

## 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 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 2002-03 against grants/appropriation was as follows:

(Rupees in crore)

	Nature of expenditure	Original Grant/Appropriation	Supplementary Grant/Appropriation	Total	Actual expenditure	Saving (-)/Excess (+)
Voted	1. Revenue	1,43,84.80	6,80.35	1,50,65.15	1,33,79.48	(-) 16,85.67
	2. Capital	29,36.73	1,63.17	30,99.90	25,25.00	(-) 5,74.90
	3. Loans and Advances	6,41.50	50.02	6,91.52	2,77.80	(-) 4,13.72
<b>Total Voted</b>		<b>1,79,63.03</b>	<b>893.54</b>	<b>1,88,56.57</b>	<b>1,61,82.28</b>	<b>(-) 26,74.29</b>
Charged	4. Revenue	43,95.71	3.14	43,98.85	43,24.29	(-) 74.56
	5. Capital	0.03	0.22	0.25	0.23	(-) 0.02
	6. Public Debt	49,94.26	68,57.73	1,18,51.99	1,26,05.91	(+) 7,53.92
<b>Total Charged</b>		<b>93,90.00</b>	<b>68,61.09</b>	<b>1,62,51.09</b>	<b>1,69,30.43</b>	<b>(+) 6,79.34</b>
<b>Grand Total</b>		<b>2,73,53.03</b>	<b>77,54.63</b>	<b>3,51,07.66</b>	<b>3,31,12.71*</b>	<b>(-) 19,94.95</b>

*Note: - The actual expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure: Rs 6,87.99 crore and capital expenditure: Rs 4,97.69 crore.*

The overall savings of Rs 19,94.95 crore as mentioned above was the net result of savings of Rs 28,51.23 crore in 55 grants and appropriations offset by

\* Rupees 16,29.84 crore drawn through NIL payment vouchers were transferred to 8443- Civil Deposits. Besides, Rs 18,89.56 crore were also drawn through NIL payment vouchers and transferred to other Deposit heads like 8448, 8338, 8342, etc.

excess of Rs 8,56.28 crore in seven cases of grant 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 15 per cent of total grant) with reference to allocative priorities brought out the following:

#### Grant No. 9 – Forest

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	1,72.59	1,72.59	1,28.69	43.90	25.44
Supplementary:	-				

Savings occurred mainly on the Plan side under 2406-Forestry and Wild Life-Forestry-Social and Farm Forestry-Plantation under Rajasthan Forestry Development Project with external assistance (Rs 43.20 crore). Reasons for the savings were not intimated.

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	96.79	96.79	1.55	95.24	98.40
Supplementary:	-				

Savings occurred mainly under 4406-Capital Outlay on Forestry and Wild Life- Forestry-Social and Farm Forestry-Plantation under Rajasthan Forestry Development Project with external assistance (Rs 94.32 crore) under Plan. Reasons for the savings were not intimated.

#### Grant No. 15 – Pensions and Other Retirement Benefits

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	20,27.73	20,27.73	16,83.58	3,44.15	16.97
Supplementary:	-				

Savings occurred mainly in Non-plan side under 2071-Pensions and Other Retirement Benefits-Civil-Commuted Value of Pensions (Rs 1,19.84 crore), Gratuities-Gratuity to State Employees (Rs 1,42.67 crore), Leave Encashment Benefits (Rs 24.22 crore). Reasons for the final savings were not intimated.

**Grant No. 19 – Public Works**

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	2,06.49	2,06.49	1,24.12	82.37	39.89
Supplementary:	@				

Savings occurred mainly under 2059-Public Works-General-Direction and Administration-Direction (Rs 1.24 crore) in the Plan and Non-Plan side, under Non-Plan side (Superintendence: Rs 2.09 crore, Execution: Rs 8.87 crore, Suspense-Miscellaneous Public Works Advances-Charges: Rs 28.71 crore and Suspense-Stock-Charges: Rs 33.73 crore), out of which Rs 72.96 crore were surrendered/re-appropriated in March 2003. Reasons for final savings were not intimated.

**Grant No. 21 – Roads and Bridges**

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	3,50.78	4,99.14	3,80.34	1,18.80	23.80
Supplementary:	1,48.36				

Savings occurred mainly under 5054-Capital Outlay on Roads and Bridges-District and Other Roads-Transfer to/from Reserve Fund/Deposit Account-Central Road Fund (Rs 99.78 crore) and Other expenditure- Roads of R. I. D. F. financed by NABARD-Through the Relief Department (Rs 2.76 crore) in Plan side. Reasons for final savings were not intimated.

