

CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Summary of Appropriation Accounts

2.1.1 The summarised position of original and supplementary Grants/Appropriations and expenditure thereagainst during 2005-06 are given below:

Total number of Grants: 78
Total Provision and Actual Expenditure

Table No.2.1 *(Rupees in crore)*

Provision	Amount	Expenditure	Amount
Original	3310.85	Revenue	2075.30
Supplementary	427.39	Capital ¹	905.69
Total gross provision	3738.24	Total gross expenditure	2980.99
Deduct estimated recoveries in reduction of expenditure	23.22	Deduct actual recoveries in reduction of expenditure	14.76
Total net provision	3715.02	Total net expenditure	2966.23

Voted and Charged Provision and Expenditure

Table No.2.2 *(Rupees in crore)*

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1871.82	321.68	1815.77	259.53
Capital ²	815.49	729.25	518.48	387.21
Total Gross	2687.31	1050.93	2334.25	646.74
Deduct recoveries in reduction of expenditure	23.22	---	14.76	---
Total : Net	2664.09	1050.93	2319.49	646.74

The summarised position of actual expenditure, excess and savings during 2005-2006 against Grants/Appropriation was as follows:

¹ Capital includes Loans and Advances and Public Debt.

² Capital includes Loans and Advances and Public Debt.

Table No.2.3 (Rupees in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual Expenditure ³	Saving (-) Excess (+)
Voted	I Revenue	1595.20	276.62	1871.82	1815.77	(-) 56.05
	II Capital	584.86	150.00	734.86	517.87	(-) 216.99
	III Loans and Advances	80.63	---	80.63	0.61	(-) 80.02
Total Voted		2260.69	426.62	2687.31	2334.25	(-) 353.06
Charged	IV Revenue	320.91	0.77	321.68	259.53	(-) 62.15
	V Capital	---	---	---	---	---
	VI Public Debt.	729.25	---	729.25	387.21	(-) 342.04
Total Charged		1050.16	0.77	1050.93	646.74	(-) 404.19
	Appropriation to Contingency Fund	---	---	---	---	---
Grand Total		3310.85	427.39	3738.24	2980.99	(-) 757.25

(Source: Appropriation Accounts)

The overall saving of Rs.757.25 crore was the net result of excess of Rs.64.96 crore in 25 cases of grant/appropriations and savings of Rs.822.21 crore in 53 cases of grant/appropriations.

2.2 Fulfilment of Allocative Priorities

2.2.1 Appropriation by Allocative Priorities

Out of savings of Rs.757.25 crore, major savings of Rs.745.82 crore (98 per cent) occurred in 23 Grants/Appropriations as mentioned below:

Table No.2.4 (Rupees in crore)

Sl. No.	Number and name of the grant/appropriation	Original	Supplementary	Total	Actual expenditure	Savings
Revenue Section (Voted)						
1.	18- Pension and Other Retirement Benefits	197.66	5.26	202.92	179.42	23.50
2.	28- Civil Police	257.17	35.89	293.06	286.61	6.45
3.	37- Assistance to Municipalities and Development Works in Towns	0.13	9.35	9.48	4.88	4.60
4.	52- Forest	20.34	16.64	36.98	24.79	12.19
5.	53- Industries	37.01	---	37.01	31.25	5.76
6.	66- Sericulture	11.22	---	11.22	6.08	5.14
7.	72- Land Resource Development	24.30	27.45	51.75	45.13	6.62
8.	78- Information Technology and Technical Education	15.28	8.18	23.46	17.96	5.50
Capital Section (Voted)						
9.	27- Planning Machinery	44.94	---	44.94	12.62	32.32
10.	33- Youth Resources and Sports	16.15	10.38	26.53	15.74	10.79
11.	35- Medical, Public Health and Family Welfare	42.61	---	42.61	14.23	28.38
12.	36- Urban Development	28.43	37.44	65.87	25.66	40.21
13.	39- Tourism	10.16	3.55	13.71	3.28	10.43

³ These are gross figures before adjustment of recoveries in reduction of expenditure viz. Revenue expenditure Rs.14.76 crore and Capital expenditure NIL.

14.	55- Power Projects	90.40	9.37	99.77	77.11	22.66
15.	58- Roads and Bridges	130.13	15.82	145.95	96.77	49.18
16.	59- Irrigation and Flood Control	6.94	---	6.94	0.82	6.12
17.	60- Water Supply Schemes	86.55	0.74	87.29	57.38	29.91
18.	64- Housing	28.55	14.10	42.65	28.67	13.98
19.	77- Development of Under Developed Areas	25.62	15.00	40.62	21.51	19.11
20.	78- Information Technology and Technical Education	8.62	---	8.62	---	8.62
	Revenue Section (Charged)					
21.	75- Servicing of Debt	316.20	---	316.20	253.89	62.31
22.	Capital Section (Charged)					
23.	75- Servicing of Debt	729.25	---	729.25	387.21	342.04
	Total	2127.66	209.17	2336.83	1591.01	745.82

Reasons for savings were not intimated by the departments (October 2006).

