

Chapter 8

APPROPRIATION ACCOUNTS 2000-01: AN ANALYSIS

Excess disbursements over grants/appropriations

8.1 As per Article 114(3) of the Constitution, no money is to be withdrawn from the CFI except under appropriations made by law passed in accordance with the provisions of this Article.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, GFR 71 stipulates that no disbursements 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 from 1990-91 onwards. During 2000-01, there was excess disbursement of Rs 4372665 (i.e. Rs 0.44 crore) in one segment of one grant in civil ministries. Table 8.1 contains the summary of total excess over the authorisation from the CFI and Table 8.2 has the details.

Table 8.1: Summary of excess disbursements over grants/appropriations

		<i>In Rupees</i>			
		Civil	Defence	Railways	Post & Telecommunication
<i>Voted</i>	Revenue	-	2296986853	-	-
	Capital	4372665	-	-	-
<i>Charged</i>	Revenue	-	-	79328	664000
	Capital	-	-	1045802	977000
Total Excess		4372665	2296986853	1125130	1641000
No of Grants/ Appropriations		1	1	4	1
Total		2304125648			

8.2. Excess disbursements of Rs 0.44 crore in one segment of one grant pertaining to civil ministries, Rs 229.70 crore under one grant of defence services, Rs 0.11 crore under four appropriations of railways and Rs 0.16 crore under one appropriation of postal services as detailed in Table 8.2 require regularization under Article 115 (1) (b) of the Constitution.

Table 8.2: Details of excess disbursement over grants/appropriations

Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by Government
Civil: Capital – Voted				
1.	Department of Agriculture and co-operation (Ministry of Agriculture)	Grant	1353900000	Minus provisioning of Rs 20.00 crore under major head “7601” in the main demands for Grants and Appropriation Act (No.2) 2000.
		Expenditure	1358272665	
		Excess	4372665	
Railways: Revenue-Charged				
2.	3-General Supdt. and Services	Appropriation	206000	Details are in Report No.9 of 2002 (Railways).
		Expenditure	210942	
		Excess	4942	
3.	6-Repairs & Maintenance of Carriages & Wagons	Appropriation	100000	-do-
		Expenditure	141204	
		Excess	41204	
4.	7-Repairs & Maintenance of Plant & Equipments	Appropriation	-	-do-
		Expenditure	33182	
		Excess	33182	
Capital-Charged				
5.	16-Open Line Works Revenue	Appropriation	-	-do-
		Expenditure	28664	
		Excess	28664	
6.	16-Capital	Appropriation	64104000	-do-
		Expenditure	65121138	
		Excess	1017138	
Defence Services: Revenue-Voted				
7.	21-Defence Ordnance Factories	Grant	5802000000	Details are in Report No. 7 (Defence Services-Army and Ordnance Factories)
		Expenditure	8098986853	
		Excess	2296986853	
Post & Telecommunication Revenue-Charged				
8.	11-Postal Services	Appropriation	300000	Details are in Report No. 6 of 2002 (Post and Telecommunication)
		Expenditure	964000	
		Excess	664000	
Capital-Charged				
9.	11-Postal Services	Appropriation	3900000	-do-
		Expenditure	4877000	
		Excess	977000	

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 6, 7, 8 and 9 of 2002 respectively of the CAG.

Deficient control by Pay and Accounts Offices

8.3 As per provisions of Annexure A to note 3 under Rule 66 of 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 2000-01 revealed 50 cases of 22 grants and appropriations, detailed in **Appendix-XVIII**, where the PAO of the ministries, made payments of Rs 1065.88 crore in excess of the available provisions without necessary re-appropriations, indicating deficient financial management and ineffective expenditure control by the PAOs.

Expenditure without re-appropriation

8.4 Scrutiny of Appropriation Accounts of grant No. 87-Ministry of Urban Employment and Poverty Alleviation revealed that while obtaining token supplementary grant of Rs. 0.01 crore in December 2000 under the Major Head-6216-General-other loans-other Institutions, the Ministry intimated Parliament that the additional requirement of Rs 7.00 crore under this head would be met by re-appropriation of funds from the savings available in the capital section. But Ministry incurred Rs 6.99 crore without re-appropriating the funds to this particular head resulting in excess expenditure, which needs to be regularised.

