

## 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 – 2007-08

The summarised position of original and supplementary Grants/Appropriations and expenditure thereagainst is given below:

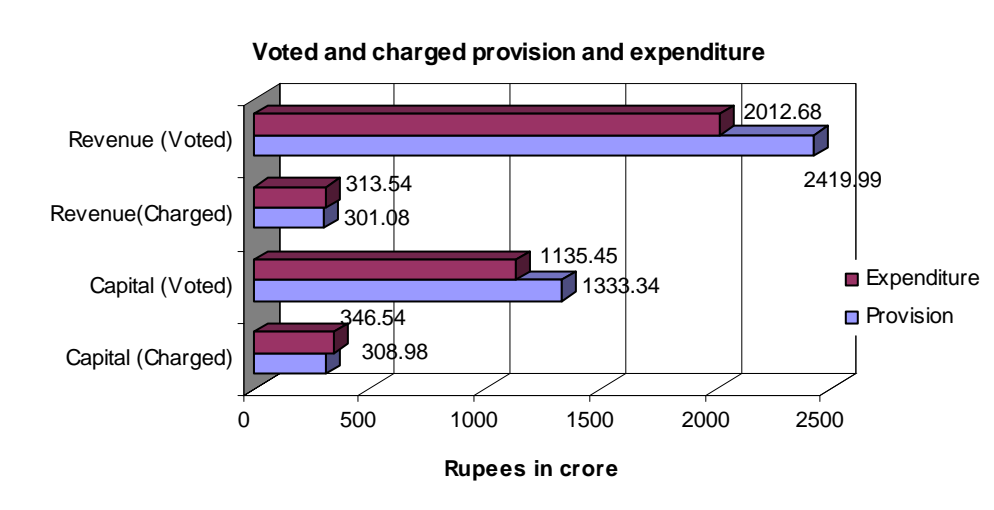
Total number of Grants/Appropriations: 51 (48 Grants; 3 Appropriations)

**Table 2.1**  
**Total provision and actual expenditure**

(Rupees in crore)			
Provision	Amount	Expenditure	Amount
Original	3,216.52		
Supplementary	1,146.87		
<b>Total Gross Provision</b>	<b>4,363.39</b>	<b>Total gross expenditure</b>	<b>3,808.21</b>
Deduct – Estimated recoveries in reduction of expenditure	53.95	Deduct – Actual recoveries in reduction of expenditure	53.26
<b>Total net provision</b>	<b>4,309.44</b>	<b>Total net expenditure</b>	<b>3,754.95</b>

**Table 2.2**  
**Voted and Charged provision and expenditure**

(Rupees in crore)				
	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	2,419.99	301.08	2,012.68	313.54
Capital	1,333.34	308.98	1,135.45	346.54
<b>Total Gross</b>	<b>3,753.33</b>	<b>610.06</b>	<b>3,148.13</b>	<b>660.08</b>
Deduct-Recoveries in reduction of expenditure	53.95	—	53.26	—
<b>Total Net</b>	<b>3,699.38</b>	<b>610.06</b>	<b>3,094.87</b>	<b>660.08</b>



The summarised position of actual expenditure, excess and savings during 2007-08 against Grants and Appropriations was as follows:

**Table 2.3**

(Rupees in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving(-)/ Excess (+)
Voted	I. Revenue	2,103.67	316.32	2,419.99	2,012.68	(-) 407.31
	II. Capital	505.67	813.28	1,318.95	1,127.48	(-) 191.47
	III. Loans & Advances	13.65	0.74	14.39	7.97	(-) 6.42
<b>Total Voted</b>		<b>2,622.99</b>	<b>1,130.34</b>	<b>3,753.33</b>	<b>3,148.13</b>	<b>(-) 605.20</b>
Charged	IV. Revenue	300.40	0.68	301.08	313.54	(+) 12.46
	V. Capital	—	—	—	—	—
	VI. Public Debt	293.13	15.85	308.98	346.54	(+) 37.56
<b>Total Charged</b>		<b>593.53</b>	<b>16.53</b>	<b>610.06</b>	<b>660.08</b>	<b>(+) 50.02</b>
Appropriation to Contingency Fund (if any)		—	—	—	—	—
<b>Grand Total</b>		<b>3216.52</b>	<b>1146.87</b>	<b>4363.39</b>	<b>3808.21</b>	<b>(-) 555.18</b>

## 2.3 Fulfilment of allocative priorities

### 2.3.1 Appropriation by allocative priorities

The overall saving of Rs.555.18 crore was the result of saving of Rs.636.77 crore in 70 cases of Grants and Appropriations offset by excess of Rs.81.59 crore in 13 cases of Grants and Appropriations. The excess of Rs.81.59 crore requires regularisation under Article 205 of the Constitution.

Out of the total overall savings of Rs.636.77 crore, major savings of Rs.480.04 crore (75.39 per cent) occurred in the case of 10 Grants as mentioned below:

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)				
	175.48	—	175.48	122.30	53.18
10	Education (Revenue-Voted)				
	307.19	49.48	356.67	338.13	18.54
12	Municipal Administration, Housing and Urban Development (Revenue-Voted)				
	26.34	3.27	29.61	13.34	16.27
20	Community Development and ANP, IRDP and NREP (Revenue-Voted)				
	37.18	52.08	89.26	46.18	43.08
23	Power (Revenue-Voted)				
	200.95	—	200.95	168.29	32.66
30	General Economic Services and Planning (Revenue-Voted)				
	221.79	—	221.79	83.07	138.72
30	General Economic Services and Planning (Capital-Voted)				
	—	452.77	452.77	414.24	38.53
36	Minor Irrigation (Capital-Voted)				
	62.90	36.81	99.71	60.22	39.49
39	Sericulture (Capital-Voted)				
	62.11	0.72	62.83	26.38	36.45
40	Irrigation and Flood Control Department (Capital-Voted)				
	137.58	26.74	164.32	101.20	63.12
<b>Total</b>	<b>1,231.52</b>	<b>621.87</b>	<b>1,853.39</b>	<b>1,373.35</b>	<b>480.04</b>

Areas in which major savings occurred in these Grants are given in the **Appendix 2.1**.

