

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 2007-08 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
Voted					
I. Revenue	23938.05	2420.43	26358.48	26295.35	(-)63.13
II. Capital	7812.67	278.88	8091.55	7218.83	(-)872.72
III. Loans & Advances	446.00	36.39	482.39	428.70	(-)53.69
Total Voted	32196.72	2735.70	34932.42	33942.88	(-)989.54
Charged					
IV. Revenue	7812.50	115.00	7927.50	7573.54	(-)353.96
V. Capital	0.01	5.34	5.35	5.26	(-)0.09
VI. Public Debt	3561.09	0.06	3561.15	1934.34	(-)1626.81
VII. Inter State Settlement	0.01	0.00	0.01	0.00	(-)0.01
Total Charged	11373.61	120.40	11494.01	9513.14	(-)1980.87
Grand Total	43570.33	2856.10	46426.43	43456.02	(-)2970.41

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs.329.38 crore and capital expenditure Rs.423.06 crore.

The overall saving of Rs.2970.41 crore as mentioned above was the net result of savings of Rs.4025.79 crore in 128 cases of grants and appropriations offset by excess of Rs.1055.38 crore in 43 cases of grants and appropriations. The savings/excesses (Detailed Appropriation Accounts) were sent to the Controlling Officers (July 2008) requiring them to explain the significant variations; explanations were not received (August 2008).

2.3 Fulfillment 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. 19 - Other expenditure pertaining to Finance Department

Revenue (Voted) (Rupees in crore)

Original	Supplementary	Total grant	Actual Expenditure	Saving
1649.74	--	1649.74	1020.03	629.71

Saving occurred under MH-2075 – 00.797.01 Gujarat State Guarantee Redemption Fund (Rs.200.00 crore) was anticipated mainly due to reduction in the contribution of Guarantee Redemption Fund meant for meeting the contingent liabilities that may arise if any. Further, saving of Rs.450.00 crore under MH-2075 - 00.800.01 was anticipated mainly due to shifting of provision on account of increase in the rate of dearness allowance under various sub heads of the respective departments in the revised estimates.

Grant No. 20 - Other expenditure pertaining to Finance Department

Capital (Charged) (Rupees in crore)

Original	Supplementary	Total grant	Actual Expenditure	Saving
3561.08	--	3561.08	1934.23	1626.85

Saving occurred mainly under MH 6003 -00.110.01 Repayment of Ways and Means Advances (Rs.1000.00 crore) and 00.111.01 Repayment of Loans received from National Small Savings Fund (Rs.613.23 crore) due to non obtaining of Ways and Means Advances during the year and actual repayment made during the year respectively.

Grant No. 65 – Narmada Development Scheme

Capital (Voted) (Rupees in crore)

Original	Supplementary	Total grant	Actual Expenditure	Saving
2033.75	200.00	2233.75	2078.24	155.51

Saving occurred mainly under MH-4801.-35.190.01 Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited (Plan) Rs.130.20 crore due to non receipt of fund from the beneficiary States.

Grant No. 66 – Irrigation and Soil Conservation**Capital (Voted)**

(Rupees in crore)

Original	Supplementary	Total grant	Actual Expenditure	Saving
1238.82	--	1238.82	1000.63	238.19

Saving occurred mainly under MH- 4701- 72.800.80 Other Expenditure (Plan) (Rs.35.74 crore), 73.800.80 Other Expenditure (Plan) (Rs.93.88 crore) and 75.800.80 Other Expenditure (Plan) (Rs.47.95 crore) due to slow progress of work, non receipt of administrative approval and non-commencement of work.

(ii) In 85 cases under 24 grants, savings exceeding Rupees five crore in each case and/or by more than 10 *per cent* of total provision made amounted to Rs.3971.79 crore as indicated in **Appendix X**. Out of which, in 18 cases entire provisions have been saved amounting to Rs.1739.10 crore, mainly under Grant No. 20 Repayment of debt pertaining to Finance Department and its Servicing (Capital Charged) Rs.1000.00 crore, Grant No.79 Relief on account of Natural Calamities (Revenue Voted) Rs.85.00 crore and Grant No. 102 Urban Development (Capital Voted) Rs.50.00 crore.

