

## CHAPTER-II

### ALLOCATIVE PRIORITIES AND APPROPRIATION

#### 2.1 Introduction

The Appropriation Accounts, prepared annually, indicate capital and revenue expenditure incurred 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. 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 2005-06 against Grants/Appropriation was as follows:

(Rupees in crore)

Nature of expenditure	Original Grants/ Appropriation	Supplementary Grants/ Appropriation	Total Grants/ Appropriations	Actual expenditure	Variation (-) Saving (+) Excess
<b>Voted</b>					
I. Revenue	18,844.13	1,452.31	20,296.44	19,911.54	(-)384.90
II. Capital	5,742.88	1,418.14	7,161.02	7,202.22	41.20
III. Loans & Advances	825.21	210.63	1,035.84	704.22	(-)331.62
<b>Total Voted</b>	<b>25,412.22</b>	<b>3,081.08</b>	<b>28,493.30</b>	<b>27,817.98</b>	<b>(-)675.32</b>
<b>Charged</b>					
IV. Revenue	6,200.15	332.19	6,532.34	6,199.24	(-)333.10
V. Capital	0.01	4.83	4.84	4.71	(-)0.13
VI. Public Debt	4,852.60	0.00	4,852.60	1,128.40	(-)3,724.20
VII. Inter State Settlement	0.01	0.00	0.01	0.00	(-)0.01
<b>Total Charged</b>	<b>11,052.77</b>	<b>337.02</b>	<b>11,389.79</b>	<b>7,332.35</b>	<b>(-)4,057.44</b>
<b>Grand Total</b>	<b>36,464.99</b>	<b>3,418.10</b>	<b>39,883.09</b>	<b>35,150.33</b>	<b>(-)4,732.76</b>

*Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs.645.29 crore and capital expenditure Rs.248.27 crore.*

The overall saving of Rs.4,732.76 crore as mentioned above was the net result of savings of Rs.6,892.59 crore in 132 cases of grants and appropriations offset by excess of Rs.2,159.83 crore in 44 cases of grants and appropriations. The savings/excesses (Detailed Appropriation Accounts) were sent to the

Controlling Officers (July 2006) requiring them to explain the significant variations; explanations were not received (August 2006).

## **2.3 Fulfilment of Allocative Priorities**

### **2.3.1 Appropriation by Allocative Priorities**

(i) Analysis of savings with reference to allocative priorities brought out the following:

#### **Grant No. 18- Other expenditure pertaining to Finance Department**

(Rupees in crore)

Capital (Voted)	Amount	Total grant	Actual Expenditure	Saving
Original	801.82	801.82	3.55	798.27
Supplementary				

Saving occurred mainly under (i) MH-4075 – Additional Plan Allocation for Development Works under Various Sectors (Rs.565.00 crore) due to necessary provisions made under Revised Estimates under respective department and under appropriate demand, (ii) MH -7610 House Building Advance (Rs.560.60 crore) due to less demand from employees and under (iii) MH-7610- House Building Advance to Government Servants for the loans received from the Other Banking Institutions (Rs.230.00 crore) due to necessary provision being increased in Revised Estimates under the respective department under the sub-head House Building Advance.

#### **Grant No. 18 - Other expenditure pertaining to Finance Department**

(Rupees in crore)

Revenue (Voted)	Amount	Total grant	Actual Expenditure	Saving
Original	1,583.61	1,783.08	1,418.07	365.01
Supplementary	199.47			

Saving occurred mainly under (i) MH-2075 –Liability on account of increase in the rates of Dearness Allowance (Rs.400.00 crore) due to necessary provision being made in the revised estimates under respective department,(ii) Additional Plan Allocation for Development Works under Various Sectors (Plan) (Rs.364.00 crore) due to the provision made to indicate the additional plan allocation under Various sectors at the time of revised estimates and necessary provision being made under the respective department and under the appropriate demand and (iii) Gujarat State Guarantee Redemption Fund (Rs.149.96 crore) due to estimation of liability on account of Guarantee.

**Grant No. 65 - Narmada Development Scheme**

(Rupees in crore)

Capital (Voted)	Amount	Total grant	Actual Expenditure	Saving
Original	1,019.94	1,819.94	1,471.44	348.50
Supplementary	800.00			

Saving occurred mainly under (i) MH-4700 Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited, Other Government (Plan) (Rs.203.02 crore), (ii) Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited (Plan) (Rs.37.93 crore) and (iii) MH-4801 Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited (Plan) (Rs.108.82 crore); all due to non receipt of funds from the beneficiaries States.

