

## Chapter 10

### APPROPRIATION ACCOUNTS 1999-00: A SUMMARY

**10.1** The CAG sends to the President five different appropriation accounts pertaining to different sectors of activities of the government, *viz.* civil, defence, post, telecommunications, and railways for presentation to the Parliament. The numbers of demands for grants and appropriations of various ministries during 1999-00 were as follows:

Sector of activity	Number of demands for grants/appropriations
Civil	96
Defence Services	5
Postal Services	1
Telecommunication Services	1
Railways	16
<b>Total:</b>	<b>119</b>

**10.2** The respective ministries of defence, post, telecommunications, and railways prepare appropriation accounts of their respective grants. The CGA prepares the appropriation accounts in respect of 96 grants and appropriation of other civil ministries.

**10.3** This report contains detailed audit observations on the appropriation accounts (civil) prepared by the CGA for the year 1999-00; and, only brief gist of audit findings on the appropriation accounts of defence, post, telecommunications, and railways, where appropriate. The CAG's Reports No. 6, 7, 8 and 9 of 2001 would contain detailed audit findings in respect of the appropriation accounts of defence, post, telecommunications, and railways.

#### **Preparation and audit of civil appropriation accounts**

**10.4** The controllers of accounts of the ministries prepare head-wise appropriation accounts for each grant and appropriation of the ministry according to the classification prescribed in the detailed demands for grants, as passed by the Parliament. The secretary of each ministry approves the head-wise appropriation accounts of grants and appropriation administered by that ministry in his capacity as the chief accounting authority of the ministry. The

CAG audits the head-wise appropriation accounts. The CGA condenses audited appropriation accounts of various grants and appropriations of civil ministries<sup>1</sup> in the form approved by the Public Accounts Committee; and, presents these to the CAG, after countersignature of the Secretary, Department of Expenditure, for submission to the President of India in accordance with Article 151 of the Constitution of India.

**10.5** The following chapters contain audit observations of the various facets of appropriation accounts (civil), including analysis of expenditure in excess

***Box 10.1: Appropriation Accounts: constitutional provisions***

The government introduces an Appropriation Bill to provide for appropriation out of the CFI, per provisions of Article 114 of the Constitution of India, soon after the House of the People makes the grants under Article 113. The Appropriation Act passed by Parliament contains authority to appropriate the specified sums from the CFI for the 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 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. The CAG submits Appropriation accounts, along with his report under Article 151 of the Constitution, to the President every year, who causes them to be laid before each house of Parliament.

of allocation requiring regularisation by Parliament, unspent provisions requiring explanation, irregular and injudicious re-appropriations, and supplementary provision without requirement by some ministries, and detailed observations in respect of the ministries selected for in-depth examination.

**10.6** Appendix XII presents a summary of appropriation accounts of gross sums expended during the year ended March 2000 relative to the corresponding sums authorised in the schedules appended to the various Appropriation Acts passed by Parliament during the year 1999-00. This summary also includes figures of defence, post, telecommunications, and railways on gross basis. Table 10.1 gives the total provision and actual disbursements under civil ministries during 1999-00.

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<sup>1</sup> In respect of the non-departmentalised grants, the Indian Audit & Accounts Department does this condensation, which the CGA includes in the Union government's appropriation accounts.

**Table 10.1: Provision and Disbursements under Civil Ministries: 1999-00**

<i>Rs in crore</i>				
<b>Provision *</b>		<b>Disbursements *</b>		
Original	642905.39			
Supplementary	26949.31			
Total gross provision	669854.70		Total gross Disbursements	601837.62
(Estimated) 4702.22	Recoveries in reduction of disbursements	(Actual)		4064.19
Total net provision	665152.48		Total net Disbursements	597773.43
Voted and charged provision and disbursements				
	Provision		Disbursements	
	Voted	Charged	Voted	Charged
Revenue	131417.99	129522.63	126341.78	126962.51
Capital	26362.33	382551.75	22299.83	326233.50
Total : gross	157780.32	512074.38	148641.61	453196.01
Recoveries in reduction of disbursements	4695.54	6.68	4036.82	27.37
Total : net	153084.78	512067.70	144604.79	453168.64

**10.7** Out of the overall unspent provision of Rs 68017.08 crore in the grants pertaining to civil ministries/departments, Rs 59850.40 crore was on account of less than the budgeted drawal of 91 and 14 days treasury bills which resulted in repayments, which were less than the budgeted amounts. Excluding this, the effective unspent provision was of Rs 8166.68 crore. Out of this, Rs 591.51 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 the aggregate unspent provision of Rs 12211.92 crore. Appendix XIII presents the net unspent provision in 215 sections of the grants and excess in two sections.