Excess Release of Funds – Rs 47.54 crore

8.5 As per provisions of Rule 69 of 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 to sanction/release grants-in-aid in excess of the capacity of the grantee institutions to spend, merely because it is available or that the lapse of the grant could be avoided. Scrutiny of the head-wise appropriation accounts and connected records pertaining to the grants as detailed in Table 8.3 below for the year 2000-01

revealed that these departments released grants-in-aid to grantee institutions in excess of their requirement in the previous years. These were shown as “deduct recoveries towards overpayments” in the accounts of 2000-01.

Table 8.3: Recovery of overpayments

(Rs in crore)

Sl. No	Grant	Amount	Remarks
1.	3- Department of Animal Husbandry and Dairying	0.20	Departments stated that the recoveries of over payments pertain to the refund of unspent balance of grants-in-aid of previous year and refund due to non-furnishing of utilisation certificates or utilising the funds for other purposes.
2.	15- Department of Youth Affairs and Sports	0.28	
3.	42- Department of Health	5.85	
4.	43- Department of Indian System of Medicines and Homoeopathy	0.86	
5.	44- Department of Family Welfare	9.91	
6.	50- Department of Elementary Education and Literacy	9.21	
7.	52- Department of Women and Child Development	3.17	
8.	54- Department of Heavy Industries	1.00	
9.	62- Department of Coal	0.42	
10.	69- Ministry of Power	0.87	
11.	77- Ministry of Statistics and Programme Implementation	0.22	
12.	84- Urban Development	2.81	
13.	93- Department of Space	12.74	

8.6 The concerned departments stated that amounts booked were not overpayments with reference to previous years but pertain to refund of unspent balances and credits on account of cancelled, time-barred cheques/demand drafts.

8.7 The replies of the departments are not tenable because the release of excess grants-in-aid in previous years without assessing the actual requirement was intended to avoid surrender of saving and lapse of the grants

Unspent provisions

8.8 Unspent provisions in a grant or appropriation indicate either poor fiscal marksmanship, or shortfall in performance, or both. As already mentioned the overall unspent provision in the budget of government (other than post, telecommunications, railways and defence) totalled Rs 138164.89 crore. Out of this, unspent provision of Rs 72995.33 crore was due to less discharge of 14, 91 and 182 days treasury bills consequent upon less issue of the treasury bills than what was estimated. The total unspent provision also included Rs 286.30 crore on account of less payment of interest on treasury bills for the same reason. Excluding these two, the effective unspent provision was Rs 64883.26 crore. Table 8.4 presents a summary of unspent provisions under various grants/appropriations.

**Table 8.4: Summary of grants and appropriations
with unspent provision of over Rs 20 crore**

	Above Rs 100 crore			Below Rs 100 crore but above Rs 20 crore		
	Cases	Grants	Appropriations	Cases	Grants	Appropriations
Civil	34	24	2	52	43	-
P&T	4	3	-	2	2	-
Defence	4	4	-	-	-	-
Railways	6	5	-	7	7	-

8.9 Scrutiny of the Appropriation Accounts revealed that certain grants and appropriations relating to Transfers to State and Union Territory governments, Ministry of Environment and Forests, Department of Rural Development, Repayment of Debt, Ministry of Human Resource Development, Ministry of Social Justice and Empowerment, Department of Health, Department of Family Welfare, Ministry of Urban Employment and Poverty Alleviation, Ministry of Power, Currency, Coinage and Stamps, Road Transport and Highways etc. have been registering unspent provisions which are not only persistent but display an increasing trend which continued during the year 2000-01. Such large-scale unspent provisions are indicative of the need on the part of these ministries to review their budgetary assumptions or/and efficiency of their programme management.

Unspent Provision of Rs. 100 crore or more

8.10 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 take the issue seriously with appropriate measures to overcome the unfortunate situation of large unspent provision, and also specifically 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.

8.11 As against 32 cases during 1999-00, there were 34 cases of 24 grants and two appropriations where unspent provision of Rs 100 crore or more in each segment of the grant/ appropriation occurred during 2000-01 were noted. Large unspent provision occurred in developmental areas like health, education, welfare, rural/urban development, urban employment and poverty alleviation, Surface transport, power 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. **Appendix-XIX** indicates the details of the unspent provisions and the main contributory reasons as given by the department.

