

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 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 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 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2002-2003 against Grants/Appropriation was as follows:

(Rupees in crore)						
	Nature of expenditure	Original Grants/ Appropriation	Supplementary Grants/ Appropriation	Total	Actual expenditure	Saving
Voted	I. Revenue	19,604.22	902.91	20,507.13	16,866.48	3,640.65
	II. Capital	3,889.65	286.30	4,175.95	2,587.17	1,588.78
	III. Loans & Advances	521.92	1,423.59	1,945.51	345.66	1,599.85
Total Voted		24,015.79	2,612.80	26,628.59	19,799.31	6,829.28
Charged	IV. Revenue	4,944.67	272.01	5,216.68	4,996.48	220.20
	V. Capital	0.01	2.43	2.44	2.20	0.24
	VI. Public Debt	1,483.01	19,581.94	21,064.95	18,065.42	2,999.53
	VII. Inter State Settlement	0.01	NIL	0.01	NIL	0.01
Total Charged		6,427.70	19,856.38	26,284.08	23,064.10	3,219.98
Grand Total		30,443.49	22,469.18	52,912.67	42,863.41	10,049.26

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs 422.83 crore and capital expenditure Rs 248.07 crore.

The overall savings of Rs.10049.26 crore as mentioned above was the net result of savings of Rs.10163.44 crore in 160 cases of grants and appropriations offset by excess of Rs.114.18 crore in 17 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.

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. 19 – Repayment of Debt pertaining to Finance Department and its servicing

(Rupees in crore)

Capital (Charged)		Total grant	Actual Expenditure	Saving
Original:	1482.99			
Supplementary:	19581.94	21064.93	18065.42	2999.51

Saving occurred mainly under 6003-Internal Debt of the State Government – Ways and Means Advances from the Reserve Bank of India – Repayment of Ways and Means Advances (Rs.4728.13 crore) in the Non-Plan side.

Grant No. 34 – Other Expenditure pertaining to General Administration Department

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	1894.50			
Supplementary:	22.50	1917.00	286.27	1630.73

Saving occurred mainly under 2245-Relief on account of Natural Calamities - General Management of Natural Disasters, Contingency Plans in disaster prone areas – Assistance to Disaster Management Authority (Rs.1610 crore) due to slow progress of works and non-finalisation of Town Planning Scheme (Rs.942.03 crore), in the Non-Plan side. Reasons for final saving were not intimated.

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	1325.13			
Supplementary:	-	1325.13	547.68	777.45

Saving occurred mainly under 4250-Capital Outlay on Other Social Services – Natural Calamities – Assistance to Disaster Management Authority (Rs.776.06 crore) in the Plan side due to non – commencement of works by the concerned departments as planned. Reasons for final saving were not intimated.

Grant No. 12 – Energy Projects

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	2149.31			
Supplementary:	571.93	2721.24	2176.24	545.00

Saving occurred mainly under 2801 – Power – General – Other Expenditure – Subsidy to Gujarat Electricity Board for compensation in Gujarat Electricity Regulatory Commission Agricultural Tariff (Rs.479.22 crore) in the Non-Plan side. Reasons for the saving were not intimated.

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	333.36			
Supplementary:	1411.49	1744.85	206.07	1538.78

Savings occurred mainly under 6801 – Loans for Power Projects – Other Loans to Electricity Boards – Loan to Gujarat Electricity Board for Central Public Sector Undertakings Bonds as one time Settlement of GEB's dues (Rs.1411.49 crore) and Thermal Power Generation – Loans to Gujarat Electricity Board for Gujarat Power Sector Development Programme (Rs.165 crore) due to non release of second tranche of loan by Asian Development Bank (Rs.113.74 crore), in the Non-Plan side. Reasons for final savings were not intimated.

Grant No. 65 – Narmada Development Scheme

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	720.26			
Supplementary:	273.00	993.26	687.25	306.01

Savings occurred mainly under 4801- Capital Outlay on Power Project – Hydel Generation – Investments in Public Sector and Other Undertakings – Share Capital Contribution to Sardar Sarovar Narmada Nigam Ltd. (Rs.142.50 crore) due to non-receipt of the Share from the beneficiary States, 4701 – Capital Outlay on Major and Medium Irrigation – General – Investments in Public Sector and Other Undertakings – Share Capital Contribution to Sardar Sarovar Narmada Nigam Ltd, Other Government (Rs.118.12 crore) for which reasons were not intimated and 4701 – Share Capital Contribution to Sardar Sarovar Narmada Nigam Ltd.(Rs.47.54 crore) due to non receipt of the share from the beneficiary States, in the Plan side.

