

## Chapter 8

### APPROPRIATION ACCOUNTS 2007-08: AN ANALYSIS

#### Excess disbursements over grants/appropriations

**8.1** Article 114(3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article.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) 52(3) 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 8.1 contains the summary of total excess over the authorisation from the CFI. During 2007-08, there was an excess disbursement of Rs. 1713232402 (i.e. Rs. 171.32 crore) in four segments of four grants/appropriations in civil ministries and Rs. 711878075 (i.e. Rs. 71.19 crore) in one segment of a grant in Defence. These are detailed in Table 8.2 and require regularisation under Article 115 (1) (b) of the Constitution.

**Table 8.1: Summary of excess disbursements over grants/appropriations**

		<i>(In Rupees)</i>		
		Civil	Defence	Posts
<i>Voted</i>	Revenue	982837948	711878075	-
	Capital	17964968	-	-
<i>Charged</i>	Revenue	-	-	-
	Capital	551411	-	-
No of Grants/ Appropriations		4	1	-
<b>Total Excess</b>		<b>1001354327</b>	<b>711878075</b>	<b>-</b>

**Table 8.2: Details of excess disbursement over grants/appropriations**

Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by the ministries/departments
<b>Civil:</b>				
<b>Revenue (Voted)</b>				
1.	39 – Pensions	Grant	8595400000	Due to receipt of more claims than anticipated
		Expenditure	86927760536	
		Excess	982360536	
2.	95 – Chandigarh	Grant	12839200000	Due to requirement of additional funds for construction of ongoing construction works, link roads, bus stands etc.
		Expenditure	12839677412	
		Excess	477412	

**Appropriation Accounts 2007-08: An analysis**

Sl. No	Grant/ Appropriation	Rupees	Contributory reasons as stated by the ministries/departments	
<b>Capital (Voted)</b>				
3.	59 – Ministry of Labour and Employment	Appropriation	7569800000	Due to reversion of the re-appropriation
		Expenditure	7587764968	
		Excess	17964968	
<b>Capital (Charged)</b>				
4.	99 – Department of Urban Development	Appropriation	402000000	Excess was due to committed liability owing to orders of Arbitrators which were interest bearing.
		Expenditure	402551411	
		Excess	551411	
<b>Defence Revenue (Voted)</b>				
5.	22-Defence Services-Army	Grant	354101000000	Due to higher payment of DA and allowances, increase in prices of fodder, major woks, lease rentals and procurement from ordnance depot and payments of previous year's liability.
		Expenditure	354812878075	
		Excess	711878075	

**8.2** The details of excess disbursements and other details relating to grants of the Railways are mentioned in the respective Audit Report for the year 2007-08 of the Comptroller and Auditor General of India.

**Excess expenditure over the available provisions**

**8.3.** 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 2007-08 in 59 cases of 23 grants and appropriations (Civil, Posts and Defence Services) that though the expenditure of Rs. 3244.29 crore had exceeded the available provisions under respective 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. Sub-heads with excess expenditure (Rupees one crore and more) are listed in **Appendix-VIII-A**.

**Unspent provision of Rs. 100 crore or more**

**8.4** 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 (PAC), occurred in 60 cases of 47 grants (including Civil, Posts and Defence) during the year 2007-08. Large unspent provisions were in areas like

**Report of the CAG on  
Union Government Accounts 2007-08**

Repayment of Debt, Transfers to State and Union Territory Governments, Payments to Financial Institutions, Department of Higher Education, Department of School Education and Literacy, Police, Transfer to State and UT Governments, Department of Health and Family Welfare, Nuclear Power Schemes, Ministry of Panchayati Raj, and Capital Outlay on Defence Services etc. The unspent provisions were attributed by the ministries/departments to some of the schemes failing to take off. **Appendix-VIII-B** indicates the details of the unspent provisions.

**8.5** Further, there were 24 sections of 20 grants/appropriations including six capital sections with persistent savings of Rs. 100 crore and above during the last three years (2005-08) as given in **Appendix at VIII-C**. Capital section of grants with persistent savings were Capital Outlay on Defence Services (Rs. 10105 crore), Nuclear Power Schemes (Rs. 2968 crore), Ministry of Power (Rs. 2930 crore), Transfer to State and Union Territory Governments (Rs. 2351 crore), Police (Rs. 2134 crore) and Department of Atomic Energy (Rs. 921 crore).

