

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 Appropriations 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 Appropriation Accounts at a glance

The summarised position of actual expenditure during 2005-2006 against 78 grants/appropriations (75 Grants and three Appropriations) are indicated in **Table-1**.

Table-1

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-) Excess (+)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Voted	I. Revenue	11667.29	1109.05	12776.34	8862.97	(-) 3913.37
	II. Capital	2501.63	198.41	2700.04	1085.32	(-) 1614.72
	III. Loans and advances	197.74	17.60	215.34	105.62	(-) 109.72
Total Voted		14366.66	1325.06	15691.72	10053.91	(-) 5637.81
Charged	IV Revenue	2123.34	2.75	2126.09	1673.85	(-) 452.24
	V Capital	--	--	--	--	--
	VI Public Debt	3633.28	--	3633.28	2558.55	(-) 1074.73
	VII Loans and Advances	--	--	--		
Total Charged		5756.62	2.75	5759.37	4232.40	(-) 1526.97
Appropriation to Contingency Fund (if any)						
Grand Total		20123.28	1327.81	21451.09	14286.31	(-) 7164.78

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities: Out of overall savings of Rs.7,167.23 crore, major savings of Rs.3,998.79 crore (55.79 per cent) occurred in 10 Grants as indicated in **Table-2**.

Table-2

(Rupees in crore)

Grant No.	Grant			Actual Expenditure	Saving
	Original	Supplementary	Total		
11	Secretariat and Attached Offices (Revenue Voted)				
	1016.13	53.28	1069.41	644.56	424.85
14	Police (Revenue Voted)				
	868.86	16.05	884.91	718.46	166.45
29	Medical and Public Health (Revenue Voted)				
	626.10	148.33	774.43	404.17	370.26
38	Welfare of Scheduled Caste/Scheduled Tribes and Other Backward Classes etc. (Revenue Voted)				
	319.06	55.84	374.90	249.98	124.92
44	North Eastern Council Schemes (Revenue Voted)				
	47.33	2.60	49.93	5.49	44.44
	(Capital Voted)				
	1009.37	13.85	1023.22	275.25	747.97
48	Agriculture (Revenue Voted)				
	306.66	17.21	323.87	205.85	118.02
56	Rural Development (Panchayat) (Revenue Voted)				
	211.72	107.93	319.65	158.65	161.00
62	Power (Electricity) (Capital Voted)				
	776.49	-	776.49	286.61	489.88
64	Roads and Bridges (Capital Voted)				
	536.95	90.00	626.95	418.48	208.47
71	Education (Elementary, Secondary etc) (Revenue Voted)				
	3153.39	148.19	3301.58	2159.05	1142.53
Total	8872.06	653.28	9525.34	5526.55	3998.79

Reasons for savings were not intimated by the departments.

- 1) Areas in which major savings occurred in these ten Grants are given in **Appendix-2.1**.
- 2) In 63 cases, savings exceeding Rs.1 crore in each case and also by more than 10 per cent of the total provision are indicated in **Appendix-2.2**.

2.3.2 Excess requiring regularisation

- 1) **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 given in **Table-3**.

Table-3

(Rupees in crore)

Year	Number of cases		Amount of excess		Total
	Voted Grants	Charged Appropriation	Voted	Charged Appropriation	
2002-03	5	6	109.54	1509.32	1618.86
2003-04	4	3	3.44	400.92	404.36
2004-05	5	6	0.81	5.07	5.88
Total	14	15	113.79	1915.31	2029.10

The Act of the Legislature regularising excess expenditure for the years 2000-01 and 2001-02 was received on 20 February 2006. The Public Accounts Committee is yet to

regularise the total excess expenditure of Rs.2,029.10 crore for the years 2002-03, 2003-04 and 2004-05.

