

CHAPTER – II
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 Appropriation 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 2003-04 against 65 grants/appropriations was as follows:

Table 2.1

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure [#]	Saving(-) Excess(+)
Voted	I. Revenue	897.83	423.09	1320.92	1241.20	(-) 79.72
	II. Capital	321.53	225.54	547.07	437.02	(-) 110.05
	III. Loans	3.49	2.74	6.23	3.50	(-) 2.73
Total Voted:		1222.85	651.37	1874.22	1681.72	(-) 192.50
Charged	IV. Revenue	160.64	0.86	161.50	150.86	(-) 10.64
	V. Capital	-	-	-	-	-
	VI. Loans	-	-	-	-	-
	VII. Public Debt	92.54	123.28	215.82	206.87	(-) 8.95
Total Charged:		253.18	124.14	377.32	357.73	(-) 19.59
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total:		1476.03	775.51	2251.54	2039.45	(-) 212.09

[#] These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue expenditure (Rs.0.16 crore) and Capital expenditure (Rs.3.67 crore).

The overall saving of Rs.212.09 crore was the result of saving of Rs.232.24 crore in 61 items of grants and appropriations partly offset by excess of Rs.20.15 crore in 21 items of grants and appropriations.

2.3. Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

(i) Out of overall savings of Rs.212.09 crore, major savings of Rs.140.15 crore (66 per cent) occurred in 10 grants as mentioned below :

Table 2.2

(Rupees in crore)

Grant Number	Grant			Actual Expenditure	Saving
	Original	Supplementary	Total		
14-Education (Revenue Voted)	158.74	28.30	187.04	175.53	11.51
27-Panchayat (Revenue Voted)	7.17	3.50	10.67	5.03	5.64
31-Public Works (Capital Voted)	17.47	---	17.47	10.73	6.74
34-Power (Capital Voted)	131.25	82.27	213.52	170.36	43.16
38-Irrigation and Flood Control (Revenue Voted)	30.03	38.88	68.91	59.57	9.34
40-Housing (Capital Voted)	14.40	---	14.40	7.41	6.99
48-Horticulture (Revenue Voted)	9.37	5.16	14.53	8.14	6.39
50-Secretariat Economic Services (Revenue Voted)	44.29	0.01	44.30	15.89	28.41
57-Urban Development (Capital Voted)	21.08	---	21.08	8.20	12.88
65-Department of Tirap and Changlang (Capital Voted)	---	24.78	24.78	15.69	9.09
Total					140.15

Reasons for savings were not intimated by the departments.

Areas in which major savings occurred in these 10 grants are given in **Appendix – VIII**.

(ii) In 24 cases, savings exceeding Rupees one crore in each case and also by more than 10 per cent of the total provision and amounted to Rs.170.80 crore as indicated in **Appendix – IX**.

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.483.27 crore for the years 1986-87 to 2002-03 was yet to be regularised. Details are given in **Appendix – X**.

(ii) **Excess over provision during 2003-04 requiring regularisation** : The excess of Rs.20.15 crore under 21 grants requires regularisation under Article 205 of the constitution (**Appendix – XI**).

2.3.3 Original budget and supplementary provisions

Supplementary provision made during the year constituted 53 *per cent* of the original provision as against 22 *per cent* in the previous year. Total supplementary grants (other than under Public Debt) obtained during the year was Rs.652.23 crore while the ultimate total savings (other than under Public Debt) amounted to Rs.203.14 crore.

2.3.4 Unnecessary/excessive/inadequate supplementary provisions

(i) Supplementary provision of Rs.18.28 crore made in 19 cases during the year proved unnecessary in view of aggregate saving of Rs.54.02 crore as detailed in **Appendix – XII**.

(ii) In 53 cases, against additional requirement of only Rs.459.74 crore, supplementary grants/appropriations of Rs.645.98 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.186.24 crore (**Appendix – XIII**).

(iii) In 15 cases, supplementary provision of Rs.97.27 crore proved insufficient by more than Rs.10 lakh each leaving an aggregate uncovered excess expenditure of Rs.20.06 crore (**Appendix – XIV**).

