

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. It also ascertains whether the expenditure 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 2007-08 against 51 grants and four appropriations was as follows:

(Rupees in crore)						
	Nature of expenditure	Original Grant/Appropriation	Supplementary Grant/Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I. Revenue	23,029.46	3,219.86	26,249.32	23,835.88	(-) 2,413.44
	II. Capital	6,067.66	1,999.65	8,067.31	7,347.33	(-) 719.98
	III. Loans and Advances	339.12	78.12	417.24	287.69	(-) 129.55
Total Voted		29,436.24	5,297.63	34,733.87	31,470.90	(-) 3,262.97
Charged	IV. Revenue	6,157.88	9.46	6,167.34	5,983.90	(-) 183.44
	V. Capital	0.02	0.66	0.68	0.69	(+) 0.01
	VI. Public Debt-Repayment	2,029.64	-	2,029.64	1,845.81	(-) 183.83
Total Charged		8,187.54	10.12	8,197.66	7,830.40	(-) 367.26
Grand Total		37,623.78	5,307.75	42,931.53	39,301.30¹	(-) 3,630.23

Note: The figures of actual expenditure are gross figures and exclude the recoveries adjusted as reduction of expenditure under revenue (Rs 692.14 crore) and capital (Rs 792.47 crore).

The overall savings of Rs 3,630.23 crore as mentioned above was the net result of savings of Rs 3,649.73 crore in 51 grants and four appropriations offset by excess of Rs 19.50 crore in nine cases of grants and appropriations.

1. The total actual expenditure stands inflated to the extent of Rs 10,429.57 crore transferred to 8443-Civil Deposits and other Deposit heads.

The savings/excesses (Detailed Appropriation Accounts) were intimated to the Controlling Officers requesting them to explain the significant variations. Explanations for savings/excesses in respect of 148 sub-heads out of 511 sub-heads commented upon in Appropriation Accounts (29 per cent) were not received (August 2008).

2.3 Fulfillment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Against the total savings of Rs 3,649.73 crore, savings of Rs 3,147.80 crore (86.2 per cent)² occurred in 13 cases relating to 11 grants and two appropriations as indicated below:

(Rupees in crore)						
S. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue-Voted						
1.	3-Secretariat	1,621.99	A	1,621.99	673.35	948.64
2.	15-Pensions and other Retirement Benefits	2,654.42	-	2,654.42	2,564.10	90.32
3.	21-Roads and Bridges	729.98	-	729.98	665.89	64.09
4.	24-Education, Art and Culture	4,968.21	318.73	5,286.94	5,141.80	145.14
5.	26-Medical and Public Health and Sanitation	1,437.31	4.93	1,442.24	1,382.01	60.23
6.	34-Relief from Natural Calamities	688.81	53.04	741.85	638.81	103.04
7.	35-Miscellaneous Community and Economic Services	623.75	-	623.75	19.42	604.33
8.	41-Community Development	817.21	152.67	969.88	844.78	125.10
Capital-Voted						
9.	27-Drinking Water Scheme	2,010.86	624.13	2,634.99	2,284.14	350.85
10.	46-Irrigation	937.61	49.85	987.46	814.92	172.54
11.	48-Power	1,351.00	-	1,351.00	1,233.95	117.05
Revenue-Charged						
12.	Interest Payments	6,125.63	B	6,125.63	5,942.99	182.64
Capital-Charged						
13.	Public Debt	2,029.64	-	2,029.64	1,845.81	183.83
	TOTAL	25,996.42	1,203.35	27,199.77	24,051.97	3,147.80

A: Rs 4000; B: Rs 2000

The heads of account under which huge savings occurred in the above 13 cases are given in *Appendix-2.1*.