Grant No.49 -Industries

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	481.42			
Supplementary:	--	481.42	226.37	255.05

Savings occurred mainly under 2852-Industries – General - Other Expenditure – Relief to Small, Medium and Large Sector affected by earthquake (Rs.178.13 crore) in the Non-Plan side due to non-carrying out of rehabilitation work by affected units, Development of Textile Industry (Rs.50.79 crore) due to non-finalisation of New Items, Development of Infrastructure facilities (Rs.32.06 crore) due to non-receipt of administrative approval in the Plan side.

Grant No.2 – Agriculture

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	469.94			
Supplementary:	--	469.94	292.21	177.73

Savings occurred mainly under 2401-Crop Husbandry – Crop Insurance – Implementation of National Agricultural Insurance Scheme (Rs.119.74 crore), Agricultural Farms – Integrated Farming under Agro Vision (Rs. 22.79 crore), in the Plan side and Other Expenditure – Assistance to the earthquake affected farmers (Rs.20 crore) in the Non-Plan side due to less assessment of damage of irrigation equipments. Reasons for final saving were not intimated.

Grant No. 94 – Tribal Area Sub-Plan

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	884.08			
Supplementary:	--	884.08	625.84	258.24

Savings occurred mainly under 2702-Minor Irrigation – General - Tribal Area Sub-Plan-Special Provision for Minor Irrigation under Tribal Sub-Plan (Rs.32.39 crore), 2801-Power – Rural Electrification – Tribal Area Sub-Plan – Subsidy to Gujarat Electricity Board for electrification of wells and pumps (Rs.19.62 crore), 2216 – Housing – Rural Housing – Tribal Area Sub-Plan – Rural Housing Construction under Poverty Alleviation Programme – Sardar Patel Awas Yojana (Rs.18.18 crore) and 2215 – Water Supply and Sanitation – Sewerage and Sanitation – Tribal Area Sub-Plan – Special Provision for Water Supply and Sanitation under Tribal Sub-Plan (Rs.12.17 crore), in the Plan side. Reasons for the final savings were not intimated.

(ii) In 100 cases, savings exceeding Rs.5 crore in each case and also by more than 10 *per cent* of total provision amounted to Rs.6747.29 crore as indicated in **Appendix X**. In 14[^] of these, the entire provision totaling Rs.1901.80 crore was not utilised.

(iii) Of the excess of Rs 114.18 crore under 17 cases of grants and appropriations requiring regularisation by the Legislature, the excess under Grant No.73 – Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department and Grant No.86 – Roads and Bridges amounted to Rs.80.07 crore.

(iv) Out of 24 cases, in three cases entire saving of above Rs. One crore remained un-surrendered amounting to Rs.182.45 crore (**Appendix XI**), whereas in 21 cases even after partial surrender, savings of Rupees above one crore amounting to Rs.2916.32 crore (**Appendix XII**) remained un-surrendered.

2.3.2 Persistent savings

In 5 cases, involving 2 grants, there were persistent savings of more than Rs. 100 crore in each case and 20 *per cent* or more of provision. Details are given below:

[^] 3,6,8 to 11,33,34,43,57,73,94,96 and 98

Statement of various Grants/Appropriations indicating Major Head-wise/Scheme wise cases of persistent saving in excess of Rupees 100 crore each and 20 per cent or more of the provisions

(Rupees in Crore)

Grant number & Major Head	Sub-Head	2000-2001	2001-2002	2002-2003
		Saving (Percentage of provision)	Saving (Percentage of provision)	Saving (Percentage of provision)
	Revenue (Voted)			
18 MH 2075	Miscellaneous General Services Liability on account of increase in rates of Dearness Allowance	120.00 (100)	120.00 (100)	60.00 (100)
18-MH 2075	Miscellaneous General Services Liability on account of payment of arrears arising from implementation of the Recommendations of New Pay Commission	130.00 (100)	100.00 (100)	100.00 (100)
	Capital (Voted)			
65- Narmada Development Scheme MH 4701	Capital Outlay on Major and Medium Irrigation Share Capital contribution to Sardar Sarovar Narmada Nigam Limited, other Government (Plan)	147.81 (53.84)	123.03 (54.19)	118.12 (51.47)
65- Narmada Development Scheme MH 4701	Capital Outlay on Major and Medium Irrigation Share Capital contribution to Sardar Sarovar Narmada Nigam Limited(Plan)	56.96 (27.90)	122.46 (100)	47.54 (82.14)
65- Narmada Development Scheme MH 4801	Capital Outlay on Power Projects. Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited(Plan)	398.72 (96.37)	214.67 (100)	142.50 (94.40)
	Total	853.49	680.16	468.16

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.8076.53 crore for the years 1993-94 to 2001-02 had not been regularised so far (January 2004). 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
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	4,5,7,8,9,10,15,17,22,23,24,25,28,29,34,37,40,47,52,55,59,60,64,66,68,69,72,76,82,83,84,85,86,87,88,91,98,102	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
2000-2001	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
2001-2002	13	7,8,12,19,34,36,61,66,73,75,82,86,102	2640.36	Not Submitted
Total	274		8076.53	

• **Excess over provisions during 2002-03 requiring regularisation**

The excess of Rs.114.18 crore under 17 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 August 2003.

