

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

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 expenditure.

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 whether 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 2004-05 against grants and appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grants/ appropriation	Total	Actual expenditure	Saving (-) Excess(+)
Voted	I. Revenue	29472.11	4236.03	33708.14	30737.60	(-)2970.54
	II. Capital	8385.30	2474.54	10859.84	10975.45	(+)115.61
	III. Loans & Advances	640.53	348.05	988.58	628.99	(-)359.59
Total Voted		38497.94	7058.62	45556.56	42342.04	(-)3214.52
Charged	IV. Revenue	14207.33	348.65	14555.98	14239.29	(-)316.69
	V. Capital	9.51	0.50	10.01	4.47	(-)5.54
	VI. Public Debt	16413.81	12771.89	29185.70	29382.22	(+)196.52
Total Charged		30630.65	13121.04	43751.69	43625.98	(-)125.71
Grand Total		69128.59	20179.66	89308.25	85968.02	(-)3340.23

Note: - The figures of actual expenditure are gross figures and include the recoveries adjusted as reduction of expenditure under voted revenue expenditure Rs 366.52 crore and capital expenditure Rs 5326.55 crore and revenue expenditure charged Rs 0.02 crore and capital expenditure charged Rs 0.02 crore.

The overall savings of Rs 3340.23 crore as mentioned above were the net result of savings of Rs 5239.56 crore in 167 cases of grants and appropriations (*Appendix-2.1*) offset by excess of Rs 1899.33 crore in 22 cases of grants and appropriations (*Appendix-2.2*). The details of savings/excesses (Detailed Appropriation Accounts) were sent to the Controlling Officers requiring them to explain the significant variations, which were, however, not received (December 2005).

2.3 Appropriation by Allocative Priorities

2.3.1 Grants where savings were of the order of Rs 250 crore and above

Grant No. 62 –Finance Department (Superannuation Allowances and Pensions)

(Rupees in crore)

Revenue (Voted)		Total (Original+Supplementary)	Actual Expenditure	Saving
Original	3161.40	3161.40	2535.26	626.14
Supplementary	Nil			

Savings occurred mainly under the Head 2071- Pensions and Other Retirement Benefits- Superannuation and Retirement Allowances (Rs 288.84 crore), Retirement Benefits to Teachers/Non-Teaching employees of State aided Non-Government Higher Secondary Schools (Rs 138.95 crore) and Pension to Teachers/Non Teaching Employees of State Universities (Rs 119.18 crore).

Grant No. 21 – Food And Civil Supplies Department

(Rupees in crore)

Capital (Charged)		Total (Original+Supplementary)	Actual Expenditure	Saving
Original	900.01	1400.01	925.00	475.01
Supplementary	500.00			

Savings occurred under the Head 6003-Internal Debt of the State Government- Repayment of Loans received for purchase of food grains.

Grant No. 51 – Revenue Department (Relief on Account of Natural Calamities)

(Rupees in crore)

Revenue (Charged)		Total (Original+Supplementary)	Actual Expenditure	Saving
Original	177.81	410.80	Nil	410.80
Supplementary	232.99			

Savings occurred mainly under the Head 2245 – Relief on account of Natural Calamities –Transfer to Calamities Relief Fund (Rs 177.81 crore) and Transfer of NCCF amount to the Fund (Rs 232.99 crore).

Grant No. 83 – Social Welfare Department (Special Component Plan Scheduled Castes)

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual Expenditure	Saving
Original	898.69	1154.35	860.00	294.35
Supplementary	255.66			

Savings occurred mainly under the Head 2225- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes- Education- Central Plan/ Centrally Sponsored Schemes (Rs 196.61 crore) and Special Central

Assistance for Scheduled Castes Component Plan- Central Plan/ Centrally Sponsored Schemes (Rs 44.07 crore).

Grant No. 71 – Education Department (Primary Education)

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual Expenditure	Saving
Original	4370.92	4995.75	4732.70	263.05
Supplementary	624.82			

Savings occurred mainly under the Head 2071- Pension to Employees and Other Retirement Benefits- Payment of Pension etc. (Rs 86.45 crore) and Assistance to Headquarters of Basic Shiksha Parishad/ Regional Offices and Primary Schools and Aided Junior High Schools and K.G./ Nursery Schools (Rs 50.37 crore).

2.3.2 Savings exceeding Rs 1 crore in each case and also more than 10 per cent of total provision

Savings exceeded Rs 1 crore in each case and also were more than 10 *per cent* of total provision in 30 grants in revenue (voted) section, in 21 grants in capital (voted) section, in 6 grants in revenue (charged) section and in 5 grants in capital (charged) section. The total of such savings was Rs 4116.06 crore (*Appendix-2.3*) which is 79 *per cent* of the total savings (*Appendix-2.1*). This indicated that the budget estimates were unrealistic and had no correlation with the actual requirement.

