

## Chapter 11

### APPROPRIATION ACCOUNTS 1999-00: AN ANALYSIS

#### Excess Disbursements Over Grants/Appropriations

**11.1** As per Article 114(3) of the Constitution, no money is to be withdrawn from the CFI except under appropriations made by law passed in accordance with the provisions of this Article. Further, the GFR 71 stipulates that no disbursements should be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund. Appendix-XVII presents the details of excess expenditure over the sanctioned provision under civil ministries for the last ten years, i.e. from 1990-91 onwards. It is clear that the government was unable to arrest the incurring of excess expenditure. During 1999-00 there was an excess disbursements of Rs 5650506 (i.e. Rs 0.57 crore) in two segments of two grants in civil ministries. Table 11.1 contains the summary of total excess over the authorisation from the CFI and Appendix-XVIII has the details.

**Table 11.1 Excess Disbursements Over Grants/Appropriations: 1999-00**

		<i>Rs in crore</i>		
		<b>Civil</b>	<b>Defence</b>	<b>Railways</b>
<i>Voted</i>	Revenue	-	-	57.74 (Rs 577380203)
	Capital	0.49 (Rs 492010)	-	-
<i>Charged</i>	Revenue	0.52 (Rs 5158496)	0.0069 (Rs 68658)	0.49 (Rs 4907000)
	Capital	-	-	-
Total Excess		0.57 (Rs 5650506)	0.0069 (Rs 68658)	58.23 (Rs 582287203)
No of Grants/ Appropriations		2	1	8
<b>Grand Total</b>				<b>588006367</b>

**11.2** The excess disbursements of Rs 0.57 crore in two segments of two grants pertaining to civil ministries, Rs 0.0069 crore under one appropriation of defence services and Rs 58.23 crore under three grants and five appropriations of railways as detailed in Appendix XVIII require regularization under Article 115 (1) (b) of the Constitution.

**11.3** The details of excess disbursements in post and telecommunications, defence and railways as also on other items relating to these grants are mentioned in the reports numbers 6, 7, 8 and 9 of 2001 respectively of the CAG.

#### **Deficient Control of the Pay and Accounts Offices**

**11.4** As per provisions of Annexure A to the note 3 under Rule 66 of the GFR, it is an important part of the function of the Accounts Offices to see that no payment is made in excess of the budget allotment under any sub-head or primary unit of appropriation. In cases where the existing provision is not sufficient to cover the payment, Pay and Accounts Office (PAO) can make payment only on receipt of an assurance in writing from the head of the department controlling the grant that necessary funds to accommodate the disbursements will be provided by issue of re-appropriation orders etc. Test check of head-wise appropriation accounts for the year 1999-00 revealed 22 cases of 15 grants and appropriations, detailed in Appendix-XIX, where the PAO of the ministries, made payments of Rs 171.74 crore in excess of the available provisions without necessary re-appropriations, indicating deficient financial management and ineffective expenditure control by the PAOs.

#### **Blockade of Funds – Rs 3.25 crore**

**11.5** As per provisions of Rule 69 of the GFR, departments of the Central government are required to surrender all the anticipated provisions that cannot be profitably utilized during a year to the Finance Ministry before the close of financial year. No saving should be held in reserve for possible future excesses. It is contrary to the interest of the government that money should be spent hastily or in an ill-considered manner merely because it is available or that the lapse of the grant could be avoided. Scrutiny of the head-wise appropriation accounts and connected documents pertaining to the grants of three departments under the control of the Ministry of Health and Family Welfare for the year 1999-00 revealed that refund of unspent balances under various schemes by the implementing agencies to the tune of Rs 18.17 crore has been shown as “deduct recoveries towards overpayments”. Out of this, amount of Rs 3.25 crore (Rs 36.63 lakh- Family Welfare, Rs 231.89 lakh- Health and Rs 56.02 lakh- ISM&H) was on account of demand drafts and

cheques drawn during 1997-1999 and cancelled during 1999-00 due to becoming time-barred.

**11.6** The Ministry stated, in October 2000, that amounts booked are not overpayments, but they pertain to refund of unspent balances and credits on account of cancelled, time-barred cheques/demand drafts.

**11.7** The Ministry's reply is not tenable because the demand drafts and cheques were drawn mostly on the last day of the financial year without assessing the actual requirement and with the intention to avoid surrender of saving and lapse of the funds during 1997-98 and 1998-99. As such the blocking of funds without requirement and later on crediting the same in the subsequent financial years as time-barred instrument was not in order.

### Unspent provisions

**11.8** Unspent provisions in a grant or appropriation indicate either poor fiscal marksmanship, or shortfall in performance, or both. As already mentioned in chapter 10, the overall unspent provision in the budget of government (other than post, telecommunications, railways and defence) totalled Rs 68017.08 crore. Out of this, unspent provision of Rs 59850.40 crore was due to less discharge of 91 and 14 days treasury bills consequent upon less issue of the treasury bills than what was estimated. The total unspent provision also included Rs 591.51 crore on account of less payment of interest on treasury bills for the same reason. Excluding these two, the effective unspent provision was Rs 7575.17 crore. Table 11.2 presents a summary of unspent provision under various grants/appropriations.

**Table 11.2: Summary of Grants and Appropriations 1999-00  
with unspent provision of over Rs 20 crore**

	Above Rs 100 crore			Below Rs 100 crore but above Rs 20 crore		
	Cases	Number of		Cases	Number of	
		Grants	Appropriations		Grants	Appropriations
Civil	32	26	2	37	32	-
P&T	2	1	-	1	1	-
Defence	5	5	-	-	-	-
Railways	5	4	-	7	7	-

**11.9** A detailed scrutiny of the Appropriation Accounts revealed that certain grants and appropriations such as related to Agriculture, Department of Fertilizers, Transfers to State and Union Territory governments, Ministry of Environment and Forests, Department of Rural Development, Repayment of Debt, Department of Education, Ministry of Social Justice and Empowerment, Department of Health, Department of Rural Employment and Poverty Alleviation, Currency, Coinage and Stamps, Roads, etc. have been registering unspent provision which are not only persistent but display an increasing trend which continued during the year 1999-00. Such large scale unspent provisions are indicative of the need on the part of these ministries to review their system of budgetary assumption or/and efficiency of their programme management. Necessary steps need to be taken to make the budgetary exercise more realistic not only to minimize large-scale variations between the estimates and actuals but also to gainfully utilize the scarce resources to meet the competing demands of various sectors of the economy.

**Unspent Provision of and over Rs. 100 crore**

**11.10** The Public Accounts Committee in para 1.24 of their 60th Report (Tenth Lok Sabha) presented in February 1994 commented on the sharp increase in the unspent provision as compared to the sanctioned provision. The Committee desired that Ministry of Finance should take the issue seriously with appropriate measures to overcome the unfortunate situation of large unspent provision, and also desired that detailed explanatory note in respect of unspent provision from a grant or appropriation of Rs 100 crore and above during each year be furnished to the Committee. As against 25 cases during 1998-99, there were 32 cases during 1999-00 where unspent provision of Rs 100 crore and above occurred. Table 11.3 gives a summary of these cases and Table 11.4 gives the main contributory reasons and schemes affected by unspent provision under these grants.