The savings under “Secretariat” was mainly due to non-implementation of Innovative Scheme during the year. The savings under “Drinking Water Scheme” and “Irrigation” was mainly due to less execution of works. The savings under “Education, Art and Culture” was mainly due to posts

2. Exceeding Rs 50 crore in each case.

remaining vacant and non-receipt of funds from Government of India. The savings under “Relief from Natural Calamities” was mainly due to non-incurring of expenditure on Other Special Relief Works. The savings under “Miscellaneous Community and Economic Services” was mainly due to winding up the Redemption Fund for interest payment as per the post budget decision.

The savings under “Community Development” was mainly due to less receipt of Central assistance and release of fewer grants to *Gram Panchayats*. The savings under “Power” was mainly due to less receipt of funds from Government of India. The savings under “Public Debt” was mainly due to non-payment of interest bearing market loans and non-requirement of ways and means advances during the year.

In 18 cases involving 16 grants there were savings of Rs 2,506.35 crore which exceeded Rs 1 crore in each case and also by more than 10 *per cent* of total provision as indicated in **Appendix-2.2**.

2.3.2 Persistent savings

In eight cases, during the last three years there were persistent savings of more than Rs 1 crore in each case and also by 10 *per cent* or more of the total grant as indicated in **Appendix-2.3**.

Besides, in 12 cases there were persistent savings from 2003-04 to 2007-08 as indicated below:

(Rupees in crore)						
S. No.	No. and Name of the grant	Amount of savings				
		2003-04	2004-05	2005-06	2006-07	2007-08
Revenue-Voted						
1.	9-Forest	10.15	11.17	21.86	14.53	12.56
2.	14-Sales Tax	4.93	7.19	34.34	9.76	18.38
3.	29-Urban Plan and Regional Development	462.62	25.81	7.76	66.97	49.69
4.	38-Minor Irrigation and Soil Conservation	16.77	8.13	47.33	28.77	43.33
5.	51-Special Organisational Plan for Welfare of Scheduled Castes	4.30	12.47	37.52	19.82	12.17
Capital-Voted						
6.	9-Forest	28.49	6.92	5.70	5.95	1.03
7.	19-Public Works	24.15	9.59	61.71	31.96	13.72
8.	24-Education, Art and Culture	16.99	13.35	10.27	19.97	12.78
9.	27-Drinking Water Scheme	253.31	452.81	308.47	199.57	350.85
10.	29-Urban Plan and Regional Development	35.67	51.43	214.43	288.08	23.59
11.	46-Irrigation	56.75	92.62	131.18	249.24	172.54
12.	51- Special Organisational Plan for Welfare of Scheduled Castes	31.98	3.54	4.90	5.16	2.97

The main reasons of persistent savings during 2003-08 were posts remaining vacant in various cadres (Grant No. 14), less receipt of funds from

Government of India (Grant No. 9, 38 and 51), less release of grants to Municipalities/Municipal councils (Grant No. 29) and economy measures and less execution of works (Grant No. 19, 24, 27 and 46).

2.3.3 Excess 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 49.75 crore for the years 2005-06 and 2006-07 as detailed below had not been regularised so far (August 2008).

Year	Number of Grants/Appropriations	Grant/Appropriation No.(s)	Amount of excess (Rs in crore)
2005-06	5/6	8, 15, 18, 21, 24, 27, 42, 43, 45	49.33
2006-07	3/3	4, 13, 17, 31, 43, 45	0.42
Total	8/9		49.75

Excess over provision during 2007-08 requiring regularisation

The excess of Rs 19.50 crore in nine cases relating to four grants and four appropriations during the year requires regularisation under Article 205 of the Constitution of India. The excess was mainly under Revenue (Voted) Section amounting to Rs 19.27 crore (98.8 per cent) as indicated below:

(Rupees in lakh)

S. No.	Number and name of the Grant/Appropriation	Provision (Original + Supplementary)	Expenditure	Excess
Voted: Revenue Section				
1.	17-Jails	4,621.28	4,639.99	18.71
2.	22-Area Development	4,667.96	4,670.19	2.23
3.	27-Drinking Water Scheme	1,13,329.82	1,14,201.70	871.88
4.	33-Social Security and Welfare	86,072.15	87,105.93	1,033.78
Charged: Revenue Section				
5.	13-Excise	4.23	4.86	0.63
6.	21-Roads and Bridges	22.80	35.45	12.65
7.	38-Minor Irrigation and Soil Conservation	3.45	9.30	5.85
8.	46-Irrigation	33.41	34.56	1.15
Charged: Capital Section				
9.	46-Irrigation	3.83	6.81	2.98
	Total	2,08,758.93	2,10,708.79	1,949.86

Government did not furnish any reason for the excess expenditure (August 2008).

