

**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 2006-2007 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 (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Voted</b>	<b>I. Revenue</b>	13783.95	803.24	14587.19	9788.93	(-) 4798.26
	<b>II. Capital</b>	2779.63	226.33	3005.96	1452.98	(-) 1552.98
	<b>III. Loans and advances</b>	148.12	68.14	216.26	80.63	(-) 135.63
<b>Total Voted</b>		<b>16711.70</b>	<b>1097.71</b>	<b>17809.41</b>	<b>11322.54</b>	<b>(-) 6486.87</b>
<b>Charged</b>	<b>IV Revenue</b>	2337.18	6.55	2343.73	1667.84	(-) 675.89
	<b>V Capital</b>	--	1.10	1.10	--	(-) 1.10
	<b>VI Public Debt</b>	1710.10	0.01	1710.11	494.72	(-) 1215.39
	<b>VII Loans and Advances</b>	--	--	--	--	--
<b>Total Charged</b>		<b>4047.28</b>	<b>7.66</b>	<b>4054.94</b>	<b>2162.56</b>	<b>(-) 1892.38</b>
<b>Appropriation to Contingency Fund (if any)</b>						
<b>Grand Total</b>		<b>20758.98</b>	<b>1105.37</b>	<b>21864.35</b>	<b>13485.10</b>	<b>(-) 8379.25</b>

**2.3 Fulfilment of Allocative Priorities**

**2.3.1 Appropriation by Allocative Priorities:**

Out of overall savings of Rs.8,459.86 crore, major savings of Rs.4665.19 crore (55.15 percent) occurred in 10 Grants as indicated in Table-2.

**Table-2**

Grant No.	Grant			(Rupees in crore)	
	Original	Supplementary	Total	Actual Expenditure	Saving
<b>11</b>	<b>Secretariat and Attached Offices (Revenue Voted)</b>				
	1153.83	74.60	1228.43	485.51	742.92
<b>14</b>	<b>Police (Revenue Voted)</b>				
	973.59	29.44	1003.03	776.20	226.83
<b>23</b>	<b>Pension and Other Retirement Benefit (Revenue Voted)</b>				
	1462.68	-	1462.68	1176.93	285.75
<b>29</b>	<b>Medical and Public Health (Revenue Voted)</b>				
	965.58	63.47	1029.05	573.85	455.20
<b>30</b>	<b>Water Supply and Sanitation(Capital Voted)</b>				
	271.00	-	271.00	128.99	142.01
<b>39</b>	<b>Social Security, Welfare and Nutrition. (Revenue Voted)</b>				
	477.18	10.46	487.64	182.97	304.67
<b>44</b>	<b>North Eastern Council Schemes ( Capital Voted)</b>				
	1075.42	108.78	1184.20	400.55	783.65
<b>56</b>	<b>Rural Development (Panchayat) (Revenue Voted)</b>				
	416.98	147.05	564.03	235.60	328.43
<b>62</b>	<b>Power (Electricity) (Capital Voted)</b>				
	602.71	37.25	639.96	280.76	359.20
<b>71</b>	<b>Education (Elementary, Secondary etc) (Revenue Voted)</b>				
	3194.61	158.50	3353.11	2316.58	1036.53
<b>Total</b>	<b>10593.58</b>	<b>629.55</b>	<b>11223.13</b>	<b>6557.94</b>	<b>4665.19</b>

Reasons for savings were not intimated by the departments.

Areas in which major savings occurred in these ten Grants are given in **Appendix-2.1**.

In 67 cases, savings exceeding Rs.1 crore in each case and also by more than 10 percent of the total provision are indicated in **Appendix-2.2**.

**2.3.2 Excess requiring regularisation**

**2.3.2.1 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
2005-06	2	2	1.69	0.76	2.45
<b>Total</b>	<b>16</b>	<b>17</b>	<b>115.48</b>	<b>1916.07</b>	<b>2031.55</b>

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.2,031.55 crore for the years from 2002-03 to 2005-06.

### 2.3.2.2 Excess over provision during 2006-07 requiring regularisation

The overall savings of Rs.8,459.86 crore in 74 cases of grants (Rs.6,567.36 crore) and 14 cases of appropriations (Rs.1,892.50 crore) in 2006-07 was offset by an excess of Rs.80.61 crore in two charged appropriations (Rs.0.12 crore) and four grants (Rs.80.49 crore) resulting in net savings of Rs.8,379.25 crore during 2006-07. The excess of Rs.80.61 crore during the year requires regularisation under Article 205 of the Constitution. The details are given in Table-4. In 2005-06 also there were overall savings of Rs.7,161.23 crore and excess expenditure of Rs.2.45 crore. Recurrence of savings/excess indicates that the Government has not taken effective corrective action with regard to preparation and management of budget.

**Table-4**

(Rupees in thousand)

Year	Number/Name of Grants/ Appropriations	Total Grant/ Appropriation	Actual expenditure	Amount of Excess
2006-07	8-Excise and Prohibition (Revenue Charged)	368.00	400.00	32.00
	12-District Administration (Capital Charged)	99.00	1251.00	1152.00
	30-Water Supply and Sanitation (Revenue voted)	1908185.00	2432047.00	523862.00
	54-Fisheries (Capital voted)	-	1.00	1.00
	58- Industries (Capital Voted)	641000.00	915445.00	274445.00
	60- Cottage Industries (Capital Voted)	11500.00	18088.00	6588.00
<b>Total</b>		<b>2561152.00</b>	<b>3367232.00</b>	<b>806080.00</b>

### 2.3.3 Supplementary provision

Supplementary provision made during the year constituted 5.32 percent of the original grant/appropriation as against 6.60 percent in the preceding year.

### 2.3.4 Unnecessary/inadequate supplementary provision

Supplementary provision of Rs.861.24 crore (Revenue: Rs.635.07 crore and Capital: Rs.226.17 crore) in 56 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 26 grants, there were persistent savings in excess of Rs.10 lakh in each case, representing 20 percent 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

As per 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 50 grants, savings exceeding Rs.1 crore each remained to be surrendered at the end of 2006-2007. The amount involved was Rs.5,240.56 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	9-Transport Service 5055 Capital Outlay on Road Transport 190 Investment in Public Sector and Other undertakings	850.00	150.00	1000.00	537.50	(-) 462.50
2	14-Police 2055-Police II-State Plan & Other Non Plan Schemes 104-Special Police	2077.09	299.00	2376.09	961.54	(-) 1414.55
3	18-Fire Services 2070 Other Administrative Services II State Plan and Non-Plan Schemes 108 Fire Protection & Control Fire Service Station	2795.38	100.00	2895.38	2652.76	(-) 242.62
4	49-Irrigation 2702 Minor Irrigation II State Plan and Non-Plan Schemes 80 General 001 Direction and Administration	9941.63	650.00	10591.63	9759.92	(-) 831.71

**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 2006-07 such recoveries were estimated at Rs.24.90 crore against which, the actual recoveries were Rs.0.24 crore. The shortfall in recoveries was mainly under 17 – Administrative and Functional Buildings (Rs.6.81 crore), 24 – Aid Material (Rs.16.99 crore) and 64 – Roads and Bridges (Rs.0.64 crore).