**Table 11.3: Summary of Unspent Provision  
Exceeding Rs 100 crore under a Grant/Appropriation**

*Rs in crore*

S. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
<b>Revenue-Voted</b>			
1.	1- Agriculture (Ministry of Agriculture)	320.09	5
2.	5-Department of Chemicals and Petro-Chemicals (Ministry of Chemicals and Fertilizers)	110.64	37
3.	6-Department of Fertilizers(Ministry of Chemicals and Fertilizers)	399.97	4
4.	10- Department of Sugar and Edible Oils (Ministry of Food and Consumer Affairs)	145.26	21
5.	12-Department of Commerce (Ministry of Commerce)	173.41	16
6.	16-Ministry of Defence	131.49	4
7.	23-Ministry of Environment and Forests	149.82	19
8.	39-Department of Health (Ministry of Health and Family Welfare)	162.30	8
9.	45-Other Expenditure of the Ministry of Home Affairs	137.35	20
10.	47-Department of Education (Ministry of Human Resource Development)	596.84	8
11.	54-Department of Small Scale Industries and Agro & Rural Industries (Ministry of Industry)	122.05	17
12.	68-Department of Programme Implementation (Ministry of Planning and Programme Implementation)	190.49	12
13.	70-Department of Rural Development (Ministry of Rural Areas and Employment)	125.41	5
14.	71-Department of Rural Employment & Poverty Alleviation (Ministry of Rural Areas and Employment)	325.81	5
15.	77-Department of Mines (Ministry of Steel and Mines)	178.04	38
16.	79- Roads (Ministry of Surface Transport)	250.90	9
17.	88-Ministry of Social Justice and Empowerment	134.30	12

**The CAG's Report on  
Union Government Accounts 1999-2000**

S. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
<b>Revenue-Charged</b>			
18.	28- Interest Payments (Ministry of Finance)	1810.76	2
19.	29-Transfers to State and Union Territory Governments (Ministry of Finance)	707.37	2
<b>Capital-Voted</b>			
20.	26-Currency, Coinage and Stamps (Ministry of Finance)	239.61	42
21.	27-Payments to Financial Institutions (Ministry of Finance)	1358.54	20
22.	36-Direct Taxes (Ministry of Finance)	118.44	72
23.	39-Department of Health (Ministry of Health and Family Welfare)	153.99	36
24.	54-Department of Small Scale Industries and Agro & Rural Industries (Ministry of Industry)	238.69	87
25.	69-Ministry of Power	178.50	6
26.	79-Roads (Ministry of Surface Transport)	389.39	10
27.	80-Ports, Lighthouses & Shipping (Ministry of Surface Transport)	163.21	27
28.	83-Urban Development (Ministry of Urban Affairs and Employment)	103.95	20
29.	89-Atomic Energy (Department of Atomic Energy)	117.74	14
30.	93-Department of Space	151.21	39
<b>Capital-Charged</b>			
31.	29-Transfers to State and Union Territory Governments (Ministry of Finance)	439.18	2
32.	31-Repayment of Debt (Ministry of Finance)	55805.16	15

**Table 11.4: Details of Schemes Effected due to unspent provision exceeding Rs 100 crore under a Grant/Appropriation**

*Rs in crore*

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
<b>Revenue-Voted</b>			
1.	1- Agriculture (Ministry of Agriculture)	320.09	5
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Integrated Development of Onion and Potato (Rs 6.00 crore)	Non-approval/ dropping of the schemes.	
ii.	Marketing and Quality Control (Rs 10.00 crore)	Replacement/amalgamation of the schemes.	
iii.	Modernization of agriculture through mechanisation (Rs 5.00 crore)	Less demand from implementing agencies.	
iv.	Promoting use of Informatics in agriculture (Rs 16.01 crore)	Economy in administrative expenditure.	
v.	Technology Mission for North Eastern States (Rs 5.00 crore)	Availability of unspent balances with State/Union Territory governments.	
vi.	On Farm Water Management for increasing of production in Eastern India (Rs 39.97 crore)		
vii.	Establishment and maintenance of Seed Bank (Rs 11.31 crore)		
viii.	Training of women in agriculture (Rs 4.00 crore)		
ix.	National Agriculture Technical Project (Rs 6.64 crore)		
x.	National Watershed Development Programme for Rainfed Agriculture (Rs 32.19 crore)		
xi.	Intensive Cotton Development Programme (Rs 34.77 crore)		
xii.	Sustainable Development of Sugarcane based cropping (Rs 9.74 crore)		
xiii.	Development of Pulses (Rs 5.75 crore)		
xiv.	Oil Seeds Production Programme (Rs 9.10 crore)		
xv.	Integrated cereal Development Programme (Rs 40.13 crore)		

**The CAG's Report on  
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
2.	5-Department of Chemicals and Petro-Chemicals (Ministry of Chemicals and Fertilizers)	110.64	37
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Subsidy to Assam Gas Cracker Complex (Rs 26.00 crore)	Non-release of subsidy to State government for Assam Gas Cracker Complex owing to lack of demand, non-finalisation of gas supply agreement and land related issue and also due to contribution to non-lapseable pool for North East Region.	
ii.	Bhopal Gas Leak Disaster (Processing of claims) Act 1985 (Rs 79.68 crore)	Less than anticipated receipt of compensation claims from victims of Bhopal Gas Leak Disaster.  Economy measures.	
3.	6-Department of Fertilizers (Ministry of Chemicals and Fertilizers)	399.97	4
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Import of Fertilizer-subsidies (Rs 1076.99 crore)	Curtailment of Import of Urea.	
ii.	Fertilizers subsidy (Rs 29.73 crore)	Less receipt of claims towards expenditure on interest and customs duty from the newly Commissioned Fertilizers Manufacturing Industries.	
4.	10- Department of Sugar and Edible Oils (Ministry of Food and Consumer Affairs)	145.26	21
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Sugar subsidy payable to FCI and others on account of levy sugar- import of sugar etc. (Rs 125.00 crore)	Less release of food subsidy to the Food Corporation of India and others owing to raising of all India average ex-factory levy sugar price.	
ii.	Subsidy for maintenance of buffer stocks of sugar (Rs 16.90 crore)	Less than anticipated receipt of claims for release of subsidy owing to procedural constraints.	



