

## 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 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 2003-2004 against grants/ appropriations was as follows:

*(Rupees in crore)*

	Nature of expenditure	Original grants/ appropriation	Supplementary grants/ appropriation	Total	Actual expenditure *	Saving
Voted	I. Revenue	6033.46	291.23	6324.69	4232.47	(-)2092.22
	II. Capital	1575.73	28.82	1604.55	975.72	(-)628.83
	III. Loans & Advances	242.55	11.74	254.29	133.53	(-)120.76
Total Voted		7851.74	331.79	8183.53	5341.72	(-)2841.81
Charged	IV. Revenue	1006.00	4.44	1010.44	1199.75	(+)189.31
	V. Capital	-	-	-		
	VI. Public Debt	631.58	1.65	633.23	1307.95	(+)674.72
Total Charged		1637.58	6.09	1643.67	2507.70	(+)864.03
<b>Grand Total</b>		<b>9489.32</b>	<b>337.88</b>	<b>9827.20</b>	<b>7849.42</b>	<b>(-)1977.78</b>

\* These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure (Rs 26.29 crore) in grants 43, 44 and 52.

During the year an amount of Rs 362.76 crore were drawn on A.C. bills, but no detailed contingent bills were submitted till December 2004 to A.G. (A&E). Hence the entire drawal remained outstanding for adjustment.

The overall savings of Rs 1977.78 crore as mentioned above were the net result of savings of Rs 2915.03 crore in 48 grants and appropriations offset by excess of Rs 937.25 crore in five cases of grants and appropriations.

## 2.3 Fulfillment of Allocative Priorities

### 2.3.1 Appropriation by Allocative Priorities

Analysis of savings with reference to allocative priorities revealed that out of savings of Rs 2915.03 crore in 48 grants and appropriations, 50 *per cent* savings occurred in three Grants viz. Grant No.15 (Rs 344.68 crore under revenue), Grant No.42 (Rs 643.56 crore under revenue and Rs 197.12 crore under capital) and Grant No. 44 (Rs. 272.90 crore under revenue). Huge savings under Grant No. 42- Rural Development Department and Grant No.44- Secondary, Primary and Public Education Department were analysed in audit.

### 2.3.2 Lack of Budget Efficiency

Test check of records (December 2004) relating to preparation of budget estimates for 2003-04 in these two departments showed that the estimates had not been prepared on the basis of details furnished by the district units. Instead, ad hoc estimates were proposed separately for plan and non-plan expenditure under both revenue and capital heads. The department did not have information on the details of expenditure during the previous financial years, which should have been an essential input for preparation of the budget estimates. In fact, it was observed that the previous year's demand was enhanced by roughly 10 *per cent* to arrive at the estimate for the current year in respect of revenue heads in the case of Rural Development Department.

### Secondary, Primary and Public Education Department

The budget provision, expenditure and savings under the Revenue Section were as under:

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	1142.74			
Supplementary:	2.98	1145.72	872.82	272.90

The savings occurred mainly under Sarva Shiksha Abhiyan in which the entire budget provision was unutilised (Rs 31.50 crore), Jharkhand Education Project (Rs 21.64 crore), Sarva Shiksha Abhiyan (Rs 20.54 crore), Government Secondary Schools (Rs 16.82 crore) and Jharkhand Education Project (Rs 11.59 crore).

**Rural Development Department****Provision, expenditure and savings were as under:***(Rupees in crore)*

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	952.43			
Supplementary:	30.26	982.69	339.13	643.56

The saving occurred mainly under Tribal Area Sub-plan (Rs 145.75 crore), Rural Employment Scheme (Rs 107.66 crore), Indira Awaas Yojana (Rs 73.31 crore) and Pradhan Mantri Gramodaya Yojana (Rs 31.34 crore). Reasons for final savings have not been stated.

*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	529.98			
Supplementary:	Nil	529.98	332.86	197.12

Savings occurred mainly under Rural Development Minimum needs Programmes (Rs 70.78 crore), Tribal Area Sub-plan (Rs 31.80), Pradhan Mantri Gram Sadak Yojana (Rs 50 crore). Reasons for final savings have not been stated.

Thus, the budget prepared on incomplete and insufficient information resulted in heavy savings under above departments.

The above findings were communicated to the Government (January 2005); the reply is awaited.

Other grants with large savings were as under:

**Grant No. 15- Pension***(Rupees in crore)*

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	905.07			
Supplementary:	-	905.07	560.39	344.68

Savings occurred mainly under Major Head: 2071 - Pension and other Retirement benefits Superannuation and Retirement allowances (Rs 212.11 crore), Payment of Arrear Pension due to revision (Rs 48.19 crore), Commuted value of Pensions (Rs 29.84 crore). Reasons for savings have not been intimated.

