

## CHAPTER-II

### ALLOCATIVE PRIORITIES AND APPROPRIATION

#### 2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure incurred 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 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. 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 2004-05 against Grants/Appropriation was as follows:

(Rupees in crore)

Nature of expenditure	Original Grants/ Appropriation	Supplementary Grants/ Appropriation	Total Grants/ Appropriations	Actual expenditure	Variation (-)Saving (+)Excess
<b>Voted</b>					
I. Revenue	17973.80	2422.55	20396.35	18457.93	-1938.42
II. Capital	4602.46	1629.56	6232.02	4667.07	-1564.95
III. Loans & Advances	877.48	365.33	1242.81	618.72	-624.09
<b>Total Voted</b>	<b>23453.74</b>	<b>4417.44</b>	<b>27871.18</b>	<b>23743.72</b>	<b>-4127.46</b>
<b>Charged</b>					
IV. Revenue	5965.09	176.75	6141.84	6180.88	39.04
V. Capital	0.85	1.35	2.20	123.12*	120.92
VI. Public Debt (Repayments)	2405.47	5151.92	7557.39	8887.56	1330.17
VII. Inter State Settlement	0.01	-	0.01	-	-0.01
<b>Total Charged</b>	<b>8371.42</b>	<b>5330.02</b>	<b>13701.44</b>	<b>15191.56</b>	<b>1490.12</b>
<b>Grand Total</b>	<b>31825.16</b>	<b>9747.46</b>	<b>41572.62</b>	<b>38935.28</b>	<b>-2637.34</b>

*Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs 337.01 crore and capital expenditure Rs 569.13 crore.*

The overall savings of Rs.2637.34 crore as mentioned above was the net result of savings of Rs.4424.60 crore in 148 cases of grants and appropriations offset by excess of Rs.1787.26 crore in 29 cases of grants and appropriations. The savings/excesses (Detailed Appropriation Accounts) were sent to the Controlling Officers requiring them to explain the significant variations; explanations were not received (October 2005).

\* This includes Rs.120.85 crore towards Loans and Advances, which should have been taken under voted instead of drawing by debit to charged expenditure (Refer paragraph 2.7)

## 2.3 Fulfilment of Allocative Priorities

### 2.3.1 Appropriation by Allocative Priorities

(i) Analysis of savings with reference to allocative priorities brought out the following:

#### Grant No. 12 – Energy Projects

(Rupees in crore)

Capital (Voted)	Amount	Total grant	Actual Expenditure	Saving
Original:	301.76			
Supplementary:	172.87	474.63	171.91	302.72

Savings occurred mainly under MH-6801 Loans to Gujarat Electricity Board for Gujarat Power Sector Development Programme (Rs.126.93 crore and Rs.175.80 crore) in the Plan and Non-Plan side.

#### Grant No. 18 – Other expenditure pertaining to Finance Department

(Rupees in crore)

Capital (Voted)	Amount	Total grant	Actual Expenditure	Saving
Original:	204.20			
Supplementary:	Nil	204.20	1.99	202.21

Savings includes under MH-7610 House Building Advance (Rs.21.87 crore) in the Non-Plan side due to non-finalisation of required documents and revision of estimates.

#### Grant No. 34 – Other expenditure pertaining to General Administration Department

(Rupees in crore)

Capital (Voted)	Amount	Total grant	Actual Expenditure	Saving
Original:	1087.58			
Supplementary:	Nil	1087.58	545.79	541.79

Savings occurred mainly under MH-4250 Assistance to Disaster Management Authority (Rs.541.18 crore) in the Plan side due to non-completion of works and non-following of tendering procedure in time.

#### Grant No. 65 – Narmada Development Scheme

(Rupees in crore)

Capital (Voted)	Amount	Total grant	Actual Expenditure	Saving
Original:	809.40			
Supplementary:	1205.40	2014.80	1401.10	613.70

Savings occurred mainly under MH-4701-Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited (Rs.584.66 crore and Rs.278.17 crore) in the Plan side due to non-receipt of permission for extension of height of dam from the Narmada Control Authority.

### Grant No. 66 – Irrigation and Soil Conservation

(Rupees in crore)

Revenue (Voted)	Amount	Total grant	Actual Expenditure	Saving
Original:	2287.26			
Supplementary:	22.64	2309.90	353.01	1956.89

Savings occurred under MH- 2701 Interest on Works. Reasons for savings have not been intimated.

### Grant No. 86 – Roads and Bridges

(Rupees in crore)

Capital (Voted)	Amount	Total grant	Actual Expenditure	Saving
Original:	541.16			
Supplementary:	348.05	889.21	563.16	326.05

Savings occurred mainly under MH-5054 Original Works (Rs.300.00 crore) and Original Works (Rs.38.43 crore) in the Plan and Non Plan side respectively, reasons have not been intimated.