**Appropriation Accounts 1999-00: An Analysis**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
5.	12-Department of Commerce (Ministry of Commerce)	173.41	16
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Payment to ECGC to meet liabilities in respect of interest payable on Bonds(Rs 14.10 crore)	Clearance of all liabilities for Iraqi Bonds.	
ii.	Export Subsidy- Product Promotion and Commodity Development (Rs 107.18 crore)	Non-receipt of claims from exporters in time.	
iii.	Agricultural Products Export Development Authority (Rs 12.43 crore)	Non-approval of certain plan schemes.	
iv.	India Trade Promotion Organisation (Rs 4.85 crore)	Economy in expenditure and reduction of plan outlay by Ministry of Finance.	
v.	Tea,Coffee and Rubber Boards (Rs 17.69 crore)		
6.	16-Ministry of Defence	131.49	4
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Defence Account Department (Rs 11.80 crore)	Non-receipt of Dossiers from Staff Selection Commission for filling up of vacant posts, implementation of economy/ austerity instructions of Ministry of Finance.	
ii.	Canteen Stores Department- Directorate of Canteen Services (Rs 121.62 crore)	Non-achievement of sale targets of the Canteen Stores Department items following frequent and large scale movement of troops to join Kargil operation.	
7.	23-Ministry of Environment and Forests	149.82	19
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Taj Protection Mission (Rs 38.00 crore)	Delay in engagement of consultants and selection of trainers and recalling of tenders for the purchase of equipments on account of change in specification.	
ii.	Indian Council of Forestry Research and Education (Rs 13.00 crore)		
iii.	Wild Life Preservation (Rs 15.01 crore)	Cut imposed at revised estimate stage by the Ministry of Finance.	
iv.	Ganga Action Plan Phase-II (Rs 29.61 crore)		
v.	India Environment Management Capacity Building Technical Assistance Project (Rs 14.11 crore)	Less utilization of research grant by Universities and NGOs.	
vi.	Prevention of Air and Water Pollution-	Non-sanction of posts/vehicles by Ministry of Finance and non-arranging	

**The CAG's Report on  
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
	National Review Action Plan (Rs 7.95 crore)	of workshops.	
vii.	Eco-Development around important protected areas (Rs 7.73 crore)	Non-finalisation of terms and conditions of consultants.	
viii.	Fuel wood and Fodder Projects (Rs 4.62 crore)	Non/late/less-receipt of proposals/projects from the State governments.	
8.	39-Department of Health (Ministry of Health and Family Welfare)	162.30	8
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Urban Health Services- Allopathy- Hospitals and Dispensaries (Rs 11.33 crore)	Non-setting up of Accident and Trauma Centre and carry forward of unspent grant of previous year.	
ii.	Medical Education, Training and Research- Allopathy-Education (Rs 21.27 crore)	Late receipt of proposals for publicity under urban area of State of Gujarat and Navi Mumbai and non-finalisation of agency for execution of civil works.	
iii.	Prevention and Control of Diseases (Rs 108.55 crore)	Non setting up of State Illness Funds by State governments and Union Territory of Pondicherry and less release of funds on account of less contributions by States.	
iv.	Assistance towards expenditure on Hospitalisation of the poor (Rs 22.85 crore)	Non-supply of chloroquine tablets by M/S Goa Antibiotics and cancellation of tender for procurement of pricking needles (Lancet).	
v.	Setting up of National Illness Assistance Fund (Rs 4.50 crore)	Less purchase/delay in procurement of machinery and equipments, materials and goods.	
vi.	Cancer Research and Treatment Programme (Rs 5.00 crore)	Economy cut imposed by the Ministry of Finance.	
vii.	Training- other schemes (Rs 9.11 crore)		
viii.	Public Health Laboratories – Other Schemes (Rs 8.04 crore)		
9.	45-Other Expenditure of the Ministry of Home Affairs	137.35	20
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Payment to the former Chogyal (Rs 10.00 crore)	Non-sanction of funds/non-finalisation of some schemes and delay in clearance of projects.	
ii.	National Identity Card Scheme (Rs 5.00 crore)	Non-settlement of claims submitted by the Ex-Chogyal of Sikkim.	
iii.	Other Rehabilitation Schemes – Assam (Rs 5.76 crore)	Non-feasibility of implementation of the scheme of 'National Identity Card	

**Appropriation Accounts 1999-00: An Analysis**

<b>Sl. No.</b>	<b>Grant No. and Controlling Ministry</b>	<b>Amount of unspent provision</b>	<b>Percentage to the total provision</b>
iv.	Debt Relief Scheme for the Borrowers in the State of Jammu and Kashmir (Rs 50.01 crore)	Scheme'. Reduction in number of borrowers and delay in clearance of the Project under debt relief scheme.	
v.	Repatriates from Sri Lanka – Relief Grants (Rs 5.00 crore)	Delay in submission of action plan by government of Assam for shifting fifteen thousand refugee families to their erstwhile villages.	
vi.	Schemes of North Eastern Council (Rs 45.02 crore)	Non-sanction of schemes by the concerned State governments of Meghalaya and Tripura.	
vii.	Other Miscellaneous items (Rs 18.99 crore)	Reduction of grant at revised estimates stage by Ministry of Finance	
10.	47-Department of Education (Ministry of Human Resource Development)	596.84	8
	<b>Schemes / Projects / Activities most affected by unspent provision</b>	<b>Contributory reasons stated by the Ministry/Department</b>	
i.	National Programme of Media Publicity and Advocacy of UEE (Rs 10.00 crore)	Non-approval/non-operation of some of the schemes/proposals.	
ii.	National Elementary Education Mission (NEEM) (Rs 10.00 crore)	Carry forward of unspent balances available with State/Union Territory governments/nodal/ implementing agencies.	
iii.	Free Education for Girls (Rs.160.00 crore)	Late/non-revision of the norms of the schemes of 'non-formal education'.	
iv.	Direct Central Assistance to Central Institutions and Regional and State Engineering Colleges (Rs 10.00 crore)	Non-receipt of approval from the Cabinet Committee on Economic Affairs.	
v.	Strengthening of Teachers Training Institutions (Rs 20.00 crore)	Receipt of less proposals for release of funds from implementing agencies/State/Union Territory governments.	
vi.	Lok Jumbish Rajasthan Project (Rs 30.25 crore)	Delay in construction of new building of National Open School at NOIDA.	
vii.	District Primary Education Programme (Rs 77.14 crore)	Late approval of norms for enhancement of assistance to voluntary organizations.	
viii.	Non-formal Education Programme (Rs 195.20 crore)	Non-filling up of vacant posts.	
ix.	National Open School (Rs 7.00 crore)	Ten per cent mandatory cut imposed by Ministry of Finance.	
x.	Setting up of Model Schools (Navodaya Vidyalayas) (Rs 43.37 crore)		
xi.	Adult Education (Rs 35.86 crore)		
xii.	All India Council for Technical Education (Rs 21.23 crore)		
xiii.	Community Polytechnics (Rs 30.02 crore)		