**Surrender of unspent provision**

**8.6** According to the provisions of GFR. 56, 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 excesses. During 2007-08, under 205 segments of 97 grants/appropriations of civil ministries, there was an unspent provision of Rs. 107871.76 crore. This was offset by excess expenditure of Rs. 100.14 crore under four segments of three grants and one appropriation resulting in a net saving of Rs. 107771.62 crore. The amounts surrendered are shown in Table 8.3.

**Table 8.3: Details of unspent provision and surrender**

<i>(Rupees in crore)</i>				
	<b>Unspent provision</b>	<b>Amount surrendered</b>	<b>Amount surrendered on last date</b>	<b>Amount not surrendered</b>
<b>Revenue</b>				
Voted	20945.54	17464.63	16787.73	3480.91
Charged	4729.27	3905.35	3905.35	823.92
<b>Total: Revenue</b>	<b>25674.81</b>	<b>21369.98</b>	<b>20693.08</b>	<b>4304.83</b>
<b>Capital</b>				
Voted	11055.45	10493.29	8822.53	562.16
Charged	71141.50	28.55	23.14	71112.95
<b>Total: Capital</b>	<b>82196.95</b>	<b>10521.84</b>	<b>8845.67</b>	<b>71675.11</b>
<b>Grand total</b>	<b>107871.76</b>	<b>31891.82</b>	<b>29538.75</b>	<b>75979.94</b>

**8.7** Under the grants/appropriations pertaining to Department of Food and Public Distribution, Other Expenditure of the Ministry of Home Affairs,

Ministry of Home Affairs, Department of Chemicals and Petrochemicals, Ministry of Labour and Employment, Department of Land Resources, and Ministry of Women and Child Development, the amount surrendered exceeded the unspent provision. **Appendix-VIII D** gives the details.

### **Re-appropriation of funds**

**8.8** For disbursements, a grant or appropriation is distributed by sub-heads or standard object heads 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.

**8.9** Test check of appropriation accounts with reference to re-appropriation orders for 2007-08 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 Repayment of Debt (Rs. 49825 crore), Department of School Education and Literacy (Rs. 9519 crore), Department of Agriculture & Co-operation (Rs. 1495), Ministry of External Affairs (Rs. 820 crore), Department of Higher Education (Rs. 753 crore), Ministry of Power (Rs. 1106 crore), Payments to Financial Institutions (Rs. 1454 crore), Department of Rural Development (Rs. 4329 crore), Interest Payments (Rs. 5747 crore), Transfers to States and Union Territory Governments (Rs. 4034 crore), Department of Health and Family Welfare (Rs. 2321 crore), Department of Fertilisers (Rs. 1288 crore), Department of Road Transport and Highways (Rs. 1242 crore), Police (Rs. 902 crore), Department of Drinking Water Supply (Rs. 857 crore), Defence Services-Army (Rs. 870 crore) and Capital Outlay on Defence Services (Rs. 3000 crore).

### **Injudicious re-appropriation to sub-heads**

**8.10** Test check of the accounts revealed that in 22 cases relating to 13 grants/appropriations, re-appropriation aggregating Rs. 430.76 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-VIII-E**. Consequently, the final savings under the sub-heads were more than the amount re-appropriated to these sub-heads.

### Injudicious re-appropriation from sub-heads

**8.11** In eight sub-heads of seven grants/appropriations as indicated in **Appendix-VIII-F**, there were injudicious re-appropriations aggregating to Rs. 344.25 crore wherein the final disbursement under each of cases was more than the original provision before re-appropriation. In each of them, the excess over the final provision after re-appropriation from these heads was more than the amounts re-appropriated.

### Irregular re-appropriation

**8.12** 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 five 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.

**8.13** All re-appropriations which would have the effect of increasing the budget provision by Rupees five 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 case mentioned in Table 8.4, neither the cases were reported to the Parliament nor prior approval of Secretary (Expenditure) was obtained for re-appropriations exceeding Rupees five crore.

