

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 the budget.

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 incurred is in conformity with law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2004-2005 against grants and appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-) Excess (+)
Voted	I. Revenue	2342.32	128.85	2471.17	1620.41	(-) 850.76
	II. Capital	494.30	39.70	534.00	438.20	(-) 95.80
	III. Loans & Advances	19.37	-	19.37	7.46	(-) 11.91
Total Voted		2855.99	168.55	3024.54	2066.07	(-) 958.47
Charged	IV. Revenue	348.76	20.34	369.10	347.83	(-) 21.27
	V. Capital	0.45	1.62	2.07	1.64	(-) 0.43
	VI. Public Debt	477.80	0.47	478.27	768.43	(+) 290.16
Total Charged		827.01	22.43	849.44	1117.90	(+) 268.46
Grand Total		3683.00	190.98	3873.98	3183.97	(-) 690.01

Note:- The expenditure includes the recoveries of revenue expenditure amounting to Rs. 25.04 crore and capital expenditure amounting to Rs. 13.85 crore adjusted as reduction of expenditure.

The overall savings of Rs.690.01 crore as mentioned above were net result of savings of Rs.983.86 crore in 81 grants and appropriations offset by excess of Rs.293.85 crore in one grant and one appropriation.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Out of savings of Rs.958.47 crore under voted grants major savings of Rs.763.51 crore (79.65 per cent) occurred in five grants as mentioned below:

(Rupees in crore)

Sr.No.	Grant No.	Allocation			Actual Expenditure	Savings
		Original	Supplementary	Total		
1.	PUBLIC WORKS DEPARTMENT (CAPITAL VOTED)					
	21	175.52	18.00	193.52	164.73	28.79
2.	LOTTERIES (REVENUE VOTED)					
	30	685.60	-	685.60	4.28	681.32
3.	HEALTH SERVICES (REVENUE VOTED)					
	48	62.44	6.39	68.83	56.58	12.25
4.	MUNICIPAL ADMINISTRATION (REVENUE VOTED)					
	55	42.78	1.02	43.80	13.85	29.95
5.	INFORMATION TECHNOLOGY (REVENUE VOTED)					
	82	14.37	-	14.37	3.17	11.20
Total		980.71	25.41	1006.12	242.61	763.51

Reasons for savings in the above grants were as follows:

- **Public Works Department:** Reduction of expenditure on Major Works, Government decision not to invest further in Sewage Infrastructure Development Corporation, slow progress of district roads.
- **Lotteries:** Savings were mainly on account of stoppage of lottery business in August 2002. However, Budget Provision continued in 2004-05 also.
- **Health Services:** The savings was mainly on account of non-implementation of Universal Mediclaim Scheme.
- **Municipal Administration:** The anticipated savings were mainly due to non-implementation of Ace Marg Technology, non-receipt of proposals for release of funds under Integrated Development of Major Towns, slum development Programme, Swarna Jayanti Shahari Rojgar Yojana.
- **Information Technology:** The anticipated savings were mainly on account non-finalisation of schemes and transfer of schemes to other Departments.

Areas in which major savings occurred in these grants/appropriation are given in **Appendix 2.1**.

In 13 cases, savings exceeding Rs. two crore in each case and also by more than 10 per cent of the total provision amounted to Rs. 84.70 crore as indicated in **Appendix 2.2**.

2.3.2 *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 the State Government to get the excess over a grant or appropriation regularised by the State Legislature. However, excess expenditure amounting to Rs.1576.07 crore for the years 1996-97 to 2003-04 was yet to be regularised. Details are given in *Appendix 2.3*.

Excess over provisions during 2004-05 requiring regularisation

The excess of Rs.293.85 crore under one grant and one appropriation during the year requires regularisation under Article 205 of the Constitution. Details are given below:

Sr. No.	No. and name of Grant/appropriation	Total Grant/ appropriation	Actual expenditure	Excess
<i>Amount in Rupees</i>				
Revenue (Charged)				
1.	8-Treasury and Accounts	1,46,20,03,000	1,49,89,72,389	3,69,69,389
Capital (Charged)				
2.	Appropriation–Debt Services	4,78,26,70,000	7,68,41,93,743	2,90,15,23,743
	TOTAL	6,24,46,73,000	9,18,31,66,132	2,93,84,93,132

The final excess was due to occasional imbalance between the receipts and payments of the State Government, necessitating borrowings by means of Ways and Means Advances from the Reserve Bank of India and due to inadequate budgetary support provided by the State Government under the Head “Appropriation-Debt Services”.

2.3.3 *Original budget and supplementary provisions*

Supplementary provisions (Rs.190.98 crore) made during this year constituted five *per cent* of the original provision (Rs.3683.00 crore) as against 12.66 *per cent* in the previous year.

2.3.4 *Unnecessary/excessive/inadequate supplementary provisions*

Supplementary provisions of Rs.65.14 crore made in 33 cases during the year proved unnecessary in view of aggregate savings of Rs.150.42 crore as detailed in *Appendix 2.4*

In six cases, against additional requirement of only Rs.2.80 crore, supplementary provision of Rs.16.12 crore was obtained, resulting in savings in each case exceeding Rs.5.00 lakh, aggregating Rs.13.32 crore (*Appendix 2.5*).

In two cases (Appropriation Debt Services and 8-Treasury and Accounts), supplementary provision of Rs.11.94 crore proved insufficient leaving an uncovered expenditure of Rs.293.85 crore.

2.3.5 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, savings of Rs.7.61 crore in eight cases had not been surrendered. In eight cases, even after partial surrender, savings of Rs.20 lakhs and above in each case aggregating Rs.3.99 crore were not surrendered. Details are given in *Appendix 2.6* and *2.7* respectively.