2.3.4 Original budget and supplementary provisions

Supplementary provisions (September 2007: Rs 137.43 crore and March 2008: Rs 5,170.32 crore) amounting to Rs 5,307.75 crore made during the year constituted 14.1 *per cent* of the original provision (Rs 37,623.78 crore) as against nine *per cent* in the previous year. During the year supplementary provisions of Rs 3,229.32 crore and Rs 2,078.43 crore were obtained to augment revenue expenditure and capital expenditure respectively.

2.3.5 Unnecessary/excessive supplementary provisions

Supplementary provisions of Rs 198.66 crore made in 12 cases (each exceeding Rs 1 crore) during the year proved unnecessary as the expenditure did not come up to the level of original provisions in view of saving of Rs 507.19 crore as detailed in *Appendix-2.4*.

In 24 cases, supplementary grants of Rs 3,028.54 crore were obtained against additional requirement of Rs 2,216.91 crore, resulting in savings in each case exceeding Rs 1 crore, aggregating Rs 811.63 crore. Details of these cases are given in *Appendix-2.5*.

2.3.6 Persistent/substantial excesses

- Significant excesses were persistent in one grant as detailed below:

(Rupees in crore)

S. No.	Grant No., name and Head of account	Amount of excess (percentage of excess in parenthesis)		
		2005-06	2006-07	2007-08
27-Drinking Water Scheme (Revenue-Voted)				
1.	2215-01-102(01)	18.42 (5.6)	2.08 (0.6)	8.62 (2.2)

- In five cases involving two grants and one appropriation, expenditure in each case exceeded by Rs 5 crore or more of the total provision aggregating to Rs 66.58 crore. Excess indicate poor budgeting and weak expenditure control. Details are given in *Appendix-2.6*.

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 of Rs 1 crore or more which proved injudicious are detailed as under:

- In nine cases, additional funds of Rs 255.84 crore provided through re-appropriation proved unnecessary in view of final savings of Rs 79.21 crore as indicated in *Appendix-2.7*.
- In 10 cases, withdrawal of Rs 158.46 crore through re-appropriation proved excessive as the final expenditure exceeded the reduced Head by Rs 43.77 crore as indicated in *Appendix-2.8*.

- In three cases, additional funds of Rs 17.99 crore provided through re-appropriation proved insufficient as the final expenditure exceeded the augmented Head by Rs 25.71 crore as indicated in **Appendix-2.9**.

- In 14 cases, the savings were not properly assessed as even after the withdrawal of Rs 409.14 crore through re-appropriation there was a final saving of Rs 105.28 crore as indicated in **Appendix-2.10**.

2.3.8 Expenditure without provision

As envisaged in the State Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that in the following cases expenditure of Rs 19.10 crore was incurred without making provisions in the original estimates/supplementary demand or through re-appropriation.

S. No.	Number and name of the grant	Head of Account	Expenditure (Rupees in crore)
1.	Public Debt	6003-Internal Debt of the State Government 106-Compensation and Other Bonds 02-Special Bonds (Power Bonds) 04-8.5% Tax free Rajasthan State Special Bonds, 2008	18.44
2.	46-Irrigation	4700-Capital Outlay on Major Irrigation 01-Bhakra Nangal Project (Commercial) (BBMB) through the Chief Engineer, Hanumangarh 799-Suspense 01-Suspense	0.66
Total			19.10

2.3.9 Anticipated savings not surrendered

As per the State Budget Manual, all anticipated savings should be surrendered to the Government, immediately the moment they are foreseen, without waiting till the end of the year. No savings should be held in reserve for possible future excesses. There were seven cases in which after partial surrenders, savings of Rs 1 crore and above in each case aggregating Rs 83.79 crore (21.7 per cent of savings) remained un-surrendered. Details are given in **Appendix-2.11**.