2.3.3 Persistent savings

In seven cases involving six grants/appropriation, there were persistent savings for the last four years, of more than Rupees one crore in each case as under:

(Rupees in crore)

Sl. No	Grant Number	Description of the Grants/Appropriation	Amount of savings with percentage in the brackets			
			2001-02	2002-03	2003-04	2004-05
Revenue-Voted						
1.	40	Planning Department	14.39 (32)	4.55 (12)	5.02 (12)	4.41 (10)
2.	49	Women and Child Welfare Department	218.80 (42)	30.75 (07)	41.76 (10)	62.64 (8)
3.	61	Finance Department (Debt Services and other expenditure)	1012.15 (52)	993.68 (46)	511.59 (27)	156.95 (8)
Capital-Voted						
4.	7	Industries Department (Heavy and Medium Industries)	113.35 (42)	3.00 (03)	87.39 (73)	19.47 (23)
5.	26	Home Department (Police)	90.89 (58)	43.81 (18)	77.79 (52)	108.80 (49)
6.	61	Finance Department (Debt Services and other Expenditure)	45.61 (80)	47.58 (82)	39.42 (68)	38.61 (67)
Revenue-Charged						
7.	51	Revenue Department (Relief on account of natural calamities)	153.59 (99)	162.87 (100)	169.33 (100)	410.80 (100)

2.3.4 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 a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs 30496.09

crore for the years 1990-91 to 2003-04 had not been regularised so far (December 2005). This was a breach of Legislative control over appropriations. The details are given in *Appendix-2.4*

Excess over provisions during 2004-05 requiring regularisation

The excess of Rs 1899.33 crore under 22 grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given in *Appendix-2.2*

2.3.5 Original budget and supplementary provisions

Supplementary provisions (Rs 20179.66 crore) made during this year constituted 29 *per cent* of the original provisions (Rs 69128.59 crore) as against 26 *per cent* in the previous year.

2.3.6 Unnecessary supplementary provisions

Supplementary provisions amounting to Rs 982.47 crore in 55 cases during the year proved unnecessary as the expenditure in these cases fell short of even the original grant and the savings had to be either surrendered or re-appropriated. Such savings (Rs 2873.41 crore) formed almost 55 *per cent* of the total savings. The details are available in *Appendix-2.5*.

2.3.7 Inadequate supplementary grants to cover excess expenditure

In 15 cases, there was excess expenditure of Rs 1890.82 crore as the supplementary grants of Rs 14284.74 crore proved inadequate. In 7 other cases, no demand for supplementary grants was anticipated despite the excess expenditure of Rs 8.51 crore. This indicated failure of the departments to assess the requirements of additional funds and also the inadequacy of the system of monitoring the trend of expenditure (*Appendix-2.6*).

2.3.8 Persistent excesses

Significant excesses as detailed below were persisting under Public Works Department (Buildings) Grant No. 55 – Capital – Voted. These ranged from 448 to 1030 *per cent* during the last six years. Persistent excesses indicated lack of budgetary control and require an investigation by the Government.

(Rupees in crore)

Year	Allotment	Expenditure	Excess (Per cent)
1999-2000	20.49	171.95	739
2000-01	28.50	194.04	581
2001-02	18.75	120.12	540
2002-03	13.41	151.57	1030
2003-04	26.19	170.57	551
2004-05	29.53	161.70	448

2.3.9 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 2004-05, there were 55 cases in which savings above rupees one crore in each case aggregating Rs 3226.23 crore were not surrendered. In 20 cases, even after partial surrender, savings of Rupees one crore and above in each case aggregated Rs 535.97 crore which were not surrendered. Details are given in *Appendix -2.7*.

Besides, in 37 cases, Rs 2171.78 crore were surrendered in March 2005 indicating inadequate financial control over expenditure. Details are given in **Appendix-2.8**.

2.4 Unreconciled expenditure

Departmental figures of expenditure should be reconciled with those of the Accountant General (Accounts & Entitlements) every month. The reconciliation had, however, remained in arrears in several departments. The number of Controlling Officers who did not reconcile the expenditure figures during the last three years were as under:-

(Rupees in crore)

Year	Number of Controlling Officers who did not reconcile their figures	Amounts not reconciled
2002-03	104	41275.93
2003-04	71	40152.99
2004-05	57	30314.72

During 2004-05, out of 165 Controlling Officers, 57 Controlling Officers did not reconcile their expenditure figures aggregating Rs 30314.72 crore.

2.5 Rush of expenditure

Financial rules provide that expenditure should be evenly distributed throughout the year and rush of expenditure in the closing month of the financial year should be avoided. It was, however, observed that the expenditure in March 2005 under 28 heads of accounts was 60 *per cent* of the total expenditure of these heads of account. Details are given in **Appendix-2.9**.