

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

APPROPRIATION ACCOUNTS 2004-2005 AT A GLANCE

The summarised position of original and supplementary grants/ appropriations and expenditure thereto is given below:

Appropriation Accounts : Government of Sikkim
 Total Number of Grants : 44 (42 Grants, 2 Appropriations)

Total provision and actual expenditure

Table-2.1

(Rupees in crore)

Provision	Expenditure		
Original	2,229.69	Expenditure	2,182.86
Supplementary	164.35		
Total Gross provision	2,394.04	Total Gross expenditure	2,182.86
Deduct-Estimated recoveries in reduction of expenditure	34.02	Deduct-Actual recoveries in reduction of expenditure	21.43
Total Net provision	2,360.02	Total Net expenditure	2,161.43

Voted and Charged provision and expenditure

Table-2.2

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1,709.35	115.29	1,630.12	114.80
Capital	510.39	59.01	354.22	83.72
Total Gross	2,219.74	174.30	1,984.34	198.52
Deduct-recoveries in reduction of expenditure	34.02	-	21.43	-
Total Net	2,185.72	174.30	1,962.91	198.52

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

2.1.1 The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-à-vis those authorised by the Appropriation Act in respect of charged as well as voted items of the budget.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and whether the expenditure required to be charged under the provision 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

2.2.1 The summarised position of actual expenditure during 2004-05 against 44 grants/appropriations was as follows:

Table-2.3

(Rupees in crore)

Name of Expenditure		Original grant / Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess(+)
Voted	I. Revenue	1,657.42	51.93	1,709.35	1,630.12	(-)79.23
	II. Capital	419.42	90.82	510.24	354.16	(-)156.08
	III. Loans and Advances	0.15	Nil	0.15	0.06	(-)0.09
Total Voted		2,076.99	142.75	2,219.74	1,984.34	(-) 235.40
Charged	IV. Revenue	112.36	2.93	115.29	114.80	(-)0.49
	V. Capital	Nil	Nil	Nil	Nil	Nil
	VI. Public Debt	40.34	18.67	59.01	83.72	(+)24.71
Total Charged		152.70	21.60	174.30	198.52	(+)24.22
Appropriation to Contingency Fund (if any)	Nil	-	-	-	-	-
Grand Total		2,229.69	164.35	2,394.04	2,182.86	211.18

2.3 Fulfilment of Allocative Priorities

Appropriation by Allocative Priorities

2.3.1 Out of overall savings of Rs.211.18 crore major savings of Rs.131.87 crore (62 per cent) occurred in nine grants as mentioned below:

Table-2.4*(Rupees in crore)*

Grant No. & name	Original	Grant Supple- mentary	Total	Actual Expenditure	Saving
	7-Human Resources and Development (C)	31.48	8.09	39.57	20.26
10-Finance, Revenue and Expenditure (R)	928.04	0	928.04	922.13	5.91
12-Forestry and Environment Management (R)	24.73	0.82	25.55	22.22	3.33
13-Health Care, Human Services and Family Welfare (R)	55.55	2.31	57.86	54.46	3.40
22-Land Revenue and Disaster Management (R)	27.01	27.27	54.28	42.95	11.33
29-Development Planning , Economic Reforms and North Eastern Council Affairs (R)	13.84	0.54	14.38	4.95	9.43
29-Development Planning , Economic Reforms and North Eastern Council Affairs (C)	11.00	1.00	12.00	3.07	8.93
31-Energy and Power (C)	90.67	45.01	135.68	99.87	35.81
35-Rural Management and Development (R)	43.80	1.10	44.90	32.53	12.37
35-Rural Management and Development (C)	76.72	9.22	85.94	74.02	11.92
40-Tourism (C)	14.87	1.35	16.22	6.09	10.13
Total	1,317.71	96.71	1,414.42	1,282.55	131.87

R= Revenue, C= Capital

Reasons for savings as intimated by the departments were as follows:

(a) The saving under Human Resources and Development grant (Capital) was due to non-receipt of funds from Government of India and partial implementation of the schemes.

(b) The saving under Finance, Revenue and Expenditure grant (Revenue) was due to non-implementation of Value Added Tax during the year, retirement of fewer number of persons than anticipated and non-receipt of claims during the year.

