

## CHAPTER-II ALLOCATIVE PRIORITIES AND APPROPRIATION

### 2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services vis-a-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget.

Audit of appropriation by the Comptroller and Auditor General of India seeks 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

The summarised position of actual expenditure during 2004-05 against grants/appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original Grant/Appropriation	Supplementary Grant/Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I. Revenue	14,991.97	916.01	15,907.98	15,222.03	(-) 685.95
	II. Capital	4,618.24	183.75	4,801.99	3,892.95	(-) 909.04
	III. Loans and Advances	489.44	115.85	605.29	639.72	(+) 34.43
<b>Total Voted</b>		<b>20,099.65</b>	<b>1,215.61</b>	<b>21,315.26</b>	<b>19,754.70</b>	<b>(-) 1,560.56</b>
Charged	IV. Revenue	5,196.78	18.78	5,215.56	5,202.70	(-) 12.86
	V. Capital	0.02	0.16	0.18	0.17	(-) 0.01
	VI. Public Debt	12,400.46	-	12,400.46	6,681.55	(-) 5,718.91
<b>Total Charged</b>		<b>17,597.26</b>	<b>18.94</b>	<b>17,616.20</b>	<b>11,884.42</b>	<b>(-) 5,731.78</b>
<b>Grand Total</b>		<b>37,696.91</b>	<b>1,234.55</b>	<b>38,931.46</b>	<b>31,639.12<sup>1</sup></b>	<b>(-) 7,292.34</b>

*Note: The figures of actual expenditure are gross figures and include the recoveries adjusted as reduction of expenditure under revenue expenditure: Rs 518.54 crore and capital expenditure: Rs 404.83 crore.*

1. Rupees 2,118.01 crore drawn through NIL payment vouchers were transferred to 8443- Civil Deposits. Besides, Rs 3,821.63 crore were also drawn through NIL payment vouchers and transferred to other Deposit heads like 8448, 8338, 8342, etc.

The table presents unsatisfactory picture of budget and financial operations of the State Government. The overall savings of Rs 7,292.34 crore as mentioned above was the net result of savings of Rs 7,343.02 crore in 54 grants and appropriations offset by excess of Rs 50.68 crore in 16 cases of grants and appropriations. The savings/excesses (Detailed Appropriation Accounts) were sent to the Controlling Officers requiring them to explain the significant variations, which were not received.

## 2.3 Fulfilment of Allocative Priorities

### 2.3.1 Appropriation by Allocative Priorities

- Analysis of savings (exceeding Rs 25 crore in each case and also by more than 10 per cent of total grant/appropriation) with reference to allocative priorities in respect of seven grants/appropriation brought out that there were heavy savings in "Public Debt, Secretariat, Drinking Water Scheme and Industries" as shown below:

#### Public Debt

(Rupees in crore)

Capital (Charged)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	12,400.46	12,400.46	6,681.55	5,718.91	46.1
Supplementary:	-				

Savings occurred mainly under 6003-Internal Debt of the State Government-Loans from other Institutions-Debenture through State Enterprises (Rs 26.64 crore) and Ways and Means Advances from the Reserve Bank of India (Rs 5,691.04 crore) were due to repayment of loans made by RIICO from the amount deposited in their PD account and actual repayment of Ways and Means Advances from the Reserve Bank of India being less than the estimated respectively.

#### Grant No. 3 – Secretariat

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	184.11	208.49	139.14	69.35	33.3
Supplementary:	24.38				

Savings occurred mainly under 3451-Secretariat-Economic Services-District Planning Machinery-Expenditure for District Poverty Eradication Project under World Bank Assistance (Rs 66.90 crore). Reasons for savings were not intimated.

**Grant No. 21 – Roads and Bridges**

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	292.68	386.18	335.56	50.62	13.1
Supplementary:	93.50				

Savings occurred mainly under 5054-Capital Outlay on Roads and Bridges-State Highways-Road Works-Roads financed by Central Road Fund (Rs 15.88 crore), District and Other Roads-Other expenditure-Roads of RIDF financed by NABARD-Missing Link Project (Rs 36.92 crore). Out of the savings of Rs 36.92 crore, funds of Rs 20.49 crore were surrendered in March 2005, due to non-completion of road works in time because of unexpected rain in the months of January 2005 and February 2005 and Rs 16.43 crore re-appropriated to other heads due to lesser execution of works.

