

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 both charged and voted items of budget.

Audit of Appropriation Accounts 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 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 56 grants/appropriations was as follows:

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure ¹	Saving(-)/ Excess(+)
		(R u p e e s i n c r o r e)				
Voted	I Revenue	21072.29	2461.01	23533.30	21526.26	(-) 2007.04
	II Capital	1692.70	138.87	1831.57	1827.72	(-) 3.85
	III Loans and Advances	2263.29	3.44	2266.73	1188.59	(-) 1078.14
Total Voted		25028.28	2603.32	27631.60	24542.57	(-) 3089.03
Charged	IV Revenue	10425.36	46.76	10472.12	10320.51	(-) 151.61
	V Capital	0.08	5.05	5.13	4.97	(-) 0.16
	VI Public Debt	6754.06	76.27	6830.33	6898.78	(+) 68.45
	VII Loans and Advances	-	-	-	-	-
Total Charged		17179.50	128.08	17307.58	17224.26	(-) 83.32
Grand Total		42207.78	2731.40	44939.18	41766.83	(-) 3172.35

The overall savings of Rs 3172.35 crore was the net result of excess of Rs 260.65 crore in 13 grants and four appropriations, offset by savings of Rs 3433 crore in 54 grants and 28 appropriations. Explanations for savings/excesses were either not received or were received incomplete in 85 per cent of the cases.

¹ These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure: Rs 729.91 crore and capital expenditure: Rs 179.96 crore.

2.3 Fulfilment of allocative priorities

2.3.1 Appropriation by Allocative Priorities

Out of the total savings of Rs 3433 crore, major savings of Rs 1956.27 crore (57 per cent) occurred in 10 grants and one appropriation as mentioned below:

Grant No.	Original	Supplementary	Total Grant	Actual Expenditure	Saving
	(R u p e e s i n c r o r e)				
7-Revenue (Voted)	305.78	39.60	345.38	279.83	65.55
15-Revenue (Voted)	4632.25	207.44	4839.69	4630.10	209.59
18-Revenue (Charged)	10280.41	-	10280.41	10167.40	113.01
24-Revenue (Voted)	1562.40	0.37	1562.77	1428.69	134.08
25-Capital (Voted)	690.72	-	690.72	423.89	266.83
27-Revenue (Voted)	1599.06	33.33	1632.39	1485.32	147.07
32-Capital (Voted)	246.72	-	246.72	154.38	92.34
39-Revenue (Voted)	1149.74	-	1149.74	1065.38	84.36
39-Capital (Voted)	79.10	-	79.10	13.11	65.99
43-Capital (Voted)	2236.35	-	2236.35	1662.68	573.67
47-Revenue (Voted)	260.06	209.63	469.69	385.24	84.45
56-Revenue (Voted)	380.51	184.38	564.89	445.56	119.33
Total	23423.10	674.75	24097.85	22141.58	1956.27

The departments did not intimate any reasons for savings. Areas in which major savings occurred in these 10 grants are given in *Appendix 2.1*.

In 69 cases, savings exceeding rupees one crore in each case and also by more than 10 per cent of total provision amounting to Rs 2448.14 crore as indicated in *Appendix 2.2*. In four² of these cases, the entire provision totalling Rs 42.93 crore was not utilised.

There was excess of Rs 260.65 crore under 13 grants and four appropriations requiring regularisation by the Legislature. The excess under Grant No.18-Finance and 53-Transport amounted to Rs 175.24 crore.

2.3.2 Persistent savings

In 15 cases, involving 13 grants/appropriations, there were persistent savings of more than one crore rupees in each case and 20 per cent or more of provision. Details are given in *Appendix 2.3*.

2.3.3 Excess 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 50073.06 crore for the years 1999-2000 to 2004-2005³ had not been regularised so far (September 2006). This was a breach of legislative control over appropriations.

