

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 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 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 44 Grants/ Appropriations (42 Grants and 2 Appropriations) is indicated in **Table- 2.1**.

Table-2.1

(Rs. in crore)

Details of Expenditure		Original Grant / Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess(+)
Voted	I. Revenue	2,252.98	87.98	2,340.96	2,232.99	(-)107.97
	II. Capital	637.12	64.24	701.36	415.48	(-) 285.88
	III. Loans and Advances	0.25	Nil	0.25	Nil	(-) 0.25
Total Voted		2,890.35	152.22	3,042.57	2,648.47	(-) 394.10
Charged	IV. Revenue	150.36	0.24	150.60	138.52	(-)12.08
	V. Capital	Nil	Nil	Nil	Nil	Nil
	VI. Public Debt	53.52	2.05	55.57	55.57	0.00
Total Charged		203.88	2.29	206.17	194.09	(-)12.08
Appropriation to Contingency Fund (if any)	Nil	-	-	-	-	
Grand Total		3,094.23	154.51	3,248.74	2,842.56	(-)406.18

Source: Appropriation Accounts

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by allocative priorities

Out of overall savings of Rs. 406.18 crore, major savings of Rs. 309.63 crore (76 per cent) occurred under eight Grants, as mentioned below:

Table-2.2

(Rupees in crore)

Grant No./Name	Section	Grant			Actual Expenditure	Saving
		Original	Supplementary	Total		
29 Development, Planning, Economic Reforms and North Eastern Council Affairs	Revenue	26.95	0.73	27.68	7.73	19.95
31 Energy and Power	Capital	133.92	3.16	137.08	38.86	98.22
33 Water Security and Public Health Engineering	Capital	52.81	0.75	53.56	30.65	22.91
34 Roads	Capital	147.67	3.78	151.45	63.08	88.37
35 Rural Management and Development	Capital	127.14	5.35	132.49	109.56	22.93
38 Social Justice, Empowerment and Welfare	Revenue	87.45	5.21	92.66	67.03	25.63
40 Tourism	Capital	35.86	15.29	51.15	31.83	19.32
41 Urban Development and Housing	Capital	18.90	1.00	19.90	7.60	12.30
Total		630.70	35.27	665.97	356.34	309.63

Source: Appropriation Accounts

Reasons for savings in each of the grants are given in **Appendix-2.1**

Areas in which major savings occurred in these eight 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/ 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
2006-07	06	15,27,30,35,37 and Public Service Commission	2.64	2.64
Total	35		42.38	42.38

Source: Appropriation Accounts

Excess over provision during 2007-08 requiring regularisation

There was an excess of Rs. 0.38 crore in three Grants during 2007-08 requiring regularisation under Article 205 of the Constitution of India.

Table-2.4

(Rupees in thousand)

Grant No.	Description of the Grant/ Appropriation	Section	Total Grant/ Appropriations	Actual Expenditure	Amount in Excess
<i>. Voted</i>					
16	Commerce and Industries	Capital	25,616	25,999	383
24	Legislature	Revenue	47,822	47,864	42
37	Sikkim Nationalised Transport	Revenue	180,592	183,997	3,405
Total			25,4030	257,860	3,830

Source: Appropriation Accounts

2.3.3 Supplementary provision

Supplementary provisions (Rs. 154.51 crore) made during the year constituted 4.99 *per cent* of the original provision (Rs. 3,094.23 crore) as against 8.78 *per cent* in the previous year.

2.3.4 Unnecessary /inadequate supplementary provisions

Supplementary provision of Rs. 42.62 crore made in 20 cases during the year proved unnecessary in view of aggregate savings of Rs. 342.77 crore as detailed in **Appendix-2.2**.

In 13 cases, against the additional requirement of Rs. 50.59 crore, supplementary grants of Rs. 81.18 crore were obtained, resulting in savings in each case exceeding Rs. 10 lakh, aggregating Rs. 30.59 crore. Details of these cases are given in **Appendix-2.3**.

In one case, supplementary provision of Rs. 1.70 crore proved insufficient leaving an uncovered excess expenditure of Rs. 0.04 crore. Details of this case is given in **Appendix-2.4**.

2.3.5 Persistent savings

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

2.3.6 Anticipated savings not surrendered

According to the rules framed by the Government, 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.0.93 crore in six major cases, however, were not surrendered during the year as detailed below:

Table-2.5

(Rupees in lakh)

Grant No.	Name of Department	Section	Savings
11	Food, Civil Supplies and Consumer Affairs	Capital	1.29
21	Labour	Revenue	30.79
23	Law	Revenue	1.57
29	Development Planning, Economic Reforms and North Eastern Council Affairs	Capital	48.03
37	Sikkim Nationalised Transport	Capital	4.23
Appropriation	Public Service Commission	Revenue	7.06
	Total		92.97

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**.