

CHAPTER II
ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

2.1.1 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 – 2006-07

2.2.1 The summarised position of original and supplementary grants/appropriations and expenditure thereagainst is given below:

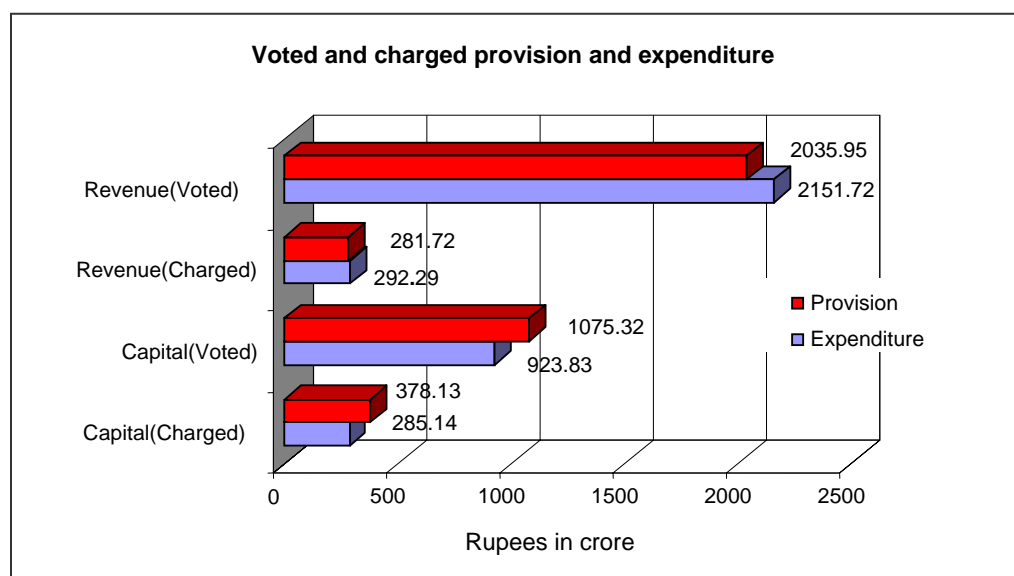
Total number of Grants/Appropriations: 50 (47 Grants; 3 Appropriations)

Table No. 2.1
Total provision and actual expenditure
(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	3,363.67		
Supplementary	407.45		
Total Gross Provision	3,771.12	Total gross expenditure	3,652.99
Deduct – Estimated recoveries in reduction of expenditure	84.15	Deduct – Actual recoveries in reduction of expenditure	29.38
Total net provision	3,686.97	Total net expenditure	3,623.61

Table No. 2.2
Voted and Charged provision and expenditure
(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	2,035.95	281.72	2,151.72	292.29
Capital	1,075.32	378.13	923.83	285.14
Total Gross	3,111.27	659.85	3,075.55	577.43
Deduct-Recoveries in reduction of expenditure	84.15	—	29.38	—
Total Net	3,027.12	659.85	3,046.17	577.43



The summarised position of actual expenditure, excess and savings during 2006-07 against grants and appropriations was as follows:

Table No.2.3

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-)/ Excess (+)
Voted	I. Revenue	1,811.48	224.47	2,035.95	2,151.72	(+) 115.77
	II. Capital	848.44	160.48	1008.92	866.99	(-) 141.93
	III. Loans & Advances	66.40	—	66.40	56.84	(-) 9.56 ¹
Total Voted		2,726.32	384.95	3,111.27	3,075.55	(-) 35.72
Charged	IV. Revenue	259.22	22.50	281.72	292.29	(+) 10.57
	V. Capital	—	—	—	—	—
	VI. Public Debt	378.13	—	378.13	285.15	(-) 92.98
Total Charged		637.35	22.50	659.85	577.44	(-) 82.41
Appropriation to Contingency Fund (if any)	—	—	—	—	—	—
Grand Total		3,363.67	407.45	3,771.12	3,652.99	(-) 118.13

2.3 Fulfilment of allocative priorities

2.3.1 Appropriation by allocative priorities

The overall saving of Rs.118.13 crore was the result of saving of Rs.400.92 crore in 71 cases of grants and appropriations offset by excess of Rs.282.79 crore in 13 cases of grants and appropriations. The excess of Rs.282.79 crore requires regularisation under Article 205 of the Constitution.

