

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 authorization 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 Appropriation Accounts at a glance

The summarised position of actual expenditure during 2004-2005 against 78 grants/appropriations (75 Grants and three Appropriations) are indicated in Table-1.

Table-1

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-) Excess (+)
Voted	I. Revenue	13196.89	1389.93	14586.82	8757.43	(-) 5829.39
	II. Capital	4402.18	244.81	4646.99	2180.53	(-) 2466.46
	III. Loans and advances	1128.92	82.63	1211.55	974.19	(-) 237.36
Total Voted		18727.99	1717.37	20445.36	11912.15	(-) 8533.21
Charged	IV Revenue	2050.10	2.05	2052.15	1472.34	(-) 579.81
	V Capital	--	--	--	--	-
	VI Public Debt	4766.00	3531.00	8297.00	7412.40	(-) 884.60
	VII Loans and Advances	--	--	--	--	-
Total Charged		6816.10	3533.05	10349.15	8884.74	(-) 1464.41
Appropriation to Contingency Fund (if any)		--	--	--	--	
Grand Total		25544.09	5250.42	30794.51	20796.89	(-) 9997.62

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities: Out of overall savings of Rs.10,003 crore, major savings of Rs.7,384 crore (74 per cent) occurred in 10 grants indicated in Table-2.

Table-2

(Rupees in crore)

Grant No.	Grant			Actual Expenditure	Saving
	Original	Supplementary	Total		
14	Police (Revenue Voted)				
	910.78	--	910.78	634.14	276.64
29	Medical and Public Health (Revenue Voted)				
	649.59	6.46	656.05	413.77	242.28
30	Water Supply and Sanitation (Revenue Voted)				
	321.09	90.68	411.77	283.28	128.49
38	Welfare of Scheduled Cast and Other Backward Classes (Revenue Voted)				
	181.78	65.29	247.07	172.31	74.76
41	Natural Calamities (Revenue Voted)				
	404.21	718.12	1122.33	427.72	694.61
44	North Eastern Council Schemes (Capital Voted)				
	1034.81	15.16	1049.97	323.19	726.78
62	Power (Electricity) (Revenue Voted)				
	2950.86	53.00	3003.86	313.25	2690.61
	(Capital Voted)				
	3765.68	154.88	3920.56	2321.12	1599.44
63	Water Resources (Capital Voted)				
	71.63	25.00	96.63	40.55	56.08
68	Loans to Government Servants (Capital Voted)				
	208.72	--	208.72	2.93	205.79
71	Education (Elementary, Secondary etc.) (Revenue Voted)				
	2805.99	28.02	2834.01	2145.31	688.70
Total	13305.14	1156.61	14461.75	7077.57	7384.18

Reasons for savings were not intimated by the departments.

1) Areas in which major savings occurred in these ten grants are given in the **Appendix-IX**.

2) In 65 cases, savings exceeding Rupees one crore in each case and also by more than 10 per cent of the total provision amounted to Rs.9,884.32 crore as indicated in **Appendix-X**.

2.3.2 Excess requiring regularisation

1) Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature.

The year-wise position is given in Table-3.

Table-3

(Rupees in crore)

Year	Number of cases		Amount of excess		Total
	Voted Grants	Charged Appropriation	Voted	Charged Appropriation	
2000-01	6	1	233.81	4539.22	4773.03
2001-02	2	5	155.11	1987.37	2142.48
2002-03	5	6	109.54	1509.32	1618.86
2003-04	4	3	3.44	400.92	404.36
Total	17	15	501.90	8436.83	8938.73

The Act of the Legislature regularising excess expenditure from 1995-96 to 1999-2000 received on 29 and 30 December 2004. The Public Accounts Committee vide its Eighty Eighth Report presented to the Legislature on 3 October 2002 and Ninety Fourth Report which was placed to the Legislature on 6 August 2003 recommended regularisation of excess expenditure for the years 2000-01 and 2001-02 respectively. Necessary Act of the Legislature for regularisation of total excess expenditure of Rs.8,938.73 crore from 2000-01 to 2003-04 is awaited (September 2005).

2) Saving/excess over provision during 2004-05 requiring regularisation

The overall savings of Rs.10,003.50 crore in 73 cases of grants (Rs.8,534.01 crore) and 12 cases of appropriations (Rs.1,469.49 crore) was offset by an excess of Rs.5.88 crore in six charged appropriations (Rs.5.07 crore) and five grants (Rs.0.81 crore) resulting in net savings of Rs.9,997.62 crore during 2004-05. The excess of Rs.5.88 crore required regularisation under Article 205 of the Constitution. The details are given in Table-4.

Table-4

(Rupees in crore)

Year	Number/Name of Grants/ Appropriations	Total Grant/ Appropriation	Actual expenditure	Amount of Excess
2004-05	12- District Administration (Revenue Charged)	0.03	0.75	0.72
	14- Police (Revenue Charged)	0.53	1.73	1.20
	18- Fire Services (Revenue Charged)	0.01	0.30	0.30
	31- Urban Development (T&CP) (Capital Voted)	0.65	1.02	0.37
	36- Labour and Employment (Revenue Charged)	0.04	0.18	0.14
	42- Social Services (Revenue Voted)	0.38	0.39	0.01
	47- Trade Advisor (Revenue Voted)	0.43	0.69	0.26
	49- Irrigation (Revenue Charged)	3.24	5.15	1.91
	56- Rural Development (Panchayat) (Revenue Charged)	0.13	0.93	0.80
	58- Industries (Capital Voted)	8.97	9.03	0.06
	73- Urban Development (GDD) (Capital Voted)	31.49	31.60	0.11
	Total		45.90	51.78

2.3.3 *Supplementary provision*

Supplementary provision made during the year constituted 20.55 *per cent* of the original grant/appropriation as against 33.04 *per cent* in the preceding year.