Besides, in 19 cases of 15 grants and two appropriations, Rs 3,253.66 crore (92.8 per cent) were surrendered (exceeding Rs 20 crore in each case) on the last working day of March 2008, out of total surrender of Rs 3,505.01 crore, indicating inadequate financial control over expenditure. Details are given in **Appendix- 2.12**.

2.3.10 Injudicious surrender of funds

In five cases, the amount surrendered (atleast Rs 1 crore) was in excess, which indicated inefficient budgetary control. It was noticed that as against the total

available savings of Rs 387.70 crore, the amount surrendered was Rs 417.25 crore, resulting in excess surrender of Rs 29.55 crore as detailed below:

(Rupees in crore)				
S. No.	Number and name of the grant	Savings	Amount surrendered	Excess surrendered
Revenue-Voted				
1.	30-Tribal Area Development	15.22	16.78	1.56
Capital-Voted				
2.	24-Education, Art and Culture	12.78	14.76	1.98
3.	30-Tribal Area Development	3.33	6.58	3.25
4.	46-Irrigation	172.54	176.92	4.38
Capital-Charged				
5.	Public Debt	183.83	202.21	18.38
	TOTAL	387.70	417.25	29.55

Under Grant No. 27, Rs 3.21 crore (Revenue) were surrendered though the expenditure had actually exceeded the budget provision by Rs 8.72 crore.

2.3.11 Defective/inaccurate budgeting

Full or substantial portions (more than 50 per cent of total provision) of the supplementary provisions obtained under the various Heads of Account in September 2007 and March 2008 were surrendered/re-appropriated on 31 March 2008 indicating inaccurate budgeting as shown in **Appendix-2.13**. In four cases (Grant Nos. 27, 34 and 36) entire provisions were re-appropriated/surrendered.

2.4 Rush of expenditure

State Budget Manual envisages that Government expenditure should be evenly distributed throughout the year. Rush of expenditure particularly in the closing month of a financial year shall be regarded as breach of financial regularity and should be avoided. Contrary to this, in respect of 19 Heads of Account, expenditure exceeding Rs 4,288 crore ranging between 77.2 and 100 per cent of the total expenditure for the year was incurred in March 2008. This includes eight cases where entire expenditure was incurred during March 2008. Details are given in **Appendix-2.14**.

2.5 Unnecessary withdrawal of funds

Rule 8 (2&3) of General Financial and Accounts Rules prohibits drawal of funds without immediate requirement.

For setting up of two Hostels-cum-Rehabilitation Centres (Centres) for war widows at Jhunjhunu and Sikar the Director, *Sainik Kalyan Vibhag* (SKV) released Rs 0.83 crore and Rs 3.30 crore in February 2006 and March 2008 respectively to *Zila Sainik Kalyan Adhikari* (ZSKA), Jhunjhunu and Sikar. The ZSKAs deposited the amounts with the concerned Executive Engineers of

the Public Works Department (PWD) Divisions in the same month for execution of the works.

Test check (April 2008) of records of the ZSKAs, Jhunjhunu and Sikar revealed that despite availability of land and funds (Rs 2.13 crore) the construction of Centre at Sikar was not got started by ZSKA, Sikar through the PWD, Division Sikar as of July 2008. In Jhunjhunu, funds of Rs 2 crore released to PWD, Division Jhunjhunu were also lying unused due to non-availability of land.

Thus, Rs 4.13 crore had been withdrawn without immediate requirement just to avoid lapse of grant.

Department stated (June 2008) that efforts were being made to get allotment of suitable land for Centre at Jhunjhunu and work at Sikar would be started shortly. Reply of the Government was awaited (August 2008).