2.3.5 Excessive/unnecessary 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 55 cases, injudicious re-appropriation of funds proved excessive or resulted in savings by over Rs.20 lakh in each case (**Appendix – XV**).

2.3.6 Expenditure without provision

As per Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs.67.05 lakh was incurred in three cases, without any provision in the original estimate/supplementary demand or re-appropriation order (**Appendix – XVI**).

2.3.7 Unutilised provision of fund

In 27 cases, there was no expenditure resulting in non-utilisation of entire budget provision of Rs.42.45 crore (**Appendix – XVII**). In six cases, the savings was more than Rupees one crore. These instances were indicative of ineffective monitoring and control over expenditure.

2.3.8 Persistent savings/excess

In 20 cases, there were persistent savings in excess of Rs.10 lakh and 10 *per cent* or more of the provision in each case during the period 2001-04. (**Appendix – XVIII**).

Excess was persistent under Grant No. 13-Directorate of Accounts during the period 1999-2004 and Grant No. 28-Animal Husbandry and Veterinary during the period 2000-04.

The cases of persistent excess requires investigation by Government for remedial action.

2.3.9 Anticipated savings not surrendered

According to rules framed by Government the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2003-04 there were 50 grants/appropriations in which large savings had not been surrendered by the department. The amount involved was Rs.166.63 crore (**Appendix – XIX**). In 26 cases, the amount of available savings of Rupees one crore and above in each case not surrendered, aggregated Rs.155.56 crore. This indicated lack of financial control and monitoring.

2.3.10 Surrender in excess of actual savings

In three cases, the amount surrendered was in excess of actual savings and in three other cases surrenders were made even though expenditure was in excess of grant, indicating inadequate budgetary control. As against the savings of Rs.3.40 crore in three grants, the amount surrendered was Rs.4.40 crore, resulting in excess surrender of Rupees one crore. Further, against the excess expenditure of Rs.7.18 crore in three grants, the amount surrendered was Rs.0.62 crore, which resulted in injudicious surrender of Rs.0.62 crore as the expenditure already exceeded the grant and no savings were available for surrender (**Appendix – XX**).

The above instances of budgetary irregularities are being reported every year. Had the provisions of Arunachal Pradesh Budget Manual been followed, these instances could have been minimised to a great extent.

2.3.11 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 financial year is to be regarded as a breach of financial regularity and should be avoided. Contrary to these provisions in respect of nine heads of accounts, while the expenditure during the three quarters ending December 2003 was between 18 to 24 *per cent* of the total expenditure, it was highest at

37 per cent in the last quarter of the year. Expenditure of Rs.73.53 crore constituting 23 per cent of the total expenditure was incurred in March 2004 indicating a rush of expenditure in March (**Appendix – XXI**).

2.3.12 Unreconciled expenditure

Financial rules require that the departmental controlling officers (DCOs) should periodically reconcile the departmental figures of expenditure with those booked by the Accountant General. Seventy-three out of 76 DCOs reconciled their figures of expenditure for the year 2003-04 in March 2004. In respect of five heads of accounts involving expenditure of Rs.71.65 crore pertaining to 2003-04, no reconciliation was made by three DCOs.

2.3.13 Non-adjustment of Abstract Contingent Bill

Rules provide that drawals in abstract contingent bill (AC bill) require presentation of detailed countersigned contingent bills (DCC bills) to the controlling officer (CO) and transmission to the Accountant General. A certificate shall 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).

Test check (June 2004) of the records of 19 drawing and disbursing officers (DDOs) revealed that Rs.1.97 crore were drawn through 35 AC bills during 1998-99 (Rs.3.81 lakh in four bills), 1999-2000 (Rs.0.33 lakh in seven bills), 2000-01 (Rs.1.86 crore in nine bills) and 2001-02 (Rs.6.19 lakh in 15 bills). But DCC bills against these drawals in AC bills had not been furnished to the Accountant General as of March 2004 (**Appendix – XXII**). These drawals remained unadjusted for periods ranging from two years to five years as of March 2004.

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

The matter was reported to Government in November 2004; reply had not been received (December 2004).