(ii) In 31 cases, savings exceeding Rupees five crore in each case and/or by more than 10 *per cent* of total provision made amounted to Rs.1173.37 crore as indicated in **Appendix X**, out of which in four grants i.e. Grant No. 8 – Education (Rs.7.50 crore), Grant No. 19 – Repayment of Debt pertaining to Finance Department and its Servicing Capital (Rs.209.45 crore), Grant No. 44 – Transport (Rs.50.00 crore) and Grant No. 46 – Other expenditure pertaining to Home Department (Rs.5.96 crore) the entire provision totalling Rs.272.91 crore was not utilised.

(iii) Out of 16 cases of saving of Rupees one crore each, in five cases, the entire saving of above Rupees one crore remained un-surrendered and aggregated to Rs.55.80 crore (**Appendix XI**), whereas in 11 cases even after partial surrender, savings amounting to Rs.164.50 crore (**Appendix XII**) remained un-surrendered.

#### 2.3.2 Persistent savings

Under two major heads in two grants, there were persistent savings of more than Rs.50 crore in each case and 20 *per cent* or more of provision. Details are given below.

(Rupees in crore)

Grant Number and Major Head	Sub-Head	2002-03	2003-04	2004-05
		Saving (percentage of provision)		
12- Major Head 6801 Loans for Power Projects	Loans to Gujarat Electricity Board for Gujarat Power Sector Development Programme (Plan)	165.00 (100)	414.59 (100)	126.93 (95.44)
34- Major Head 4250 Capital Outlay on other Social Services	Assistance to Disaster Management Authority (Plan)	680.00 (51.63)	770.85 (54.77)	541.18 (49.85)
	<b>Total</b>	<b>845.00</b>	<b>1185.44</b>	<b>668.11</b>

### 2.3.3 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 a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.8591.97 crore for the years 1993-94 to 2003-04 as detailed below, had not been regularised so far (September-2005). This was breach of Legislative control over appropriations.

(Rupees in crore)

Year	No. of Grants/Appropriation	Grants/Appropriation No(s)	Amount of excess	Whether reasons submitted to PAC
1993-94	27	4, 6, 9, 13, 18, 20, 31, 32, 39, 43, 44, 45, 47, 52, 61, 65, 66, 71, 80, 81, 82, 84, 85, 86, 97, 98, 100	574.79	Submitted
1994-95	38	4, 6, 10, 13, 15, 19, 21, 24, 26, 30, 39, 42, 43, 45, 46, 49, 50, 52, 53, 57, 61, 63, 65, 67, 68, 73, 77, 78, 79, 82, 83, 84, 86, 87, 92, 94, 95, 98	372.75	Submitted
1995-96	45	1, 3, 4, 5, 8, 9, 10, 12, 20, 22, 24, 37, 38, 40, 42, 43, 44, 47, 48, 49, 55, 56, 58, 59, 60, 61, 64, 66, 67, 72, 73, 78, 80, 81, 83, 84, 85, 86, 87, 88, 89, 90, 91, 101, 102	564.16	Submitted

Year	No. of Grants/ Appropriation	Grants/Appropriation No(s)	Amount of excess	Whether reasons submitted to PAC
1996-97	40	4, 5, 6, 8, 10, 14, 17, 19, 23, 25, 29, 38, 42, 43, 44, 46, 48, 55, 56, 59, 60, 64, 66, 68, 72, 74, 79, 81, 83, 84, 85, 86, 87, 89, 90, 92, 94, 95, 100, 102	534.27	Not Submitted (127.24)
1997-98	38	4, 5, 7, 8, 9, 10, 15, 17, 22, 23, 24, 25, 29, 34, 37, 40, 47, 52, 55, 59, 60, 64, 66, 68, 69, 72, 76, 82, 83, 84, 85, 86, 87, 88, 91, 98, 102	733.90	Not Submitted (731.27)
1998-99	21	7, 8, 10, 12, 19, 24, 25, 35, 44, 47, 51, 55, 66, 73, 74, 80, 82, 83, 84, 86, 88	981.27	Not Submitted
1999-2000	31	4, 7, 8, 9, 10, 17, 18, 19, 22, 23, 42, 51, 55, 56, 60, 66, 67, 68, 74, 77, 78, 79, 80, 81, 82, 84, 86, 87, 88, 90, 94	1295.41	Not Submitted
2000-01	21	6, 7, 8, 9, 12, 21, 23, 25, 35, 38, 42, 46, 66, 67, 74, 77, 80, 81, 86, 88, 94	379.62	Not Submitted
2001-02	13	7, 8, 12, 19, 34, 36, 61, 66, 73, 75, 82, 86, 102	2640.36	Not Submitted
2002-03	17	30, 35, 40, 42, 46, 60, 61, 68, 69, 73, 78, 80, 84, 86, 88, 104 (Voted and Charged)	114.18	Not Submitted
2003-04	26	4, 8, 9, 12, 17, 19, 22, 40, 41, 42, 49, 55, 59, 60, 64, 66, 67, 68, 69, 73, 78, 80, 84, 86, 91 and 105	401.26	Not Submitted
<b>Total</b>	<b>317</b>		<b>8591.97</b>	

• *Excess over provisions during 2004-05 requiring regularisation*

The excess of Rs.1787.26 crore under 29 cases of grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given in **Appendix XIII**.

