

CHAPTER – II
ALLOCATIVE PRIORITIES AND
APPROPRIATION

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ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget.

Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2007-08 against 68 grants/appropriations is indicated in the table below:-

Table 2.1

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure ¹	Saving(-) Excess(+)
Voted	I. Revenue	1942.60	803.89	2746.49	2088.20	(-) 658.29
	II. Capital	302.60	893.75	1196.35	754.14	(-) 442.21
	III. Loans	4.23	-	4.23	2.97	(-) 1.26
Total Voted:		2249.43	1697.64	3947.07	2845.31	(-) 1101.76
Charged	IV. Revenue	226.21	1.32	227.53	171.39	(-) 56.14
	V. Capital	-	-	-	-	-
	VI. Loans					
	VII. Public Debt	194.12	-	194.12	77.13	(-) 116.99
Total Charged:		420.33	1.32	421.65	248.52	(-)173.13
GRAND TOTAL:		2669.76	1698.96	4368.72	3093.83	(-) 1274.89

¹ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue expenditure (Rs.0.04 crore) and Capital expenditure (Rs.0.94 crore).

The net saving of Rs. 1274.89 crore was the result of overall savings of Rs. 1306.66 crore in 63 grants and appropriations partly offset by excess of Rs.31.77 crore in 19 grants and appropriations.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

- (i) Out of overall savings of Rs.1306.66 crore, major savings of Rs.1103.25 crore (84.43 per cent) occurred in 7 grants and one appropriation as mentioned below:

Table 2.2

(Rupees in crore)

Grant No./Name of the Grant	Grant			Actual Expenditure	Savings
	Original	Supplementary	Total		
Revenue Voted					
15 Health and Family Welfare	79.62	46.20	125.82	103.31	22.51
38 Water Resource Department	81.72	37.05	118.77	87.95	30.82
50 Secretariat Economic Services	554.32	-	554.32	31.09	523.23
Revenue Charged					
Public debt	222.57	-	222.57	167.34	55.23
Total:	938.23	83.25	1021.48	389.69	631.79
Capital Voted					
26 Rural Works	5.11	25.85	30.96	8.40	22.56
32 Roads and Bridges	99.31	246.46	345.77	165.21	180.56
34 Power	56.38	101.98	158.36	94.84	63.52
66 Power (civil)	36.52	84.37	120.89	33.06	87.83
Capital Charged					
Public Debt	194.12	-	194.12	77.13	116.99
Total	391.44	458.66	850.10	378.64	471.46
GRAND TOTAL	1329.67	541.91	1871.58	768.33	1103.25

Reasons for savings were not intimated by the departments.

Areas in which major savings occurred in these grants/ appropriations are given in (Appendix -2.1).

- (ii) In 29 cases, net savings aggregating Rs.1262.44 crore exceeded Rupees one crore in each case and were also more than 10 per cent of the total provision, as indicated in (Appendix -2.2).

2.3.2 Excess requiring regularisation

- (i) Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.990.57 crore for the years 1986-87 to 2006-07 was yet to be regularised. Details are given in (*Appendix - 2.3*).

(ii) Excess over provision during 2007-08 requiring regularisation:

The excess of Rs.31.77 crore under 22 grants requires regularisation under Article 205 of the Constitution (*Appendix - 2.4*).

2.3.3 Original budget and supplementary provisions

Supplementary provision made during the year constituted 64*per cent* of the original provision as against 39 *per cent* in the previous year. Total supplementary grants obtained during the year were Rs.1698.96 crore while the ultimate total savings amounted to Rs.1274.89 crore.

2.3.4 Unnecessary/excessive/inadequate supplementary provisions

- (i)** Supplementary provision of Rs. 91.54 crore made in 5 cases during the year proved unnecessary in view of the aggregate saving of Rs. 106.45 crore in these cases as detailed in (*Appendix - 2.5*).
- (ii)** In 50 cases, against additional requirement of only Rs. 963.32 crore, supplementary grants/appropriations of Rs. 1,460.46 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs. 497.14 crore (*Appendix - 2.6*).
- (iii)** In 8 cases, supplementary provision of Rs. 62.09 crore proved insufficient by more than Rs. 10 lakh each leaving an aggregate uncovered excess expenditure of Rs. 3.76 crore (*Appendix - 2.7*).

2.3.5 Excessive/unnecessary/injudicious re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. In 52 cases, injudicious re-appropriation of funds proved excessive or resulted in savings of Rs. 10 lakh and above in each case (*Appendix - 2.8*).

2.3.6 Expenditure without provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was however, noticed that expenditure of Rs. 8.16 crore was incurred in 8 cases, (*Appendix - 2.9*) without any provision in the original estimate/ supplementary demand or reappropriation order.

2.3.7 Unutilised provision of funds

In 28 cases, there was no expenditure resulting in non-utilisation of entire

budget provision of Rs.266.16 crore (*Appendix - 2.10*). Out of these cases, in 19 cases, the savings exceeded Rupees one crore or more. These instances were indicative of ineffective monitoring and control over expenditure.

2.3.8 Persistent savings/excess

In 7 cases, there were persistent savings in excess of Rs. 10 lakh and 10 *per cent* or more of the provision in each case (*Appendix - 2.11*).

The case of persistent excesses requires investigation by the Government for remedial action.

2.3.9 Anticipated savings not surrendered

According to the rules framed by the Government, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2007-08 there were 58 grants/appropriations in which large savings had not been surrendered by the Department. The amount involved was Rs.708.53 crore. In 38 cases, the amount of available savings of Rupees one crore and above in each case not surrendered, aggregated Rs.697.95 crore. This indicated lack of financial control and monitoring (*Appendix - 2.12*).

2.3.10 Rush of expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. Rush of expenditure particularly in the closing month of the financial year is to be regarded as a breach of financial regularity and should be avoided. Contrary to these provisions, in respect of 10 heads of accounts, while the expenditure during the three quarters ending December 2007 was between 13 to 19 *per cent* of the total expenditure, it was as high as 53 *per cent* in the last quarter of the year. Expenditure of Rs.326.36 crore constituting 37 *per cent* of the total expenditure was incurred in March 2008 indicating rush of expenditure in March (*Appendix - 2.13*).

2.3.11 Non-adjustment of Abstract Contingent Bills

Rules provide that drawals through abstract contingent bills (AC bills) require presentation of detailed countersigned contingent bills (DCC bills) to the controlling officer (CO) and transmission to the Accountant General. A certificate is also required to be attached to every AC bill to the effect that DCC bills have been submitted to the CO in respect of all one month old AC bills (drawn more than a month before the date of that bill).

Records available in respect of 70 Drawing and Disbursing Officers (DDOs) revealed that during 2001-08 Rs. 28.88 crore were drawn through 2307 AC bills but DCC bills against these drawals had not been furnished to the Accountant General as of March 2008 (*Appendix - 2.14*). These drawals remained unadjusted for periods ranging from one to five years as of March 2008.

Thus, due to non-submission of DCC bills, the actual expenditure against these drawals remained un-assessed by the Government which indicated serious deficiency in control over expenditure.

The matter was reported to the Government (March 2008); reply had not been received (November 2008).