2.3.4 *Unnecessary/inadequate supplementary provision*

Supplementary provision of Rs.534.91 crore (Revenue: Rs.335.41 crore and Capital: Rs.199.50 crore) in 39 cases involving 33 grants and two appropriations as detailed in **Appendix-XI** proved unnecessary. In one case of appropriation (Public Debt and Servicing of Debt–Capital portion), the actual expenditure (Rs.7,412.40 crore) exceeded the original budget provision (Rs.4,766.00 crore) by Rs.2,646.40 crore but supplementary provision of Rs.3,531.00 crore obtained during the year proved excessive in view of savings of Rs.884.60 crore.

2.3.5 *Persistent savings*

In 22 grants there were persistent savings in excess of Rs.10 lakh in each case, representing 20 *per cent* or more of the total provision during the last three years. Details are given in **Appendix-XII**.

2.3.6 *Anticipated savings not surrendered*

According to the rules framed by Government the spending departments are required to surrender the grants/appropriation, or portion thereof, to the Finance Department as and when savings are anticipated. However, at the close of the year there were grants/appropriations in which large savings had not been surrendered by the departments. In 58 grants saving exceeding Rupees one crore each remained to be surrendered at the end of 2004-2005. The amount involved was Rs.9,685.64 crore. Details are given in **Appendix-XIII**.

2.3.7 *Non-receipt of explanations for Savings/Excesses*

After the closure of accounts each year, the detailed Appropriation Accounts showing the Final Grant/Appropriation, the actual expenditure and the resultant variations are sent to the controlling officers (COs) who are required to explain the variation in general and those under important sub-heads in particular. The State budget manual also requires the COs to furnish promptly all such information to Accountant General (A&E) for preparation of the Appropriation Accounts.

Appropriation Accounts 2004-05 included 75 Grants and three Appropriations. The reasons for savings/excesses were called for by the Accountant General (A&E) in respect of 1,362 sub-heads. In all cases explanations for variations were not received.

2.3.8 *Injudicious/Unnecessary re-appropriation*

Funds from one sub-head of appropriation to another sub-head where additional funds are needed can be transferred by re-appropriation. Scrutiny of re-appropriation orders revealed that a number of such orders issued during 2004-05 proved to be injudicious on account of either anticipated saving not materialising under the head of accounts from which funds were transferred or the actual expenditure falling short of even the original provision under the head to which additional funds were transferred. The details of such instances where re-appropriation for sums exceeding Rs.25 lakh each turned out to be injudicious are indicated in Table-5.

Table-5

(Rupees in lakh)

Sl. No	Number and name of grant/ Appropriation and head of account	Total Provision	Re-appropriation	Total	Actual expenditure	Excess (+) Savings (-)
1	4- Elections 2015 Elections II State Plan and non-Plan Schemes 103 Preparation and Printing of Electoral rolls 0144 District Establishment	166.00	530.00	696.00	346.78	(-) 349.22
2	11- Secretariat and Attached Offices 2052 Secretariat- General Services II State Plan and non-Plan Schemes 090 Secretariat 0403 Department of Personal and Administrative Reforms	1135.88	70.00	1205.88	576.51	(-) 629.37
3	14- Police 2055 Police II State Plan and non-Plan Schemes 109 District Police 0145 District Police Proper	21982.61	39.56	22022.17	19882.59	(-) 2139.58
4	18- Fire Services 2070 Other Administrative Services II State Plan and non-Plan Schemes 108 Fire Protection and Control 0526 Protection and Control Fire Service Station	2689.38	(-) 894.45	1794.93	1817.54	(+) 22.61

2.3.9 *Trend of recoveries and credits*

Under the system of gross budgeting followed by Government, the Demands for Grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries, which are adjusted in the accounts as reduction of expenditure, the anticipated recoveries and credits are being shown separately in the Budget estimates. During the year 2004-05 such recoveries were anticipated at Rs.623.15 crore against which actual recoveries were Rs.0.62 crore. The shortfall in recoveries was mainly under 17-Administrative and Functional Buildings (Rs.6.67 crore), 24-Aid Materials (Rs.14.25 crore), 25-Miscellaneous General Services (Rs.40 crore), and 41-Natural Calamities (Rs.561.17 crore).

2.3.10 Rush of expenditure at the fag end of the year

Rush of expenditure at the fag end of the financial year was commented upon in the Audit Reports for the years 2002-03 and 2003-04. Some instances of such rush of expenditure noticed at the fag end of the financial year 2004-05 are indicated in Table-6.

Table-6

(Rupees in crore)

Sl. No.	Head of Account (Grant No)	Total provision (Original and Supplementary)	Total expenditure	Expenditure during March 2005	Percentage of expenditure during March 2005 to	
					Total provision	Total expenditure
1	2040- Sales Tax and Other Taxes (5)	92.08	76.34	61.49	66.78	80.55
2	2070- Vigilance Commission and Others (19)	19.72	12.70	7.56	38.34	59.53
3	2215- Urban Development (T&CP) (31)	21.70	15.73	15.22	70.14	96.76
4	6217- Urban Development (MAD) (34)	3.87	2.86	2.86	73.90	100.00