Unspent Provision between Rs 20 crore and Rs 100 crore

8.12 Apart from the above 34 cases, there were 52 sections of 43 grants/appropriations where unspent provision in each case was less than Rs 100 crore but in excess of Rs 20 crore which aggregated to Rs 2604.98 crore. **Appendix-XX** has the details.

Unrealistic budgetary assumptions

8.13 Test check of some of the head-wise appropriation accounts revealed that reasons for unspent provisions under sub-heads detailed in **Appendix-XXI** were attributed to availability of unspent balance of previous year with the implementing agencies\ non-receipt of proposals etc. The reasons given are not tenable as the Ministries\Departments were required to take into account the amount of unspent balance of previous year with the implementing agencies and actual demands at the time of making budget estimates for

2000-01. This implies that budget estimates provided for under these sub-heads were not realistic and were made without assessing actual requirements.

8.14 Similarly, under sub-heads indicated in **Appendix-XXII** the reasons for unspent provision were attributed to “economy in expenditure” or “cut imposed by Ministry of Finance at revised estimates stage”. The reasons were too general and non-specific because the ministry of Finance had imposed cut on ‘Non-Plan’ expenditure where as under these schemes most of the provision was for Plan expenditure. The reasons furnished for non-utilisation were not correct.

8.15 Further, in respect of sub-heads mentioned in **Appendix-XXIII** the reasons for unspent provision were attributed to non-approval/finalisation of schemes/projects/plans/codal formalities etc. and also non-filling up of vacant posts. The Finance Ministry in their annual budget circular, emphasized the necessity of avoiding lump sum provisions on schemes and getting the schemes cleared well before their inclusion in the budget. It is evident that these instructions repeated every year, were taken casually by departments and Ministry of Finance also did not enforce its own directions in this matter. Resultantly, provisions were made under these sub-heads without completion of pre-budget scrutiny of the projects/schemes/activities and most of these provisions remained unutilised.

Surrender of unspent provision

8.16 ‘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 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 2000-01, under 206 segments of 94 grants/appropriations there was unspent provision of Rs 138165.33 crore out of which Rs.0.44 crore were offset by excess under one segment of one grant resulting in net unspent provision of Rs 138164.89 crore. Out of the gross unspent provision of Rs 138165.33 crore, the amounts surrendered are shown in Table 8.5.

Table 8.5: Details of unspent provision and surrender

<i>Rs in crore</i>				
	Gross unspent provision	Amount surrendered	Amount surrendered on last date	Amount not surrendered
Revenue				
Voted	9681.12	8399.03	6419.26	1282.09
Charged	37976.00	25051.50	25039.77	12924.50
Total: Revenue	47657.12	33450.53	31459.03	14206.59
Capital				
Voted	3243.87	2463.53	1412.22	780.34
Charged	87264.34	86850.39	86844.90	413.95
Total: Capital	90508.21	89313.92	88257.12	1194.29
Grand total	138165.33	122764.45	119716.15	15400.88

8.17 Unspent provision of Rs 72995.33 crore was due to lesser discharge and cancellation of 14, 91 and 182 days treasury bills. The major amounts (more than Rupees forty crore) not surrendered under the grants pertained to the Department of Agricultural Research and Education (Rs 84.61 crore), Ministry of External Affairs (Rs 67.50 crore), Payment to Financial Institutions (Rs 177.08 crore), Transfers to State and Union Territory Governments (Rs 12414.25 crore), Loans to Government Servants (Rs 57.33 crore), Direct Taxes (Rs 66.61 crore), Department of Health (Rs 81.70 crore), Police (Rs 122.44 crore), Department of Road Transport and Highways (Rs 360.95 crore) and Atomic Energy (Rs 153.96 crore).

8.18 On the other hand, under the grants pertaining to Department of Agriculture and Co-operation, Economic Affairs, Transfer to Union Territory Governments, Power, etc., the amount surrendered exceeded the amount of unspent provision under the segments of the grants. **Appendix-XXIV** gives the details.

Re-appropriation of funds

8.19 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.