**The CAG's Report on  
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
	xiv. Improvement in the pay scale of University and college teachers (Rs 541.07 crore)		
	xv. Revision of Pay scales of Teachers of Technical Institutions (Rs 69.61 crore)		
	xvi. Operation Black Board (Rs 85.41 crore)		
11.	54-Department of Small Scale Industries and Agro & Rural Industries (Ministry of Industry)	122.05	17
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Opening of Tool Rooms (Rs 9.74 crore)	Receipt of less proposals from State/Union Territory governments/ implementing agencies/small Industries Development Board of India.	
ii.	Infrastructural Development for SSIs in Rural Areas (Rs 10.00 crore)	Deferment of the scheme of opening of Tool Room to next year.	
iii.	Rural Employment Generation Programme- Implementation of Recommendation of HPC(Rs 128.97 crore)	Slow implementation of programme and availability of unspent balances with State Khadi and Village Industries Boards.	
		Reduction in provision for utilization under non- lapseable pool for North Eastern Region.	
		Slow pace of expenditure.	
		Delay in approval of CAD/CAM centre Chennai.	
12.	68-Department of Programme Implementation (Ministry of Planning and Programme Implementation)	190.49	12
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	MP Local Area Development Scheme- Assistance to District Rural Development Agencies/Local Bodies (Rs 189.76 crore)	Non-receipt of expenditure statement from the nodal offices	
13.	70-Department of Rural Development (Ministry of Rural Areas and Employment)	125.41	5
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Rural Water Supply Programme (Rs 80.17 crore)	Carry forward of unspent balances with State governments/implementing	

**Appropriation Accounts 1999-00: An Analysis**

<b>Sl. No.</b>	<b>Grant No. and Controlling Ministry</b>	<b>Amount of unspent provision</b>	<b>Percentage to the total provision</b>
ii.	Sewerage and Sanitation – Sanitation Services (Rs 16.70 crore)	agencies. Cut imposed at revised estimates stage.	
iii.	National Old Age Pension Scheme- Assistance to implementing agencies (Rs.29.06 crore)		
14.	71-Department of Rural Employment & Poverty Alleviation (Ministry of Rural Areas and Employment)	325.81	5
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Training of Rural Youth for Self-Employment (Rs 69.90 crore)	Availability of huge balances with the State governments/implementing agencies.	
ii.	Rural Artisans (Rs 70.00 crore)	Merger of some schemes with the new scheme of Swaranjayanti Gram Swarozgar Yojana.	
iii.	Development of Women and Children in Rural Areas (Rs 116.00 crore)	Receipt of less proposals from the States/implementing agencies.	
iv.	Million Wells Scheme (Rs 100.00 crore)	Cut imposed by Ministry of Finance.	
v.	Indira Awaas Yojana (Rs 100.06 crore)		
vi.	Jawahar Rojgar Yojana (Rs 24.20 crore)		
15.	77-Department of Mines (Ministry of Steel and Mines)	178.04	38
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Subsidy to Hindustan Copper Ltd. (Rs 167.43 crore)	Non-materialisation of purchases indents placed with Directorate General of Supplies and Disposals.	
ii.	Miscellaneous Major Expenditure on Different Operation (Rs 18.41 crore)	Non-requirement of funds due to book adjustment only for waiver of interest to Hindustan Copper Ltd. Mandatory cut imposed by Ministry of Finance.	
16.	79- Roads (Ministry of Surface Transport)	250.90	9
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	National Highways – Road Works – Maintenance by Roads Wing (Rs 258.90 crore)	Non-finalisation of prescribed requirement/tenders and adjustment of less claims.	
ii.	Strategic and Border Roads – Other Expenditure – Bhutan Compensatory allowance (Rs 10.43 crore)	Less posting of personnel in Bhutan. Less demand for ongoing works, non-clearance of Highway Management Scheme.	
iii.	Highway Research (Rs 9.28 crore)		

**The CAG's Report on  
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
iv.	Air Lift Charges (Rs 6.29 crore)	Less than anticipated utilisation for World Bank Training.	
17.	88-Ministry of Social Justice and Empowerment	134.30	12
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Kasturba Gandhi Swatantrata Vidyalaya (Rs 50.00 crore)	Non/less receipt of proposals from State governments/voluntary organizations.	
ii.	Special Education Development Programme for girls belonging to SCs of very low literacy level (Rs 4.30 crore)	Non/late approval of proposals/schemes. Reduction in the allocation of funds.	
iii.	Assistance to voluntary organizations for Scheduled Castes (Rs 4.39 crore)		
iv.	Assistance to voluntary organizations for Scheduled Tribes (Rs 14.78 crore)		
v.	Education complex in low literacy pockets for development of women literacy in tribal areas (Rs 6.97 crore)		
vi.	Assistance to voluntary organizations for programmes relating to Aged (Rs 4.19 crore)		
vii.	Other schemes (Rs 32.33 crore)		
<b>Revenue-Charged</b>			
18.	28- Interest Payments (Ministry of Finance)	1810.76	2
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Interest on Investment in special Government of India securities issued against net collections of small savings from 1999-00 (Rs 560.00 crore)	Less than anticipated issue of Treasury Bills. Change in the market borrowing programme.	
ii.	Interest on Market Loans (Rs 1591.61 crore)	Decline in interest rate on Ways and Means Advances.	
iii.	Discount on Treasury Bills- 91 days Treasury Bills (Rs 423.14 crore)	Exchange rate variation.	
iv.	14-days Treasury Bills (Rs 168.37 crore)	Less interest payment on account of more withdrawal of fund by the LIC/GIC.	
v.	Interest on Ways and Means Advances (Rs 220.88 crore)	Less issue of securities than planned on account of improvement in financial position of UTI.	
vi.	Compensation and other Bonds (Rs 137.41 crore)		
vii.	Interest on External Debt.		
viii.	Interest on Special Deposits and Accounts	Less payment of interest owing to less	

**Appropriation Accounts 1999-00: An Analysis**

<b>Sl. No.</b>	<b>Grant No. and Controlling Ministry</b>	<b>Amount of unspent provision</b>	<b>Percentage to the total provision</b>
ix.	Interest on Reserve Funds		appropriation to and more withdrawals from the funds than anticipated.
x.	Interest on special bonds to oil companies against OCC liabilities (Rs 299.79 crore)		Premature redemption of bonds.
19.	29-Transfers to State and Union Territory governments (Ministry of Finance)	707.37	2
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Grants for upgradation of services and special problem (Rs 802.68 crore)		Less release of grants to State governments owing to non-receipt of utilization/completion certificate.
ii.	Contribution to Calamity Relief Fund (Rs 26.58 crore)		Non-release of 4 <sup>th</sup> instalment of Calamity Relief Fund to Bihar, Maharashtra and Manipur, as these governments did not constitute Calamity Relief Fund until 31.3.2000.
iii.	Grants for Local Bodies (Rs 622.24 crore)		
iv.	States share of Additional Excise Duties in lieu of Sales Tax (Rs 675.38 crore)		Shortfall in collection of Additional Excise Duties in lieu of Sales Tax.
<b>Capital-Voted</b>			
20.	26-Currency, Coinage and Stamps (Ministry of Finance)	239.61	42
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Purchase of metal and import of coins from abroad (Rs 186.74 crore)		Non-receipt of metals owing to delay in finalisation of agreement and non-receipt of inward claims for balance two percent payment of stainless steel blank coins.
ii.	Buildings, Plant and Machinery of Security Paper Mills, Mint and India Security Press Nasik (Rs 54.20 crore)		Less receipt of uncurrent and confiscated coins. Delay in inspection and shipment of coins following revision of policy of inspection. Delay in financial and administrative approval for construction of building. Non-procurement of machinery owing to non-finalisation of tenders for six colour offset machines.