Reasons for the excesses had not been furnished by the Government as of September 2005.

Of the total excess of Rs.1787.26 crore, the excess under Grant No.12 - Energy Projects and Grant No.19 - Repayment of debt pertaining to Finance Department and its servicing amounted to Rs.1525.51 crore.

### **2.3.4 Original budget and supplementary provisions**

Supplementary provisions (Rs.9747.46 crore) made during this year constituted 31 *per cent* of the original provision (Rs.31825.51 crore) as against 55 *per cent* in the previous year.

### **2.3.5 Unnecessary/excessive/inadequate supplementary provisions**

Supplementary provisions of Rs.218.35 crore made in 20 cases during the year proved unnecessary in view of aggregate saving of Rs.2339.80 crore as detailed in **Appendix XIV**.

In 38 cases, against additional requirement of only Rs.2052.11 crore, supplementary grants and appropriations of Rs.3206.88 crore were obtained, resulting in savings aggregating to Rs.1154.77 crore. Details of these cases are given in **Appendix XV**.

In seven cases, supplementary provision of Rs.84.01 crore proved insufficient leaving an uncovered excess expenditure of Rs.100.23 crore. Details of these cases are given in **Appendix XVI**.

### **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. In 15 cases the re-appropriation of funds proved injudicious in view of final excess and savings over grant by over rupees one crore amounting to Rs.512 crore and Rs.450 crore respectively, as detailed in **Appendix XVII and XVIII**.

### **2.3.7 Delayed surrender**

In 93 Grants/Appropriations, Rs.4555.67 crore were surrendered in March 2005 indicating inadequate financial control over expenditure. Details are given in **Appendix XIX**.

## **2.4 Unreconciled Expenditure**

Departmental figures of expenditure should be reconciled with those of the Accountant General (Accounts and Entitlements) every month. The reconciliation had, however, remained in arrears in several departments and 11 controlling officers did not reconcile their figures. The amount involved was Rs.437.81 crore as on March 2005 as detailed in **Appendix XX**.

## **2.5 Defective Re-appropriation**

During 2004-05, 148 re-appropriation orders of Rs.1384 crore were issued and of these 134 orders aggregating Rs.1094 crore were issued on 31 March 2005, the last day of the financial year.

## **2.6 Rush of Expenditure**

The financial rules require that Government expenditure should be evenly distributed throughout the year. The rush of expenditure in the closing months of the financial year is regarded as a breach of financial rules. The position in respect of expenditure (Revenue and Capital) for the four quarters and also for the month of March 2005 is depicted in **Appendix XXI** which shows that the expenditure incurred in March 2005 in 43 cases ranged between 30 and 100 *per cent* of the total expenditure during the year, indicating a tendency to utilise the budget at the close of the financial year.

## **2.7 Budgetary Control**

In 39 cases, expenditure aggregating Rs.2641.97 crore exceeded the original provisions by Rupees one crore or more in each case and also by more than 10 *per cent* of the total provisions. Details are given in **Appendix XXII**.

As envisaged in Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs.482.07 crore was incurred in seven cases as detailed in **Appendix XXIII** without any provision in original estimates/supplementary demand and without any re-appropriation orders to this effect. This includes two cases, where expenditure of Rs.120.85 crore has been incurred towards loans and advances under Capital charged instead of Capital voted in Grant No.12 Energy Projects (Rs.118.48 crore) and Grant No.73 Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department (Rs.2.37 crore).

## **2.8 Personal Ledger Accounts/Bank Accounts**

Bombay Treasury Rules (BTR) as adopted by Government of Gujarat provides that PLAs opened by debit to the Consolidated Fund were to be closed at the end of financial year. Withdrawal of funds from treasuries to avoid lapse of budget and keeping them in bank/personal ledger accounts is prohibited.

Against the technical sanction of Rs.5.16 crore for survey work for preparation of detailed feasibility report for construction of Kalpasar Project, the Government placed Rs.15 crore during 2003-05 at the disposal of Water and Land Management Institute (WALMI), out of which, WALMI spent only Rs.4.32 crore during 2003-05 leaving an unspent balance of Rs.10.81 crore in savings bank account including interest accrued as of March 2005.

## **2.9 Audit of Abstract and Detailed Contingent Bills**

As per the provisions of the BTR, 1960 and instructions issued by the State Government, DC Bills are required to be submitted in respect of each AC Bill to the Accountant General (Accounts and Entitlement) Gujarat, Rajkot by Drawing and Disbursing Officers within three months from the date of drawal of AC Bills.

The amount drawn on AC Bill should be utilised by the Drawing and Disbursing Officer for the purpose for which the drawal was made. Test check of abstract contingent (AC) Bills and detailed contingent (DC) Bills in departments revealed that Rs.3.38 crore were drawn on 312 AC Bills between March 2000 and March 2005 as shown in **Appendix-XXIV**, of which 31 DC bills amounting to Rs.0.11 crore have not been submitted as of August 2005. The delay in submission of remaining DC bills ranged between one and 61 months.