

## CHAPTER II

### ALLOCATIVE PRIORITIES AND APPROPRIATION

#### 2.1 Introduction

**2.1.1** In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

**2.1.2** The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Articles 204 and 205 of the Constitution of India and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of the amounts on various specified services actually spent by Government vis-à-vis those authorised by the Appropriation Act.

**2.1.3** 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 – 2003-04

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

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

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

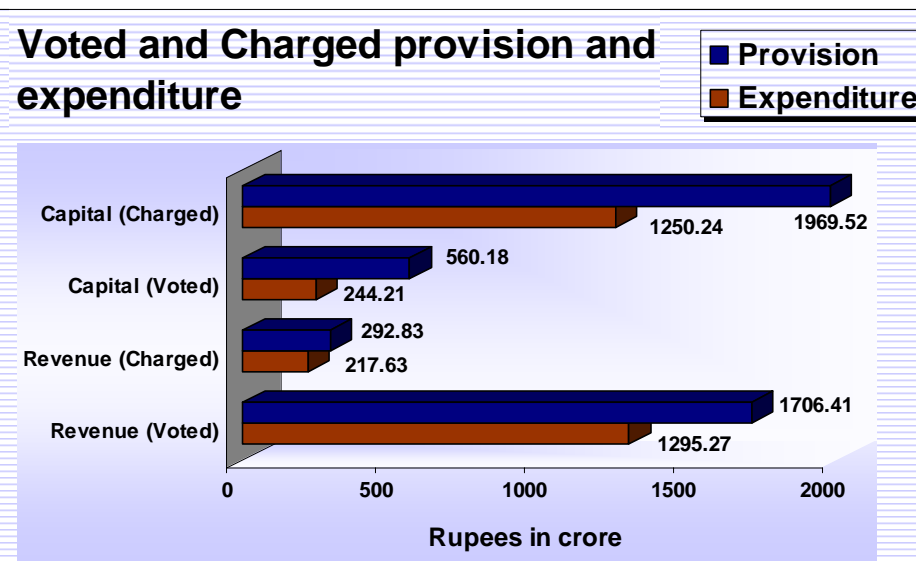
| Provision   | Amount         | Expenditure  | Amount         |
|---|----------------|--|----------------|
| Original  | 3663.49        |  |                |
| Supplementary   | 865.45         |  |                |
| <b>Total Gross Provision</b>                              | <b>4528.94</b> | <b>Total gross expenditure</b>                         | <b>3007.35</b> |
| Deduct – Estimated recoveries in reduction of expenditure | 71.39          | Deduct – Actual recoveries in reduction of expenditure | 51.30          |
| <b>Total net provision</b>                                | <b>4457.55</b> | <b>Total net expenditure</b>                           | <b>2956.05</b> |

**Table No. 2.2**

**Voted and Charged provision and expenditure**

(Rupees in crore)

|   | Provision      |                | Expenditure    |                |
|---|----------------|----------------|----------------|----------------|
|   | Voted          | Charged        | Voted          | Charged        |
| Revenue                                       | 1706.41        | 292.83         | 1295.27        | 217.63         |
| Capital                                       | 560.18         | 1969.52        | 244.21         | 1250.24        |
| <b>Total Gross :</b>                          | <b>2266.59</b> | <b>2262.35</b> | <b>1539.48</b> | <b>1467.87</b> |
| Deduct-Recoveries in reduction of expenditure | 71.39          | —              | 51.30          | —              |
| <b>Total : Net</b>                            | <b>2195.20</b> | <b>2262.35</b> | <b>1488.18</b> | <b>1467.87</b> |



The summarised position of actual expenditure, excess and savings during 2003-04 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            | 1365.37                       | 341.04                             | 1706.41        | 1295.27            | (-) 411.14            |
|  | II. Capital           | 286.21                        | 258.64                             | 544.85         | 242.26             | (-) 302.59            |
|  | III. Loans & Advances | 12.66                         | 2.67                               | 15.33          | 1.96               | (-) 13.37             |
| <b>Total Voted</b>                         |                       | <b>1664.24</b>                | <b>602.35</b>                      | <b>2266.59</b> | <b>1539.49</b>     | <b>(-) 727.10</b>     |
| Charged                                    | IV. Revenue           | 218.12                        | 74.71                              | 292.83         | 217.63             | (-) 75.20             |
|  | V. Capital            | —                             | —                                  | —              | —                  | —                     |
|  | VI. Public Debt       | 1781.13                       | 188.39                             | 1969.52        | 1250.24            | (-) 719.28            |
| <b>Total Charged</b>                       |                       | <b>1999.25</b>                | <b>263.10</b>                      | <b>2262.35</b> | <b>1467.87</b>     | <b>(-) 794.48</b>     |
| Appropriation to Contingency Fund (if any) | —                     | —                             | —                                  | —              | —                  | —                     |
| <b>Grand Total</b>                         |                       | <b>3663.49</b>                | <b>865.45</b>                      | <b>4528.94</b> | <b>3007.36</b>     | <b>(-) 1521.58</b>    |

## 2.3 Fulfilment of allocative priorities

### 2.3.1 Appropriation by allocative priorities

(i) The overall saving of Rs.1521.59 crore was the result of saving of Rs.1534.35 crore in 78 cases of grants and appropriations offset by excess of Rs.12.76 crore in five cases of grants. The excess of Rs.12.76 crore required regularisation under Article 205 of the Constitution.