² 9 (Capital Charged), 20(Capital Voted and Capital Charged), 21(Capital Voted) and 47(Capital Charged),

³ Act of regularisation on excess expenditure for the years 1999-2005 is awaited. Consolidated replies from Government for the years 2001-2006 were yet to be received.

Year	Number of grants/ appropriations	Grant/ Appropriation number(s)	Amount of excess (Rs in crore)	Reasons for excess
1999-2000	18	16, 21, 25, 28, 30, 32, 34, 35, 42, 44, 46, 52, 66, 73, 80, 82, 87, 98	5216.78	Not received
2000-2001	13	1, 14, 21, 25, 28, 30, 34, 38, 40, 51, 66, 79, 98	8545.52	Not received
2001-2002	7	21, 28, 34, 38, 63, 67, 98	9649.61	Not received
2002-2003	9	1, 6, 28, 42, 63, 74, 79, 96, 98	11159.99	Not received
2003-2004	18	5, 7, 9, 16, 18, 27, 28, 29, 31, 36, 37, 43, 45, 47, 51, 54, 55, 56	10734.02	Not received
2004-2005	13	1, 6, 8, 18, 20, 21, 24, 25, 29, 36, 48, 53, 56	4767.14	Not received
Total			50073.06	

Further, the excess of Rs 260.65 crore under 13 grants and four appropriations during 2005-2006 requires regularisation under Article 205 of the Constitution. Details are given below:

Grant No.	Description of the grant/appropriation	Section	Total grant/ appropriation Rupees	Actual expenditure Rupees	Amount in excess Rupees
A	Voted				
6	Animal Resources Development	Capital	49900000	62663683	12763683
7	Backward Classes Welfare	Capital	126300000	128469405	2169405
9	Commerce and Industries	Revenue	2606244000	2923966423	317722423
11	Cottage and Small Scale Industries	Capital	453800000	503295700	49495700
20	Fisheries	Revenue	534714000	537549402	2835402
		Capital	251500000	253972010	2472010
30	Information and Cultural Affairs	Revenue	598691000	610060757	11369757
38	Minorities Development and Welfare	Capital	94406000	94426000	20000
44	Public Enterprises	Capital	223000000	275539914	52539914
45	Public Health Engineering	Revenue	2010403000	2039477696	29074696
50	Sundarban Affairs	Revenue	272944000	300788063	27844063
52	Tourism	Revenue	180016000	207584883	27568883
53	Transport	Capital	818749000	1623891457	805142457
54	Urban Development	Capital	192065000	200698927	8633927
Total : A – Voted			8412732000	9762384320	1349652320
B	Charged				
6	Animal Resources Development	Capital	1000000	308894500	307894500
12	Development and Planning	Capital	262000	666648	404648
18	Finance	Capital	67405900000	68353176315	947276315
43	Power and Non-Conventional Energy Sources	Capital	19908000	21127435	1219435
Total : B - Charged			67427070000	68683864898	1256794898
Total : A and B			75839802000	78446249218	2606447218

Reasons for the excesses had not been furnished by the Government as of September 2006.

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 2731.40 crore) made during this year constituted six per cent of the original provision (Rs 42207.78 crore) as in the previous year.

2.3.5 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs 653.60 crore made in 38 cases during the year proved unnecessary in view of aggregate saving of Rs 1105.43 crore as detailed in *Appendix 2.4*.

In 24 cases, against additional requirement of only Rs 1084.11 crore, supplementary grants and appropriations of Rs 1754.81 crore were obtained, resulting in savings in each case exceeding Rs 10 lakh, aggregating Rs 670.70 crore. Details of these cases are given in **Appendix 2.5**.

In 10 cases, supplementary provision of Rs 320.11 crore proved insufficient leaving an uncovered excess expenditure of Rs 217.22 crore. Details of these cases are given in **Appendix 2.6**.

In eight cases, though expenditure exceeded budget provision by Rs 43.42 crore, no supplementary grant was provided. Details of these cases are given in **Appendix 2.7**.