2.3.6 Surrender in excess of actual savings/in spite of excess expenditure over provisions

In four cases, the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. The surrender orders were issued by the Budget controlling Authorities for Rs.51.71 crore as against the actual saving of Rs.37.51 crore resulting in excess surrender of Rs.14.20 crore.

In two cases Rs.7.91 crore were surrendered inspite of the fact that the expenditure exceeded the approved provision of Rs.624.47 crore. Details are in *Appendix 2.8*.

2.4 Unreconciled expenditure

The departmental officers are required to reconcile periodically and before the close of the accounts of a year, the departmental figures of expenditure with those recorded in the books of the Director of Accounts. The Public Accounts Committee in its forty-eighth report (1992) had also desired that punitive action be taken against erring Budget Controlling Authorities (BCAs). During 2004-05, out of 85 Budget Controlling Authorities (BCAs), 13 BCAs had not carried out such reconciliation for the entire year in respect of 20 units under their control involving Rs.69.96 crore and 34 BCAs had not carried out such reconciliation for part of the year in respect of 82 units under their control involving Rs.95.89 crore. The unreconciled period in case of the partially reconciled units ranges from one to nine months. The details of the major BCAs, who did not reconcile the expenditure to the extent were as follows:

Sr.No.	Budget Controlling Authority who did not reconcile their figures	Amounts not reconciled (Rupees in crore)
1.	Under Secretary Finance (Bud)	55.14
2.	Directorate of Education	17.45
3.	Directorate of Social Welfare	40.10
	TOTAL	112.69

2.5 Advances from the Contingency Fund

The Contingency Fund of the State of Goa was established under the Goa Contingency Fund Act, 1988 in terms of the provision under Article 267 of the Constitution of India. The Fund was established with the objective of meeting expenditure of an unforeseen and emergent character, the postponement of which till its authorisation by the Legislature would not be desirable. The fund

was in the nature of an imprest with legislative approval for the corpus of Rs.30 crore. As on 1 April 2004, the balance in the fund was Rs. 28.83 crore. During the year advances of Rs.59.56 crore were withdrawn from the Fund by issuing 158 orders, of which Rs.0.22 crore was not recouped till March 2005. The balance in the fund as on 31st March 2005 thus stood at Rs. 29.78 crore. Audit scrutiny of the drawal orders revealed the following:

Rupees 20.85 crore were withdrawn for meeting Pay and Allowances of employees between the period from June 2004 to March 2005. Rupees 37.61 crore were withdrawn for various reasons such as Exposition of the Sacred Relics of St.Francis Xavier, Old Goa (Rs.5.21 crore), Supply of Computers under Cyberage Scheme (Rs.5.12 crore), Parliamentary Election (Rs.2.09 crore) Purchase of Vehicles (Rs.0.98 crore) etc., Work of construction of Ribander Bypass (Rs.5.00 crore) Rs.3.74 crore were withdrawn for Decretal orders, Arbitration Award etc., and balance (Rs 15.47 crore) for various purposes like, Motor Car Advances to MLAs, Maintenance of existing infrastructure etc.

Further, Rs. 0.97 crore was withdrawn under six orders for implementation of Centrally Sponsored Schemes.

The drawals from the Contingency Fund for Pay and Allowances, Centrally Sponsored Schemes, purchase of vehicles and such other known and foreseen expenditure were not in tune with the spirit of the formation of Contingency Fund provided in the Constitution. It also reflected underreporting of revenue deficit at the time of budget proposals besides underscoring the unrealistic nature of the budget provisions.

2.6 Outstanding Advances

Outstanding AC bills

According to the General Financial Rules followed by the Government of Goa, money should not be drawn from treasury in advance and/or in excess of requirement. As per Rules, Detailed Contingent (DC) bills are to be submitted against the Abstract Contingent (AC) bills within one month from the date of drawal. Certain Departments like Health have been given extended time limit of 12 months for submission of D.C. Bills.

As per information furnished by the Director of Accounts, 193 AC Bills involving an amount of Rs.5.03 crore drawn by various Departments upto March 2005, were pending adjustment as on 30 September 2005.

Year-wise position of these outstanding Bills was as follows:

Year	No. of DC Bills	Amount (Rupees in crore)
2000-2001	16	0.07
2001-2002	4	0.01
2002-2003	10	0.21
2003-2004	15	0.23
2004-2005	148	4.51
TOTAL	193	5.03

The Departments against which substantial amounts were outstanding are as follows:

Sr.No.	Department/office	No. of AC bills	Amount (Rupees in crore)	Earliest year to which AC bills pertain
1.	General Administration Department	13	0.32	1993-94
2.	Chief Electoral office	49	0.26	2002-03
3.	Directorate of Sports	9	0.34	2002-03
4.	Directorate of Health Services	52	1.41	2001-02
5.	Tourism Department	4	0.10	2003-04
6.	Goa State Election Commission	4	0.31	2003-04

Outstanding advances to Government servants

Scrutiny revealed that Rs.2.61 crore being advances made upto March 2004 to Government servants on account of Traveling Allowances, Leave Travel Concessions etc., were pending adjustment as of September 2005. The Departments against which a large number of such advances outstanding were:

Sr. No.	Department/office	No. of AC bills	Amount (Rupees in crore)	Earliest year to which AC bills pertain
1.	Directorate of Education	19	0.75	2002-03
2.	Directorate of Health Services	26	0.40	2001-02
3.	Public Works Department	12	0.30	1992-93
4.	Director General of Police	111	0.16	1998-99
5.	General Administration Department	25	0.12	1998-99
6.	Directorate of Craftsman Training	22	0.06	1993-94
7.	Legislature Department	22	0.12	1982-83