8.20 In the developmental and welfare areas such as Agriculture (Rs 507 crore), Fertilizers (Rs 1391 crore), Pension (Rs 103 crore), Health (Rs 185 crore); Family Welfare (Rs 127 crore); Interest Payments (Rs 1102 crore), Repayment of Debt (Rs 1933 crore), Department of Elementary Education and Literacy (Rs 300 crore); Department of Secondary Education and Higher Education (Rs 131 crore), Department of Women and Child Development (Rs 121 crore); Indirect Taxes (Rs 130 crore); Heavy Industry (Rs 590 crore); Department of Rural Development (Rs 684 crore), Department of Drinking Water Supply (Rs 145 crore), Textiles (Rs 173 crore), Atomic Energy (Rs 146 crore); Space (Rs 230 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

8.21 Test check of the accounts revealed that in 28 cases of 17 grants/appropriations as detailed in **Appendix-XXV**, re-appropriations aggregating Rs 324.97 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.

Injudicious re-appropriation from sub-heads

8.22 Similarly in 6 sub-heads of 5 grants/appropriations as indicated in **Appendix XXVI**, there was injudicious re-appropriation aggregating Rs 23.92 crore wherein the final disbursements under each of them was more than the original provision before re-appropriation from them. 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

8.23 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 147th 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.

8.24 Test check of appropriation accounts for 2000-01 revealed that there were 282 sub-heads/cases of 56 grants/appropriations to which re-appropriation in excess of Rupees one crore was made. Out of these, in 164 sub-heads/cases involving 45 grants/appropriations, the re-appropriation exceeded 25 *per cent* of the budget provision; and, were required to be reported to Parliament through the last batch of supplementary demands for grants. Only in 45 cases, such re-appropriation were reported to Parliament and in respect of remaining 119 cases 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 Parliament.

Re-appropriation without prior approval of Secretary (Expenditure)

8.25 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.

8.26 Sample check of appropriation accounts for 2000-01 revealed that there were 118 sub-heads under which re-appropriation in excess of rupees one crore but not exceeding 25 *per cent* of the budget provision was made where prior approval of Secretary (Expenditure) was required to be obtained. However, in the cases mentioned in Table 8.6, re-appropriation exceeded Rs one crore but prior approval of Secretary (Expenditure) was not obtained

Table 8.6: Cases where prior approval of Secretary (Expenditure) was not obtained for re-appropriation.

Sl. No.	No and Name of grant	Major Head	Sub-head	Amount (Rs in crore)
1.	14-Department of Culture	2205-Art & Culture	National Library Calcutta	O.11.00 R 1.00
2.	42-Department of Health	2210- Medical and Public Health	Central Institute of Psychiatry Ranchi	O. 10.80 R. 1.10
3.	-do-	-do-	Safdarjung Hospital New Delhi	O. 86.80 R 2.85
4.	-do-	3606- Aid Material and Equipment	Material Assistance for National Leprosy Control Programme	O.18.70 R 1.00

O=Original provision R=Re-appropriation

Unauthorised re-appropriation from ‘voted’ to ‘charged’ (Grant No. 10-Department of Supply)

8.27 Rule 10 (2) of Delegation of Financial Power Rules stipulates that funds cannot be re-appropriated from ‘voted’ to ‘charged’ and vice-versa. Scrutiny of Appropriation Accounts for the year 2000-2001 in respect of Grant No. 10-Department of Supply revealed that the department vide their revised re-appropriation order no. G-20014/4/1/2001 – FV dated 30.3.2001, re-appropriated Rs 10.00 lakh from ‘voted’ to ‘charged’ under Minor Head 00.101 purchase below Major Head –2057- Supplies and Disposal. On this being pointed out in audit, the said re-appropriation order dated 30.3.2001 was further revised vide another revised re-appropriation order dated 14.6.2001, deleting the amount of Rs 10.00 lakh from ‘charged’ portion and adding to ‘voted’ portion of revenue section under the same Major Head 2057 – Supply and Disposal. The department pointed out that a communication issued on 14-06-2001 was actually not a revised re-appropriation order but a corrigendum issued to rectify the error of transfer of Rs 10.00 lakh from charged to voted. This corrigendum was issued to correct the mistake of technical nature pointed out by CGA.