**Table 8.4: 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.	52-Police	3601-Grants-in-aid to State Governments	3601.01.117.01-Reimbursement to States for deployment of Battalions	O: 10.00 R: 6.00
2.	-do-	4055- Capital Outlay on Police	4055.00.800.03-Indo-Bangladesh Border Works	O: 570.97 R: 22.41
3.	-do-	-do-	4055.00.202.01-Office Buildings	O: 60.00 R: 25.00
4.	-do-	-do-	4055.00.202.02-Residential Buildings	O: 100.80 R: 46.00
5.	-do-	-do-	4055.00213.01-.Office Buildings	O: 45.00 R: 38.50
6.	-do-	-do-	4055.00.213.02-Residence Building	O: 15.00 R: 24.90
7.	-do-	-do-	4055.00.800.04-Indo-Pak Border Works	O: 35.13 R: 32.40

*O = Original Provision*

*R = Re-appropriation*

### Unnecessary supplementary grant

**8.14** The position of original and supplementary grants obtained under Civil ministries and percentage of supplementary provision to the original provision from 2001-2002 onwards is given in **Appendix-VIII-G**. In 25 cases relating to 25 grants/appropriations as detailed in Table 8.5, while supplementary provisions aggregating to Rs. 65887.93 crore were obtained during 2007-08 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 8.5: Unspent provision were more than the supplementary grant/appropriation**

<i>(Rupees in crore)</i>					
Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Unspent provision
<b>Civil</b>					
<b>Revenue – Voted</b>					
1.	14 – Department of Telecommunications	5445.00	377.01	4788.22	1033.79
2.	19 – Ministry of Culture	882.61	115.00	850.52	147.09
3.	20 – Ministry of Defence	6865.08	229.79	6842.77	252.10
4.	43 – Indirect Taxes	1689.80	59.70	1636.08	113.42
5.	46 – Department of Health & Family Welfare	16270.63	280.54	15083.71	1467.46
6.	50 – Ministry of Home Affairs	765.77	28.27	763.42	30.62
7.	56 – Department of School Education & Literacy	33535.22	49.15	30916.08	2668.29
8.	58 – Ministry of Information & Broadcasting	1391.76	4.94	1363.71	32.99
9.	69 – Ministry of Personnel, Public Grievances & Pensions	320.88	6.47	306.46	20.89
10.	72 – Ministry of Power	4883.91	2.27	4309.97	576.21
11.	83 – Department of Biotechnology	694.70	8.30	636.62	66.38
12.	85 – Department of Road Transport & Highways	12003.90	161.88	11830.16	335.62
13.	86 – Ministry of Micro, Small & Med. Enterprises	585.41	4.08	486.35	103.14

**Report of the CAG on  
Union Government Accounts 2007-08**

*(Rupees in crore)*

Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Unspent provision
14.	90 – Ministry of Steel	85.50	4.27	81.04	8.73
<b>Revenue – Charged</b>					
15.	52 – Police	2.94	0.65	2.78	0.81
16.	62 – Appropriation - Supreme Court of India	53.26	3.48	52.93	3.81
17.	93 – Ministry of Tribal Affairs	1489.29	18.42	1357.18	150.53
<b>Capital - Voted</b>					
18.	28 – Ministry of Development of North Eastern Region	154.37	1.76	147.78	8.35
19.	46 – Department of Health & Family Welfare	725.59	51.25	261.66	515.18
20.	48 – Department of Heavy Industry	628.58	165.79	615.81	178.56
21.	51 – Cabinet	33.36	0.26	17.02	16.60
22.	52 – Police	4529.81	81.10	2822.24	1788.67
23.	81 – Department of Science & Technology	73.90	1.95	72.59	3.26
24.	94 – Andaman & Nicobar Islands	816.90	1.00	813.93	3.98
<b>Capital - Charged</b>					
25.	37 – Appropriations - Repayment of Debt	1611645.92	64230.60	1604110.47	70108.62
<b>Total</b>			<b>65887.93</b>		

### **Unrealistic estimation of expenditure**

**8.15** 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 8.6 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.

