.6 There were net unspent provisions in 205 sections and excess in 4 sections under the grants/appropriations relating to Civil ministries, unspent provision in 3 sections and excess in 1 section of Posts and unspent provisions in 11 sections and excess in 1 section of Defence Services. **Appendix-VII-B** presents an abstract of the details.

Charged and Voted disbursement

7.7 **Appendix-VII-C** contains the details of the disbursements actually made against the approved demands (grants and appropriations) of the Civil ministries for the years 1996-2008. During these years, 70 to 81 *per cent* of the total disbursements for the Civil ministries was charged on the Consolidated Fund of India.

7.8 During 2007-08, the total disbursements of Rs. 2338093 crore under civil ministries were higher by Rs. 251895 crore to the total disbursements of Rs. 2086198 crore during 2006-07. It had increased by 520 *per cent* from Rs. 376671 crore in 1996-97. The charged disbursements increased by 549 *per cent* from Rs. 280355 crore in 1996-97 to Rs. 1818879 crore in 2007-08 and voted disbursements increased by 439 *per cent* from Rs. 96316 crore to Rs. 519214 crore over the same period. The charged disbursements of the civil ministries during 2007-08 were mainly on account of Interest Payments (Rs. 179987 crore, which was seventeen *per cent* higher than Rs. 154280 crore for 2006-07), Repayment of Debt (Rs. 1604110 crore) and Transfers to States and Union Territory Governments (Rs. 26339 crore) on account of grants under the proviso to Article 275(1) of the Constitution, block grants, loans for State plan schemes etc. and constituted 78 *per cent* of the total disbursements.

7.9 Since charged disbursements are not subject to vote by Parliament, effectively the scope of financial control by Parliament is limited to about 22 *per cent* of the total disbursement in the civil ministries. However, viewed against the background of the total disbursements from the CFI (gross Rs. 2440551 crore), the percentage of charged disbursements was 75 *per cent* (Rs. 1818914 crore) (including Posts and Defence Services but excluding Railways).

Disbursements

7.10 The details given in **Appendix-VII-D** 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 2008/during last quarter of the financial year. Since the funds released in March to various organisations cannot be constructively spent during the year, which closes on the last day of the same month/quarter, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.