**Grant No. 27 – Drinking Water Scheme**

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	1,255.40	1,255.40	802.59	452.81	36.1
Supplementary:	Refer footnote 2				

Savings occurred mainly under 4215-Capital Outlay on Water Supply and Sanitation-Water Supply-Urban Water Supply-General Urban Water Supply Schemes-Water Supply to Jaipur from Bisalpur Project (Rs 52.93 crore), Rural Water Supply-Accelerated Rural Water Supply Scheme-General (Rs 67.77 crore), Chambal Project, Bharatpur (Rs 65.55 crore), Fluoride Control Project Chambal-Baler-Sawaimadhopur (Rs 42.67 crore) and Maintenance Percentage charges (O&M) for the Rural Water Supply Schemes (Rs 41.61 crore). Out of total saving of Rs 452.81 crore, Rs 405.90 crore were surrendered in March 2005 due to less expenditure because of late receipt of clearance from Asian Development Bank, non-release/late receipt of sanction for works, non- starting or slow progress of works/projects, non-supply of material for works etc.

**Grant No. 29 – Urban Plan and Regional Development**

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	115.35	146.70	120.89	25.81	17.6
Supplementary:	31.35				

Savings occurred mainly under 2217-Urban Development-General-Assistance to Municipal Corporations-Urban Improvement Incentive Fund (Rs 5.06 crore), Assistance to Municipalities/Municipal Councils-Grants under

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2. Rs 2,000

development scheme of Minor and Medium Towns (Rs 4.20 crore) and Urban Improvement Incentive Fund (Rs 12.31 crore) were due to receipt of less funds from Government of India.

### Grant No. 33 – Social Security and Welfare

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	513.34	513.34	461.42	51.92	10.1
Supplementary:	Refer footnote 3				

Savings occurred mainly under 2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-Welfare of Scheduled Castes-Special Central Assistance for Scheduled Castes Component Plan-Scheduled Castes sub plan (Rs 18.30 crore), 2235-Social Security and Welfare-Other Social Security and Welfare Programmes-Pensions under Social Security Schemes-Through the Social Welfare Department-Pensions to old aged persons (Rs 20.76 crore) and 2236-Nutrition-Distribution of Nutritious Food and Beverages-Special Nutrition Programmes-Through the Woman and Child Development Department-Integrated Child Development Scheme (Rs 10.79 crore) due to non-release of funds by the Government of India/State Government.

### Grant No. 42 – Industries

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	54.64	54.64	28.44	26.20	47.9
Supplementary:	Refer footnote 4				

Savings occurred mainly under 2852-Industries-General-Industrial Productivity-Rajasthan State Industrial Development and Investment Corporation Limited-For Rajasthan State Industrial Development and Investment Corporation (Rs 10.85 crore) due to non-receipt of funds from Government of India. Further, Rs 14 crore of the above saving was actually the receipts from unspent amount lying in PD account since 1995-96.

- In 26 cases involving 24 grants and one appropriation there were savings of Rs 6,579.16 crore which exceeded Rs one crore in each case and also by more than 10 per cent of total provision as indicated in *Appendix-V*.

#### 2.3.2 Persistent savings

In 14 cases, during the last three years there were persistent savings of more than rupees one crore in each case and also 10 per cent or more of the provision as indicated in *Appendix-VI*.

3. Rs 1,000

4. Rs 3,000

### 2.3.3 Excess requiring regularisation

#### Excess over provision relating to previous years requiring regularisation

As per 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. However, the excess expenditure amounting to Rs 1,333.40 crore for the years 2000-01 to 2003-04 had not been regularised so far (August 2005). This was breach of Legislative control over appropriations.

