

**CHAPTER II**  
**ALLOCATIVE PRIORITIES**  
**AND APPROPRIATION**

## CHAPTER II

### ALLOCATIVE PRIORITIES AND APPROPRIATION

#### 2.1 Introduction

**2.1.1** 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.

**2.1.2** Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether 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 2005-2006 against 51 grants/appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	27524.97	3879.38	31404.35	28667.52*	(-) 2736.83
	II Capital	4801.56	541.77	5343.33	4243.89	(-) 1099.44
	III Loans and Advances	374.56	831.58	1206.14	1039.52*	(-) 166.62
<b>Total Voted</b>		<b>32701.09</b>	<b>5252.73</b>	<b>37953.82</b>	<b>33950.93</b>	<b>(-) 4002.89</b>
<b>Charged</b>	IV Revenue	5714.57	5.29	5719.86	5062.14	(-) 657.72
	V Capital	0.00	2.86	2.86	2.86	0.00
	VI Public Debt-Repayment	2786.33	354.88	3141.21	2721.70	(-) 419.51
<b>Total Charged</b>		<b>8500.90</b>	<b>363.03</b>	<b>8863.93</b>	<b>7786.70</b>	<b>(-) 1077.23</b>
<b>Appropriation to Contingency Fund (if any)</b>		..	..	..	..	..
<b>Grand Total</b>		<b>41201.99</b>	<b>5615.76</b>	<b>46817.75</b>	<b>41737.63**</b>	<b>(-) 5080.12</b>

\* These are gross figures except in respect of Grant Nos. 19, 20 and 38 in which certain suspense heads are operated.

\*\* The total expenditure includes Rs 255.66 crore transferred to 8443-Civil Deposits - 800 Other Deposits-AE Deposits of Government Companies, Corporations, etc., in respect of 20 Corporations/Autonomous Bodies but kept unutilised. Over and above this Rs 16.52 crore has been incurred from Contingency Fund which has remained unrecouped.

## 2.3 Results of Appropriation Audit

### 2.3.1 Excess over provision requiring regularisation - previous years

As per Article 205 of the Constitution, 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 6108.25 crore for the years 1997-2005 was yet to be regularised as detailed in **Appendix X**.

### 2.3.2 Excess over provision during 2005-06 requiring regularisation

The excess expenditure in six grants amounting to Rs 8.79 crore and four appropriations Rs 0.21 crore, requires regularisation under Article 205 of the Constitution.

(Amount in Rupees)

Sl. No.	Number and title of grant/appropriation	Total grant/appropriation	Expenditure	Excess
<b>Voted Grants -</b>				
1.	03 Administration of Justice (Capital)	6,72,25,000	7,03,89,882	31,64,882
2.	08 Animal Husbandry and Fisheries Department - Dairy Development (Revenue)	24,62,04,000	24,66,68,292	4,64,292
3.	12 Cooperation, Food and Consumer Protection Department (Loans)	332,09,37,000	332,10,48,350	1,11,350
4.	21 Home Department – Police (Loans)	2,00,00,000	2,08,99,182	8,99,182
5.	38 Public Works Department (Revenue)	702,72,60,000	708,20,21,580	5,47,61,580
6.	46 Transport Department (Capital)	10,06,45,000	12,91,08,722	2,84,63,722
<b>Total Voted</b>		<b>1078,22,71,000</b>	<b>1087,01,36,008</b>	<b>8,78,65,008</b>
<b>Charged Appropriations -</b>				
7.	22 Home Department - Fire and Rescue Services (Revenue)	1,000	9,899	8,899
8.	23 Home Department - Prisons (Revenue)	3,000	16,849	13,849
9.	37 Public Department (Revenue)	7,20,000	15,20,638	8,00,638
10.	48 Pension and Other Retirement Benefits (Revenue)	11,81,000	24,64,206	12,83,206
<b>Total Charged</b>		<b>19,05,000</b>	<b>40,11,592</b>	<b>21,06,592</b>
<b>Grand Total</b>		<b>1078,41,76,000</b>	<b>1087,41,47,600</b>	<b>8,99,71,600</b>

### **2.3.3 Expenditure incurred without provision**

In 42 sub-heads, expenditure of Rs 5.76 crore had been incurred either without budget provision or the entire provision was withdrawn through reappropriation.

### **2.3.4 Original budget and supplementary provisions**

The overall saving of Rs 5080.12 crore was the result of saving of Rs 5089.12 crore in 47 grants and 40 appropriations under Revenue Section, 34 grants and one appropriation under Capital Section and 16 grants and one appropriation (Public Debt-Repayments) under Loan Section, offset by excess of Rs 9 crore in two grants and four appropriations under Revenue Section, two grants under Capital Section and two grants under Loan Section. Out of 826 sub-heads, explanations for variation were not received (June 2006) in respect of 242 sub-heads (Saving: 153 sub-heads and Excess: 89 sub-heads).

**2.3.5** Supplementary provision obtained during the year constituted 14 *per cent* of original provision as against 34 *per cent* in the previous year.

### **2.3.6 Unnecessary supplementary provision**

Supplementary provision aggregating Rs 390.52 crore obtained in 33 cases, Rs 10 lakh or more in each case, during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix XI**.

**2.3.7** In 31 cases, against additional requirement of Rs 3049.64 crore, supplementary grants and appropriation of Rs 4197.20 crore were obtained resulting in saving, in each case exceeding Rs 50 lakh, aggregating Rs 1147.56 crore. Details of these cases are given in **Appendix XII**.