In 29 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. 17 and 26), the entire provision totalling Rs.4.72 crore was not utilised.

Supplementary provision of Rs.75.11 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**.

In 28 cases against additional requirement of Rs.242.95 crore, supplementary Grants and Appropriations of Rs.402.80 crore were obtained resulting in savings in each case exceeding Rs.10 lakh. Such additional requirement aggregates to Rs.159.85 crore. Details of these are given in **Appendix 2.4**.

The excess of Rs.81.59 crore under 13 Grants and Appropriations requires regularisation under Article 205 of the Constitution. Details of these are given in **Appendix 2.5**.

In nine cases, supplementary provision of Rs.183.72 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.62.02 crore as per details given in **Appendix 2.6**.

In four cases, there were persistent savings in excess of Rs.10 lakh in each case and 20 *per cent* or more of the provision. Details are given in **Appendix 2.7**.

In five 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**

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**

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.105.24 crore was incurred in 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**

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 2007-08, there were 66 cases in which large savings had not been surrendered by the Departments. The amount involved was Rs.377.29 crore. In 36 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**

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.

In six Grants, the actual recoveries adjusted in reduction of expenditure (Rs.53.26 crore) were less than the estimated recoveries (Rs.53.95 crore) by Rs.0.69 crore. More details are given in *Appendix 2.12*.

#### **2.8 Un-reconciled expenditure**

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 81 Controlling Officers, 79 Controlling Officers did not reconcile expenditure figures before the final closing.

## 2.9 Regularity issues

**2.9.1 Deposits in Major Head “8449-Other Deposits”:** Major Head (MH) “8449- Other Deposits” in Government Accounts has 19 minor heads, each corresponding to a distinct fund/deposit. The residuary Minor Head ‘120 – *Miscellaneous Deposits*’ is meant to record transactions on account of deposits, which cannot be accommodated under any of the other minor heads.

Scrutiny of the records (August-September 2008) of the Finance Department and 13 other Departments revealed that an amount of Rs.579.58 crore (*Appendix 2.13*) meant for various activities (i.e. Non-plan, State Plan, Special Plan Assistance, Central Plan Schemes) was drawn at the fag end of the financial years 2005-08 by various drawing and disbursing officers from the Consolidated Fund of the State under different service heads of account and contra credited to MH “8449-Other Deposits”, Minor Head 120 – *Miscellaneous Deposits* as per the instructions of the Finance Department. Though the amount of Rs.579.58 crore was not actually spent, it was booked as expenditure in the accounts of the State against the respective service heads of account, resulting in inflated expenditure of State.

This practice is against the spirit of Rule 290 of Central Treasury Rules, which stipulates that no money should be drawn from the treasury unless it is required for immediate disbursement. The rule *ibid* also prohibits drawal of money from the treasury in anticipation of demand or to prevent the lapse of budget Grants.

**2.9.2 Unadjusted Abstract Contingency bills:** As per Rule 308 of Central Treasury Rules (CTR), Abstract Contingent (AC) bills must be followed by the submission of detailed countersigned contingent (DCC) bills to adjust the amount drawn on AC bill. The CTR further stipulates that while drawing an AC bill the drawing officer must attach a certificate to each such bill to the effect that DCC bills have been submitted to the controlling officer in respect of AC bills drawn more than a month before the date of that bill and on no account an AC bill should be encashed without this certificate (Rule 309). Further it says that the controlling officer must submit the DCC bills to the Accountant General within one month from the date of receipt of the DCC bills in his office (Note 4 under Rule 312).

Scrutiny of the records revealed that 663 AC bills involving Rs.601.48 crore drawn by 47 Departments during the period April 2003 to March 2008 were outstanding to be adjusted through DCC bills. Major portion of this money (Rs.351.19 crore) relates to construction works entrusted to entities such as Manipur Police Housing Corporation, Manipur Development Society, Manipur Tribal Development Corporation *etc.*

The Government needs to review all outstanding AC bills and ensure that corresponding DCC bills are submitted within the prescribed time schedule so as to ensure that the expenditure made against these outstanding bills are accounted for correctly.

## 2.10 Treasury inspection

Results of Treasury inspection carried out during 2007-08 by the Office of the Sr. Deputy Accountant General (A&E), Manipur revealed overpayment of pensionary benefits of Rs.2.17 lakh (including family pension of Rs.1.20 lakh) to 16 pensioners due to (i) non-deduction of commuted portion of pension (Rs.0.77 lakh), (ii) incorrect computation of arrears of dearness relief (Rs.0.07 lakh), (iii) unauthorised payment of family pension (Rs.0.95 lakh), (iv) incorrect calculation of enhanced rate of family pension (Rs.0.24 lakh) and excess payment of dearness relief (Rs.0.14 lakh).

## 2.11 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.3,793.32 crore for the years 1997-98 to 2006-07 is yet to be regularised. The details are given below:

Table 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
2006-07	13	Appn. 2, 3 Grant 5 (Charged) 5,10,16,18,22,23,25,33,10 & 40	282.79	282.79
	<b>101</b>	<b>Total</b>	<b>3,793.32</b>	<b>3,793.32</b>