8.28 Re-appropriation of funds from voted to charged and further amendment of re-appropriation order after the close of the financial year were in contravention of provisions of Rule 10(2) of Delegation of Financial Powers. Accordingly, the expenditure incurred to that extent was unauthorised.

**Issue of re-appropriation orders after the close of the financial year
(Grant No.2- Department of Agricultural Research and Education)**

8.29 In terms of Rule 69 and 72 of 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. Scrutiny of appropriation accounts and re-appropriation orders in respect of grant no.2-Department of Agricultural Research and Education revealed that, in violation of the provisions of General Financial Rules, the Department re-appropriated Rs 4.62 crore after the close of the financial year vide re-appropriation order no. 1(7)/2000-Budget dated 25-4-2001. When pointed out by audit, the Department did not furnish reasons for issue of the re-appropriation order of 25 April 2001. As there are no provisions for re-appropriation after the close of the financial year, the re-appropriation was irregular and unauthorised.

Estimation of Supplementary Grant/Appropriation

8.30 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.

8.31 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.

8.32 The Public Accounts Committee of 10th Lok Sabha in its 88th Report in Para 1.39 had 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.

Utilisation of Supplementary Grants

8.33 The position of original and supplementary grants obtained under civil ministries and percentage of supplementary provision to the original provision from 1995-96 onwards is given in **Appendix-XIV**. Details of supplementary grants (civil) obtained during 2000-01 are given in Table 8.7.

Table 8.7: Supplementary Grant Obtained during 2000-01 in Civil Ministries

<i>(Rs in crore)</i>	
Section	Amount
Voted	
Revenue	19671.89
Capital	486.57
Loans and Advances	1355.30
Charged	
Revenue	18.83
Capital	6.10
Public Debt	-
Loans and advances	905.67
Total	22444.36
Number of grants/appropriations	68

Supplementary provision obtained but not utilised

13 grants (14 cases) Rs.295.89 crore

Unnecessary supplementary grant

8.34 In 14 cases relating to 13 grants as detailed in Table 8.8, although the supplementary provisions were obtained during 2000-01 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.295.89 crore proved to be unnecessary.

Table 8.8: 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
Revenue – Voted					
1.	1-Department of Agriculture and Co-operation	5966.32	7.69	5937.99	36.06
2.	3-Department of Animal Husbandry and Dairying	397.08	2.58	364.43	35.25
3.	8-Department of Commerce	1110.71	18.81	1098.33	31.22
4.	15-Department of Youth Affairs and Sports	258.12	1.01	249.83	9.30
5.	45-Ministry of Home Affairs	1139.80	0.95	1087.49	53.26
6.	64- Ministry of Non-conventional Energy Sources	332.91	2.00	234.41	100.50
7.	90-Atomic Energy	1441.17	96.46	1398.17	139.46
8.	100-Chandigarh	672.27	2.50	667.31	7.46
9.	102-Daman and Diu	200.01	1.49	178.88	22.62
Capital – Voted					
10.	28-Payments to Financial Institutions (Ministry of Finance)	1042.65	100.00	782.64	360.01
11.	41-Department of Sugar and Edible Oils	224.89	45.00	159.73	110.17
12.	45-Ministry of Home Affairs	18.60	2.90	15.25	6.25
13.	84-Urban Development	424.46	5.50	406.24	23.73
14.	85-Public Works	257.20	9.00	236.97	29.27

Unrealistic estimation of expenditure/ revised estimates

8.35 While obtaining token supplementary grant of Rs one lakh, the Ministries/Departments reported to Parliament large amounts of additional expenditure for different purposes under the following schemes/activities (as shown in Table 8.9) but finally the Ministries/Departments were unable to

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spend even the original budget provision. A large portion of the original provision was not utilised reflecting unrealistic budgetary assumptions and lack of management information.