2) *Excess over provision during 2005-06 requiring regularisation*

The overall savings of Rs.7,167.23 crore in 73 cases of grants (Rs.5,639.50 crore) and 14 cases of appropriations (Rs.1,527.73 crore) in 2005-06 was offset by an excess of Rs.2.45 crore in two charged appropriations (Rs.0.76 crore) and two grants (Rs.1.69 crore) resulting in net savings of Rs.7,164.78 crore during 2005-06. The excess of Rs.2.45 crore occurred during the year requires regularisation under Article 205 of the Constitution. The details are given in **Table-4**. In 2004-05 also there were overall savings of Rs.10,003.50 crore and excess expenditure of Rs.5.88 crore. Recurrence of savings/excess indicates that the Government has not taken proper corrective action towards better management of budget and appropriation.

Table-4

(Rupees in crore)

Year	Number/Name of Grants/ Appropriations	Total Grant/ Appropriation	Actual expenditure	Amount of Excess
2005-06	6-Land Revenue and Land ceiling (Revenue Charged)	0.01	0.31	0.30
	14-Police (Revenue charged)	0.73	1.19	0.46
	47-Trade Adviser (Revenue Voted)	0.46	0.55	0.09
	67-Assam Capital Construction (Capital Voted)	3.19	4.79	1.60
Total		4.39	6.84	2.45

2.3.3 *Supplementary provision*

Supplementary provision made during the year constituted 6.60 per cent of the original grant/appropriation as against 20.55 per cent in the preceding year.

2.3.4 *Unnecessary/inadequate supplementary provision*

Supplementary provision of Rs.827.80 crore (Revenue: Rs.699.27 crore and Capital: Rs.128.53 crore) in 46 cases of grants/appropriations as detailed in **Appendix-2.3** proved unnecessary in view of substantial savings in all these cases. In fact, savings were much higher than the supplementary provision in all these cases.

2.3.5 *Persistent savings*

In 19 grants, there were persistent savings in excess of Rs.10 lakh in each case, representing 20 per cent or more of the total provision during the last three years. Details are given in **Appendix-2.4**.

2.3.6 *Anticipated savings not surrendered*

According to the rules framed by the Government, the spending departments are required to surrender the grants/appropriation, or portion thereof, to the Finance Department as and when savings are anticipated. However, at the close of the year there were grants/appropriations in which large savings had not been surrendered by the departments. In 66 grants, savings exceeding Rs.1 crore each remained to be

surrendered at the end of 2005-2006. The amount involved was Rs.5,629.76 crore. Details are given in **Appendix-2.5**.

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. Significant cases where injudicious re-appropriation of funds resulted in savings by over Rs.25 lakh in each case are given in **Table-5**.

Table-5

(Rupees in lakh)

Sl. No	Number and name of grant/ Appropriation and head of account	Total Provision	Re-appropriation	Total	Actual expenditure	Savings (-)
1	4-Elections 2015 Elections II State plan and Non-Plan Schemes 103 Preparation and Printing of Electoral rolls 0144 District Establishment	703.18	833.00	1536.18	1326.27	(-) 209.91
2	18-Fire Services 2070 Other Administrative Services II State Plan and Non-Plan Schemes 108 Fire Protection & Control Fire Service Station 504 Fire Service Station	2105.61	50.00	2155.61	1607.33	(-) 548.28
3	49-Irrigation 4702 Capital Outlay on Minor Irrigation II State Plan and Non-Plan Schemes 101 Surface Water 1668 AIBP Programme	1105.37	567.00	1672.37	478.98	(-) 1193.39

2.3.8 *Trend of recoveries and credits*

Under the system of gross budgeting followed by the Government, the Demands for Grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries, which are adjusted in the accounts as reduction of expenditure. The estimated recoveries and credits are being shown separately in the Budget estimates. During the year 2005-06 such recoveries were estimated at Rs.36.77 crore against which, the actual recoveries were Rs.0.51 crore. The shortfall in recoveries was mainly under 17 – Administrative and Functional Buildings (Rs.6.55 crore), 24 – Aid Materials (Rs.28.87 crore) and 64 – Roads and Bridges (Rs.0.69 crore).