Appropriation Accounts 2007-08: An analysis

**Table 8.6: 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	2061.00.101.01- Management and Establishment	990.01	54.00	966.66	77.35	Less expenditure in the Missions/Posts owing to appreciation of rupee value against the US dollar
2.	-do-	2061.00.798.01- Commonwealth	8.86	0.08	7.50	1.43	Due to non-materialisation of some portion of contributions
3.	-do-	2061.00.798.02- Other International Organisation	21.87	0.03	11.36	10.55	Non-utilisation of funds for South Fund for Development and Humanitarian Assistance and Central Relief Fund of UN owing to less requirements
4.	-do-	2061.00.800.01- Demarcation of Boundaries	3.00	1.50	2.39	2.11	Delay in completion of Joint Survey work of India-Pakistan Boundary Pillars
5.	-do-	2061.00.800.08- Expenditure on Haj	5.55	0.24	4.62	1.17	Less utilisation of funds earmarked for Haj Goodwill Delegation to Saudi Arabia
6.	-do-	2061.00.800.12- Special Programmes	3.46	0.38	1.95	1.89	Less expenditure on holding seminars and studies and bilateral consultative groups
7.	-do-	2061.00.800.17- MEA Hostels & Residential Complexes	2.62	0.58	2.19	1.01	Less expenditure on wages and office expenses.
8.	42-Director Taxes	2020.00.800.01- Departmental Canteens	4.50	0.40	4.45	0.45	Non-finalisation of some projects
9.	-do-	2020.00.101.02- Settlement Commission for Income Tax and Wealth Tax cases	6.64	0.13	5.75	1.01	Due to non-filling up of vacant posts
10.	-do-	2020.00.101.04- Zonal Accounts Offices of Principal/ Chief Controller of Accounts	18.44	0.30	17.60	11.14	Due to receipt of less claims of medical reimbursement

Report of the CAG on  
Union Government Accounts 2007-08

(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
11.	43- Indirect Taxes	2037.00.101.01- Sea Customs- Major Ports	165.68	3.00	158.67	11.53	Non-filling up of vacant posts and non-finalisation of revision of rent in respect of hired buildings
12.	-do-	2037.00.102.01- Sea Customs- Major Ports	294.09	8.00	289.43	12.66	Non-finalisation of some of the award cases, proposal for hiring buildings, less tour undertaken etc.
13.	46- Department of Health & Family Welfare	4211.00.800.05- Family Welfare Training & Research Centre, Mumbai	-	2.00	-	2.00	Due to non-acceptance of funds by Central Public Works Department
14.	-do-	4211.00.800.06- Rural Health Training Centre, Najafgarh	-	0.30	-	0.30	Due to non-approval of plan scheme
15.	66 – Ministry of Overseas Indian Affairs	2061.00.800.03- Other Schemes	18.45	0.01	17.33	113.30	Non-receipt of bills in time from agencies for media campaign scheme

### Unrealistic budgetary assumptions

**8.16** The budget circulars issued by the Ministry of Finance every year stipulate that due note, while framing the estimates, be taken of the past performance, the stages of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme, the constraints on spending by the spending agencies etc. The objective is to minimise the scope for avoidable surrenders at a later stage. Further, no provision should normally be made in the budget without completion of pre-budget scrutiny of the projects/schemes. Where, however, provision has been made without necessary scrutiny, such scrutiny should be completed and appropriate approvals obtained therefore before the commencement of the financial year at the latest by the time budget is passed by the Parliament. Scrutiny of the head-wise appropriation accounts revealed that the ministries/departments made excessive provisions under the various sub-heads, which ultimately resulted in the large savings and surrenders at the end of the year. **Appendix VIII-H** gives the details of 456 such cases with savings of Rupees two crore and above constituting more than 40 per cent of the budget provision.