Out of the total overall savings of Rs.400.92 crore, major savings of Rs.335.74 crore (84 per cent) occurred in the case of 10 grants/appropriations as mentioned below:

¹ Difference of Rs.0.01 crore is due to rounding.

Table 2.4

(Rupees in crore)

Grant/ Appropriation No.	Amount of Grant/Appropriation			Actual Expenditure	Saving
	Original	Supplementary	Total		
8	Public Works Department (Revenue – Voted)				
	185.35	0.75	186.10	170.21	15.89
11	Medical, Health and Family Welfare Services (Revenue – Voted)				
	67.71	32.27	99.98	66.60	33.38
40	Irrigation and Flood Control Department (Revenue – Voted)				
	38.43	3.00	41.43	29.71	11.72
44	Social Welfare (Revenue – Voted)				
	48.06	22.66	70.72	61.43	9.29
8	Public Works Department (Capital – Voted)				
	299.09	-	299.09	225.86	73.23
22	Public Health Engineering Department (Capital – Voted)				
	104.81	44.46	149.27	139.35	9.92
23	Power Department (Capital – Voted)				
	73.89	42.92	116.81	65.76	51.05
39	Sericulture (Capital – Voted)				
	62.62	-	62.62	32.54	30.08
44	Social Welfare (Capital – Voted)				
	8.31	-	8.31	0.12	8.19
Appropriation No.2 (Capital- Charged)					
	378.13	—	378.13	285.14	92.99
Total	1,266.40	146.06	1,412.46	1,076.72	335.74

Areas in which major savings occurred in these grants/appropriations are given in the **Appendix 2.1**.

In 18 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 *per cent* of the total provision as indicated in **Appendix 2.2**. In two of the above cases (Sl. Nos.9 and 12), the entire provision totalling Rs.6.04 crore was not utilised.

2.3.2 Supplementary provision of Rs.83.94 crore made in 14 cases during the year proved unnecessary as the expenditure in each case was even less than the original provision as detailed in **Appendix 2.3**.

2.3.3 In 18 cases against additional requirement of Rs.131.40 crore, supplementary grants and appropriations of Rs.164.48 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.33.08 crore. Details of these are given in **Appendix 2.4**.

2.3.4 The excess of Rs.282.79 crore under 13 grants and appropriations requires regularisation under Article 205 of the Constitution. Details of these are given in **Appendix 2.5**.

2.3.5 In nine cases, supplementary provision of Rs.140.20 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.282.72 crore as per details given in **Appendix 2.6**.

2.3.6 In five cases, there were persistent savings in excess of Rs.10 lakh in each case and 20 *per cent* or more of the provision. In one grant (Grant 26-Administration of Justice (Revenue Charged)), there was no expenditure, resulting in 100 *per cent* savings continuously for the last three years. Details are given in **Appendix 2.7**.

2.3.7 In four cases, expenditure exceeded the approved provision by Rs.25 lakh or more and also by more than 10 *per cent* of the total provision. Details are given in *Appendix 2.8*.

2.4 Excessive/unnecessary re-appropriation of funds

2.4.1 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 proved excessive or resulted in savings by over Rs.50 lakh in each case are given in *Appendix 2.9*.

2.5 Expenditure without provision

2.5.1 As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs.55.04 crore was incurred in 18 grants/appropriations as detailed in *Appendix 2.10* without provision having been made in the original estimates/supplementary demands and no re-appropriation orders were issued.