**Grant No. 20 – Health, Medical Education and Family Welfare Department**

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	340.07			
Supplementary:	5.84	345.91	217.81	128.10

Savings occurred mainly under Major Head 2210 -Urban Health Services, RIMS (Rs 21.63 crore), Superintendence (Rs 7.35 crore), Additional Primary Health Centre (Rs 11.12 crore) and Major Head 2211 – Rural Family Welfare Health Sub-centre (Rs 19.02 crore), Rural Family Welfare Centres (Rs 17.39 crore). Reasons for final savings have not been stated.

**Grant No. 22 – Home Department**

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	622.78			
Supplementary:	3.74	626.52	485.75	140.77

Savings occurred mainly under Major Head: -2055 Police viz. Establishment of Chowkidar, Dafadar (Rs 18.18 crore), Modernisation of Police Force and Building Construction Centrally Sponsored Scheme (Rs 29.28 crore), Modernisation of Police Force and construction of building (Rs 24.10 crore) and Modernisation of Police and Construction of Buildings Plan (Rs 18.82 crore).

**Grant No. 51 – Welfare Department**

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	404.97			
Supplementary:	42.86	447.83	287.84	159.99

Savings occurred mainly under Major Head: 2235 - Social Security and Welfare (Rs 60 crore).

- In 50 cases, savings exceeding Rs one crore in each case and also by more than 10 *per cent* of total provision amounted to Rs 2875.61 crore as indicated in **Appendix VI**.
- Of the excess of Rs 937.25 crore under five grants and appropriations requiring regularisation by the Legislature, the excess under Appropriation No. 13 amounted to Rs 191.28 crore and under Appropriation No. 14 amounted to Rs 674.71 crore.

In 29 cases, there were persistent savings in the last three years of more than Rupees two crore in each case and 10 *per cent* or more of the provision. Details are given in **Appendix VII**. There were 10 grants where under the revenue heads there were persistent savings of Rs five crore or more in each of the years since the creation of the new State.

**Cases of persistent savings exceeding Rs five crore in each case**

Number and name of Grant/ Appropriation	Saving (Amount in crore of rupees and its percentage to provision in bracket)			
	2000-01	2001-02	2002-03	2003-04
<b>REVENUE VOTED</b>				
1- Agriculture Department	13.59 (45)	23.99 (25)	44.89 (33)	40.57(28)
19-Forest and Environment Department	60.68 (59)	98.06 (39)	132.27 (47)	96.78(39)
20-Health, Medical Education and Family Welfare Department	51.17 (46)	123.24 (34)	133.53 (36)	128.10(37)
22-Home Department	35.53 (18)	206.72 (31)	206.09 (32)	140.77(22)
23-Industries Department	14.43 (85)	52.23 (47)	116.60 (86)	54.81(47)
36-Public Health and Engineering Department	17.39 (48)	19.34 (19)	13.47 (13)	9.10(9)
40-Revenue and Land Reforms Department	12.27 (34)	32.32 (26)	43.29 (32)	31.52(27)
42-Rural Development Department	181.31 (64)	149.43 (35)	655.11 (64)	643.56(65)
44-Secondary, Primary and Public Education Department	98.75 (28)	223.64 (20)	712.92 (44)	272.90(24)
51-Welfare Department	50.96 (55)	126.83 (25)	132.01 (32)	159.99(36)

Further, under the capital section, there were 100 *per cent* savings in all the four years since inception of the State in the Industries Department (Grant No-23). In four other grants, there were savings of Rs 10 crore or more in each of the four years.

<b>CAPITAL VOTED</b> <i>(Rupees in crore)</i>				
Grant – Department	2000-01	2001-02	2002-03	2003-04
36- Public Health and Engineering Department	23.70(100)	80.44 (57)	63.97 (36)	154.71(70)
42- Rural Development Department	10.41 (12)	247.81 (48)	305.24 (56)	197.12(37)
48-Urban Development Department	15.69 (82)	59.85 (41)	116.38 (64)	56.86(51)
49- Water Resources Department	61.90 (52)	158.97 (50)	88.21 (30)	19.64(7)

**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, excess expenditure amounting to Rs 1241.53 crore for the years up to 2002-03 was yet to be regularised (December 2004).

Year	No. of grants/ Appropriation	Grants/ Appropriation Nos.	Amount excess for regularisation (in Rupees)	Reasons for excess
2000-01	Nil	Nil	Nil	Nil
2001-02	3	3, 25, 32	3,60,369	Not received
2002-03	4	10,13,14,32	12,41,49,15,374	Not received

**Excess over provisions during 2003-04 requiring regularisation**

The excess of Rs 937.25 crore under five grants and appropriations during the year requires regularisation by the Legislature under Article 205 of the Constitution of India as under:

(Amount in Rupees)