Year	Number of Grants/Appropriations	Grant/Appropriation No.(s)	Amount of excess (Rs in crore)
2000-01	4/6	15,16,17,21,25,32, 40,46	55.53
2001-02	5/7	1,15,16,17,21,23,24,43,46,49 Public Debt	97.59
2002-03	3/4	15,21,32,34,46,51, Public Debt	856.28
2003-04	2/10	14,15,16,19,24,26,27,34,36,46, 48, Public Debt	324.00
<b>Total</b>	<b>41</b>		<b>1,333.40</b>

#### Excess over provision during 2004-05 requiring regularisation

The excess of Rs 50.68 crore in 16 cases under 15 grants/appropriations during the year requires regularisation under Article 205 of the Constitution. The excess was mainly under Revenue (Voted) Section amounting to Rs 50.51 crore (99.7 per cent) as indicated below:

(Rupees in thousand)

S. No.	Number and name of the Grant/Appropriation	Provision (Original + Supplementary)	Expenditure	Excess
<b>Voted: Revenue Section</b>				
1.	15-Pensions and Other Retirement Benefits	16,08,68,61	16,25,71,18	17,02,57
2.	21-Roads and Bridges	2,76,07,51	2,82,32,56	6,25,05
3.	27-Drinking Water Scheme	9,06,66,22	9,26,51,88	19,85,66
4.	34-Relief from Natural Calamities	6,53,80,33	6,61,18,07	7,37,74
<b>Voted: Capital Section</b>				
5.	45-Loans to Government Servants	6,21	6,77	56
<b>Charged: Revenue Section</b>				
6.	4-District Administration	15,56	16,27	71
7.	5-Administrative Services	2,12	2,51	39
8.	9-Forest	40,00	40,01	1
9.	13-Excise	9,75	9,75	Refer footnote 5
10.	16-Police	20,09	20,25	16
11.	17-Jails	2	2	Refer footnote 6

5. Rs 259

6. Rs 100

(Rupees in thousand)

S. No.	Number and name of the Grant/Appropriation	Provision (Original + Supplementary)	Expenditure	Excess
12.	26-Medical, Public Health and Sanitation	29,60	31,45	1,85
13.	34-Relief from Natural Calamities	2,17	2,17	Refer footnote 7
14.	35-Miscellaneous Community and Economic Services	1	1	Refer footnote 8
15.	46-Irrigation	54,66	67,58	12,92
<b>Charged: Capital Section</b>				
16.	46-Irrigation	8,38	8,91	53
	<b>Total</b>	<b>34,47,11,24</b>	<b>34,97,79,39</b>	<b>50,68,15</b>

The main reasons for the excess expenditure during 2004-05 were:

- Increase in the number of pensioners and enhancement of payment of pension and commuted value of pension following State Government decision of merging of 50 per cent of dearness allowance in basic pay (Grant No. 15), and
- Increase in the electricity and water tariff (Grant No. 27).

#### 2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 1,234.55 crore) made during the year constituted three per cent of the original provision (Rs 37,696.91 crore). The supplementary provision was lesser by Rs 6,787.36 crore than the previous year (Rs 8,021.91 crore).

#### 2.3.5 Unnecessary/excessive/inadequate supplementary provisions

- Supplementary provisions of Rs 98.11 crore made in 10 cases during the year proved unnecessary in view of aggregate saving of Rs 211.22 crore as detailed in *Appendix-VII*.
- In 19 cases, against additional requirement of only Rs 433.43 crore, supplementary grants of Rs 637.99 crore were obtained, resulting in savings in each case exceeding Rs one crore, aggregating Rs 204.56 crore. Details of these cases are given in *Appendix-VIII*.
- In four cases, supplementary provision of Rs 441.10 crore proved short of requirement by more than rupees one crore in each case leaving an uncovered excess expenditure of Rs 50.51 crore as per details given in *Appendix-IX*.

7. Rs 170  
8. Rs 58

### **2.3.6 Persistent/substantial excesses**

- Significant excesses were persistent in four cases involving three grants as detailed in *Appendix-X*. Persistent excess requires investigation by the Government.
- In 10 cases involving six grants and one appropriation expenditure exceeded the approved provision by Rs 5 crore or more and also five *per cent* or more of the total provision aggregating to Rs 207.93 crore as detailed in *Appendix-XI*.