Areas in which major savings occurred in the above grants/appropriations are given in the **Appendix-XI**.

In 42 cases, savings exceeded Rs.50 lakh in each case and also by more than 10 per cent of the total provision. Details are given in **Appendix-XII**.

2.2.2 Excess requiring regularisation

i) Excess over provision during 2005-06 requiring regularisation

The excess of Rs.64.96 crore under Revenue Section and Rs.7.64 crore under Capital Section as detailed in **Appendix-XIII** requires regularization under Article 205 of the Constitution.

ii) Excess over grants in previous years not regularised

According to Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a Grant/Appropriation regularised by the State Legislature, yet the excess expenditure of Rs.1768.61 crore (213 cases of Grants/Appropriations) reported during 1996-97 to 2004-05 had not been regularised. No action had been taken by the Government (Finance Department) for regularisation of the excess as of November 2006. Details of such excess e.g., number of Grants/Appropriations and amount involved therein requiring regularisation are given below:

Table No.2.5 (Rupees in crore)

Serial No.	Year of Audit Report	Total number of Grants/ Appropriations	Grant Number	Amount involved
1.	1996-97	31	1,3,11,14,18,19,30,31,32,35,36,37,38,40,46,47,50,51,52,53,55,62,64,65,66,67,69, 73,41,48,60	33.43
2.	1997-98	26	1,13,15,16,18,28,31,35,43,44,46,47,48,55,60,64,65,67,71,74,76,36,53,62,68,75	241.09
3.	1998-99	26	1,7,11,13,18,23,26,28,30,31,35,37,38,43,44,46,47,49,55,57,58,60,62,64,66,76	263.80

4.	1999-2000	26	1,4,7,11,13,14,18,25,28,31,32,35,37,42,45,46,51,58,60,64,67,68,69,74,75,76	167.14
5.	2000-01	17	13,33,35,37,38,41,47,49,50,55,57,58,59,61,64,74,76	51.81
6.	2001-02	16	18,38,40,43,49,52,58,62,64,72,75,14,32,34,68,70	27.98
7.	2002-03	19	16,18,22,28,35,38,42,43,49,58,61,62,64,65,67,69,73,74,76	723.75
8.	2003-04	32	1, 4, 7, 8, 9, 10, 12, 14, 19, 22, 27, 29, 31, 32, 34, 35, 38, 42, 44, 47, 48, 51, 55, 56, 58, 62, 64, 69, 74, 76, 77, 78	230.79
9.	2004-05	20	2, 10,11, 13,15,16, 17, 22, 35, 36, 45,48,49, 50, 51, 55, 58, 62, 64,77	28.82
Total		213		1768.61

(Source: Audit Reports and Appropriation Accounts)

2.2.3 Original budget and supplementary provisions

Supplementary provisions (Rs.427.39 crore) made during the year constituted 13 *per cent* of the original provision (Rs.3310.85 crore) as against 6 *per cent* in the previous year.

2.2.4 Unnecessary/excessive/insufficient supplementary grants

a) Supplementary provision of Rs.107.32 crore made in 19 Grants during the year proved unnecessary in view of aggregate savings of Rs.220.55 crore as detailed in **Appendix-XIV**.

b) In 43 Grants, against additional requirement of Rs.5.16 crore, supplementary grants of Rs.303.20 crore were obtained, resulting in savings in each case exceeding Rs.10 lakh aggregating Rs.298.04 crore. Details of these cases are given in **Appendix-XV**.

c) In 17 Grants/Appropriations supplementary provisions of Rs.86.64 crore proved insufficient by more than Rs.10 lakh in each case, leaving an aggregate uncovered excess expenditure of Rs.58.64 crore as per details given in **Appendix-XVI**.

2.2.5 Persistent savings

In 24 grants and one Appropriation, there were persistent savings in excess of Rs.10 lakh in each case, and 10 *per cent* or more of the provision during 2003-04 to 2005-06. Details are given in **Appendix-XVII**.

2.2.6 Significant excess

In 6 Grants the expenditure exceeded the approved provision by more than Rs.50 lakh in each case and 10 *per cent* or more of the total provision during 2005-06. Details are given in **Appendix-XVIII**.

2.2.7 Expenditure without provision

According to rules, expenditure should not be incurred on a scheme/service without provision of funds. It was noticed that expenditure of Rs.27.39 crore was incurred in 14 cases as detailed in **Appendix-XIX** without provision having been made in the original estimates/supplementary demands.