(ii) In 104 cases, savings exceeding Rupees five crore in each case and/or by more than 10 *per cent* of total provision made amounted to Rs.9,639.89 crore as indicated in **Appendix XII**. Out of the above, in 29 cases entire provisions have been saved amounting to Rs.6,337.06 crore mainly under Grant No. 12 Energy Project (Revenue Voted) (Rs.263.04 crore), Grant No 18 Other expenditure pertaining to Finance Department (Revenue/Capital Voted) (Rs.1,559.00 crore) and Grant No. 19 –Repayment of debt pertaining to Finance Department and its servicing (Revenue/Capital Charged) (Rs.4,289.49 crore).

(iii) In 12 cases of saving of Rupees one crore each, even after partial surrender, savings amounting to Rs.315.67 crore (**Appendix XIII**) remained un-surrendered.

**2.3.2 Persistent savings**

There was a case of persistent savings of more than Rs.50 crore and 20 *per cent* or more of provision; details of which are as given below:

(Rupees in crore)

Grant Number and Major Head	Sub-Head	2003-04		2004-05		2005-06	
		Savings (percentage of Provision)					
		Provision	Saving	Provision	Saving	Provision	Saving
34 -4250	00.101.01 UDP-42 Assistance to Disaster Management Authority (Plan)	1,407.46	770.85 (54.77)	1,085.72	541.18 (49.85)	1,225.34	435.02 (35.50)

### 2.3.3 Excess requiring regularisation

• 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.10,379.23 crore for the years 1993-94 to 2004-05 as detailed below, had not been regularised so far (August 2006). This was breach of Legislative control over appropriations.

(Rupees in crore)

Year	No. of Grants/Appropriation	Grants/Appropriation No(s)	Amount of excess	Whether reasons submitted to PAC
1993-94	27	4, 6, 9, 13, 18, 20, 31, 32, 39, 43, 44, 45, 47, 52, 61, 65, 66, 71, 80, 81, 82, 84, 85, 86, 97, 98, 100	574.79	Submitted
1994-95	38	4, 6, 10, 13, 15, 19, 21, 24, 26, 30, 39, 42, 43, 45, 46, 49, 50, 52, 53, 57, 61, 63, 65, 67, 68, 73, 77, 78, 79, 82, 83, 84, 86, 87, 92, 94, 95, 98	372.75	Submitted
1995-96	45	1, 3, 4, 5, 8, 9, 10, 12, 20, 22, 24, 37, 38, 40, 42, 43, 44, 47, 48, 49, 55, 56, 58, 59, 60, 61, 64, 66, 67, 72, 73, 78, 80, 81, 83, 84, 85, 86, 87, 88, 89, 90, 91, 101, 102	564.16	Submitted
1996-97	40	4, 5, 6, 8, 10, 14, 17, 19, 23, 25, 29, 38, 42, 43, 44, 46, 48, 55, 56, 59, 60, 64, 66, 68, 72, 74, 79, 81, 83, 84, 85, 86, 87, 89, 90, 92, 94, 95, 100, 102	534.27	Not Submitted (127.24)
1997-98	38	4, 5, 7, 8, 9, 10, 15, 17, 22, 23, 24, 25, 29, 34, 37, 40, 47, 52, 55, 59, 60, 64, 66, 68, 69, 72, 76, 82, 83, 84, 85, 86, 87, 88, 91, 98, 102	733.90	Not Submitted (731.27)
1998-99	21	7, 8, 10, 12, 19, 24, 25, 35, 44, 47, 51, 55, 66, 73, 74, 80, 82, 83, 84, 86, 88	981.27	Not Submitted
1999-2000	31	4, 7, 8, 9, 10, 17, 18, 19, 22, 23, 42, 51, 55, 56, 60, 66, 67, 68, 74, 77, 78, 79, 80, 81, 82, 84, 86, 87, 88, 90, 94	1,295.41	Not Submitted
2000-01	21	6, 7, 8, 9, 12, 21, 23, 25, 35, 38, 42, 46, 66, 67, 74, 77, 80, 81, 86, 88, 94	379.62	Not Submitted

Year	No. of Grants/Appropriation	Grants/Appropriation No(s)	Amount of excess	Whether reasons submitted to PAC
2001-02	13	7, 8, 12, 19, 34, 36, 61, 66, 73, 75, 82, 86, 102	2,640.36	Not Submitted
2002-03	17	30, 35, 40, 42, 46, 60, 61, 68, 69, 73, 78, 80, 84, 86, 88, 104 (Voted and Charged)	114.18	Not Submitted
2003-04	26	4, 8, 9, 12, 17, 19, 22, 40, 41, 42, 49, 55, 59, 60, 64, 66, 67, 68, 69, 73, 78, 80, 84, 86, 91 and 105	401.26	Not Submitted
2004-05	29	2, 5, 8, 12*, 17, 19, 22, 36, 38, 40, 43, 55, 61, 63, 66, 68, 73♦, 80, 81♥, 86, 88, 91, 96, 100 and 104	1,787.26	Not Submitted
Total	346		10,379.23	

• **Excess over provisions during 2005-06 requiring regularisation**

The excess of Rs.2,159.83 crore under 44 cases of grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given in **Appendix XIV**. Reasons for the excesses had not been furnished by the Government as of August 2006.