**Grant No. 30 – Tribal Area Development**

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	3,29.69	3,29.69	2,68.66	61.03	18.51
Supplementary:	\$				

Savings occurred mainly under 2202-General Education-Elementary Education-Tribal Area Sub-plan<sup>1</sup>, 2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-Welfare of Scheduled Tribes-Tribal Area Sub-plan-Grants for two Centrally sponsored schemes (CSS)<sup>2</sup>, Programme for Development of Tribal Area under Special Scheme (Plan:

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@ Rs 1000

\$ Rs 37000

1. Upper Primary Schools for Boys (Rs 5.88 crore), CSS-Operation Black Board (Rs 2.60 crore), Government Secondary School-Boys Schools (Rs 4.79 crore), Girls Schools (Rs 1.43 crore).
2. Grant to Scheduled Castes Corporation: Rs 4 crore and Modified Area Development Approach Programme- Grants to District Rural Development Agencies for small development of Tribal Blocks: Rs 3.65 crore.

Rs 9.87 crore) and 2406-Forestry and Wild Life<sup>3</sup>-Forestry. Reasons for the final savings were not intimated.

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	1,55.78	1,55.78	1,06.31	49.47	31.76
Supplementary:	*				

Savings occurred due to reduction in annual plan outlay mainly under 4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes - Welfare of Scheduled Tribes-Tribal Area Sub-plan-Special Scheme Programme for the development of Tribal Area (Plan: Rs 18.63 crore). Under 4406-Capital Outlay on Forestry and Wild Life-Forestry-Tribal Area Sub-plan-Plantation under external assistance received under Rajasthan Forestry Development Project (Plan: Rs 16.20 crore).

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

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	5,15.08	5,15.08	3,87.85	1,27.23	24.70
Supplementary:	<sup>1</sup>				

Savings occurred mainly on Non-Plan side under 2235-Social Security and Welfare-Other Social Security and Welfare Programme-Pensions under Social Security Scheme-Through the Social Welfare Department-National Senility Pension (Rs 1,04.73 crore); State Senility Pension (Rs 16.99 crore), those were surrendered/re-appropriated in March 2003 due to merger of schemes in Pension to old age persons.

### Grant No. 37 – Agriculture

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	2,11.68	2,11.68	1,73.23	38.45	18.16
Supplementary:	<sup>2</sup>				

Savings occurred mainly under 2401-Crop Husbandry-Direction and Administration-District Organisation (Non-Plan: Rs 4.48 crore), Commercial Crops-Intensive Cotton Development Programme (Plan: Rs 0.45 crore and CSS: Rs 1.36 crore), Oil Seeds Production Programme (Plan: Rs 0.90 crore and CSS: Rs 2.69 crore), Work Plan (Plan: Rs 1.68 crore and CSS: Rs 15.27 crore), Horticulture and Vegetable Crops-Work Plan (Plan: 0.52 crore and CSS: Rs 4.68 crore). Reasons for the final savings were not intimated.

3. Plantation under Rajasthan Forestry Development Project with the external assistance (Plan : Rs 10.80 crore).

\* Rs 7000

1. Rs 11000    2. Rs 1000

**Grant No. 42 – Industries**

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	64.72	64.72	36.24	28.48	44.00
Supplementary:	<sup>3</sup>				

Savings occurred mainly under 2851-Village and Small Industries-Khadi and Village Industries-Grant-in-aid/Contribution/Subsidy etc. to Rajasthan Khadi and Gramodyog Board (Rs 9.09 crore) in the Non-Plan and Plan side. Under 2852-Industries-General-Industrial Productivity- Grant-in-aid/Contribution/Subsidy etc. to Rajasthan State Industrial Development and Investment Corporation Limited (Plan: Rs 5.78 crore and CSS: Rs 6.62 crore) due to receipt of less grants/funds from the State Government/Government of India. Reasons for final savings were not intimated.

