

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 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 Appropriation Accounts at a glance

The summarised position of actual expenditure during 2007-2008 against 78 Grants/Appropriations (75 Grants and 3 Appropriations) is indicated in **Table-1**.

Table-1

(Rupees in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving (-) Excess (+)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Voted	I. Revenue	14783.84	1877.17	16661.01	11004.91	(-) 5656.10
	II. Capital	2860.37	370.29	3230.66	1688.11	(-) 1542.55
	III. Loans and advances	160.88	109.40	270.28	142.89	(-) 127.39
Total Voted		17805.09	2356.86	20161.95	12835.91	(-) 7326.04
Charged	IV Revenue	2089.55	6.06	2095.61	1740.34	(-) 355.27
	V Capital	--	--	--	--	--
	VI Public Debt	1290.49	19.05	1309.54	575.14	(-) 734.40
	VII Loans and Advances	--	--	--	--	--
Total Charged		3380.04	25.11	3405.15	2315.48	(-) 1089.67
Appropriation to Contingency Fund (if any)		--	--	--	--	--
Grand Total		21185.13	2381.97	23567.10	15151.39	(-) 8415.71

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Out of overall savings of Rs.8,528.95 crore, major savings of Rs.4,778.03 crore (56.02 per cent) occurred in 10 Grants as indicated in **Table-2**.

Table-2

(Rupees in crore)

Grant No.	Grant			Actual Expenditure	Saving
	Original	Supplementary	Total		
11	Secretariat and Attached Offices (Revenue Voted)				
	1113.64	54.58	1168.22	576.28	591.94
23	Pension and Other Retirement Benefits (Revenue Voted)				
	1422.69	--	1422.69	1320.31	102.38
29	Medical and Public Health (Revenue Voted)				
	1185.88	71.28	1257.16	617.96	639.20
38	Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes etc. (Revenue Voted)				
	1003.61	50.62	1054.23	232.48	821.75
39	Social Security, Welfare and Nutrition (Revenue Voted)				
	130.51	664.35	794.86	253.83	541.03
44	North-Eastern Council Schemes (Capital Voted)				
	899.41	10.47	909.88	218.02	691.86
56	Rural Development (Panchayat) (Revenue Voted)				
	495.75	109.95	605.70	455.26	150.44
58	Industries (Capital Voted)				
	132.67	30.00	162.67	23.28	139.39
62	Power (Electricity) (Capital Voted)				
	466.05	244.00	710.05	521.67	188.38
71	Education (Elementary, Secondary etc.) (Revenue Voted)				
	3246.81	151.38	3398.19	2486.53	911.66
Total	10097.02	1386.63	11483.65	6705.62	4778.03

Reasons for savings were not intimated by the Departments.

Areas in which major savings occurred in these ten Grants are given in **Appendix-2.1**.

In 60 cases, savings exceeded Rupees one crore in each case and also by more than 10 per cent of the total provision as detailed in **Appendix-2.2**.

2.3.2 Excess requiring regularisation

2.3.2.1 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 of excess expenditure yet to be regularized 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	
2002-03	5	6	109.54	1509.32	1618.86
2003-04	4	3	3.44	400.92	404.36
2004-05	5	6	0.81	5.07	5.88
2005-06	2	2	1.69	0.76	2.45
2006-07	4	2	80.49	0.12	80.61
Total	20	19	195.97	1916.19	2112.16

The excess expenditure amounting to Rs.2112.16 crore for the years 2002-07 as detailed in Table-3 had not been regularized as of March 2008. This was a breach of legislative control over appropriations.

2.3.2.2 Excess over provision during 2007-08 requiring regularisation

The overall savings of Rs.8,528.95 crore in 74 cases of Grants (Rs.7,439.19 crore) and 11 cases of Appropriations (Rs.1,089.76 crore) in 2007-08 was offset by an excess of Rs.113.24 crore in two charged appropriations (Rs.0.10 crore) and nine grants (Rs.113.14 crore) resulting in net savings of Rs.8,415.71 crore during 2007-08. The excess of Rs.113.14 crore during the year requires regularisation under Article 205 of the Constitution. The details are given in **Table-4**. In 2006-07 also, there was an overall saving of Rs.8,459.86 crore and excess expenditure of Rs.80.61 crore. Recurrence of savings/excess indicates that the Government has not taken effective corrective action with regard to the preparation and management of budget.