**The CAG's Report on  
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
21.	27-Payments to Financial Institutions (Ministry of Finance)	1358.54	20
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Subscription to the share capital of Export-Import Bank of India (Rs 50.00 crore)	Reduction of provision at revised estimates stage as per decision to restrict the release of share capital.	
ii.	Payment to Unit Trust of India (Rs 1510.00 crore)	Less requirement towards payment to Unit Trust of India owing to fall in book value of securities transferred from US-64 to SUS-99.	
iii.	Loans to National Bank for Agricultural and Rural Development and Industrial Credit and Investment Corporation of India (Rs 39.30 crore)	Receipt of less than anticipated claims for reimbursement from Banks/Corporations owing to less disbursement of funds by foreign agencies.	
22.	36-Direct Taxes (Ministry of Finance)	118.44	72
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Acquisition of Ready-built Accommodation (Rs 65.21 crore)	Non-finalisation of proposals for purchase of various suitable office/residential accommodation.	
ii.	Acquisition of immovable property under Chapter XXC of Income Tax Act, 1961 (Rs 28.96 crore)	Less acquisition of immovable properties.	
iii.	Residential Buildings for Income Tax Employees (Rs 24.27 crore)		
23.	39-Department of Health (Ministry of Health and Family Welfare)	153.99	36
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Purchase of Materials in India and Abroad (Rs 86.45 crore)	Non-procurement of propriety items owing to non-finalisation of vocabulary of Medical Stores	
ii.	Bulk purchase of material and equipment for National AIDS Control Programme (Rs.23.16 crore)	Non-receipt of indents from North-Eastern region by Government Medical Store Depot, Guwahati	
iii.	Bulk purchase of material and equipment for prevention of Visual Impairment and Control of Blindness and Trachoma Control Programme (Rs 11.99 crore)	Non-procurement of equipments on account of delayed finalisation of bids etc.	
iv.	National Malaria Eradication Programme	Delay in completion of procurement	



**Appropriation Accounts 1999-00: An Analysis**

<b>Sl. No.</b>	<b>Grant No. and Controlling Ministry</b>	<b>Amount of unspent provision</b>	<b>Percentage to the total provision</b>
	(Rs 30.61 crore)	procedures on account of clearance of issues relating to tender evaluation from World Bank Non-receipt of delivery of goods and economy cuts.	
24.	54-Department of Small Scale Industries and Agro & Rural Industries (Ministry of Industry)	238.69	87
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Khadi and Village Industries (Rs 238.66 crore)	Post budget decision for reduction of provision relating to renewal of past loans of Khadi Industries.	
25.	69-Ministry of Power	178.50	6
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Investment in/Loans to Rural Electrification Corporation Ltd. (Rs 59.17 crore)	Post budget decision not to release equity but to allow the Rural Electrification Corporation to raise resources from the market.	
ii.	Investment in/Loans to Nathpa Jhakri Power Corporation (Rs 93.00 crore)		
iii.	Sardar Sarovar Scheme (Rs 37.27 crore)	Slow progress of work in major civil contracts on account of disruptions.	
iv.	Loans to Tehri Hydro Development Corporation (Rs 18.00 crore)	Non-receipt of proposals from State Government of Madhya Pradesh for proportionate release of Government of India's share in resource gap.	
v.	Loans to Power Grid Corporation of India (Rs 74.52 crore)	Delay in receipt of matching contribution from State Government of Uttar Pradesh.	
		Receipt of less than anticipated claims from State Electricity Board.	
		Non-procurement/delay in supply of equipments.	
26.	79-Roads (Ministry of Surface Transport)	389.39	10
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	National Highways – Road works- Works under Road Wing (Rs 391.34 crore)	Less sanction of schemes	
ii.	Work Financed from National Highways Permanent Bridges Fees Fund (Rs 17.18 crore)	Non-payment of certain claims for want of documents	

**The CAG's Report on  
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
27.	80-Ports, Lighthouses & Shipping (Ministry of Surface Transport)	163.21	27
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Survey Vessels (Rs 7.82 crore)	Reduction in quantum of work.	
ii.	Loans to Port Trust (Rs 136.44 crore)	Non-mobilisation of Dredger.	
iii.	Hooghly Dock and Ports Engineers Ltd. (Rs 6.30 crore)	Deferment of some payments. Delay in production of Hydrographic Vessel.	
iv.	Hindustan Shipyard Ltd. (Rs 5.00 crore)	Reduction of provision at revised estimates stage.	
v.	Cochin Shipyard Ltd. (Rs 5.00 crore)		
28.	83-Urban Development (Ministry of Urban Affairs and Employment)	103.95	20
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Government residential Buildings (Rs 56.09 crore)	Non-receipt of administrative approval and expenditure sanction for purchase of land/construction of residential accommodation.	
ii.	Investment in/Loans to Local Bodies/Corporations/Public Sector and other undertaking (Rs 49.00 crore)	Budgetary cut imposed by Ministry of Finance at revised estimates stage. Non-commencement of construction works.	
29.	89-Atomic Energy (Department of Atomic Energy)	117.74	14
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Investment in Indian Rare Earth Limited and Uranium Corporation of India Limited (Rs 18.00 crore)	Non/delay in receipt of equipment, consumables, materials and other supplies.	
ii.	Heavy Water Production (Rs 98.50 crore)	Slow progress of works/projects.	
iii.	Nuclear Fuel Complex (Rs 10.28 crore)	Downward revision of energy tariff.	
iv.	Fuel Reprocessing (Rs 57.63 crore)	Reassessment of requirement and reduction in the cost of finished products.	
v.	Board of Radiation and Isotope Technology (Rs 9.06 crore)		
vi.	Bhabha Atomic Research Centre (Rs 5.31 crore)	Rescheduling of procurement of equipment	

**Appropriation Accounts 1999-00: An Analysis**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
vii.	Indira Gandhi Centre for Atomic Research (Rs 8.60 crore)	equipment.	
viii.	Other Research Facilities (Rs 4.64 crore)		
30.	93-Department of Space	151.21	39
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Space Technology (Rs 121.83 crore)	Spill over of payment to next financial year.	
ii.	Spacecrafts-INSAT-3 satellites (Rs 40.34 crore)	Non-finalisation/sanction of projects.	
iii.	Space Application (Rs 18.03 crore)	Slippage in delivery schedule of equipments.	
iv.	Housing (Rs 8.94 crore)	Delay in placement of order for major sub-systems following unforeseen problems in finalisation of the design.	
		Phasing out of payment for Compact Antenna Test Range.	
		Non/Delay in procurement of equipment.	
		Non-commissioning of equipment.	
		Non-finalisation of contract.	
		Deferment of construction of quarters.	
31.	29-Transfers to State and Union Territory governments (Ministry of Finance)	439.18	2
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	Block Loans (Rs 890.31 crore)	Non-receipt of claim from Government of Gujarat for Sardar Sarovar Project.	
ii.	Extended Ways and Means Advances (Rs 430.00 crore)	Cut in central assistance on account of short fall in achievement of plan.	
		Less release of extended ways and means advances.	
		Diversion of funds to meet allocation recommended by the Planning Commission to the Government of Uttar Pradesh for Utranchal under Additional Central Assistance for Hill Area.	
		Less release of assistance for Accelerated Irrigation Benefit Programme on the basis of matching contribution on the recommendation of	

