

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 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 authorisation 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 44 grants / appropriations (42 Grants and 2 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	Saving (-)/ Excess (+)
Voted	I. Revenue	1,810.09	70.75	1,880.84	1,771.37	(-)109.47
	II. Capital	518.37	147.22	665.59	326.42	(-) 39.17
	III. Loans and Advances	0.20	Nil	0.20	0.20	Nil
	Total Voted	2,328.66	217.97	2,546.63	2,097.99	(-) 48.64
Charged	IV. Revenue	136.40	1.96	138.36	135.72	(-)2.64
	V. Capital	Nil	Nil	Nil	Nil	Nil
	VI. Public Debt	39.55	Nil	39.55	39.03	(-) 0.52
	Total Charged	175.95	1.96	177.91	174.75	(-)3.16
Appropriation to Contingency Fund (if any)		-	-	-	-	
Grand Total		2,504.61	219.93	2,724.54	2,272.74	(-)451.80

Source: Appropriation Accounts

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by allocative priorities

Out of overall savings of Rs. 451.80 crore, major savings of Rs. 382.29 crore (85 per cent) occurred under 10 grants as mentioned below:

Table-2.2

(Rupees in crore)

Grant No./Name	Section	Grant			Actual Expenditure	Saving
		Original	Supplementary	Total		
07 Human Resource Development	Capital	31.96	9.41	41.37	22.07	19.30
10 Finance, Revenue and Expenditure (Voted)	Revenue	981.99	3.25	985.24	974.67	10.57
18 Information Technology	Revenue	11.55	0.40	11.95	1.02	10.93
22 Land Revenue and Disaster Management	Revenue	49.36	0.18	49.54	35.90	13.64
29 Development, Planning, Economic Reforms and North Eastern Council Affairs	Revenue	24.00	0.45	24.45	10.14	14.31
31 Energy and Power	Capital	92.95	79.99	172.94	38.32	134.62
31 Energy and Power	Revenue	51.16	0.00	51.16	38.63	12.53
33 Water Security and Public Health Engineering	Capital	55.71	8.10	63.81	27.58	36.23
34 Roads	Capital	130.68	5.93	136.61	51.55	85.06
40 Tourism	Capital	37.65	2.00	39.65	21.88	17.77
41 Urban Development	Capital	19.59	1.74	21.33	5.00	16.33
41 Urban Development	Revenue	23.51	0.08	23.59	12.59	11.00
Total		1,510.11	111.53	1,621.64	1,239.35	382.29

Source: Appropriation Accounts

Reasons for saving in each of these grants are given in *Appendix-2.1*.

Areas in which major savings occurred in these 10 grants are given in *Appendix-2.1A*.

2.3.2 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. The year-wise position of excesses yet to be regularised is indicated in **Table 2.3** below:

Table-2.3

(Rupees in crore)

Year	No. of grants/ appropriations	Grant/ No(s)	Appropriation	Amount of excess	Amount for which explanations not furnished to PAC
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
2004-05	05	2,10,23,24 and Governor		24.82	24.82
2005-06	09	2,3,7,10,14,23,24, Governor and Public Service Commission		10.96	10.96
Total	29			39.74	39.74

Source: Appropriation Accounts

Excess over provision during 2006-07 requiring regularisation

There was an excess of Rs. 2.64 crore in five grants and one appropriation during 2006-07. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Table-2.4

(In Rupees)

Grant No.	Description of the Grant/ Appropriation	Section	Total Grant/ Appropriation	Actual Expenditure	Amount in Excess
<i>A. Voted</i>					
15	Horticulture and Cash Crops Management	Capital	2,31,00,000	2,31,95,080	95,080
27	Parliamentary Affairs	Revenue	32,38,000	32,39,194	1,194
30	Police	Revenue	70,37,36,000	71,23,26,608	85,90,608
35	Rural Management and Development	Revenue	53,28,40,000	55,02,41,635	1,74,01,635
37	Sikkim Nationalised Transport	Revenue	17,23,24,000	17,23,87,811	63,811
Total: A			1,43,52,38,000	1,46,13,90,328	2,61,52,328
<i>B. Charged</i>					
-	Public Service Commission	Revenue	58,80,000	61,61,210	2,81,210
Total: A and B			1,44,11,18,000	1,46,75,51,538	2,64,33,538

Source: Appropriation Accounts

2.3.3 Supplementary provision

Supplementary provision (Rs. 219.93 crore) during the year constituted 8.78 per cent of the original provision (Rs. 2,504.61 crore) as against 8.16 per cent in the previous year.

2.3.4 Unnecessary /inadequate supplementary provision

Supplementary provision of Rs. 124.26 crore made in 28 cases during the year proved unnecessary in view of aggregate savings of Rs. 407.38 crore as detailed in **Appendix-2.2**.

In 14 cases, against additional requirement of Rs. 57.07 crore, supplementary grants of Rs. 85.37 crore were obtained, resulting in savings in each case exceeding Rs. 10 lakh, aggregating Rs. 28.30 crore. Details of these cases are given in *Appendix-2.3*.

In four cases, supplementary provision of Rs. 7.81 crore proved insufficient leaving an uncovered excess expenditure of Rs. 2.62 crore. Details of these cases are given in *Appendix-2.4*.

2.3.5 Persistent savings

Persistent savings of 10 per cent and above were noticed in four grants during the last three years as detailed in *Appendix-2.5*.

2.3.6 Anticipated savings not surrendered

As per rules, the spending departments are required to surrender the grants/appropriations, or portion thereof, to the Finance Department as and when savings are anticipated at the close of the year. Unutilised funds amounting to Rs. 3.15 crore in seven cases, however, were not surrendered during the year as detailed below:

Table-2.5

(Rupees in thousand)

Grant No.	Name of Department	Section	Savings
8	Election	Revenue	48
9	Excise	Revenue	496
21	Labour	Revenue	3
23	Law	Revenue	81
33	Water Security and Public Health Engineering	Revenue	2
29	Development, Planning, Economic Reforms and North Eastern Council Affairs	Capital	30,895
36	Science and Technology	Capital	12
	Total		31,537

Source: Appropriation Accounts

2.3.7 Injudicious/ unnecessary re-appropriation

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-2.6*.

2.3.8 Trend of recoveries and credits

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 2006-07, against the estimated recoveries of Rs. 21.54 crore actual recoveries were Rs. 19.55 crore as shown in *Appendix-2.7*.