

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 authorized by the Appropriation Act in respect of charged as well as voted items of the budget.

Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various Grants was within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution was 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 2006-07 against 80 Grants/Appropriations is indicated in **Table 2.1**.

Table-2.1 (Rupees in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure ⁵	Saving (-) Excess (+)
Voted	I Revenue	1924.68	167.91	2092.59	1955.71	(-) 136.88
	II Capital	689.86	174.23	864.09	710.48	(-) 153.61
	III Loans and Advances	5.90	0.00	5.90	0.24	(-) 5.66
Total Voted		2620.44	342.14	2962.58	2666.43	(-) 296.15
Charged	IV Revenue.	286.61	8.45	295.06	286.13	(-) 8.93
	V Capital	0.00	0.00	0.00	0.00	0.00
	VI Public Debt	588.48	0.00	588.48	441.53	(-) 146.95
Total Charged		875.09	8.45	883.54	727.66	(-) 155.88
	Appropriation to Contingency Fund	0.00	0.00	0.00	0.00	0.00
Grand Total		3495.53	350.59	3846.12	3394.09	(-) 452.03

Source: Appropriation Accounts

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

The overall saving of Rs.452.03 crore was the net result of excess of Rs.46.03 crore in 16 cases of Grants/Appropriation and savings of Rs.498.06 crore in 64 cases of Grants/Appropriations.

⁵ These are gross figures before adjustment of recoveries in reduction of expenditure viz. Revenue expenditure Rs.19.70 crore and Capital expenditure NIL.

Major savings of Rs.405.10 crore (90 per cent) occurred in 12 out of 64 Grants/Appropriations as mentioned below:

Table-2.2 *(Rupees in crore)*

Grant No./Name	Section	Original	Supple- mentary	Total	Actual expenditure	Savings
18- Pension and Other Retirement Benefits	Revenue (Voted)	233.00	0.00	233.00	201.74	31.26
32- Higher Education	Revenue (Voted)	35.26	15.77	51.03	36.55	14.48
52- Forest	Revenue (Voted)	46.96	0.00	46.96	31.93	15.03
58- Roads and Bridges	Revenue (Voted)	76.29	1.48	77.77	63.44	14.33
59- Irrigation and Flood Control	Revenue (Voted)	41.30	3.74	45.04	33.29	11.75
72- Land Resource Development	Revenue (Voted)	43.65	1.88	45.53	19.50	26.03
27- Planning Machinery	Capital (Voted)	61.48	0.00	61.48	11.82	49.66
35- Medical, Public Health and Family Welfare	Capital (Voted)	23.48	4.25	27.73	17.83	9.90
36- Urban Development	Capital (Voted)	49.71	22.00	71.71	56.74	14.97
45- Co-operation	Capital (Voted)	10.26	7.00	17.26	8.50	8.76
55- Power Projects	Capital (Voted)	99.46	0.00	99.46	46.47	52.99
75- Servicing of Debt-	Revenue (Charged)	280.91	7.77	288.68	279.69	8.99
75- Servicing of Debt	Capital (Charged)	588.48	0.00	588.48	441.53	146.95
Total		1590.24	63.89	1654.13	1249.03	405.10

Source: Appropriation Accounts 2006-07

Reasons for savings were not intimated by the departments (November 2007).

Areas in which major savings occurred in the above Grants/Appropriations are given in **Appendix-2.1**.

In 33 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-2.2**.

2.3.2 Excess requiring regularisation

i) Excess over provision during 2006-07 requiring regularisation

The excess of Rs.23.68 crore under Revenue Section and Rs.22.35 crore under Capital Section as detailed in **Appendix-2.3** require regularisation under Article 205 of the Constitution.

ii) Excess over provision relating to previous years requiring regularisation

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.1833.57 crore (238 cases of Grants/Appropriations) reported during 1996-97 to 2005-06 had not been regularised. No action had been taken by the Government (Finance Department) for regularisation

of the excess as of November 2007. Details of such excess in terms of Grants/Appropriations and amount involved therein requiring regularisation are given below:

Table-2.3 *(Rupees in crore)*

Serial No.	Year of Audit Report	Total number of Grants/Appropriations	Grant Numbers	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
10.	2005-06	25	4, 7, 10, 11, 16, 20, 21, 22, 26, 29, 31, 33, 35, 43, 46, 47, 48, 49, 50, 54, 58, 60, 64, 68, 76	64.96
Total		238		1833.57

Source: Audit Report 2005-06

2.3.3 Supplementary provision

Supplementary provision (Rs.350.59 crore) made during the year 2006-07 constituted 10 per cent of the original provision (Rs.3495.53 crore) as against 13 per cent in the previous year.