**The CAG's Report on  
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
Ministry of Water Resources.			
32.	31-Repayment of Debt (Ministry of Finance)	55805.16	15
<b>Schemes / Projects / Activities most affected by unspent provision</b>		<b>Contributory reasons stated by the Ministry/Department</b>	
i.	91 days Treasury Bills (Rs 21364.90 crore)	Non-preference of claims by the holders of Government Securities.	
ii.	14 days Treasury Bills (Rs 38485.50 crore)	Less than anticipated discharge of Treasury Bills.	
iii.	9% Relief Bonds, 1987 (Rs 156.76 crore)	Less issue of intermediate Treasury Bills than anticipated.	
iv.	9% Relief Bonds, 1993 (Rs 38.07 crore)	Revision of encashment schedule by Agricultural Development Fund.	
v.	Market Loans (Rs 21.90 crore)	Less than anticipated encashment of bonds by the holders.	
vi.	External Debt	Exchange rate variation.	

**11.11** The unspent provision of Rs 100 crore or more in each grant/appropriation in 32 cases of 26 grants and two appropriations aggregated to Rs 6867.44 crore and Rs 58762.47 crore respectively. Large unspent provision occurred in developmental areas like health, education, welfare, rural development, rural employment and poverty alleviation, urban development, roads, etc. The contributory reasons attributed for the unspent provision by the ministries/departments reveal that some of the schemes in these areas as planned during the year, failed to take off.

**Unspent Provision between Rs 20 crore and Rs 100 crore**

**11.12** Apart from the above 32 cases, in another 37 sections of 32 grants where unspent provision in each case was less than Rs 100 crore but in excess of Rs 20 crore aggregated to Rs 1748.21 crore. Appendix-XX has the details.

**Surrender of Unspent Provision**

**11.13** 'Surrender' is a budgetary device by which the portion of grant or appropriation not utilised by the spending department gets communicated to the Ministry of Finance and accepted by the latter, which can be reallocated to

any other sector. According to the provisions of the 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 1999-00 under 215 segments of 96 grants/appropriations there was unspent provision of Rs 68017.65 crore out of which Rs.0.57 crore were offset by excess under two segments of two grants resulting in net unspent provision of Rs 68017.08 crore. Out of the gross unspent provision of 68017.65 crore the amounts surrendered have been shown in Table 11.5.

**Table 11.5: Details of Unspent Provision and Surrender thereof**

<i>Rs in crore</i>				
	Gross unspent provision	Amount surrendered	Amount surrendered on last date	Amount not surrendered
Revenue				
Voted	5076.21	3579.60	2597.78	1496.61
Charged	2560.64	666.09	658.03	1894.55
Total Revenue	7636.85	4245.69	3255.81	3391.16
Capital				
Voted	4062.55	3673.51	2610.99	389.04
Charged	56318.25	56133.58	56111.17	184.67
Total capital	60380.80	59807.09	58722.16	573.71
<b>Grand total</b>	<b>68017.65</b>	<b>64052.79</b>	<b>61977.97</b>	<b>3964.87</b>

**11.14** Unspent provision of Rs 59850.40 crore was due to lesser discharge and cancellation of 91 and 14 days treasury bills. Out of this, Rs 55287.57 crore were surrendered and the balance unspent provision was re-appropriated within the appropriation. The major amounts (more than rupees forty crore) not surrendered under the grants pertaining to the Ministries of Fertilizers (Rs 401.11 crore), Environment and Forests (Rs.49.19 crore), External Affairs (Rs.77.52 crore), Finance (Interest Payments) (Rs.1810.76 crore), Health (Rs 77.04 crore), Information & Broadcasting (Broadcasting Services) (Rs. 90.36 crore), Programme Implementation (Rs.189.76 crore), Mines (Rs.169.72 crore) and Surface Transport (Roads) (Rs.321.69 crore).

**11.15** On the other hand, under the grants pertaining to Ministries of Agriculture, Defence, Finance (Currency, Coinage and Stamps), Home (Police and Other Expenditure), Human Resource Development (Culture), Law

Justice & Company Affairs (Supreme Court of India), Personnel, Public Grievances and Pension, and Surface Transport (Ports, Lighthouses and Shipping), the amount surrendered exceeded the amount of unspent provision under the segments of the grants. Appendix-XXI gives the details.

**11.16** The above instances suggest that there is much scope for improvement in regard to surrender of unspent provisions by the ministries.

### Re-appropriation of Funds

**11.17** A grant or appropriation for disbursements 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 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.

### Heavy Re-appropriation of Funds

**11.18** Test check of appropriation accounts with reference to re-appropriation orders for 1999-00 revealed that out of the total sanctioned provision of Rs 669855 crore, an amount of Rs 17175 crore was re-appropriated between the different primary units of appropriation defeating the original purpose/activity as authorised by Parliament. Details of such re-appropriation are given in Table 11.6.

**Table 11.6: Details of Re-appropriation of Funds**

	<i>Rs in crore</i>				Total
	Revenue		Capital		
	Voted	Charged	Voted	Charged	
Sanctioned provision	131418	129523	26362	382552	669855
Amount re-appropriated	6471	3836	1517	5351	17175

**11.19** In the developmental and welfare areas such as Agricultural Research and Education (Rs 101 crore), Animal Husbandry and Dairying (Rs 93 crore), Fertilizers (Rs 745 crore), Coal (Rs 135 crore), Payment to Financial Institutions (Rs 312 crore), Pension (Rs 116 crore), Health (Rs 147 crore); Family Welfare (Rs 390 crore); Transfers to State and Union Territory

governments (Rs 3585 crore), Interest Payment (Rs 2317 crore), Repayment of Debt (Rs 4463 crore), Education (Rs 990 crore); Indirect Taxes (Rs 158 crore); Broadcasting Services (Rs 149 crore), Heavy Industry (Rs 401 crore); Power (Rs 230 crore); Rural Employment and Poverty Alleviation (Rs 543 crore), Scientific and Industrial Research (Rs 139 crore), Roads (Rs 149 crore), Textiles (Rs 110 crore), Atomic Energy (Rs 142 crore); Nuclear Power Schemes (Rs 137 crore), Space (Rs 157 crore), heavy re-appropriation of funds were mainly from welfare activities to the establishment related activities, payment of grants-in-aid and other non-developmental/welfare activities because sufficient fund under these activities could not be got authorised at budget stage. Such re-appropriation of funds conflicted with the original purpose for which the funds were authorised by Parliament.

