

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 2007-08 against 80 Grants/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 ⁵	Saving (-) Excess (+)
Voted	I Revenue	2137.54	297.61	2435.15	2304.12	(-)131.03
	II Capital	837.59	300.00	1137.59	821.48	(-)316.11
	III Loans and Advances	8.22	0.00	8.22	2.61	(-)5.61
Total Voted		2983.35	597.61	3580.96	3128.21	(-)452.75
Charged	IV Revenue.	334.80	1.13	335.93	297.08	(-)38.85
	V Capital	0.00	0.00	0.00	0.00	0.00
	VI Public Debt	683.51	0.00	683.51	629.04	(-)54.47
Total Charged		1018.31	1.13	1019.44	926.12	(-)93.32
	Appropriation to Contingency Fund	0.00	0.00	0.00	0.00	0.00
Grand Total		4001.66	598.74	4600.40	4054.33	(-)546.07

Source: Appropriation Accounts

⁵ These are gross figures before adjustment of recoveries in reduction of expenditure viz., Revenue expenditure Rs.28.94 crore and Capital expenditure NIL.

2.3 Fulfillment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

The overall saving of Rs.546.07 crore was the net result of excess of Rs.88.46 crore in 25 cases of Grants/Appropriation and savings of Rs.634.53 crore in 63 cases of Grants/Appropriations.

Major savings of Rs.502.53 crore (92 per cent) occurred in 15 out of 63 cases of Grants/Appropriations as mentioned below:

Table-2.2 (Rupees in crore)

Grant No./Name	Section	Original	Supple- mentary	Total	Actual expenditure	Savings
32-Higher Education	Revenue (Voted)	31.27	10.04	41.31	24.61	16.70
37-Assistance to Municipalities and Development Works in Towns	Revenue (Voted)	9.52	4.63	14.15	0.79	13.36
42-Rural Development	Revenue (Voted)	48.85	32.63	81.48	61.51	19.97
52-Forest	Revenue (Voted)	47.32	0.00	47.32	37.93	9.39
53-Industries	Revenue (Voted)	53.48	0.00	53.48	26.64	26.84
77-Development of under Developed Area	Revenue (Voted)	9.06	0.00	9.06	1.77	7.29
23-Loans to Government Servants	Capital (Voted)	18.65	0.00	18.65	0.00	18.65
27-Planning Machinery	Capital (Voted)	155.77	0.00	155.77	34.41	121.36
33-Youth Resources and Sports	Capital (Voted)	23.46	5.39	28.85	14.29	14.56
36-Urban Development	Capital (Voted)	57.37	56.91	114.28	97.21	17.07
43-Social Security and Welfare	Capital (Voted)	12.17	2.09	14.26	4.55	9.71
45-Co-operation	Capital (Voted)	21.01	0.00	21.01	9.07	11.94
55-Power Projects	Capital (Voted)	127.74	0.00	127.74	61.11	66.63
60-Water Supply Schemes	Capital (Voted)	13.13	81.86	94.99	58.60	36.39
77-Development of Under Developed Areas	Capital (Voted)	45.93	0.00	45.93	26.52	19.41
75- Servicing of Debt-	Revenue (Charged)	328.43	0.00	328.43	289.64	38.79
75-Servicing of Debt	Capital (Charged)	683.51	0.00	683.51	629.04	54.47
Total		1686.67	193.55	1880.22	1377.69	502.53

Source: Appropriation Accounts 2007-08

Reasons for savings were not intimated by the departments (September 2008).

Areas in which major savings occurred in the above Grants/Appropriations are given in **Appendix-2.1**.

In 39 cases, savings exceeded Rs.50 lakh in each case and also by more than 10 per cent of the total provision. Details are given in **Appendix-2.2**.

2.3.2 Excess requiring regularisation

i) Excess over provision during 2007-08 requiring regularisation

The excess of Rs.62.42 crore under Revenue Section and Rs.26.04 crore under Capital Section as detailed in **Appendix-2.3** require regularisation under Article 205 of the Constitution.

ii) Excess over provision relating to previous years requiring regularisation

According to 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, yet the excess expenditure of Rs.1879.60 crore (264 cases of Grants/Appropriations) reported during 1996-97 to 2006-07 had not been regularised. Details of such excess in terms of Grants/Appropriations and amount involved therein requiring regularisation are given below:

Table-2.3 (Rupees in crore)