**Grant No. 45 – Loans to Government Servants**

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	1,97.54	1,97.54	70.72	1,26.82	64.20
Supplementary:	-				

Savings occurred mainly on Non-plan side under 7610-Loans to Government Servants-House Building advance-Loan for House Building to other employees through Housing Development Finance Corporation-To other Employees (Rs 83.91 crore), Other Advances-Advance for purchase of Food Grain (Rs 33.00 crore) due to non-completion of formalities of application by the loanees in time.

**Grant No. 46 – Irrigation**

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	5,80.14	5,80.14	4,31.27	1,48.87	25.66
Supplementary:	<sup>#</sup>				

Savings occurred mainly on the Plan side under 4701-Capital Outlay on Major and Medium Irrigation-Major Irrigation Commercial-Indira Gandhi Nahar Project-Stage II-Through the Chief Engineer, Indira Gandhi Nahar Project, Bikaner (Rs 17.50 crore); Nabada Project-Construction work-Construction work in Rajasthan (Rs 8.23 crore); Bisalpur Project-Construction Work (Rs 17.31 crore); Gang Canal-Construction Work in Punjab-Modernisation (Rs 13.00 crore); General-Other Expenditure-General Construction Work-Rajasthan Water Resources Integrated Project (Rs 83.91 crore). Reasons for final savings were not intimated.

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3. Rs 3000

# Rs 6000

**Grant No. 48 - Power**

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	7,84.00	7,84.00	4,76.35	3,07.65	39.24
Supplementary:	*				

Savings occurred mainly on the Plan side under 4801-Capital Outlay on Power Projects-General-Investments in Public Sector and Other Undertakings-Investment in Rajasthan State Power Corporation Limited (Rs 25.00 crore) and under 6801-Loans for Power Projects-Loans to Public Sector and Other Undertakings-Loan to Rajasthan State Power Corporation Limited (Rs 73.00 crore); Other Loans to Electricity Boards (Rs 2,05.72 crore<sup>\*\*</sup>). Reasons for savings were not intimated.

- In 43 cases, involving 32 grants/appropriations there were savings of Rs 25,13.95 crore which exceeded Rs one crore in each case and also by more than 10 per cent of total provision as indicated in **Appendix-IV**.

**2.3.2 Persistent savings**

In one case of Grant No. 46-Irrigation, during three years there were persistent savings of more than Rupees one crore in each case and 20 per cent or more of total provision. Details are given in **Appendix-V**.

**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 State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs 1,53.12 crore for the years 2000-01 to 2001-02 had not been regularised so far (August 2003). This was breach of Legislative control over appropriations.

Year	Number of grants/ Appropriation	Grant/Appropriation No.(s)	Amount of excess (Rs in crore)	Reasons for excess
2000-01	4/6	15,16,17,21,25,32, 40,46	55.53	Not received (Except Grant No. 15)
2001-02	5/7	1,15,16,17,21,23, 24,43,46,49, Public Debt	97.59	Not received (Except Grant No. 17 and Public Debt)
<b>Total</b>	<b>22</b>		<b>1,53.12</b>	

\* Rs 1000

\*\* Rs 21.52 crore + Rs 73.87 crore + Rs 41.61 crore + Rs 68.72 crore.

**Excess over provisions during 2002-03 requiring regularisation**

The excess of Rs 8,56.28 crore under 7 grants/appropriations during the year requires regularisation under Article 205 of the Constitution. The excess was mainly under Appropriation *Public Debt* amounting to Rs 7,53.92 crore. Details are given below:

(In rupees)				
Sl. No.	Number and name of the Grant/Appropriation	Provision (Original + Supplementary)	Expenditure	Excess
<b>Voted: Revenue Section</b>				
1.	21- Roads and Bridges	1,62,06,92,000	2,63,45,94,723	1,01,39,02,723
2.	34- Relief from Natural Calamities	9,01,26,05,000	9,01,95,24,846	69,19,846
<b>Voted: Capital Section</b>				
3.	51- Special Component Plan for Welfare of Scheduled Castes	22,89,86,000	23,08,88,005	19,02,005
<b>Charged: Revenue Section</b>				
4.	15- Pensions and Other Retirement Benefits	5,04,000	13,29,490	8,25,490
5.	46- Irrigation	30,98,000	31,59,436	61,436
6.	32- Civil Supplies	60,000	60,405	405
<b>Charged: Capital Section</b>				
7.	Public Debt	1,18,51,99,14,000	1,26,05,91,32,303	7,53,92,18,303
	<b>Total</b>	<b>1,29,38,58,59,000</b>	<b>1,37,94,86,89,208</b>	<b>8,56,28,30,208</b>

The main reasons for the excess expenditure during 2002-03 were:

- Actual repayment of ways and means advances due to inadequate estimation of day-to-day cash flow by the State Government (Rs. 7,53.93 crore – Public Debt).
- Transfer of grants received from Government of India on account of subvention of Central Road Fund to head “8449-Other Deposits-Subvention from Central Road Fund” without provision under Revenue Section. However, the provision for said transfer was made in Capital Section through Supplementary Grant (Rs. 99.78 crore - Grant No.21).