(c) Saving under Forestry and Environment Management (Revenue) was due to non-filling of vacant posts and transfer of staff to other sectors, change of pattern of funding by the Government of India, non-release of funds by Central Zoo Authority of India and delay in sanction of projects and execution of works as per the guidelines.

(d) The saving under Health care, Human Services and Family Welfare grant (Revenue) was due to non-receipt of funds from Government of India and North Eastern Council and higher estimation of flow of funds from Government of India.

(e) The saving under Land Revenue and Disaster Management grant (Revenue) was mainly due to non-receipt of bills in time, non-filling of vacant posts.

(f) The saving under Development Planning, Economic Reforms and North Eastern Council Affairs grant (Revenue & Capital) was due to slow progress of works by implementing departments and meeting of supplementary grants of other departments.

(g) The saving under Energy and Power grant (Capital) was due to non-receipt of funds from Government of India and surrender of funds on the basis of actual release of funds during the year.

(h) Saving under Rural Management and Development grant (Revenue and Capital) was due to non-implementation of programmes, non-receipt of funds from Government of India and non-receipt of bills for works executed.

(i) The saving under Tourism grants (Capital) was due to delay in progress of various Centrally sponsored schemes and non-receipt of final instalments of funds from Government of India.

Areas in which major savings occurred in these nine grants are given in the **Appendix-VII**.

Excess over provision relating to previous years requiring regularisation

2.3.2 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.872.46 crore for the last three years was yet to be regularised.

Table-2.5

(Rupees in crore)

Year	No. of grants/ appropriations	Grant/ Appropriation No(s)	Amount of excess	Amount for which explanations not furnished to PAC
2001-02	06	5,10,,20,30,41 & Governor	868.50	868.50
2002-03	09	5,10,12,14,19,20,23,30,38	2.75	2.75
2003-04	06	2,15,20,23,31,32	1.21	1.21
Total	21		872.46	872.46

Excess over provision during 2004-05 requiring regularisation

2.3.3 In Revenue Section, there was an excess of Rs.2,79,962 in two grants and one appropriation and in Capital Section, there was an excess of Rs.24,79,44,218 in two grants. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Table-2.6

(In Rupees)

Sl. No.	Number and name of grant / appropriation	Total grant / appropriation	Actual expenditure	Excess
REVENUE				
1	Governor	1,97,43,000	1,97,45,121	2,121
2	23-Law	1,47,98,000	1,48,28,523	30,523
3	24-Legislature	3,81,02,000	3,83,49,318	2,47,318
Total Revenue				2,79,962
CAPITAL				
4	2-Animal Husbandry, Livestock, Fisheries and Veterinary Services	39,32,000	48,86,425	9,54,425
5	10-Finance, Revenue and Expenditure	59,02,25,000	83,72,14,793	24,69,89,793
Total Capital				24,79,44,218
Grand Total				24,82,24,180

Savings

2.3.4 The ultimate net savings of Rs.211.18 crore was the result of total gross savings of Rs.236 crore marginally reduced by excess of Rs.24.82 crore. The details of savings and excesses are as shown below:

Table-2.7

(Rupees in crore)

Section	No. of Grants/ Appropriation	Amount of Savings	No. of Grant/ Appropriation	Amount of Excess	Net amount of Savings
Revenue	42	79.74	03	0.03	79.71
Capital	25	156.26	02	24.79	131.47
Total		236.00		24.82	211.18

Unnecessary/Excessive Supplementary provision

2.3.5 Supplementary provision made during the year constituted 7.37 per cent of the original provision as against 7.48 per cent in the previous year. Supplementary provision of funds amounting to Rs.47.51 crore was made in 24 cases during the year where the expenditure did not even come up to the level of original provision. Details are in *Appendix-VIII*.

Unutilised Provision and surrender thereof

2.3.6 For the year 2004-05, against net savings of Rs.211.18 crore, the amount surrendered at the fag end of financial year was Rs.208.45 crore.