2.2.8 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. In 13 Grants and one Appropriation, the amount of available savings of Rs.1 crore and above in each case aggregating Rs.357.96 crore was not surrendered. Details are given in **Appendix-XX**.

2.2.9 Surrender in excess of savings

In 24 Grants the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. As against the total amount of actual savings of Rs.95.44 crore, the amount surrendered was Rs.105.33 crore resulting in excess surrender of Rs.9.89 crore. Details are given in **Appendix-XXI**.

2.2.10 Trend of Recoveries and Credits

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

During 2005-06, the actual recoveries (Rs.14.76 crore) were less than the estimated recoveries (Rs.23.18 crore) by Rs.8.42 crore. This was the net result of less recoveries of Rs.10.48 crore in eight grants, and excess recovery of Rs.2.06 crore in four grants. Details are given in **Appendix-XXII**.

2.2.11 Non-receipt of explanations for savings/excess

After the closure of accounts each year, the detailed Appropriation Accounts showing the Final Grant/Appropriation, the actual expenditure and the resultant variations are sent to the controlling officers (COs) who are required to explain the variation in general and those under important sub-heads in particular. The COs were to furnish promptly all such information to the Sr. Deputy Accountant General (A&E) for preparation of Appropriation Accounts.

During the year out of 78 Grants/Appropriations, explanations for savings/excess were received for seven grants only.

2.2.12 Non-reconciliation of departmental figures of expenditure

Financial rules require that the departmental controlling officers should reconcile periodically the departmental figures of expenditure with those booked by the Sr. Deputy Accountant General (A&E). Such reconciliation enables the departmental officers to monitor the progress of expenditure and ensure timely detection of misclassification, wrong bookings, fraud, defalcation, etc. Out of 78 controlling officers (COs), the expenditure in respect of four COs aggregating Rs.5.48 crore pertaining to 2005-06 remained unreconciled.

The extent of non-reconciliation of expenditure by the COs, however, decreased from 12 *per cent* in 2003-04 to 0.19 *per cent* of the total expenditure in 2005-06 as shown below:

Table No.2.6 (Rupees in crore)

Year of account	No. of controlling officers	No. of controlling officers who did not reconcile	Percentage of non-reconciled expenditure to total expenditure	Expenditure involved
2003-04	79	9	12	294.71
2004-05	78	6	5	136.26
2005-06	78	4	0.19	5.48

(Source: Information furnished by A&E office)

2.2.13 Money drawn in advance to avoid lapse of budget grants

Rule 290 of the Central Treasury Rules, as adopted by the Government of Nagaland, provide that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is also not permissible to draw money from the treasury in anticipation of demands, or to avoid lapse of budget grants.

Information on lapse of budget grants during the year 2005-06 was called for (May 2006) from 38 Government Departments. In response, only five departments furnished (October 2006) the information on lapse of budget grants aggregating Rs.5.18 crore, as under:

Table No.2.7

(Rupees in crore)

Sl. No.	Name of the Department	Amount drawn during 2005-06	Amount remaining undisbursed and lapsed
1.	Tourism	11.11	2.82
2.	Director General of Police	1.24	1.17
3.	Employment and Craftsmen Training	1.07	0.27
4.	State Council of Educational Research and Training	0.43	0.43
5.	Food and Civil Supplies	0.75	0.49
	Total	14.60	5.18

HOME DEPARTMENT

2.3 Non-submission of Detailed Countersigned Contingent bill

An amount of Rs.5.62 crore was drawn on Abstract Contingent bill by the Special Officer (Accounts), Civil Secretariat, Kohima during 2003-04 and 2004-05 against which no Detailed Countersigned Contingent bills were submitted.

According to Rules, the Detailed Countersigned Contingent (DCC) bill in respect of any amount drawn on Abstract Contingent (AC) bill is required to be submitted to the Controlling Officer (CO) within one month of drawal of the bill, and the CO is to submit the same with his countersignature to the Accountant General within another month. The Rule further stipulates that every Drawing and Disbursing Officer (DDO) should furnish a certificate to the CO regarding that submission of DCC bills against every AC bill drawn more than one month during the month.

Test check (November 2005) of records (October 2003 to October 2005) of the Special Officer (Accounts), Civil Secretariat, Kohima revealed that DCC bills for Rs.5.62 crore (*Appendix-XXIII*) drawn on 83 AC bills during April 2003 to March 2005 were not submitted (October 2006). The amounts drawn were shown as final expenditure by the Department in all these cases. In the absence of the DCC bill against the AC bill drawn, utilisation of the funds for the purpose for which these were drawn could not be authenticated and also the possibility of misappropriation of funds could not be ruled out.

The matter was reported to the Department/Government in July 2006; reply had not been received (November 2006).