Table-4

(Rupees in thousand)

Year	Number/Name of Grants/ Appropriations	Total Grant/ Appropriation	Actual expenditure	Amount of Excess
2007-08	Head of State (Revenue Charged)	22930	23119	189
	4-Elections (Revenue Voted)	108741	110431	1690
	6-Land Revenue & Land Ceiling (Revenue Charged)	88	842	754
	31-Urban Development (Town & C P) (Capital Voted)	--	1230	1230
	34-Urban Development (MAD) (Capital Voted)	230600	244730	14130
	40-Sainik Welfare & Other Relief Programme etc. (Revenue Voted)	68900	75309	6409
	42-Social Services (Revenue Voted)	3728	3828	100
	59-Sericulture and Weaving (Capital Voted)	5000	11229	6229
	60-Cottage Industries (Capital Voted)	10800	18033	7233
	65-Tourism (Revenue Voted)	111066	148603	37537
	70-Hill Areas (Capital Voted)	--	1056853	1056853
Total		561853	1694207	1132354

2.3.3 Supplementary provision

Supplementary provision made during the year constituted 11.24 *per cent* of the original Grant/Appropriation as against 5.32 *per cent* in the preceding year.

2.3.4 Unnecessary/inadequate supplementary provision

Supplementary provision of Rs.1,118.49 crore (Revenue: Rs.898.65 crore and Capital: Rs.219.84 crore) in 40 cases of Grants/Appropriations as detailed in **Appendix-2.3** proved unnecessary in view of the substantial savings in all these cases. In fact, savings were much higher than the supplementary provision in all these cases.

2.3.5 Persistent savings

In 25 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-2.4**.

2.3.6 Anticipated savings not surrendered

As per the rules framed by the 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 2007-08 in 60 Grants, savings exceeding Rupees one crore each, remained to be surrendered. The amount involved was Rs.7,412.83 crore. Details are given in **Appendix-2.5**.

2.3.7 Non-receipt of explanation for Saving/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 all such information promptly to the Accountant General (A&E) for preparation of Appropriation Accounts.

Appropriation Accounts of 2007-08 included 75 Grants and three Appropriations. The reasons for savings/excesses were called for by Accountant General (A&E) in respect of 1,590 sub-heads. In 98 *per cent* cases, explanations for variations were not received (1,558 sub-heads). The replies received were incomplete in respect of 28 sub-heads and four sub-heads where explanations for variations (savings/excesses) were received within the specified period.

2.3.8 Trend of recoveries and credits

Under the system of gross budgeting followed by the 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 estimated recoveries and credits are being shown separately in the Budget estimates. During the year 2007-08 such recoveries were estimated at Rs.105.26 crore against which, the actual recoveries were Rs.1.08 crore. The shortfall in recoveries was mainly under (1) 17-Administrative and Functional Buildings (Rs.6.80 crore), (2) 24-Aid Materials (Rs.2.71 crore), (3) 29-Medical and Public Health (Rs.8.61 crore), (4) 30-Water Supply and Sanitation (Rs.2.44 crore), (5) 49-Irrigation (Rs.3.52 crore), (6) 56-Rural Development (Panchayat) (Rs.5.90 crore) and (7) 71-Education (Elementary, Secondary etc.) (Rs.53.63 crore).

2.3.9 Injudicious/Unnecessary re-appropriation

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. Significant cases where injudicious re-appropriation of funds resulted in saving/excess by over Rs.25 lakh in each case are given in **Table-5**.

Table-5

(Rupees in lakh)

Number and name of Grant/Appropriation and head of account	Total Provision	Re-appropriation	Total	Actual expenditure	Saving (-) Excess (+)
6-Land Revenue and Land Ceiling 2029-Land Revenue II State Plan and Non-Plan Schemes 102 Survey and Settlement Operations 0319 Assam Survey 447 Traverse Section	155.10	86.00	241.10	181.89	(-) 59.21
58-Industries II State Plan and Non-Plan Schemes 80 General 800 Other expenditure 1681 State Share of Border Trade Centre at Suterkandi	100.00	60.00	40.00	130.00	(+) 90.00

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 2003-04 and 2004-05. Some instances of such rush of expenditure noticed at the fag end of the financial year 2007-08 are indicated in **Table-6**.

Table-6

(Rupees in crore)

Head of Account (Grant No.)	Total provision (Original & Supplementary)	Total expenditure	Expenditure during March 2008	Percentage of expenditure during March 2008 to	
				Total provision	Total expenditure
4059-Transport Services (9)	14.50	14.45	14.14	97.52	97.85
2217-Urban Development (Municipal Admn. Deptt.) (34)	91.65	50.26	35.57	38.81	70.77
2401-Crop. Husbandry 2415-Agricultural Research & Education 2435-Other Agricultural Programmes (48)	378.88	264.08	111.91	29.54	42.38
2575-Other Special Areas Programmes (50)	49.95	49.02	45.92	91.93	93.70
2045-Other Taxes and Duties on commodities and Services 2081-Power (62)	35.81	32.37	30.66	85.62	94.72
5054-Roads and Bridges (64)	716.09	481.31	217.02	30.31	45.09