**2.3.4 Original budget and supplementary provisions**

Supplementary provisions (Rs.3,418.10 crore) made during this year constituted 9.37 per cent of the original provision (Rs.36,464.99 crore) as against 31 per cent in the previous year.

**2.3.5 Unnecessary/excessive/inadequate supplementary provisions**

Supplementary provision of Rs.565.97 crore made in 25 cases during the year proved unnecessary in view of aggregate saving of Rs.960.58 crore as detailed in **Appendix XV**.

In 19 cases, against additional requirement of only Rs.830.60 crore, supplementary grants and appropriations of Rs.1,288.60 crore were obtained, resulting in savings aggregating to Rs.458.00 crore. Details of these cases are given in **Appendix XVI**.

In 26 cases, supplementary provision of Rs.1,549.70 crore proved insufficient leaving an uncovered excess expenditure of Rs.2,138.34 crore. Details of these cases are given in **Appendix XVII**.

\* Revenue Voted, Revenue Charged and Capital charged

♦ Revenue Voted and Capital Charged

♥ Revenue Charged and Capital Charged

### 2.3.6 Persistent excesses

There was a case of significant and persistent excess as detailed below:

Grant Number and Major Head	Sub-Head	(Rupees in crore)					
		2003-04		2004-05		2005-06	
		Excess (percentage of Provision)					
		Provision	Excess	Provision	Excess	Provision	Excess
8-2071	01.101.01 Superannuation and Retirement Allowances to Primary Panchayat Teachers	95.00	113.97 (119.97)	95.00	116.97 (123.13)	105.00	141.25 (134.52)

### 2.3.7 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. Cases where the re-appropriation of funds proved injudicious in view of final excess (Rs.189.27 crore) and savings (Rs.73.46 crore) over grant by over rupees one crore are detailed in **Appendix XVIII and XIX** respectively.

### 2.3.8 Delayed surrender

In 136 cases of Grants/Appropriations, Rs.6,916.18 crore were surrendered in March 2006 indicating inadequate financial control over expenditure. Details are given in **Appendix XX**.

## 2.4 Re-appropriations on 31 March

During 2005-06, 1,035 re-appropriation/surrender orders amounting to Rs.8,980.84 crore were issued and of these 140 orders aggregating to Rs.2,261.92 crore (131 re-appropriation orders for Rs.1,903.32 crore and nine surrender orders for Rs.358.60 crore) were issued on 31 March 2006, i.e. the last day of the financial year.

## 2.5 Rush of Expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. The rush of expenditure during the closing months of the financial year is regarded as a breach of financial rules. The position in respect of expenditure (Revenue and Capital) for the four quarters and also for the month of March 2006 is depicted in **Appendix XXI**, which shows that the expenditure incurred in March 2006 in 36 cases ranged between

40 and 100 *per cent* of the total expenditure during the year indicating a tendency to utilise the budget at the close of the financial year.

## **2.6 Budgetary Control**

In 68 cases, expenditure aggregating Rs.1,929.76 crore exceeded the original provisions by Rupees five crore or more in each case and also by more than 10 *per cent* of the total provisions. Details are given in **Appendix XXII**.

As envisaged in Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure was incurred without any provision in 13 cases amounting to Rs.3,183.45 crore as detailed in **Appendix XXIII**.

## **2.7 Audit of Abstract and Detailed Contingent Bills**

As per codal provisions and instructions issued by the State Government, Detailed Contingent (DC) Bills should be sent to the Accountant General (Accounts and Entitlement) Gujarat, Rajkot, by Drawing and Disbursing Officers within three months from the date of drawal of Abstract Contingent (AC) Bills.

The amount drawn on AC Bill should be utilised by the Drawing and Disbursing Officer for the purpose for which the drawal was made. Test check of AC Bills and DC Bills in departments revealed the following;

### ***Non Submission of DC Bills***

Rupees 3.78 crore were drawn on 193 AC Bills between June 2003 and March 2006 for which no DC bills were submitted as shown in **Appendix-XXIV**. Details of DC Bills submitted from April 2006 onwards are not received (October 2006).

### ***Delay in submission of DC Bills***

Rupees 10.46 crore drawn on 649 AC Bills between June 2001 and January 2006 as shown in **Appendix-XXV**, the DC bills in respect of which were submitted late. Delay in submission of DC bills ranged from one to 49 months.