2.3.6 Excessive/unnecessary re-appropriation of funds

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. Cases where the re-appropriation of funds proved injudicious in view of final excess/savings over grant by over rupees one crore are detailed in **Appendices 2.8 and 2.9** respectively.

2.3.7 Defective re-appropriation

During 2005-2006, 222 re-appropriation orders of Rs 1920.82 crore were issued. Of these, 44 orders aggregating Rs 999.81 crore were not considered in accounts due to delayed receipt.

Of the remaining 178 appropriation orders, 54 orders involving Rs 585.64 crore were issued on 31 March 2006, the last day of the fiscal year and 21 orders involving Rs 118.95 crore were issued after the close of the financial year.

2.3.8 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 savings are anticipated. However, at the close of the year 2005-2006, there were 62 cases in which savings above rupees one crore in each case amounting to Rs 1960.58 crore had not been surrendered. In 26 cases, even after partial surrender, savings of one crore rupees and above in each case aggregating Rs 969.97 crore (70 per cent of total savings) remained un-surrendered. This included un-surrendered savings of Rs 112.27 crore (99 per cent under Grant No. 18-Finance), Rs 54.33 crore (99 per cent of savings under Grant No. 21 – Food and Supplies), Rs 56.55 crore (99 per cent under Grant No. 25 – Public Works), Rs 146.01 crore (99 per cent under Grant No. 27- Home), Rs 55.37 crore (99 per cent under Grant No. 35-Labour) and Rs 35.12 crore (99 per cent under Grant No. 53 – Transport). Details are given in **Appendices 2.10 and 2.11** respectively.

Besides, in 29 cases, Rs 569.18 crore were surrendered in March 2006 indicating inadequate financial control over expenditure. Details are given in *Appendix 2.12*.

2.3.9 Expenditure without provision

As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs 1039.30 crore was incurred in 14 cases as detailed in *Appendix 2.13* without provision in the original estimates/supplementary demands and no re-appropriation orders were issued.

2.3.10 Surrender in excess of actual savings

In three cases, the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. As against the total savings of Rs 69.79 crore, the amount surrendered was Rs 136.92 crore resulting in excess surrender of Rs 67.13 crore.

In two cases Rs 10.05 crore were surrendered in spite of the fact that the expenditure exceeded the approved provision by Rs 34.68 crore. Details are given in *Appendix 2.14*.

2.3.11 Advances from Contingency Fund

The Contingency Fund of the State was established under the Contingency Fund Act 1956, in terms of provisions of Articles 267(2) and 283(2) of the Constitution of India. Advances from the Fund were to be made only for meeting expenditure of an unforeseen and emergent character, the postponement of which, till its authorisation by the Legislature would be undesirable. The Fund was in the nature of an imprest and its corpus was Rs 20 crore.

As on 1 April 2005, the balance in the fund was Rs 15.99 crore. During the year advances drawn but unrecouped totalled Rs 1.95 crore. Also Rs 4.01 crore was recouped out of the advances drawn during previous years. Thus, the closing balance of the fund as on 31 March 2006 was Rs 18.05 crore. During the year 2005-2006, 37 sanctions were issued for withdrawal of total amount of Rs 5.72 crore.

2.3.12 New Service/New Instrument of Service

Article 205 of the Constitution provides that expenditure on a 'New Service' not contemplated in the Annual Financial Statement (Budget) can be incurred only after its specific authorisation by the Legislature.

In four cases, expenditure totalling Rs 4.16 crore which should have been treated as 'New Service'/'New Instrument of Service' was met by re-appropriation without obtaining the requisite approval of the Legislature. Details of these cases are given in *Appendix 2.15*.

2.4 Unreconciled Expenditure

Financial rules require that the departmental Controlling Officers should reconcile every month the departmental figures of expenditure with those booked by the Accountant General (Accounts and Entitlements) before the close of the accounts of the year. The reconciliation had, however, remained in arrears in several departments.