(iii) In 13 cases of saving of Rupees one crore each, even after partial surrender, savings amounting to Rs.266.60 crore (**Appendix XI**) remained unsurrendered.

2.3.2 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.13122.85 crore for the years 1993-94 to 2006-07 as detailed in **Appendix XII**, had not been regularised so far (August-2008). This is breach of Legislative control over appropriations.

●Excess over provisions during 2007-08 requiring regularisation

The excess of Rs.1055.38 crore under 43 cases of grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given in **Appendix XIII**. Reasons for the excess had not been furnished by the Government as of August 2008.

2.3.3 Original budget and supplementary provisions

Supplementary provisions (Rs.2856.10 crore) made during this year constituted 6.56 *per cent* of the original provision (Rs.43570.33 crore) as against 16.22 *per cent* in the previous year.

2.3.4 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provision of Rs.37.35 crore made in 21 cases during the year proved unnecessary in view of aggregate saving of Rs.186.08 crore, as detailed in **Appendix XIV**.

In 31 cases, against additional requirement of only Rs.1253.03 crore, supplementary grants and appropriations of Rs.1587.46 crore were obtained, resulting in savings aggregating to Rs.334.43 crore. Details of these cases are given in **Appendix XV**.

In 30 cases, supplementary provision of Rs.1063.34 crore proved insufficient leaving an uncovered excess expenditure of Rs.982.34 crore. Details of these cases are given in **Appendix XVI**.

2.3.5 Persistent excesses

There was one case of significant and persistent excess as detailed below.

(Rupees in crore)

Grant Number and Major Head	Sub-Head	2005-06		2006-07		2007-08	
		Provision	Excess	Provision	Excess	Provision	Excess
		Excess (percentage of Provision)					
73 - 2071	01.101.01 Superannuation and Retirement allowances to Panchayat Employees	75.00	34.44 (45.92)	80.00	27.87 (34.84)	77.50	65.46 (84.46)

2.3.6 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 and savings over grant by over rupees one crore are detailed in **Appendix XVII and XVIII** respectively.

2.3.7 Delayed surrender

In 119 cases of Grants/Appropriations, Rs.4085.60 crore were surrendered in March 2008 indicating inadequate financial control over expenditure. Details are given in **Appendix XIX**.

2.4 Defective Re-appropriation

During 2007-08, 352 re-appropriation/surrender orders amounting to Rs.5375.59 crore were issued and of these, 144 orders aggregating to Rs.1502.65 crore (133 re-appropriation orders for Rs.1020.36 crore and 11 surrender orders for Rs.482.29 crore) were issued on 31st March 2008, 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 in 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 2008 is depicted in **Appendix XX** which shows that the expenditure incurred in March 2008 in 18 cases ranged between 44 and 99 *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 49 cases, expenditure aggregating Rs.1430.46 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 XXI**.

As envisaged in Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that, expenditure amounting to Rs.579.18 crore as detailed in **Appendix XXII** was incurred in 7 cases without any provision wherein rupees one lakh and above in each case was incurred.

2.7 Audit of Abstract and Detailed Contingent Bills

As per codal provisions and instructions issued by the State Government, 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 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 abstract contingent (AC) Bills and detailed contingent (DC) Bills in departments revealed the following;

Non-submission of DC Bills

Rupees 13.91 crore were drawn on 79 AC Bills between March 2004 and December 2007 as shown in **Appendix XXIII**, for which no DC Bills were submitted. Out of these, Rs.8.47 crore drawn on 11 AC Bills (Rs.1.28 crore drawn on five AC Bills in March 2004; Rs.3.36 crore drawn on three AC Bills March 2005 and Rs.1.40 crore drawn on an AC Bill in March 2006 by the Administrative Officer, General Hospital, Gandhinagar ; Rs.1.23 crore drawn on one AC Bill in March 2006 and Rs.1.20 crore drawn on another AC Bill in March 2007 by the Administrative Officer, Central Jail, Sabarmati, Ahmedabad) were credited in the PLA, in contravention of the provisions of the Treasury Rules apparently to avoid lapse of grants.

Delay in submission of DC Bills

Rupees 5.26 crore were drawn on 165 AC Bills between March 2003 and December 2007 as shown in **Appendix-XXIV**. However, delay in submission of DC bills ranged from 1 to 23 months in these cases.