### **2.3.8 Substantial surrenders**

Substantial surrenders were made in respect of 189 schemes on account of either non-implementation or slow implementation. Out of the total provision amounting to Rs 5677.43 crore in these 189 schemes, Rs 4649.41 crore (82 *per cent*) were surrendered; cent *per cent* surrender was made in 79 schemes (Rs 1281.21 crore). Results of review conducted by Audit in respect of a few of these cases are given in **Appendix XIII**.

### **2.3.9 Surrender in excess of actual saving**

In 15 cases, the amount surrendered (Rs 50 lakh or more in each case) was in excess of actual savings indicating inadequate budgetary control. As against savings of Rs 667.45 crore, the amount surrendered was Rs 736.47 crore resulting in excess surrender of Rs 69.02 crore. Details are given in **Appendix XIV**.

### **2.3.10 Substantial savings**

In 33 cases, the expenditure fell short by more than Rs 1 crore in each case and also by 15 *per cent* or more of the total provision as detailed in **Appendix XV**.

### **2.3.11 Excessive/unnecessary reappropriation of funds**

Reappropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious reappropriation proved excessive or insufficient and resulted in savings/excess of over Rs 10 lakh in 528 sub-heads. The excess/saving was more than Rs 2 crore in 57 sub-heads as detailed in **Appendix XVI**.

### **2.3.12 Unexplained reappropriations**

According to paragraph 151 of Tamil Nadu Budget Manual, Volume I, reasons for the additional expenditure and the savings should be explained in the reappropriation statement and vague expressions such as “based on actuals”, “based on progress of expenditure”, etc., should be avoided. However, a scrutiny of reappropriation orders issued by the Finance Department revealed that in respect of 3,610 out of 19,439 items (19 *per cent*), reasons given for additional provision/withdrawal of provision were of general nature like “actual requirement” and “based on latest assessment”.

## **2.4 Non-reconciliation of Departmental figures**

**2.4.1** To enable the Controlling Officers of the Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rules stipulate that expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Accountant General.

**2.4.2** Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of the Controlling Officers in this regard persisted during 2005-06 also. 23 Controlling Officers did not reconcile expenditure amounting to Rs 174.81 crore as of September 2006.

**2.4.3** Of the above, amounts exceeding Rs 10 crore in each case remained unreconciled during 2005-2006 in respect of the following two Controlling Officers.

(Rupees in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1.	Secretary, Planning , Development and Special Initiatives Department	80.58
2.	Secretary, Transport Department	80.00

## 2.5 Rush of expenditure

According to the Tamil Nadu Financial Codal provisions, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 46 sub-heads, expenditure exceeding Rs 10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in March 2006 (**Appendix XVII**). This includes 11 cases, where entire expenditure was incurred during March 2006.

### ***Improvements to Teaching Hospitals - Grant No.18 - 2210.01.110.JJ***

Government released (March 2006) Rs 7.25 crore for purchase of equipment for Thanjavur Medical College and Hospital and authorised Director of Medical Education (DME) to draw and deposit the amount in the Personal Deposit (PD) account of Tamil Nadu Medical Services Corporation (TNMSC). DME deposited Rs 7.25 crore in the PD account of TNMSC on 31 March 2006 and instructed (April 2006) the Dean, Thanjavur Medical College to forward the proposal for purchase of equipment to TNMSC. To avoid lapse of budget provision the amount of Rs 7.25 crore was released and deposited in the PD account of TNMSC even before receiving the proposal for purchase of equipment.

## 2.6 Non-adjustment of temporary advances

**2.6.1** Drawing and Disbursing Officers (DDOs) draw temporary advances either on the authority of standing orders or specific sanction of the State Government. According to the provisions of Article 99 of Tamil Nadu Financial Code, Volume I, if any temporary advance is pending for more than four months, the Treasury Officer/Pay and Accounts Officer is required to write to the Head of Department concerned for adjustment within a month duly supported with vouchers. An advance pending for more than five months should be brought to the notice of the Government.

**2.6.2** Scrutiny of the records of Pay and Accounts Office (South) and Pay and Accounts Office (North) revealed (November 2005) that advances to the tune of Rs 13.25 crore were pending adjustment for periods ranging from one to more than 20 years without adhering to the existing codal provisions in this regard. This includes

- advances to the tune of Rs 2.94 crore<sup>1</sup> released under Article 99 of Tamil Nadu Financial Code pending adjustment for want of submission of DC bills supported by vouchers for the advances given in each case,
- sixty eight items amounting to Rs 7.97 crore related to various advances sanctioned and released for various purposes like purchase of medical equipment, conduct of training courses, to meet out legal expenses etc., during 1984-85 to 2004-05 were still pending adjustment and the Pay and Accounts Office (South) did not furnish any specific reasons for the non-adjustment of these advances and
- twenty nine advances for Rs 2.34 crore relating to 1982-93, were reportedly pending, as the original files were with Vigilance Department and the Pay and Accounts Office (South) did not have any details regarding these cases including their present position (May 2006).

## **2.7 Non-closure of Personal Deposit Accounts**

Personal Deposit Accounts are created by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by minus debit to the relevant service heads. There were 1,360 PD accounts in 29 District Treasuries and five Pay and Accounts Offices in operation. Of these accounts, 1,075 PD accounts were not closed as of March 2006 and the balance of Rs 277.87 crore with these accounts was not transferred back to the respective service heads.

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<sup>1</sup> PAO (South): Rs 2.42 crore and PAO (North): Rs 0.52 crore.