Table 8.9: Unrealistic estimation of expenditure reported to Parliament

(Rs in crore)

Sl. No.	Grant	Sub-head/ Scheme	Original provision	Additional requirement reported to parliament	Actual disbursement	Unspent out of Original provision	Reasons for non-utilisation
Capital-Voted							
1.	37-Direct Taxes (Ministry of Finance)	Purchase of office accommodation	60.00	69.50	47.00	13.00	Non-finalisation of expected proposals
2.	44-Department of Family Welfare	Reproductive and Child Health Project	1059.50	87.20	754.76	304.74	Purchase of less drugs/vaccines, slow implementation of scheme and economy measure.
3.	80-Department of shipping (Ministry of Surface Transport)	Construction of Landing facilities and Jetties	50.77	4.03	46.39	4.38	Stoppage of work
4.	84-Urban Development (Ministry of Urban Development)	General Pool accommodation -construction	74.50	2.00	72.91	1.59	Curtailment of budget at revised estimates stage.
5	85-Public Works (Ministry of Urban Development)	Capital outlay on Other Social Services-Employment-Building	12.91	5.50	8.02	4.89	-do-

Specific cases of unnecessary supplementary grants

8.36 A few cases of supplementary grants in individual sub-heads remaining entirely/largely unutilised disclosed in test check reveals inadequacies in the accounting management information system and deficient financial control.

**Ministry of Commerce and Industry
(Grant No. 8-Department Commerce)**

8.37 Scrutiny of appropriation accounts of Grant No.8 – Department of Commerce for 2000-01 revealed that against the total provision of Rs 204.60 crore, the Department obtained supplementary grants of Rs 13.83 crore (including two Token Supplementaries of Rs 0.01 crore each) under the Major Head – “2407-Plantations”, for providing funds to the Tea Board under price subsidy scheme for allowing subsidy to small growers of tea. Although the supplementary provision was obtained in anticipation of higher expenditure, the final expenditure under the Major Head was Rs 200.88 crore, which was even less than the original provision of Rs 204.60 crore, thus leaving unspent provision of Rs 17.55 crore. The Ministry stated (October 2001) that an ‘Externally Aided Project’ was closed during the year and hence full provision could not be utilised. The reply of the Ministry is not tenable as the Ministry was aware on 31 August 2000 that the project was to be closed on 30 September 2000. Instead of obtaining the supplementary grants, the Ministry was required to utilise the unspent provision available within the grant by obtaining token supplementary grant. Thus, the entire amount of supplementary grant of Rs 13.83 crore proved to be unnecessary.

**Ministry of Consumer Affairs and Public Distribution
(Grant No. 39-Department of Public Distribution)**

8.38 Scrutiny of appropriation accounts in respect of Grant No. 39-Department of Public Distribution for the year 2000-01 revealed that the Department obtained supplementary grant of Rs 313.00 crore (Rs 200.00 crore in December 2000 and Rs 113.00 crore in March 2001) for meeting additional subsidy payable to State Governments of Uttar Pradesh (Rs 248.00 crore) and West Bengal (Rs 65.00 crore), against a budget provision of Rs 300.00 crore under the Major Head 2408-01-102-05-Subsidy to State Government on decentralised procurement of food grains. The entire amount of Rs 65.00 crore obtained through supplementary grant in respect of Government of West Bengal remained unutilised. Out of this, only Rs 33.00 crore were surrendered on 30 March 2001 on the ground that there were less receipt of claims from the State Government of West Bengal. The balance of Rs 32.00 crore was allowed to lapse at the close of the year in contravention of the provision contained under Rule 69 of GFR. The entire unspent provision

of Rs 65.00 crore could have been surrendered immediately when it came to notice that the supplementary grant would not be utilised during the financial year. Thus, incorrect assessment of anticipated cases of claims from Government of West Bengal resulted in unnecessary supplementary grant of Rs 65.00 crore. This indicated lack of monitoring and expenditure control on the part of the Ministry.

Ministry of Home Affairs (Grant No. 47-Police)

8.39 Under the sub-heads as detailed in Table 8.10 the Ministry obtained supplementary grants in anticipation of higher expenditure. However, the final expenditure under these sub-heads was less than even the original provision and the supplementary grant under these heads was unnecessary.

Table 8.10: Unnecessary supplementary grants under the sub-heads under Grant No. 47

<i>Rs in crore</i>					
Sl. No.	Sub-head	Original provision	Supplementary grant obtained	Actual disbursements	Unspent provision
1.	Directorate General of Border Security Force	2046.70	8.00	2045.57	9.13
2.	Industrial Security Force-Direction and Administration	766.21	3.27	763.81	5.67
3.	Central Reserve Police Force- Direction and Administration	1653.25	6.96	1653.30	6.91

8.40 The Ministry stated in December 2001 that the amount of supplementary grant was utilised for the purpose for which it was obtained. The reply of the Ministry is not tenable because there were sufficient unspent provisions under these sub-heads and the Ministry was required to re-appropriate from one unit to another after completing codal formalities/obtaining token supplementary only.