### **2.3.7 Injudicious 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. Cases where re-appropriations proved injudicious in view of final savings/excess in each case being more than rupees one crore are detailed as under:

- In nine cases, additional funds of Rs 706.65 crore provided through re-appropriation proved unnecessary in view of final savings of Rs 36.63 crore as indicated in *Appendix-XII*.
- In six cases, the withdrawal of Rs 1,990.19 crore through re-appropriation was excess against necessity as the final expenditure still exceeded the modified grant by Rs 102.49 crore as indicated in *Appendix-XIII*.
- In six cases, additional funds of Rs 149.60 crore provided through re-appropriation proved insufficient as the final expenditure exceeded the grant by Rs 55.95 crore as indicated in *Appendix-XIV*.
- In 15 cases, the savings were not properly assessed as even after the withdrawal of Rs 347.44 crore through re-appropriation there was a final saving of Rs 47.28 crore as indicated in *Appendix-XV*.

### **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 the savings are anticipated. However, at the close of the year 2004-05, there were 11 cases in which after partial surrender, savings of Rs one crore and above in each case aggregating Rs 122.26 crore (16 *per cent* of savings) remained un-surrendered. This included un-surrendered savings of Rs 31.04 crore (16 *per cent* of savings under Grant No. 24 – Education, Art and Culture), Rs 46.91 crore (10 *per cent* of savings under Grant No. 27 – Drinking Water Scheme), Rs 14.78 crore (56 *per cent* of savings under Grant No. 42 - Industries) and Rs 10.76 crore (49 *per cent* of savings under Grant No. 46–Irrigation). Details are given in *Appendix-XVI*.

- Besides, in nine cases, Rs 36.70 crore (14 per cent of savings) were surrendered in excess (more than five per cent), which includes excess surrender of savings of Rs 5.93 crore (eight per cent under Grant No. 26 – Medical, Public Health and Sanitation), Rs 17.36 crore (34 per cent under Grant No. 21 – Roads and Bridges-Capital Voted) and Rs 6.80 crore (seven per cent under Grant No. 46 – Irrigation-Capital voted). It indicates inadequate financial control over expenditure. Details are given in **Appendix-XVII**.

- However, in all Rs 7,369.92 crore were surrendered on the last working day of the financial year. In 13 cases, involving nine grants and one appropriation surrender exceeding Rs 20 crore in each case amounted to Rs 7,026 crore (95 per cent of total surrender). Details are given in **Appendix- XVIII**.

### 2.3.9 Defective/inaccurate budgeting

Full or substantial portions of the supplementary provisions obtained under the following heads of account on 29 March 2005 were surrendered/re-appropriated (more than 50 per cent of total provision) on 31 March 2005, thus indicating defective/inaccurate budgeting:

(Rupees in crore)

S. No.	Grant No.	Head of Account	Original provision	Supplementary provision	Total provision	Surrender/Re-appropriation to other heads
1.	14	2040-101(04)	Refer footnote 9	1.00	1.00	0.70
2.	16	2055-115(05)	1.16	1.84	3.00	1.91
3.	19	4202-01-201(01)[90]	2.65	0.58	3.23	2.35
4.	19	4210-.03-101(01)[90]	0.10	1.33	1.43	1.33
5.	22	4705-102(01)[01]	6.20	4.87	11.07	7.18
6.	22	4705-105(04)	1.00	0.05	1.05	1.03
7.	29	2217-80-191(19)	0.01	6.40	6.41	5.06
8.	29	2217-80-192(19)	0.01	13.73	13.74	12.31
9.	34	6245-01-800(07)	Refer footnote 10	10.00	10.00	7.07
10.	35	5475-800(03)	4.55	3.69	8.24	6.63
11.	50	4515-101(17)[01]	-	1.50	1.50	1.50

In one head of account of Grant No. 50 entire provision was re-appropriated/surrendered. In two cases (Grant Nos. 14 and 34) only token provisions of Rs 0.01 lakh was taken and supplementary provision was obtained, which were not fully utilised and surrendered/re-appropriated to other head on the last working day of the financial year.

9. Rs 1,000

10. Rs 1,000