Anticipated savings not surrendered

2.3.7 Unutilised provisions of funds amounting to Rs.21.29 crore in 11 cases were not surrendered during the year. The details are given below:

Table-2.8

(Rupees in crore)

Sl. No.	Grant No.	Name	Amount
Revenue			
1	05	Cultural Affairs and Heritage	0.28
2	06	Ecclesiastical	0.15
3	20	Judiciary	1.06
4	26	Motor Vehicles	0.24
5	28	Personnel, Administrative Reforms ,Training, Public Grievance, Career Options and Employment Skill Development and Chief Minister's Self Employment Schemes	0.57
6	34	Roads and Bridges	8.51
7	35	Rural Management and Development	10.19
8	36	Science and Technology	0.08
9	37	Sikkim Nationalised Transport	0.02
Capital			
1	05	Cultural Affairs and Heritage	0.06
2	38	Social Justice, Empowerment and Welfare	0.13
Grand Total			21.29

Less surrender than actual savings

2.3.8 Against the unutilised provision of funds amounting to Rs.196.81 crore in 29 cases, an amount of Rs.157.94 crore only were anticipated and surrendered on the last day of the financial year leaving an amount of Rs.38.87 crore to lapse as detailed in ***Appendix-IX***

Non-receipt of explanations for Savings/ Excess

2.3.9 After the closure of accounts for 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 variations in general and those under important sub-heads in particular. The State budget manual requires the COs to furnish promptly all such information to the Deputy Accountant General (A&E) for preparation of the Appropriation Accounts.

Appropriation Accounts 2004-05 included 42 Grants and two Appropriations involving 402 sub-heads. Of this 296 sub-heads required comments from Government for excess/savings. Explanations for variations were not received for 143 sub-heads. The replies received in respect of 115 sub-heads were incomplete.

Surrender in excess of actual savings

2.3.10 Against the actual savings of Rs.16.48 crore in seven cases, an amount of Rs.33.67 crore was surrendered by the Government during the year i.e., an amount of Rs.17.19 crore was surrendered in excess as detailed in ***Appendix-X***.

Persistent savings

2.3.11 Persistent savings of 10 *per cent* and above were noticed in three cases during last three years. Out of three cases, in one case there was persistent excess of above Rs.9 crore ranging from 66 *per cent* to 81 *per cent* of the provision as detailed in ***Appendix-XI***.

Unutilised Provision

2.3.12 Savings in the grants/appropriations were indicative of inaccurate budget estimation and a tendency of the concerned departments to overestimate their requirement of funds. Scrutiny of Appropriation Accounts revealed that in the Revenue section in three Grants and in the Capital section in eight Grants, the approved budget provisions were excessive and there were savings of more than Rs.10 lakh and also more than 10 *per cent* of the total provision in each case. Details are in ***Appendix-XII***.

Injudicious/irregular/inadequate re-appropriation

2.3.13 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. Financial Rules enjoin that re-appropriation of funds shall be

made only when it is known or anticipated that the re-appropriation from the unit from which funds are to be transferred will not be utilised in full. Further, funds shall not be re-appropriated from a unit with the intention of restoring the diverted appropriation to that unit when savings became available under other units later in the year.

Scrutiny of re-appropriation orders revealed non-observance of the rules resulting in incorrect re-appropriation. Some important instances are given in *Appendix-XIII*.

Trend of recoveries and credits

2.3.14 Under the system of gross budgeting, the demands for grants presented to the Legislature are for gross expenditure and exclude all receipts and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are being shown separately in the budget estimates.

During the year 2004-05, against the estimated recoveries of Rs.34.02 crore, actual recoveries were Rs. 21.43 crore as shown in *Appendix-XIV*.

Expenditure without provision

2.3.15 As per rules, no expenditure should be incurred on a scheme/service without provision of funds thereof. It was, however, noticed that expenditure of Rs.0.47 crore was incurred in five cases as detailed below without the provision having been made in the original estimate/supplementary demands and no re-appropriation orders also were issued.

Table – 2.9

(Rupees in lakh)

Sl. No.	Major Head and name of grant	Amount
1.	2-Animal Husbandry, Livestock, Fisheries and Veterinary Services 2415-Agriculture Research and Education 03-Animal Husbandry 004-Research 62-Disease and Nutrition Research	0.99
2.	7-Human Resources and Development 4059-Capital Outlay on Public Works 60-Others 051-Construction 07-Education	14.28
3.	10-Finance, Revenue and Expenditure 2075-Miscellaneous General Services 104-Pension and awards in consideration of distinguished services	1.28
4.	31-Energy and Power 4801-Capital Outlay on Power Projects 01-Hydel Generation 800-Other expenditure 67-Renovation of old Power House	17.16
5.	31-Energy and Power 4801-Capital Outlay on Power Projects 05-Transmission and distribution 800-Other expenditure 60-Other distribution scheme	13.30
	Total	47.01