2.3.4 Unnecessary/excessive/inadequate supplementary provision

a) Supplementary provision of Rs.42.21 crore made in 14 Grants during the year proved unnecessary in view of aggregate savings of Rs.104.10 crore in these Grants as detailed in **Appendix-2.4**.

b) In 36 Grants, against additional requirement of Rs.52.38 crore, supplementary grants of Rs.213.34 crore were obtained, resulting in savings in each case exceeding Rs.10 lakh aggregating Rs.160.96 crore. Details of these cases are given in **Appendix-2.5**.

c) In 15 Grants/Appropriations, supplementary provision of Rs.109.73 crore proved inadequate by more than Rs.10 lakh in each case, leaving an aggregate uncovered excess expenditure of Rs.37.74 crore as per details given in **Appendix-2.6**.

2.3.5 Persistent savings

In 22 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 2004-05 to 2006-07. Details are given in **Appendix-2.7**.

2.3.6 Significant excesses

In 5 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 2006-07. Details are given in **Appendix-2.8**.

2.3.7 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.158.42 crore was incurred in 28 cases as detailed in **Appendix-2.9** without provision in the original estimates/supplementary demands.

2.3.8 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 savings are anticipated. Unutilised funds amounting to Rs.139.40 crore in 11 cases, however, were not surrendered during the year as detailed in **Appendix-2.10**.

2.3.9 Surrender in excess of savings

In 19 Grants, the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. Against the total amount of actual savings of Rs.93.14 crore, the amount surrendered was Rs.132.72 crore resulting in excess surrender of Rs.39.58 crore. Details are given in **Appendix-2.11**.

2.3.10 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 2006-07, the actual recoveries (Rs.19.70 crore) were less than the estimated recoveries (Rs.21.70 crore) by Rs.2 crore. This was the net result of short recovery of Rs.7.69 crore in eight Grants, and excess recovery of Rs.5.69 crore in three Grants. Details are given in **Appendix-2.12**.

2.3.11 Non-receipt of explanation 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 are to furnish

promptly all such information to the Sr. Deputy Accountant General (A&E and VLC) for preparation of Appropriation Accounts.

During the year 2006-07, out of 80 Grants/Appropriations, explanations for savings/excess were received in respect of only two grants.

2.3.12 Non-reconciliation of departmental figures of expenditure

Financial rules require that the 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 80 controlling officers (COs), the expenditure in respect of seven COs aggregating Rs.463.05 crore pertaining to 2006-07 remained unreconciled.

The extent of non-reconciliation of expenditure by the COs increased from five *per cent* in 2004-05 to 14 *per cent* of the total expenditure in 2006-07 as shown below:

Table No.2.4 *(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
2004-05	78	6	5.00	136.26
2005-06	78	4	0.19	5.48
2006-07	80	7	14.00	463.05

Source: Information furnished by A&E office

2.3.13 Money drawn in advance to avoid lapse of budget grants

Rule 290 of the Central Treasury Rules, as adopted by the Government of Nagaland, provides 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 provision.

Information on lapse of budget provision during the year 2006-07 was called for (May 2007) from 49 Government Departments. However, only 16 departments furnished (November 2007) the information on lapse of budget provisions, out of which an amount of Rs.6.10 crore, remained undisbursed in respect of seven departments as shown below:

Table No.2.5 *(Rupees in crore)*

Sl. No.	Name of the Department	Amount drawn during 2006-07	Amount remaining undisbursed
1.	Director General of Police	4.64	4.64
2.	Geology & Mining	0.09	0.06
3.	Transport Commissioner	0.51	0.10
4.	Employment & Craftsmen Training	0.09	0.09
5.	Election	0.05	0.05
6.	Border Affairs	1.22	0.10
7.	Food & Civil Supplies	1.37	1.06
Total		7.97	6.10

Source: Information furnished by the Departments