**10.8** Appendix-XIV contains the details of the disbursements actually made against approved demands (grants and appropriations) of the civil ministries

\* Exclusive of the figures of railways, defence and P&T

for the years 1990-91 to 1999-00. During these ten years, charged expenditure constituted 66 to 77 percent of the total disbursements from the CFI for the civil ministries.

**10.9** The total disbursements of the civil ministries increased by 223 percent from Rs 186370 crore in 1990-91 to Rs 601838 crore during 1999-00. The charged disbursements increased by 244 percent from Rs 131689 crore to Rs 453196 crore and voted disbursements increased by 172 percent from Rs 54681 crore to Rs 148642 crore. The charged disbursements of civil ministries during 1999-00 was mainly on account of interest payments (Rs 94593 crore, i.e. 21 percent higher than Rs 77882 crore for 1998-99), repayment of debt (Rs 305088 crore), transfers to State and Union Territory governments mainly on account of states share of basic and additional union excise duties, block grants and 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 52438 crore) and others (Rs 1077 crore); and, constituted 75 percent of the total disbursements.

#### **Limited Scope of Financial Control by the Parliament**

**10.10** Since charged disbursements are not subject to vote by the Parliament, the scope of financial control by the Parliament gets limited to only about 25 percent of the total disbursement in the civil ministries. However, viewed in the background of the total disbursements from the CFI (Rs 741455 crore), the percentage of charged disbursements was 61 percent (Rs 453244 crore). If the disbursements on salary and allowances, which is largely inflexible, is also added to it, less than 25 percent of the total disbursement of the Consolidated Fund of India is effectively subject to the vote of the Parliament.

#### **Original and Supplementary Grants under Civil Ministries**

**10.11** The original provision of Rs 642905 crore obtained for the year 1999-00 was 2.3 percent more than Rs 628741 crore obtained for 1998-99. The supplementary grants of Rs 26949 crore obtained subsequently during the year were 87 percent higher than the supplementary grants of Rs 14448 crore obtained during 1998-99. During 1999-00, although total disbursements of Rs 601838 crore was Rs 6329 crore lower than the total disbursements of Rs 608167 crore during 1998-99. The voted disbursements registered 7 percent increase whereas in charged disbursements there was decrease of

3 percent over the proceeding year. 67 percent of the charged disbursements pertains to repayment of debt and 21 percent to interest payments. Charged disbursements were 75 percent of the total disbursements under civil ministries. This included interest payments and repayment of debt, which accounted for 66 percent of the total disbursements under civil ministries.

### **Incurrence of expenditure without sanction**

**10.12** In accordance with the provisions of Rule 6 of General Financial Rules, 'subject to the provisions of Article 266(3), 267(1) and 283(1) of the Constitution, no authority may incur any expenditure or enter into any liability involving expenditure or transfer of moneys for investment or deposit from government account unless such expenditure or transfer, as the case may be, has been sanctioned by general or special order of the government or by any authority to which power has been duly delegated in this behalf'. Scrutiny of Annexure 'B' of the appropriation accounts for 1999-00 revealed that disbursements on four items aggregating Rs 65 lakh had been made by Ministry of Finance without sanction in contravention of the aforesaid rules. This amount is included in the disbursements figures of respective grants of Ministry of Finance. The CGA, while certifying the disbursements, has qualified this amount from the point of view of sanction. Details of such cases for the last five years are given in Appendix-XV.

### **Disbursements in the last quarter and last month of the Financial Year**

**10.13** As per Note 3 of Rule 69 of General Financial Rules, rush of disbursements particularly in the closing month of the financial year is to be regarded as a breach of financial regularity and should be avoided. Test checks revealed that, despite being pointed out by audit regularly in previous audit reports, disbursements ranging from 21 to 100 percent was made in the month of March 2000 in 87 major heads of 44 grants/appropriations. Disbursements made in the last quarter of the year ranged from 37 to 100 percent in 90 major heads of 44 grants/appropriations. A few instances are indicated in Appendix-XVI. The details in Appendix-XVI 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. It is necessary to consider the functional impact of this practice. It should also be ascertained whether this practice had any impact on achievement of the overall targets of development, which takes into account

the utilisation of these funds during the financial year for which these are voted or appropriated. 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 year for the purpose for which these were authorised.