### Large supplementary grants due to unrealistic budgetary projections

**8.17** Under Article 114 of the Constitution of India, the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India. Parliament can also sanction supplementary or additional grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution. While preparing the estimates of expenditures, ministries/departments are required to keep in view the trends of disbursements during the previous years and take due care so that provision for all inescapable and foreseeable expenditures is made in the estimates before they are submitted to the Ministry of Finance. The Ministry of Finance after due deliberations and pre-budget meetings/scrutiny finalises the budget proposals. A scrutiny of the Appropriation Accounts for the year 2007-08 revealed that a large number of ministries/departments of the Central Government obtained supplementary grants/appropriations much in excess of the original provisions. The supplementary provisions ranged between 39 *per cent* to 10761 *per cent* of the original provisions in some of the cases mentioned below. This indicated that the ministries and departments did not prepare estimates of expenditure on a realistic basis and that the mechanism of holding pre-budget meetings and scrutiny by Ministry of Finance for ensuring realistic budgetary projections did not have the desired effect:

**Table 8.7: Statement showing details of large Supplementary Grants due to unrealistic budgetary projections**

*(Rupees in crore)*

Sl. No.	Grant No.	Original provision	Supplementary provisions	Percentage of supplementary provision to original provision
1.	01- Department of Agriculture and Cooperation	Revenue-Voted 5650.91	2189.21	39
2.	07- Department of Chemicals & Petrochemicals	Capital-Voted 58.50	25.17	43
3.	08- Department of Fertilisers	Revenue-Voted 24543.57	19000.00	77
4.	09- Ministry of Civil Aviation	Revenue-Voted 475.60	680.41	143
5.	11- Department of Commerce	Revenue-Voted 1887.70	1200.04	64
6.	12- Department of Industrial Policy and Promotion	Revenue-Voted 613.46	435.13	71

**Report of the CAG on  
Union Government Accounts 2007-08**

*(Rupees in crore)*

Sl. No.	Grant No.	Original provision	Supplementary provisions	Percentage of supplementary provision to original provision
7.	-Do-	Capital - Voted Nil	5.00	100
8.	14- Department of Telecommunications	Capital – Voted 195.00	352.00	181
9.	32- Department of Economic Affairs	Capital- Voted 455.20	6274.39	1378
10.	33- Payments to Financial Institutions	Revenue- Voted 5723.81	11538.61	202
11.	35- Transfers to State & U.T. Governments	Capital- Voted 4286.50	3134.67	73
12.	42- Direct Taxes	Capital- Voted 10.47	29.72	284
13.	48- Department of Heavy Industry	Revenue- Voted 285.50	575.01	201
14.	59- Ministry of Labour and Employment	Capital- Voted 6.97	750.01	10761
15.	63- Ministry of Mines	Revenue- Voted 334.17	600.34	180
16.	70- Ministry Petroleum and Natural Gas	Revenue- Voted 2867.81	20583.03	718
17.	91- Ministry of Textiles	Revenue- Voted 2811.20	1963.71	70
18.	99- Department of Urban Development	Capital- Voted 1670.00	781.08	47
19.	104- Ministry of Youth Affairs and Sports	Capital- Voted 26.79	70.21	262

**Postal Services (Grant No. 13)**

**8.18** Persistent savings were noticed under Capital Section of the grant. Out of the budget allocation of Rs. 232.22 crore, during 2007-08, under the head 5201.104 – Mechanisation and Modernisation of Postal Services, only Rs. 90.43 crore was spent, leaving an unspent amount of Rs. 141.79 crore. The details of persistent savings noticed under this head during the period 2003-08 are given in Table 8.8.

**Table 8.8: Persistent unspent provision under capital (voted) section**

*(Rupees in crore)*

Year	Budget provision and supplementary grant	Actual expenditure	Unspent provision	Percentage
2003-04	129.18	48.16	81.02	63
2004-05	178.75	126.29	52.46	29
2005-06	367.09	268.98	98.11	27
2006-07	385.98	284.73	101.25	26
2007-08	232.22	90.43	141.79	61

**8.19** The reasons advanced by the Department for savings under Revenue (Voted) and Capital (Voted) Sections are as under:

**Table 8.9: Savings in Grant**

*(Rupees in crore)*

Grant no. 13	Total grant or appropriation	Actual expenditure	Savings	Contributing reasons as stated by the Department of Posts
Revenue (Voted)	7291.51	7272.55	18.96	Less expenditure under salaries, less payment of incentive bill of DO PLI and doctors examination fees, less expenditure on training and non receipt of claims in time.
Capital (Voted)	232.22	90.43	141.79	Non completion of work as anticipated, non receipt/non adjustment of DGS&D bills.
<b>Total</b>	<b>7523.73</b>	<b>7362.98</b>	<b>160.75</b>	

### Defence Services

**8.20** Scrutiny of Appropriation Accounts of Defence Services disclosed a persistent trend of unspent provision during the years 2005-08 under voted segment of five grants as detailed in Table 8.10.