**2.3.4 Original budget and supplementary provisions**

Supplementary provisions (Rs 77,54.63 crore) made during the year constituted 28 *per cent* of the original provision (Rs 2,73,53.03 crore) as against 17 *per cent* in the previous year.

**2.3.5 Unnecessary/excessive/inadequate supplementary provisions**

- Supplementary provisions of Rs 28.14 crore made in 27 cases during the year proved unnecessary in view of aggregate saving of Rs 18,38.42 crore as detailed in *Appendix-VI*. However, in 17 cases, involving 15 grants/appropriations, supplementary provision obtained (less than Rs 10,000)

proved unnecessary as the actual expenditure being less than the original provision.

- In 11 cases, against additional requirement of only Rs 1,93.36 crore, supplementary grants and appropriations of Rs 3,70.76 crore were obtained, resulting in savings in each case exceeding Rs 10 lakh, aggregating Rs 1,77.40 crore. Details of these cases are given in **Appendix-VII**.
- In two cases, supplementary provision of Rs 68,98.57 crore proved insufficient by more than Rupees one crore in each case leaving an uncovered excess expenditure of Rs 8,55.31 crore as per details given in **Appendix-VIII**.

### **2.3.6 Persistent excesses**

Significant excesses were persistent in eight cases involving five grants as detailed in **Appendix-IX**. Persistent excess requires investigation by the Government.

### **2.3.7 Excessive/unnecessary 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 the re-appropriation of funds proved injudicious in view of final excess/savings over grant by over rupees one crore are detailed in **Appendix-X and XI** respectively.

### **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 2002-03, there were 13 cases in which after partial surrender, savings of Rupees one crore and above in each case aggregating Rs 1,77.44 crore (15.98 per cent of total savings) remained un-surrendered. This included un-surrendered savings of Rs 12.70 crore (60 per cent of savings under Grant No. 27 – Drinking Water Scheme), Rs 98.18 crore (83 per cent of savings under Grant No. 21 – Roads and Bridges) and Rs 4.55 crore (60 per cent of savings under Grant No. 22 - Area Development). Details are given in **Appendix-XII**.
- Besides, in 15 cases, Rs 1,18.59 crore (16.95 per cent of total savings) were surrendered in excess, which includes excess surrender of savings of Rs 99.24 crore (274 per cent under Grant No. 27 - Drinking Water Scheme). It indicates inadequate financial control over expenditure. Details are given in **Appendix-XIII**.
- However, in all Rs 27,97.70 crore were surrendered on the last working day of the financial year. In 22 cases, involving 17 grants and one appropriation surrender exceeding Rs 20 crore in each case amounted to Rs 24,40.98 crore (87 per cent of total surrender). Details are given in **Appendix- XIV**.



### 2.3.9 Expenditure without provision

- As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. An expenditure of Rs 54.07 lakh was incurred in the Capital Section under Grant No. 19-Public Works without provision having been made in the original estimates/supplementary demands or through re-appropriation.
- In the following six grants (nine cases) there was "Minus" expenditure:

S. No.	Number and Name of the Grant/ Appropriation	Head of Account	Amount (Rs in lakh)	Reasons as per Appropriation Accounts
1.	19- Public Works	4059-80-051(033)[01]	46.15	Due to deposit of unspent balance of previous years
		4853-01-004(002)	13.75	
2.	24- Education, Art and Culture	2202-01-800(001)[03]	0.17	Not intimated
3.	33- Social Security and Welfare	2235-60-102(003)	16.85	Due to deposit of unspent balance of previous years
4.	35- Miscellaneous Community and Economic Services	3454-01-800(003)	0.59	Due to deposit of unspent balance of previous years
5.	37- Agriculture	2401-109(007)[02]	9.73	Due to receipt of reimbursement for the year 2001-02 from the Government of India under Minicut Programme
		4401-800(003)[01]	4.12	Due to deposit of unspent balance of previous years
		4401-800(003)[10]	13.54	
6.	38- Minor Irrigation and Soil Conservation	2702-80-800(004)	2,70.96	Due to deposit of unspent balance of previous years

