

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

APPROPRIATION ACCOUNTS 2006-2007 AT A GLANCE

Total No. of Grants: 31

Total provision and actual expenditure

Table: 2.1

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	9,331.00		
Supplementary	1,047.52		
Total gross provision	10,378.52	Total gross expenditure	11,056.79
<i>Deduct</i> -Estimated recoveries in reduction of expenditure	655.96	<i>Deduct</i> -Actual recoveries in reduction of expenditure	965.94
Total net provision	9,722.56	Total net expenditure	10,090.85

Voted and Charged provision and expenditure

Table: 2.2

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	6,232.74	1,767.74	6,810.70	1,683.82
Capital	1,235.93	1,142.12	1,249.27	1,313.01
Total gross	7,468.67	2,909.86	8,059.97	2,996.83
<i>Deduct</i> -Recoveries in reduction of expenditure	655.96	--	965.94	--
Total net	6,812.71	2,909.86	7,094.03	2,996.83

2.1 Introduction

Appropriation Accounts are prepared every year indicating the details of amounts actually spent by the Government on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

The objective of appropriation audit is 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 2006-2007 against the 31 grants/appropriations was as follows:

Table: 2.3

(Rupees in crore)

		Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure*	Saving (-)/ Excess (+)
Voted	I Revenue	5,546.71	686.03	6,232.74	6,810.70	(+) 577.96
	II Capital	864.83	344.57	1,209.40	1,223.52	(+) 14.12
	III Loans and Advances	11.88	14.65	26.53	25.75	(-) 0.78
Total Voted		6,423.42	1,045.25	7,468.67	8,059.97	(+) 591.30
Charged	IV Revenue	1,765.60	2.14	1,767.74	1,683.82	(-) 83.92
	V Capital	1.80	0.13	1.93	1.82	(-) 0.11
	VI Public Debt	1,140.19	--	1,140.19	1,311.19	(+) 171.00
Total Charged		2,907.59	2.27	2,909.86	2,996.83	(+) 86.97
Grand Total		9,331.01	1,047.52	10,378.53	11,056.80	(+) 678.27

* These are gross figures inclusive of recoveries adjusted in reduction of expenditure *viz.*, Revenue expenditure: Rs 850.41 crore; Capital expenditure: Rs 115.53 crore.

Against the original grants and appropriations of Rs 9,331.01 crore, supplementary grants and appropriations of Rs 1,047.52 crore were obtained during 2006-2007. There was a net excess of Rs 678.27 crore which was the result of an overall excess of Rs 763.08 crore, partly offset by saving of Rs 84.81 crore.

2.3 Fulfilment of Allocative Priorities

2.3.1 Savings/excesses in grants/appropriations

The net excess of Rs 678.27 crore was the result of savings in 30 cases and excesses in 31 cases as shown below:

Table: 2.4

	Savings		Excesses		Net Saving (-)/ excess (+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Voted	102.79 (in 8 grants)	31.25 (in 18 grants)	680.74 (in 23 grants)	44.60 (in 5 grants)	(+) 577.95	(+) 13.35
Charged Appropriations	84.16 (in 3 appropriations)	0.11 (in 1 appropriation)	0.24 (in 2 appropriations)	171.00 (in 1 appropriation)	(-) 83.92	(+) 170.89

(Rupees in crore)

2.3.2 Appropriation by Allocative Priorities

Out of overall savings of Rs 218 crore, major savings of Rs 187 crore (86 per cent) occurred in four grants and one appropriation as mentioned below:

Table: 2.5

Grant No.	Original	Supplementary	Total	Actual expenditure	Saving
(Revenue Voted)					
15-Planning and Backward area sub plan	95.28	50.52	145.80	105.34	40.46
19-Social Justice and Empowerment	182.38	9.11	191.49	158.14	33.35
23-Power Development	145.46	187.44	332.90	317.90	15.00
Total	423.12	247.07	670.19	581.38	88.81
(Revenue Charged)					
29-Finance	1,753.56	0.17	1,753.73	1,669.60	84.13
Total	1,753.56	0.17	1,753.73	1,669.60	84.13
(Capital Voted)					
10-Public Works-Roads, Bridges and Buildings	178.58	30.56	209.14	194.75	14.39
Total	178.58	30.56	209.14	194.75	14.39
Grand Total	2,355.26	277.80	2,633.06	2,445.73	187.33

(Rupees in crore)

Areas in which major savings occurred in two of the above five grants/appropriations are shown in table below:

Table: 2.6

(Rupees in crore)

Grant number	Major head of account, etc.	Areas of major savings	Savings
10	4059-Capital outlay on Public Works	Other Administrative Services	5.45
29	2049-Interest Payments	7.77 per cent Himachal Pradesh State Development Loan 2005	15.50
29	2049-Interest payments	Loan from LIC	23.62
29	2049-Interest payments	Interest on loans from Road and Infrastructure Development	73.44

Reasons for savings were not intimated by the departments in respect of grant numbers 3, 8, 9, 10, 11, 12, 15, 19, 24, 29 and 31.

In seven cases, savings exceeding Rs three crore in each case and ranging between four and 28 per cent of the total provision amounted to Rs 205.49 crore as indicated in **Appendix-VIII**.

2.3.3 Excess over provision relating to previous years requiring regularisation

According to Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised from the State Legislature. Excess expenditure amounting to Rs 14,718.20 crore for the years 2001-2006, as detailed below, was yet to be

regularised (August 2007) from the State Legislature.