During the year, out of 185 Controlling Officers, 101 Controlling Officers have reconciled their accounts upto March 2006, 43 Controlling Officers have reconciled upto the month varying from March 2005 to February 2006 and eight Controlling Officers have reconciled upto the month varying from March 2004 to February 2005 while 33 Controlling Officers have not done reconciliation even upto March 2004.

The total amount remaining unreconciled during 2005-2006 was Rs 20671.41 crore (63 per cent of the total expenditure).

2.5 Rush of Expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. Rush of expenditure particularly in the closing months of a financial year is to be regarded as breach of financial regularity and should be avoided. The position in respect of expenditure upto third quarter, for the fourth quarter and also for the month of March 2006 as depicted below shows that the expenditure incurred in March 2006 in 17 cases ranged between 63 and 100 per cent of the total expenditure during the year.

Description of Major Head	Expenditure up to 3rd quarter	Expenditure in 4th quarter	Total expenditure	Expenditure in March 2006	Percentage of expenditure in March 2006
	(R u p e e s i n c r o r e)				
2015- Elections	16.41	49.27	65.68	44.36	68
2245-Relief on account of Natural Calamity	13.54	221.30	234.84	194.33	83
4202-Capital Outlay on Education, Sports, Art and Culture	1.12	7.49	8.61	5.46	63
4215-Capital Outlay on Water Supply and Sanitation	42.97	138.20	181.17	122.27	67
4220-Capital Outlay on Information and Publicity	0.38	2.53	2.91	2.31	79
4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	2.20	10.65	12.85	10.09	79
4401-Capital Outlay on Crop Husbandry	0.09	2.40	2.49	2.38	96
4403-Capital Outlay on Animal Husbandry	-	0.55	0.55	0.55	100
4404-Capital Outlay on Dairy Development	-	5.72	5.72	5.72	100
4406-Capital Outlay on Forestry and Wild Life	1.76	4.39	6.15	4.11	67
4408-Capital Outlay on Food Storage and Warehousing	0.11	0.57	0.68	0.52	76
4435-Capital Outlay on Other Agricultural Programmes	-	2.19	2.19	2.19	100
4700-Capital Outlay on Major Irrigation	-	0.85	0.85	0.85	100
4705-Capital Outlay on Command Area Development	1.14	2.81	3.95	2.78	70
5053-Civil Aviation	-	0.68	0.68	0.68	100
5055-Capital Outlay on Road Transport	13.81	85.22	99.03	76.49	77
5475-Capital Outlay on Other General Economic Services	0.03	8.42	8.45	8.42	99

2.6 Operation of Personal Ledger Accounts

In terms of Rule 6.09 of West Bengal Treasury Rules, 2005, the Personal Deposit Account created by debit to the Consolidated Fund of the State, other

than those created under any law or rule having the force of law by transferring fund from the Consolidated Fund of the State for discharging liabilities of the Government arising out of special enactments, shall be closed at the end of the financial year by minus debit of the balance to the relevant service Heads in the Consolidated Fund of the State. It is also stated in Rule 6.08 of West Bengal Treasury Rule that any Personal Deposit Account, if not operated for the consecutive two years, shall be closed and if there is reason to believe that the need for such Deposit Account has ceased, the same shall be closed.

The provisions of rules as narrated above were not followed as would be evident from the succeeding paragraphs.

The balance under Personal Ledger Accounts of the State at the end of March 2006 was Rs 837.23 crore. Test-check of 35 Personal Ledger Accounts (PLAs) of 29 Drawing and Disbursing Officers (DDOs) of six departments viz. Land and Land Reforms, Home (Police), Health and Family Welfare, Labour, Animal Resources Development and Jails revealed that the PLAs were opened during the period from 1966-1967 to 2001-2002. Twenty DDOs unauthorisedly opened 19 PLAs without consulting Accountant General (Accounts and Entitlement). None of the DDOs closed their PLAs at the end of the financial years, as required under rules, resulting in accumulation of Rs 237 crore at the end of 31 March 2006. Details are given in **Appendix 2.16**.