### **Injudicious Re-appropriation to Sub-heads**

**11.20** Test check of the accounts revealed that in 17 cases of 12 grants/appropriations as per the details in Appendix-XXII, re-appropriations aggregating Rs 17.64 crore were injudicious, as the original provision under the sub-heads to which funds were transferred by re-appropriation was more than adequate. Consequently the final saving under the sub-heads were more than the amount re-appropriated to these sub-heads. The position of similar injudicious re-appropriations in respect of grants of railways, posts and telecommunications and defence services have been included in the respective audit reports.

### **Irregular Re-appropriation**

**11.21** As per the extant instructions of Ministry of Finance issued at the instance of the Public Accounts Committee (Eighth Lok Sabha) vide its recommendation in 147<sup>th</sup> Report, any re-appropriation order issued during the year which has the effect of increasing budget provision by more than 25 per cent or Rs 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.

**11.22** Test check of appropriation accounts for 1999-00 revealed that there were 319 sub-heads/cases of 67 grants/appropriations to which re-appropriation in excess of Rupees one crore was made. Out of these in 162 sub-heads/cases involving 56 grants/appropriations, the re-appropriation exceeded 25 percent of the budget provision; and, were required to be reported to Parliament through the last batch of supplementary demands for grants. Only in 32 cases, such re-appropriation were reported to Parliament and in respect of remaining 130 cases the exception was made the rule undermining the Parliamentary financial control by different ministries/departments. In these cases despite prior knowledge, the approval of Secretary (Expenditure) was obtained at very end of the financial year instead of reporting the re-appropriation to Parliament. In most of these cases the ministries/departments did not explain as to why they were not in a position to report the re-appropriations to the Parliament.

**Re-appropriation without Prior Approval of Secretary (Expenditure)**

**11.23** In the context of the efforts to keep the fiscal deficit under control, Ministry of Finance had prescribed that 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 was within 25 per cent of the provision covered under the limit governing re-appropriation mentioned in the preceding paragraph.

**11.24** Sample check of appropriation accounts for 1999-00 revealed that there were 157 sub-heads under which re-appropriation in excess of rupees one crore but not exceeding 25 percent of the budget provision was made and as such prior approval of Secretary (Expenditure) was required to be obtained, however scrutiny of grant no 41-Department of Family Welfare revealed that the Department re-appropriated Rs 32.50 crore to the sub-head 'Reproductive and Child Health Project under major head 3601-Grants-in-aid to State governments' but the prior approval of Secretary (Expenditure) was not obtained. However on being pointed out by audit ex-post-facto approval of Secretary (Expenditure) was obtained on 12 September 2000.

**11.25** Scrutiny of grant no 100-Chandigarh also revealed that against the sanctioned provision of Rs 9.09 crore (original Rs 8.33 crore and



supplementary Rs 0.76 crore), the administration re-appropriated Rs 1.02 crore to the sub-head 'General Hospital, Chandigarh under major head 2210-Medical and Public Health' but the administration had neither reported the augmentation of funds by re-appropriation to Parliament through the last batch of supplementary demands for grants nor obtained prior approval of the Secretary/Additional Secretary, Department of Expenditure.

### **Re-appropriation in violation of the instructions of the Ministry of Finance**

**11.26** As per provision of Rule 10(6)(b) of the Delegation of Financial Power Rules and Ministry of Finance O.M.No.7 (3)/E/(Coord)/99 dated 5 August 1999, no re-appropriation of funds to augment the funds under TA, office expenses, POL, OTA, honorarium etc. would be allowed during the financial year. However in respect of following grants, the instructions of the Ministry of Finance were not followed.

#### **(i) Grant No. 42-Ministry of Home Affairs**

**11.27** Scrutiny of headwise appropriation accounts of grant no. 42- Ministry of Home Affairs disclosed that the Ministry had augmented funds to the extent of Rs 1.12 crore under the primary unit 'office expenses' and Rs 2.39 crore to the head 'domestic travel expenses' violating the provisions of the O.M. On being pointed out by audit, the Ministry stated (Jan.2001) that the re-appropriation under office expenses were made due to purchase of bullet proof cars, replacement of five condemned vehicles, increase in office expenses, purchase of furniture and equipment for Directorate of Census Operation. Under domestic travel expenses, re-appropriation was made due to special course for nuclear tours, payment of TA\conveyance allowance at enhanced rates and payment of arrears of pending bills relating to election duties etc. The reply of the Ministry is not tenable as all these were not unanticipated expenses and the Ministry was required to make necessary provision in the budget or obtain the supplementary grant.

#### **(ii) Grant No. 39- Department of Health**

**11.28** Department of Health had augmented funds to the extent of Rs 1.05 crore to the head 'office expenses' and Rs 0.39 crore to 'overtime

allowance' violating the provision of the above OM. Department's reply was awaited.

**Irregular Re-appropriation Exceeding the Provision: Grant No.38-Ministry of Food Processing Industries.**

**11.29** As per provisions of Rule 72 of the GFR, re-appropriation of funds can take place from one primary unit of appropriation to another primary unit within the grant or appropriation at any time before the close of the financial year. Further, as per provisions of Rule 71 of the GFR, no expenditure can be incurred which may have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from Contingency Fund of India. Rule 61 of the GFR, also do not permit disbursements to be made out of Consolidated Fund of India in anticipation of Appropriation Bill relating to the budget of a financial year.

**11.30** Scrutiny of headwise appropriation accounts in respect of grant no.38-Ministry of Food Processing Industries for the year 1999-00 revealed that the Ministry had re-appropriated/surrendered an amount of Rs 10100 (TRs) against the original provision of Rs 10000 (TRs) from the sub-head 'Assistance for Creation of Funds for Development of Food Processing Industries' (M.H. 2408) to other sub-heads which resulted in re-appropriation of Rs 100 (TRs) more than the original provision under the sub-head. On being pointed out, the Ministry stated that the said amount of Rs 0.01 crore was re-appropriated by budget division of the Ministry due to oversight. Since there was not sufficient provision under the sub-head for re-appropriation, Ministry's action to re-appropriate/surrender funds more than the provision from the sub-head was against the principle of sound financial management.

**Irregular Re-appropriation from Capital to Revenue Section**

**11.31** In terms of Government of India decision (2) below Rule 10 of Delegation of Financial Power Rules, the government has no power to re-appropriate funds from capital to revenue section and vice-versa. Scrutiny of grant no. 85-Public Works for the year 1999-00 revealed that the Ministry of Urban Development vide re-appropriation order No. G-23011/9/99-DT (R) dated 30 March 2000 re-appropriated funds amounting to Rs 2.59 crore from

capital to revenue. On being pointed out by audit, the Ministry withdrew the said re-appropriation order of dated 30 March 2000 on 14 July 2000 treating it as invalid and revised the grant accordingly. The re-appropriation of Rs 2.59 crore from capital to revenue and also the withdrawal of re-appropriation order dated 30 March 2000 in July, 2000 (viz. after the close of financial year) was irregular and in contravention of the Rule 72 of the GFR and the Delegation of Financial Powers Rules.