**Ministry of Heavy Industries and Public Enterprises
(Grant No. 54 – Department of Heavy Industry)**

8.41 Scrutiny of grant revealed that against the original provision of Rs 12.00 crore, the department obtained supplementary grant of Rs 1.70 crore under Major head- 2852- Expenditure in connection with Science and Technology Plan in anticipation of higher disbursement. However, the final disbursement under the case was less than even the original grant, resulting in unspent provision of Rs 1.92 crore. The entire amount of supplementary grant of Rs 1.70 crore proved to be unnecessary.

Expenditure on “New Service/New Instrument of Service”

8.42 On the recommendations of the Public Accounts Committee, Government has prescribed financial limits for different categories of expenditure beyond which the additional expenditure constitutes ‘New Service/New Instrument of Service’ and requires prior approval of Parliament.

8.43 As per Government of India Decision No. 1 below Rule 10 of Delegation of Financial Power Rules, 1978, additional grants-in-aid in excess of Rs 10 lakh or 10 *per cent* of the budget provision or Rs 2 crore, whichever is less or/and additional investment in/loans in excess of Rs 20 lakh to Rs 15 crore to statutory and other public institutions, attracts the limitations of New Service/New Instrument of Service and requires prior approval of Parliament.

8.44 Sample check in audit disclosed that in cases pertaining to grants/appropriations as detailed in Table 8.11 although the prescribed limit had exceeded, the ministries/departments did not obtain prior approval of Parliament\reported the cases to Parliament. Thus, such releases exceeded the limits and attracted the provisions of ‘New Instrument of Service’ and require regularisation.

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Table 8.11: Cases of new instrument of service

(Rs in crore)

Sl. No.	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks	
4-Department of Food Processing Industries						
1.	Milk Based Industries	4.50	8.75	4.25	Despite suggestions by Ministry of Finance, cases were not reported to Parliament.	
25-Ministry of External Affairs						
2.	Indian Council of World Affairs	0.01	0.80	0.79	Additional release exceeded the limit of Rs 10 lakh	
54-Department of Heavy Industry						
Loans						
3.	Cement Corporation of India Ltd.	O.2.50 S.21.24	86.23	62.49	The department stated in December 2001 that these cases were furnished to Ministry of Finance in August 2001 for reporting to Parliament through first batch of Supplementary demands for grants for 2001-2002. The reply was not tenable as these were not reported to Parliament.	
4.	Cycle Corporation of India Ltd.	Nil	7.90	7.90		
5.	Hindustan Cables Ltd.(Loans + Investment)	O.4.00	53.90	49.90		
6.	Instrumentation Ltd.	O.2.50 S.9.00	32.28	20.78		
7.	Heavy Engineering Corporation Ltd.	O.10.00 S.19.85	92.36	62.51		
8.	Praga Tools Ltd.	O.1.00 S.4.00	11.74	6.74		
9.	Bharat Yantra Nigam Ltd.	O.7.21 S.38.45	83.56	37.90		
10.	Bharat Bhari Udyog Ltd.	O.14.95 S.25.15	109.05	68.95		
11.	Bharat Leather Corporation Ltd.	S.1.66	6.85	5.19		
12.	Hindustan Photo Films Manufacturing Company Ltd.	O.1.00 S.9.81	32.88	22.07		
13.	Tannery and Footwear Corporation of India Ltd.	Nil	3.49	3.49		
14.	Hindustan Salts Ltd.	O.1.58 S.3.70	7.50	2.22		
15.	Tyre Corporation of India Ltd.	O.1.50 S.1.68	17.70	14.52		
16.	National Industrial Development Corporation Ltd.	S.3.28	4.52	1.24		
83-Ministry of Tribal Affairs						
17.	Boys Hostels (Grants to JNU)	0.40	1.17	0.77		Additional release to JNU exceeded the limit of 10 per cent of budget provision and Rs 10 lakh.
18.	Girls Hostels (Grants to JNU)	0.90	1.17	0.27		