Seven DDOs (five DMs, Director of Agriculture and DG&IG of Police) retained for various periods since 1990-1991 unspent balances of Rs 59.33 crore pertaining to different Scheme Funds in their PLAs till March 2006 (**Appendix 2.17**).

Eleven (11) PLAs remained inoperative for a period ranging between three and 30 years, having a total balance of deposit of Rs 3.70 crore as on 31 March 2006 (**Appendix 2.18**).

Departmental receipts of Rs 2.07 crore, collected during January 1997 to February 2004, were deposited and retained in PLAs unauthorisedly as of 31 March 2006 by the Superintendents of three Medical College and Hospitals (Medical College and Hospitals, R G Kar Medical College and Hospitals, National Medical College and Hospitals), Director, IPGME&R and Principal, Dr. R. Ahmed Dental College and Hospital without consultation with the Accountant General (Accounts and Entitlement).

There were discrepancies in between PLA Cash Book and Treasury Pass Book, in respect of eleven PLAs due to non-reconciliation as required under Rule 6.08 (5) of WBTR, 2005. (**Appendix 2.19**).

Thus, funds meant for various developmental works were locked in PLAs without undertaking works for which these were sanctioned and released flouting the rules of WBTR regarding Personal Deposit Account.

2.7 Huge amounts drawn on Abstract Contingent (AC) Bills remaining outstanding

Administrative Departments issue sanction orders with the concurrence of the Finance Department, authorising different Drawing and Disbursing Officers (DDOs) to draw advances on Abstract Contingent (AC) Bills which are required to be adjusted by submission of Detailed Contingent (DC) Bills in the prescribed form with the countersignature of the Controlling Officer within a period not exceeding 60 days from the dates of their drawal from the Treasury or within one month from the dates of their actual expenditure.

Mention was made in paragraph 2.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2005 (Civil)– Government of West Bengal, regarding huge sums of money (Rs 70.43 crore) remaining pending for adjustment for years together. The departments obviously had not taken any action to arrest such practice as is evident from the succeeding paragraphs.

Out of 2798 DDOs, records of 88 offices test-checked during 2005-2006 disclosed that Rs 75.11 crore (685 bills) was drawn during 1987-2006 in AC bills, including Rs 1.32 crore (14 bills) drawn during 2005-2006. As against total drawal of Rs 75.11 crore in AC Bills, Rs 70.04 crore (671 bills) remained unadjusted as of March 2006 (*Appendix 2.20*).

Scrutiny of AC/DC bills revealed the following:-

- In course of submission of AC bills to Treasury, the DDO was required to furnish a certificate to the effect that detailed bills for the previous AC bills had been submitted within the period of 60 days and expenditure had been incurred for the purpose for which the advance was drawn. Neither any DDO furnished such certificate on AC bills nor did the Treasury officers insist on furnishing of such certificates by the DDOs and six⁴ DDOs drew advances for Rs 1.32 crore on AC bills during 2005-2006, the entire amount of which remained unadjusted as of March 2006, without submission of DC bills in respect of previous AC bills for Rs 9.03 crore drawn by them from the respective treasuries.
- The DDOs of the test- checked offices did not monitor the submission of DC bills and maintain any separate register to record the particulars of drawal of AC bills or details of remittance of unutilised balance, if any, as required under the rules.
- Of the total outstanding amount of Rs 73.79 crore drawn during 1987-2005, adjustment of Rs 44.49 crore (60 per cent) mainly pertained to the Director of Employment (Rs 11.61 crore), DM, Murshidabad (Rs 11.40 crore), DM, Purulia (Rs 7.21 crore), DM, Bardhaman (Rs 3.26 crore), DM, Howrah (Rs 3.14 crore), DM, South

⁴ SP, South 24 Parganas, BDO, Durgapur; Medical Superintendent, SSKM Hospital, Kolkata; Dy. Director, Tourism; SP, Jalpaiguri and SP, Barasat

24 Parganas (Rs 3.01 crore), Administrative Officer, Kolkata Police (Rs 2.68 crore) and Director of Relief (Rs 2.18 crore). The entire amount of Rs 1.32 crore drawn by six DDOs between April 2005 and March 2006 remained pending.