Sl. No.	No. and name of Grant/appropriation	Total Grant/appropriation	Actual expenditure	Excess
<b>Revenue (Voted)</b>				
1.	10- Energy Department	96,11,59,000	105,74,49,747	9,62,90,747
2.	39-Relief and Rehabilitation Department	86,76,52,000	148,09,97,213	61,33,45,213
<b>Revenue (Charged)</b>				
3.	13- Interest Payment	991,03,99,000	1182,32,37,457	191,28,38,457
<b>Capital (Voted)</b>				
4.	46- Tourism Department	1,20,00,000	1,48,60,900	28,60,900
<b>Capital (Charged)</b>				
5	14. Repayment of Loans	633,23,23,000	1307,94,55,406	674,71,32,406
<b>Total</b>		<b>18,08,35,33,000</b>	<b>27,45,60,00,723</b>	<b>9,37,24,67,723</b>

Reasons for the excesses had not been furnished by the Government as of December 2004.

### 2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 337.88 crore) made during the year constituted 3.56 per cent of the original provision (Rs 9489.32 crore) as against 5.47 per cent in the previous year.

### 2.3.5 Unnecessary/excessive/inadequate supplementary provisions

- Supplementary provisions of Rs 149.73 crore made in 37 cases during the year proved unnecessary in view of the aggregate saving of Rs 1779.13 crore as detailed in **Appendix VIII**.
- In 10 cases, against additional requirement of only Rs 53.91 crore, supplementary grants and appropriations of Rs 130.03 crore were obtained, resulting in savings in each case exceeding Rs 10 lakh, aggregating Rs 76.12 crore. Details of these cases are given in **Appendix IX**.
- In four cases, supplementary provision of Rs. 57.93 crore proved to be insufficient by more than Rs one crore in each case leaving an uncovered excess expenditure of Rs 936.96 crore. Details are given in **Appendix X**. Further in the case of 46-Tourism Department (Capital), though the expenditure exceeded the budget provision by Rs 28.61 lakh, no supplementary grant was provided.

### 2.3.6 Anticipated savings not surrendered

- According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2003-04, there were 36 cases in which savings above Rs one crore in each case amounting to Rs 1901.60 crore in aggregate were not surrendered **Appendix XI**.

- Besides, in 50 cases, out of total surrender of Rs 1021.78 crore during 2003-04 an amount of Rs 937.02 crore in 30 cases exceeding Rs one crore in each case was surrendered during March 2004 and in 41 cases Rs 897.80 crore were surrendered on 31.3.2004 indicating inadequate financial control over expenditure. Details are given in *Appendix XII and XIII*.

## 2.4 Unreconciled expenditure

Departmental figures of expenditure should be reconciled with those of the Accountant General (Accounts & Entitlements) every month. The reconciliation had, however, remained in arrears in several departments. The number of Controlling Officers who did not reconcile their figures and year-wise amounts involved are as under. Details of unreconciled amount for 2003-04 are given in *Appendix XIV*.

*(Rupees in crore)*

Year	Number of Controlling Officers who did not reconcile their figures	No. of units	Amounts not reconciled
2000-2001	24	1259	903.37
2001-2002	27	1736	3324.83
2002-2003	29	2452	3939.93
2003-2004	95	1120	4067.89
<b>Total</b>	<b>175</b>	<b>6567</b>	<b>12236.02</b>

## 2.5 Expenditure on new service and new instrument of service

As per Budget Manual expenditure should not be incurred on a New Service without provision of funds therefore. According to the criteria laid down by the Legislature, cases in respect of which the increase over the grant previously voted exceeds two times the previous grants or Rs two lakh whichever is more are to be treated as 'New Service'. In two cases expenditure aggregating Rs 0.59 crore exceeded the approved provisions by Rs 10 lakh or more in each case and also by double of the total provision vide *Appendix XV*. Similarly in four cases the expenditure amounting to Rs 17.38 crore were incurred without budget provision vide *Appendix XVI*. These cases were to be treated as 'New Service/New Instrument of Service'.

## 2.6 Excess surrender than Savings

- In five cases the amount surrendered was in excess of actual savings indicating inadequate budgetary control. As against the actual savings of Rs 31.32 crore, the amount surrendered was Rs 44.36 crore resulting in excess surrender of Rs 13.04 crore. Details are given in *Appendix-XVII*.
- In three cases Rs 1.67 crore were surrendered in spite of expenditure exceeding the approved provision by Rs 875.63 crore. Details are given in *Appendix XVIII*.

## **2.7 Advances from the Contingency Fund**

The Contingency Fund of the State of Jharkhand was established under the Jharkhand Contingency Fund Act 2000 in terms of the provisions of Article 267 (2) of the Constitution of India with the initial corpus of Rs 150 crore. The Fund is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances for meeting unforeseen expenditure which could not be postponed including expenditure on “New Service” pending authorisation by the Legislature. During 2003-04 Rs 128.34 crore drawn from Contingency Fund remained unrecouped at the end of the year. ***Appendix-XIX.***