### **Issue of Re-appropriation Orders after the close of the Financial Year (Grant No.67-Department of Statistics)**

**11.32** In terms of Rule 69 and 72 of the GFR, departments of central government are empowered to re-appropriate funds from one primary unit of appropriation to another such unit within a grant or appropriation and also to surrender all anticipated savings to the Ministry of Finance before the close of the financial year. On scrutiny of appropriation accounts and re-appropriation orders in respect of grant no.67- Department of Statistics, it was revealed that in violation of the provisions of the GFR the Department after obtaining ex-post facto approval of Ministry of Finance re-appropriated Rs 0.34 crore after the close of the financial year vide re-appropriation order No. G-23011/3/99-B&F dated 13 July 2000. Since there is no provision of ex-post facto approval, re-appropriation after the close of the financial year was irregular and unauthorised.

### **Utilisation of Supplementary Grants**

**11.33** Position of original and supplementary grants obtained under civil ministries and percentage of supplementary provision to the original provision during last five years is given in Appendix-XXIII. Details of supplementary grants (civil) obtained during 1999-00 are given in Table 11.7.

**Table 11.7: Supplementary Grant Obtained during 1999-00 in Civil Ministries**

<i>Rs in crore</i>	
Section	Amount
<b>Voted</b>	
Revenue	12779.88
Capital	1545.29
Loans and Advances	596.89
<b>Charged</b>	
Revenue	8438.46
Capital	15.45
Public Debt	0.01
Loans and advances	3573.33
<b>Total</b>	<b>26949.31</b>
Number of grants/appropriations	84

**Supplementary provision obtained but not utilised**

15 grants	Rs.317.53 crore
-----------	-----------------

**Estimation of Supplementary Grant/Appropriation**

**11.34** If the amount provided for in the sanctioned budget for any service in a financial year is found to be insufficient for the purpose in that year or when a need has arisen during that year for supplementary or additional disbursements upon some 'New Service' not contemplated in the original budget for that year, government is to obtain supplementary grants or appropriations in accordance with the provisions of Article 115 (1) of the Constitution.

**11.35** While obtaining the supplementary grant, ministry/department has to keep in view the resources available or likely to be available during the year and exercise due caution while forecasting its additional budgetary requirement of funds and seeking supplementary provision. Resort to supplementary demands should only be in exceptional and urgent cases.

**11.36** Public Accounts Committee of 10<sup>th</sup> Lok Sabha in its 88<sup>th</sup> Report in Para 1.39 has also commented on obtaining the supplementary grant or appropriation in an ill conceived manner without conducting a proper and

close scrutiny of expenditure incurred or likely to be incurred by them during the financial year.

### Unnecessary Supplementary Grant

**11.37** In 16 cases relating to 15 grants as detailed in Table 11.8, although the supplementary provisions were obtained during 1999-00 in anticipation of higher expenditure, the final expenditure was less than even the original grants/appropriations. Thus, the entire amount of supplementary provision aggregating to Rs.317.53 crore proved to be unnecessary.

**Table 11.8: Unspent Provision more than Supplementary Grant/  
Appropriation**

<i>Rs in crore</i>					
Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Unspent provision
<b>Revenue – Voted</b>					
1.	8- Department of Consumer Affairs	27.37	2.43	17.63	12.17
2.	24- Ministry of External Affairs	1940.42	24.97	1880.28	85.11
3.	49- Department of Culture	358.41	15.90	343.57	30.74
4.	56- Broadcasting Services	1926.60	17.81	1887.05	57.36
5.	66- Planning	155.77	1.94	140.45	17.26
6.	74- Department of Scientific and Industrial Research	814.96	3.25	810.95	7.26
7.	77- Department of Mines	297.56	167.44	286.96	178.04
8.	85- Public Works	562.60	25.14	552.79	34.95
9.	102- Daman and Diu	183.37	1.56	159.54	25.39
<b>Capital – Voted</b>					
10.	1- Agriculture	19.20	4.43	14.26	9.37
11.	24- Ministry of External Affairs	269.02	15.00	252.87	31.15
12.	42- Ministry of Home Affairs	18.60	1.00	15.32	4.28
13.	53- Department of Heavy Industry	571.94	16.22	519.48	68.68
14.	83- Urban Development	514.08	14.44	424.57	103.95
<b>Capital – Charged</b>					
15.	69- Ministry of Power	1.80	1.50	1.30	2.00
16.	79- Roads	35.20	4.50	20.70	19.00

**11.38** As the disbursements under these grants was less than the original provision, the Ministries/Departments were required to obtain token/technical supplementary for re-appropriating the unspent provisions within the grant instead of obtaining large amounts of supplementary provisions and as such the supplementary grants proved to be unnecessary.

### Unrealistic Estimation of Supplementary Demands under Sub-heads

**11.39** Under the following sub-heads as shown in Table 11.9, the ministries/departments obtained supplementary grants during 1999-00 in anticipation of higher disbursements/payments under these heads but the final disbursements/payments were far less than even the original provision and as such obtaining of supplementary grant under these sub-heads proved to be unnecessary which indicated that the supplementary demands were sought in an unrealistic manner.

**Table 11.9: Unrealistic Estimation of Supplementary Demands under Sub-heads**

Sl. No.	Grant	Sub-head	Provision (Rs in crore)	Reasons for obtaining supplementary grant
1.	10-Department of Sugar and Edible Oils	Loans for Rehabilitation/ modernisation of sugar mills /loans for sugar mills for cane development	O. 200.00 S. 17.77 AE. 186.89 UP. 30.88	For additional loans for rehabilitation/modernisation of sugar mills and cane development.
2.	79-Roads	National Highways- Road Works- Works under Roads Wing	O. 1838.28 S. 307.20 AE. 1754.14 UP. 391.34	For development of state roads declared as national highways.

O= Original provision: S= Supplementary provision: AE=Actual disbursement: UP= Unspent provision

### Grant No. 77 – Department of Mines (Ministry of Mines and Minerals)

**11.40** The Ministry obtained supplementary grant of Rs 167.43 crore in December 1999 for payment of subsidy to Hindustan Copper Ltd. for waiver of interest. However, the whole amount remained unutilized. The Ministry explained the reasons for unutilisation as “adjustment of interest written off/waived off to Hindustan Copper Ltd. which involved book adjustment and no cash flow and is a notional expenditure”. The contention of the Ministry

was not tenable. If it was a book adjustment then a token supplementary grant was to be obtained instead of large amount of supplementary grant.

**11.41** Further, the Ministry did not surrender the amount despite being aware that the same would not be utilized. Obtaining of large supplementary grants without proper assessment indicated lack of information systems and financial control within the Ministry.