## 2.4 Advances from the Contingency Fund

Advances from the Rajasthan Contingency Fund may be given for meeting unforeseen expenditure in the circumstances (i) provision could not be made in annual/supplementary budget, (ii) expenditure could not be foreseen and (iii) the expenditure cannot be postponed till vote of Legislature is obtained.

Scrutiny of four sanctions aggregating Rs 11.06 crore issued by the State Government during 2002-03 for grant of advance from the Contingency Fund, revealed that advance of Rs 3 crore was given (December 2002) to Rajasthan Renewable Energy Corporation Limited (RREC) for rural electrification under *Pradhan Mantri Gramodaya Yojana*. The amount was, however, kept (January 2003) in the Personal Deposit account of RREC without utilisation as of June 2003. Thus, advance of Rs 3 crore was given to RREC without immediate requirement.

## **2.5 Non-adjustment/non-refund of unspent funds under various schemes**

The State Government issued (July 1997) instructions to all the *Panchayat Samitis* to submit utilisation certificates on completion of works under various schemes so that funds allotted to executing agencies can be adjusted and to credit unspent balance of the closed schemes under concerned heads/schemes. It was noticed (between March 2001 to December 2002) that in District Rural Development Agencies (DRDAs), Ajmer, Bhilwara, Dausa, Karauli and Tonk advances amounting to Rs 48.67 crore<sup>1</sup> paid to various executive agencies during 1987-2001 were lying unadjusted for the last four to 16 years and Rs 2.38 crore<sup>2</sup> pertaining to various closed/dead schemes relating to 1992-2002 lying unutilised with six DRDAs, was not credited to Government account/concerned schemes. Non-adjustment of advances was indicative of defective monitoring by the department. Besides, non-refund of unspent balances led to blocking of funds denying its gainful use.

## **2.6 Erroneous adjustment under the suspense head- Miscellaneous Public Works Advances**

Rule 566 of Public Works Financial and Accounts Rules, *inter alia*, prescribes that transactions pertaining to sales on credit, expenditure incurred on deposit works in excess of deposits received, losses, retrenchment, errors and other items booked under the minor head Suspense Accounts- Miscellaneous Public Works Advances (MPWA) in the form of advances against contractors, officials of outside/within the department, firms etc., and depict sums, which are due for recovery. All the transactions recorded therein are of temporary character and are to be cleared either by payment or recovery in cash or by adjustment. Scrutiny of Appropriation Accounts for the years 1994-95 to 2002-03 revealed minus balance ranging between Rs 0.45 crore to Rs 21.88 crore under the head 2059-80-799(003) MPWA (Grant No.19) against a balance of Rs 11.92 crore in monthly accounts rendered to the Accountant General (Accounts and Entitlements) by Public Works Divisions on 31 March 2003. Thus, a difference of Rs 33.80 crore in Appropriation Accounts and monthly accounts of March 2003 appeared due to transferring of excess amounts from MPWA to Stock Suspense through Transfer Entry by the Chief Engineer, Public Works Department at his own level without making corresponding adjustment in the books maintained by the Divisions. This was indicative of the attempt to prevent depiction of excess expenditure in the Appropriation Accounts, which would have entailed the process of re-appropriation and regularisation. Government has accepted (November 2003) the facts.

1. DRDA, Bhilwara (1992-93 to 1997-98: Rs10.36 lakh),Dausa (1997-98 to 2000-01: Rs 1.51 crore (including Rs 1.04 crore transferred by DRDA, Sawaimadhapur), Karauli (Rs 46.68 crore transferred by DRDA, Sawaimadhapur) and Tonk (1995-96 to 1999-2000:Rs37.96 lakh).
2. DRDA, Ajmer (1995-96 to 2001-02: Rs 1.41crore), Bhilwara (1992-93 to 1997-98: Rs 19.70 lakh), Dausa (1997-98 to 2000-01: Rs 34.54 lakh) and Tonk (1995-96 to 1999-2000: Rs 42.68 lakh).