Table: 2.7

(Rupees in crore)

Year	No. of grants/ appropriations	Grant/Appropriation No(s)	Amount of excess
2001-02	16	1, 5, 9, 10, 11, 13, 15, 16, 17, 19, 23, 24, 28, 29, 30 and 31	2,965.36
2002-03	17	3, 5, 6, 7, 9, 10, 12, 13, 15, 17, 18, 20, 23, 27, 28, 29 and 31	3,295.75
2003-04	21	1, 2, 3, 4, 5, 7, 9, 10, 12, 13, 15, 16, 17, 19, 23, 25, 26, 28, 29, 30 and 31	4,515.60
2004-05	23	3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 23, 25, 26, 28, 29, 30 and 31	3,095.14
2005-06	18	2, 3, 5, 7, 8, 9, 10, 11, 12, 14, 15, 16, 21, 25, 26, 28, 29 and 31	846.35
	Total		14,718.20

2.3.4 Excess over provision during 2006-2007 requiring regularisation

During 2006-2007, there was a total excess of Rs 680.74 crore in 23 grants in the revenue section and Rs 0.24 crore in two appropriations while the excesses in the capital section amounted to Rs 44.60 crore in five grants and Rs 171 crore in one appropriation. The excess of Rs 896.59 crore as indicated in **Appendix-IX** requires regularisation under Article 205 of the Constitution of India.

Reasons for the excesses had not been furnished by the Government as of August 2007.

2.3.5 Original Budget and Supplementary Provision

The overall supplementary grants and appropriations obtained during 2006-2007 constituted 11 *per cent* of the original grants and appropriations.

2.3.6 Unnecessary/excessive/inadequate Supplementary Provision

Supplementary provision of Rs 11.50 crore* in the Revenue-Voted Section in three cases and Rs 0.17 crore in one case in the Revenue-Charged Section was wholly unnecessary as the expenditure in each case was less than the original provision, as indicated in the **Appendix-X**.

In six cases, against the additional requirement of Rs 234.06 crore (Revenue: Rs 182.51 crore and Capital: Rs 51.55 crore), supplementary grants of Rs 316.32 crore (Revenue: Rs 237.97 crore and Capital: Rs 78.35 crore) were obtained resulting in an overall savings of Rs 82.26 crore. The relevant details are given in **Appendix-XI**.

Supplementary provision of Rs 527.27 crore (Revenue: Rs 365.14 crore and Capital: Rs 162.13 crore) obtained in 12 cases, as detailed in **Appendix-XII**, proved inadequate by more than Rs three crore in each case leaving an aggregate uncovered excess expenditure of Rs 912.53 crore.

2.3.7 Persistent excesses

Expenditure was persistently in excess in two cases (Grant No. 10-Public Works-Roads, Bridges and Buildings and Grant No. 28-Urban Development, Town and Country Planning and Housing) during 2004-2007 which ranged between 0.66 and 83 *per cent*. Relevant details are indicated in **Appendix-XIII**.

2.3.8 Surrender of funds

Savings in a grant or appropriation are to be surrendered to the Government immediately after these are foreseen, without waiting till the end of the year, unless such savings are required to meet excesses under some other units. No savings should be held in reserve for possible future excesses.

* This includes Rs 11.47 crore in respect of Grant No. 19-Social Justice and Empowerment (Rs 9.11 crore) and Grant No. 12-Horticulture (Rs 2.36 crore).

It was, however, noticed that in five cases against the available savings of Rs 112.30 crore (savings of Rs one crore and above in each case), savings aggregating Rs 85.09 crore were either not surrendered fully or not surrendered at all. Further, in the case of three grants, Rs 27.28 crore were surrendered although expenditure exceeded the grants by Rs 47.41 crore and no savings were available for surrender. Relevant details are indicated in **Appendix-XIV**.

These instances were indicative of ineffective monitoring and control over expenditure.

2.3.9 Trend of recoveries

The demands for grants are for the gross amounts of expenditure to be incurred in a particular year and show recoveries to be taken in reduction of expenditure separately by way of footnotes thereunder. Similarly, the recoveries are also shown separately in the Appropriation Accounts in an appendix thereto.

Scrutiny of the Accounts for 2006-07 revealed that against the budget estimates of Rs 536.98 crore, actual recoveries were Rs 850.41 crore in the revenue section. In the capital section, against the budget estimates of Rs 118.98 crore, actual recoveries and adjustments were Rs 115.53 crore. Thus, recoveries in reduction of expenditure were underestimated by Rs 313.43 crore in the revenue section and overestimated by Rs 3.45 crore in the capital section. Details of major variations of five *per cent* and more of the original estimates and not less than Rs one crore in each case are given in **Appendix-XV**.

2.3.10 Injudicious reappropriation

A grant or appropriation is distributed by sub-heads or standard objects (called primary units) under which it is to be accounted for. Reappropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of the financial year. Reappropriation of funds should be made only when it is known or anticipated that the appropriation in respect of the unit from which the funds are to be transferred will not be utilised in full or that savings can be effected in the appropriation of the said unit.

In three cases (sub-heads) involving three grants, the reappropriation of Rs 83 crore proved to be injudicious, as the original provisions under the sub-heads to which Rs 58.59 crore were transferred by reappropriation were

adequate and consequently, the amounts reappropriated remained unutilised. On the other hand, in seven cases involving seven grants, the heads from which Rs 29.53 crore were transferred did not have any savings available under them for reappropriation, as Rs 20.68 crore had already been spent in excess under these heads.

Relevant details are contained in **Appendix-XVI**.