2.6 Anticipated savings not surrendered

2.6.1 According to rules framed by Government, 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 2006-07, there were 59 cases in which large savings had not been surrendered by the departments. The amount involved was Rs.238.68 crore. In 20 cases, the amount of available savings not surrendered amounted to more than Rs.1 crore in each case. Details are given in *Appendix 2.11*.

2.7 Trend of Recoveries

2.7.1 Under the system of gross budgeting followed by Government the demands for grants presented to the Legislature are for gross expenditure and excludes all credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates.

2.7.2 In 9 grants, the actual recoveries adjusted in reduction of expenditure (Rs.29.38 crore) were less than the estimated recoveries (Rs.84.15 crore) by Rs.54.77 crore. More details are given in *Appendix 2.12*.

2.8 Un-reconciled expenditure

2.8.1 Financial rules require that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. Out of 90 Controlling Officers, 57 Controlling Officers did not reconcile expenditure figures before the final closing.

2.9 Unadjusted Abstract Contingent Bills

2.9.1 DCC bills in respect of 335 AC bills drawn by 48 DDOs, for a total amount of Rs.192.47 crore during the years 2005-06 and 2006-07 have not been submitted by various Departments thereby violating provisions of the Treasury Rules. Details are given in *Appendix 2.13*.

The practice of drawal of large amounts on AC bills without submitting DCC bills for months together is not only irregular but is also fraught with the risk of fraud, embezzlement and misappropriation of Government funds. It also dilutes the system of legislative control over public expenditure.

The matter was referred (June 2007) to the Government and in one case (Sl.No.19 of *Appendix 2.13*), the Government admitted mis-utilisation of Rs.15 lakh by one of the DDOs and stated that the matter was under vigilance investigation.

2.10 Treasury inspection

2.10.1 Results of Treasury inspection carried out during 2006-07 by the Office of the Sr. Deputy Accountant General (A&E), Manipur revealed overpayment of pensionary benefits of Rs.2.04 lakh (including family pension of Rs.0.44 lakh) to 12 pensioners due to (i) non-deduction of commuted portion of pension (Rs.1.54 lakh), (ii) incorrect computation of arrears of pension/dearness relief (Rs.0.07 lakh), (iii) excess/unauthorised payment of pension/family pension (Rs.0.25 lakh) and (iv) incorrect calculation of enhanced rate of pension/family pension (Rs.0.18 lakh).

2.11 Excess over provision relating to previous years requiring regularisation

2.11.1 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.3510.53 crore for the years 1997-98 to 2005-06 is yet to be regularised.
The details are given below:

Table No. 2.5

Year	No. of grants/ appropriations	Grant/Appropriation Number(s)	(Rupees in crore)	
			Amount of excess	Amount for which explanations not furnished to PAC
1997-98	12	5, 11, 16, 21, 26, 34, 44, Appn 2, 16, 23, 25 and Appn 2	384.57	384.57
1998-99	8	Appn. 2, 1, 8, 8, 20, 34 Appn. 2 and 23	293.66	293.66
1999-2000	16	1, Appn. 2, 4, 5, 8, 20, 21, 29, 33, 34, 39, 44, Appn. 2, 21, 23 and 25	844.88	844.88
2000-01	9	1, Appn. 2, 5, 8, 21, 23, 26, 27 and 34	85.77	85.77
2001-02	8	Appn. 2, 8, 21, 33,34,41,45 and Appn. 2	895.20	895.20
2002-03	4	Appn. 2, 8, 22 and Appn 2	956.68	956.68
2003-04	5	8, 22, 39, 17 and 21	12.76	12.76
2004-05	10	21, 22, 23, 37, 41, 43, 16, 20, 21 and 31	20.08	20.08
2005-06	16	8,13,16,17,18,21,22,24,37,39,43,9,11,20,40 &41	16.93	16.93
	88	Total	3,510.53	3,510.53