**Table 8.10: Persistent unspent provision**

*(Rupees in crore)*

Grant No Sub-Major/ Minor Head	2005-06	2006-07	2007-08	Reasons for unspent amount given in Appropriation Accounts
<b>22- Defence Services-Army</b>				
109- Inspection Organisation	13.27	15.86	22.02	Less booking in proofing and OTA, delay in automation of DGQA, withdrawal of items ex-Ordnance Factories and less expenditure booking by CGDA
800-Other Expenditure	31.20	19.06	52.68	Less release of grants, slippages in materialisation of Adventure Wing's proposals, procedural delay in settlements.
<b>23- Defence Services-Navy</b>				
104- Pay and Allowances of Civilians	15.25	32.94	11.90	Less expenditure on Medical Charges, pay and allowances, LTC claims, non-filling of vacant posts and non completion of actual booking of expenditure
<b>24- Defence Services-Air Force</b>				
105- Transportation	16.49	21.52	19.97	Delay in issue of sanction, strict economy measures, non-materialisation of contractual commitments, non booking of Railway warrants etc.

**Report of the CAG on  
Union Government Accounts 2007-08**

*(Rupees in crore)*

Grant No Sub-Major/ Minor Head	2005-06	2006-07	2007-08	Reasons for unspent amount given in Appropriation Accounts
<b>25- Defence Ordnance Factories</b>				
110-Stores	26.55	18.43	82.02	Non-materialisation /less expenditure on local as well as foreign supplies/ purchases, delay in receipt of payment vouchers from RBI
800-Other Expenditure	17.13	19.27	16.84	Non receipt of debit vouchers, less expenses on electricity, water, DAVP and miscellaneous expenses, non-receipt of debit vouchers, etc.
<b>27- Capital Outlay on Defence Services</b>				
<b>02 – Navy</b>				
104 – Joint Staff	12.17	19.41	18.64	Procedural delays, exchange rate variation, less booking against ADG bills, non completion of work and non acceptance of advance payment etc.
<b>03 – Air Force</b>				
202- Construction works	5.42	74.22	88.52	Slow progress of work, delay in contract action, slow progress of up-gradation of airfield and less expenditure on Married Accommodation Project.
<b>05 – Research and Development Organisation</b>				
052- Machinery and Equipment	31.23	72.43	117.25	Non materialisation of certain commitments against schemes/ programmes.

The persisting trends of large unspent provisions in the aforesaid heads of grants are indicative of over-estimation of the requirement of funds and failure to take effective remedial measures to avoid persistent unspent provisions by Ministry of Defence.

### **Surrender of unspent provision**

**8.21** The savings in a grant or appropriation are required to be surrendered as soon as these are foreseen without waiting till the end of the year. Further, savings should also not be held in reserve for possible future excesses as per Financial Rules. During 2007-08, total savings of Rs. 4773.87 crore was the result of saving of Rs. 4845.06 crore in six grants/appropriations and excess of Rs. 71.19 crore under one grant. Out of this, Rs. 4401.20 crore under three grants and two appropriations was surrendered on the last day of the financial year as detailed below:

Appropriation Accounts 2007-08: An analysis

Details of unspent provision and surrender

*(Rupees in crore)*

Grant/Appropriation	Unspent provision		Amount surrendered on last date		Amount not surrendered	
	Charged	Voted	Charged	Voted	Charged	Voted
24-Defence Services – Air Force	-	169.10	-	63.45	-	105.65
25-Defence Services – Ordnance Factories	0.65	111.31	0.30	14.05	0.35	97.26
27-Capital Outlay on Defence Services	46.48	4417.69	36.17	4287.23	10.31	130.46
<b>Grand Total</b>	<b>47.13</b>	<b>4698.10</b>	<b>36.47</b>	<b>4364.73</b>	<b>10.66</b>	<b>333.37</b>