Serial No.	Year of Audit Report	Total number of Grants/Appropriations	Grant Numbers	Amount involved
1.	1996-97	31	1,3,11,14,18,19,30,31,32,35,36,37,38,40,46,47,50,51,52,53,55,62,64,65,66,67,69, 73,41,48,60	33.43
2.	1997-98	26	1,13,15,16,18,28,31,35,43,44,46,47,48,55,60,64,65,67,71,74,76,36,53,62,68,75	241.09
3.	1998-99	26	1,7,11,13,18,23,26,28,30,31,35,37,38,43,44,46,47,49,55,57,58,60,62,64,66,76	263.80
4.	1999-2000	26	1,4,7,11,13,14,18,25,28,31,32,35,37,42,45,46,51,58,60,64,67,68,69,74,75,76	167.14
5.	2000-01	17	13,33,35,37,38,41,47,49,50,55,57,58,59,61,64,74,76	51.81
6.	2001-02	16	18,38,40,43,49,52,58,62,64,72,75,14,32,34,68,70	27.98
7.	2002-03	19	16,18,22,28,35,38,42,43,49,58,61,62,64,65,67,69,73,74,76	723.75
8.	2003-04	32	1, 4, 7, 8, 9, 10, 12, 14, 19, 22, 27, 29, 31, 32, 34, 35, 38, 42, 44, 47, 48, 51, 55, 56, 58, 62, 64, 69, 74, 76, 77, 78	230.79
9.	2004-05	20	2, 10,11, 13,15,16, 17, 22, 35, 36, 45,48,49, 50, 51, 55, 58, 62, 64,77	28.82
10.	2005-06	25	4, 7, 10, 11, 16, 20, 21, 22, 26, 29, 31, 33, 35, 43, 46, 47, 48, 49, 50, 54, 58, 60, 64, 68, 76	64.96
11.	2006-07	26	4,7,8,9,11,12,14,21,22,26,31,32,35,36,41,43,47,49,54,58,60,62,64,68,70,80	46.03
Total		264		1879.60

Source: Audit Report 2006-07

2.3.3 Supplementary provision

Supplementary provision (Rs.598.74 crore) made during the year 2007-08 constituted 15 *per cent* of the original provision (Rs.4001.66 crore) as against 10 *per cent* in the previous year.

2.3.4 Unnecessary/excessive/inadequate supplementary provision

a) Supplementary provision of Rs.36.26 crore made in 17 Grants during the year proved unnecessary in view of aggregate savings of Rs.173.82 crore in these Grants as detailed in **Appendix-2.4**.

b) In 33 Grants, against additional requirement of Rs.187.84 crore, supplementary grants of Rs.417.85 crore were obtained, resulting in savings in each case exceeding Rs.10 lakh aggregating Rs.230.01 crore. Details of these cases are given in **Appendix-2.5**.

c) In 11 Grants/Appropriations, supplementary provision of Rs.138.36 crore proved inadequate by more than Rs.10 lakh in each case, leaving an aggregate uncovered excess expenditure of Rs.46.19 crore as per details given in **Appendix-2.6**.

2.3.5 Persistent savings

In 15 Grants, there were persistent savings in excess of Rs.10 lakh in each case, and 10 *per cent* or more of the provision during 2005-06 to 2007-08. Details are given in **Appendix-2.7**.

2.3.6 Significant excesses

In 6 Grants, the expenditure exceeded the approved provision by more than Rs.50 lakh in each case and 10 *per cent* or more of the total provision during 2007-08. Details are given in **Appendix-2.8**.

2.3.7 Expenditure without provision

According to rules, expenditure should not be incurred on a scheme/service without provision of funds. It was noticed that expenditure of Rs.6.94 crore was incurred in 16 cases as detailed in **Appendix-2.9** without provision in the original estimates/supplementary demands.

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. Unutilised funds amounting to Rs.92.74 crore in 15 cases, however, were not surrendered during the year as detailed in **Appendix-2.10**.

2.3.9 Surrender in excess of savings

In 18 Grants, the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. Against the total amount of actual savings of Rs.228.68 crore, the amount surrendered was Rs.285.58 crore resulting in excess surrender of Rs.56.90 crore. Details are given in **Appendix-2.11**.

2.3.10 Non-receipt of explanation for savings/excess

After the closure of accounts each year, the Detailed Appropriation Accounts showing the final Grant/Appropriation, the actual expenditure and the resultant variations are sent to the controlling officers (COs) who are required to explain the variation in general and those under important sub-heads in particular. The COs are to furnish promptly all such information to the Sr. Deputy Accountant General (Accounts & Entitlement and Voucher Level Computerisation) for preparation of Appropriation Accounts.

During the year 2007-08, out of 80 Grants/Appropriations, explanations for savings/excess were received in respect of only eight Grants.

2.3.11 Non-reconciliation of departmental figures of expenditure

Financial rules require that the COs should reconcile periodically the departmental figures of expenditure with those booked by the Sr. Deputy Accountant General (Accounts & Entitlement). Such reconciliation enables the departmental officers to monitor the progress of expenditure and ensure timely detection of misclassification, wrong bookings, fraud, defalcation, etc. Out of 80 COs, the expenditure in respect of eight COs aggregating Rs.557.84 crore pertaining to 2007-08 remained unreconciled.

The extent of non-reconciliation of expenditure by the COs increased from 0.19 *per cent* in 2005-06 to 14 *per cent* of the total expenditure in 2007-08 as shown below:

Table 2.4 (Rupees in crore)

Year of account	No. of controlling officers	No. of controlling officers who did not reconcile	Percentage of non-reconciled expenditure to total expenditure	Expenditure involved
2005-06	78	4	0.19	5.48
2006-07	80	7	14.00	463.05
2007-08	80	8	14.00	557.84

Source: Information furnished by A&E office