Out of overall savings of Rs.1521.59 crore, major savings of Rs.1269.11 crore (83.41 per cent) occurred in 10 grants as mentioned below:

(Rupees in crore)

| Grant/ Appropriation No.   | Grant    |               |         | Actual Expenditure | Saving |
|--|----------|---------------|---------|--------------------|--------|
|  | Original | Supplementary | Total   |                    |        |
| 10. Education (Revenue – Voted)  |          |               |         |                    |        |
|  | 252.00   | 24.89         | 276.89  | 245.62             | 31.27  |
| 23. Power Department (Revenue – Voted)                                   |          |               |         |                    |        |
|  | 128.82   | 161.70        | 290.52  | 109.29             | 181.23 |
| .30. General Economic Services and Planning (Revenue- Voted)             |          |               |         |                    |        |
|  | 37.65    | —             | 37.65   | 12.53              | 25.12  |
| Appropriation No.2 Interest Payment and Debt Services (Revenue- Charged) |          |               |         |                    |        |
|  | 214.31   | 74.46         | 288.77  | 215.33             | 73.44  |
| 8 Public Works Department (Capital – Voted)                              |          |               |         |                    |        |
|  | 35.32    | 45.71         | 81.03   | 37.40              | 43.63  |
| 22 Public Health Engineering Department (Capital – Voted)                |          |               |         |                    |        |
|  | 52.64    | 61.76         | 114.40  | 58.28              | 56.12  |
| 23 Power Department (Capital – Voted)                                    |          |               |         |                    |        |
|  | 72.00    | 19.94         | 91.94   | 29.65              | 62.29  |
| 39 Sericulture (Capital – Voted)   |          |               |         |                    |        |
|  | 50.30    | —             | 50.30   | —                  | 50.30  |
| 40 Irrigation and Flood Control Department (Capital – Voted)             |          |               |         |                    |        |
|  | 32.85    | 18.47         | 51.32   | 24.90              | 26.42  |
| Appropriation No.2 Interest Payment & Debt Services (Capital – Charged)  |          |               |         |                    |        |
|  | 1781.13  | 188.39        | 1969.52 | 1250.23            | 719.29 |

|       |         |        |         |         |         |
|-------|---------|--------|---------|---------|---------|
| Total | 2657.02 | 595.32 | 3252.34 | 1983.23 | 1269.11 |
|-------|---------|--------|---------|---------|---------|

Areas in which major savings occurred in these 10 grants are given in the *Appendix-IX*

(ii) In 40 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-X*. In four of the above cases (Sl. No.20, 25, 33 and 40) the entire provision totalling Rs.56.41 crore was not utilised.

**2.3.2** Supplementary provision made during the year constituted 23.62 *per cent* of the original provision as against 23.48 *per cent* in the previous year.

**2.3.3** Supplementary provision of Rs.460.70 crore made in 31 cases during the year proved unnecessary in view of aggregate saving of Rs.1124.54 crore as detailed in *Appendix-XI*.

**2.3.4** In 25 cases against additional requirement of Rs.80.04 crore, supplementary grants and appropriations of Rs.360.23 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.280.19 crore. Details of these are given in *Appendix-XII*.

**2.3.5** The excess of Rs.12.76 crore under five grants requires regularisation under Article 205 of the Constitution. Details of these are given in *Appendix-XIII*.

**2.3.6** In three cases, supplementary provision of Rs.23.18 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.11.13 crore as per details given in *Appendix-XIV*.

**2.3.7** In 23 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-XV*.

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

**Excessive/unnecessary re-appropriation of funds**

**2.3.9** 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-XVII*.

### **Expenditure without provision**

**2.3.10** 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.75.75 crore was incurred in 24 grants/appropriations as detailed in *Appendix–XVIII* without the provision having been made in the original estimates/supplementary demands and no re-appropriation orders were issued.

### **Anticipated savings not surrendered**

**2.3.11** 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 2003-04, there were 72 cases in which large savings had not been surrendered by the departments. The amount involved was Rs.1474.51 crore. In 44 cases, the amount of available savings not surrendered amounted to more than Rs.1 crore in each case. Details are given in *Appendix–XIX*.

**2.3.12** The above instances of budgetary irregularities are reported from year to year in Chapter II of the Audit Report.

### **Trend of Recoveries and Credits**

**2.3.13** Under the system of gross budgeting followed by Government the demands for grants presented to the Legislature are for gross expenditure and exclude 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.

**2.3.14** In nine grants the actual recoveries adjusted in reduction of expenditure (Rs.51.30 crore) were less than the estimated recoveries (Rs.71.39 crore) by Rs.20.09 crore. More details are given in *Appendix–XX*.

### **Unreconciled expenditure**

**2.3.15** 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 91 Controlling Officers, 74 Controlling Officers did not reconcile before the final closing.

**Treasury inspection**

**2.3.16** Results of Treasury inspection carried out during 2003-04 by the Office of the Sr. Deputy Accountant General (A&E), Manipur are as under:

Overpayment of pensionary benefits of Rs.0.91 lakh (including family pension of Rs.0.18 lakh) was made to 14 pensioners due to (i) Non-deduction of commuted portion of pension (ii) Incorrect computation of arrears of pension and (iii) Excess payment of pension/family pension at enhanced rates.

**2.4 Excess over provision relating to previous years requiring regularisation**

**2.4.1** 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.3460.76 crore for the years 1997-98 to 2002-03 is yet to be regularised.

**Table No. 2.4**

(Rupees in crore)

| Year      | No. of grants/ appropriations | Grant/Appropriation Number(s)   | 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   |
|           | <b>57</b>                     | <b>Total:</b>   | <b>3460.76</b>   | <b>3460.76</b>                                     |