- Six DDOs (SPs, Uttar Dinajpur, Nadia, Howrah, Dakshin Dinajpur, CMOH, Paschim Medinipur and DM, Paschim Medinipur) spent Rs 49.98 lakh on account of labour charges, construction of temporary latrine, office expenses, purchase of cell phone, stationery articles and cash card by diverting funds allotted for Lok Sabha election 2004 drawn through AC bills in contravention of Financial Rules and orders of the Government.
- One hundred two AC bills amounting to Rs 12.04 crore were drawn unauthorisedly by six DDOs (DM, Hooghly : Rs 0.40 crore, DM, Purba Medinipur: Rs 6.92 crore, DM, Bankura: Rs 0.77 crore, DM, Bardhaman: Rs 0.32 crore, DM, South 24 Parganas: Rs 3.30 crore including SDO, Sadar (Alipore): Rs 0.33 crore) for various purposes at the fag end of each financial year to avoid lapse of budget grant.

Prolonged retention of huge public fund by the DDOs without any adjustment by submitting DC bills is fraught with the risk of serious financial indiscipline/misappropriation.

The matter requires immediate attention of the Government for necessary investigation to ascertain the position of actual utilisation of those funds lying unadjusted for a long time.

2.8 Delay in remittance of unspent amounts

Under TR 4.16 no money shall be drawn from the treasury unless required for immediate disbursement. It is not permissible to draw money in anticipation of demands or to avoid lapse of budget grant. Amount remaining unspent is to be deposited to Government account.

Review of records of seven DDOs (Social Welfare Department:2, Animal Resources Development Department:1, Panchayats and Rural Development Department:1, Co-operation Department:1 and Health and Family Welfare Department:2) revealed that of Rs 6910.18 lakh drawn, Rs 1305.11 lakh pertaining to different schemes and other purposes were retained in LF Account, Bank Account, Deposit Account, Bank Suspense Account, etc. and in cash balance since 1989-1990. The amounts were sanctioned for implementation of different schemes and some specific purposes. Reasons for retention of the unspent amount were neither on records, nor stated.

Thus, a considerable amount meant for various development works remained unspent depicting poor performance of the schemes and defeating the very purposes intended by Government.

2.9 Other topics of interest

2.9.1 Irregularities in the functioning of treasuries

Irregularities in maintenance of Allotment Register

According to the provisions contained in Government of West Bengal, Finance Department memo No. 2735-F dated 19.2.2004 excess drawal over allotment in different heads of account allowed in anticipation of allotment are to be adjusted within the financial year by 31 March.

Scrutiny of records of five treasuries revealed that Allotment Registers were not maintained properly and the DDOs were allowed to draw the funds in excess over allotment and also the regularisation of overdrawal, if any, had not been watched and kept noted in the Allotment Register.

Irregularities in payment of pension

Scrutiny of the records of treasuries disclosed that Rs 1.13 crore in respect of pension, family pension and relief thereon was paid in excess to the pensioners due to wrong calculation of pension of relief paid on re-employment/re-marriage, etc. and non-reduction of enhanced rate, payments of pension even after death of the pensioners and non-reduction of enhanced rate of family pension even after the stipulated period. Details are as under:

- An amount of Rs 57.02 lakh was paid in excess to the pensioners in respect of relief paid to re-employed pensioners, non-reduction of enhanced rate of family pension after the stipulated period, wrong calculation of pension paid on remarriage, etc. in case of 69 treasuries.
- An amount of Rs 48.97 lakh was yet to be recovered by 48 treasuries from the banks on account of excess credit of pension to the deceased Pensioners' Bank Account.
- Due to non-reduction of commuted value of pension from the basic pension in time Rs 7.12 lakh were overpaid in six treasuries, requiring recovery from the pensioners.