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs.22469.18 crore) made during this year constituted 74 per cent of the original provision (Rs.30443.49 crore) as against 35 per cent in the previous year.

2.3.5 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs.1727.19 crore made in 16 cases during the year proved unnecessary in view of aggregate saving of Rs.3608.11 crore as detailed in **Appendix XIV**.

In 17 cases, against additional requirement of only Rs.16845.37 crore, supplementary grants and appropriations of Rs.20657.04 crore were obtained, resulting in savings aggregating Rs.3811.67 crore. Details of these cases are given in **Appendix XV**.

In 8 cases supplementary provision of Rs.76.18 crore proved insufficient leaving an uncovered excess expenditure of Rs.68.34 crore. Details of these cases are given in **Appendix XVI**.

2.3.6 Persistent excesses

Significant excesses were persistent in 2 cases involving two grant as detailed below. Persistent excess requires investigation by the Government.

Statement showing Head and Sub-Head- wise cases of significant and persistent excess over Grants/Appropriations

(Rupees in crore)

Grant Number & Major Head	Sub-Head	Year								
		2000-2001			2001-2002			2002-2003		
		Provi- sion	Expen- diture	Excess (Percen- tage)	Provi- sion	Expen- diture	Excess (Percen- tage)	Provi- sion	Expen- -diture	Excess (Percen- -tage)
Revenue (Voted)										
18- Other expenditure pertaining to Finance Department 2075	Miscellaneous General Services. (797)(01)(1) Gujarat State Guarantee Redemption Fund	45.00	141.16	96.16 (213.69)	85.00	123.59	38.59 (45.40)	110.00	206.80	96.80 (88)
79-Relief on account of Natural Calamities 2245	-Relief on account of Natural Calamities. (01) (800) (13) (13) Employment Generation in only to meet additional requirements after taking into account of funds available under Plan Scheme viz., JRY, IJRY and EAS etc.	186.26	254.84	68.58 (36.82)	244.10	334.62	90.52 (37.08)	39.00	81.85	42.85 (109.87)
	Total	231.26	396.00	164.74	329.10	458.21	129.11	149.00	288.65	139.65

2.3.7 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. Cases where the re-appropriation of funds proved injudicious in view of final excess/savings over grant by over rupees one crore are detailed in **Appendix XVII and XVIII** respectively.

2.3.8 Delayed surrender

Besides, in 97 cases, Rs.9163.24 crore were surrendered in March 2003 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 & Entitlements) every month. The reconciliation had, however, remained in arrears in several departments. 18 Controlling Officers did not reconcile their figures and the amounts involved was Rs.208.13 crore as of December 2003.

2.5 Defective Re-appropriation

During 2002-2003, 115 re-appropriation orders of Rs.988.65 crore were issued. Of which, 90 orders aggregating Rs.887.22 crore were issued on 31st March 2003 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 particularly 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 4 quarters and also for the month of March 2003 is depicted in **Appendix XX** which shows that the expenditure incurred in March 2003 in 24 cases ranged between 31 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 72 cases, expenditure aggregating Rs.2599.09 crore exceeded the approved provisions by Rs. one crore or more in each case and also by more than 10 *per cent* of the total provisions. Details are given in **Appendix XXI**.

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.24.12 crore (Voted) and Rs.0.10 crore (Charged) was incurred in 14 and 1 cases respectively as detailed in **Appendix XXII** without any provision in original estimates/supplementary demand and without any re-appropriation orders to this effect.

2.8 Personal Ledger Accounts/Personal Deposit Accounts

Bombay Treasury Rules(BTR) as adopted by Government of Gujarat provide that moneys tendered by the Government officers acting in their official or other capacity and funds of non-government, quasi-public institutions may not be accepted as Personal Deposit at a treasury without permission of competent authority for opening of a banking account with that treasury. 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 Account is prohibited. As of March 2003, Rs.2794.40 crore were lying in PLAs under Major Heads 8443-Civil Deposit (Rs.169.05 crore), 8448-Deposits of Local Funds (Rs.1184.25 crore) and 8449-Other Deposits (Rs.1441.10 crore).

Six Drawing and Disbursing Officers (DDOs) drew Rs.23.73[♦] crore between March 1999 and March 2002 from Consolidated Fund and deposited into the PLAs. Out of this Rs.16.59 crore was lying unutilised (May 2003).

2.9 Audit of Abstract and Detailed Contingent Bills

As per provision of BTR, amount on abstract bill is required to be drawn for incurring inevitable contingent expenditure except contingent charges requiring countersignature before payment.

As per codal provisions and instructions issued by the State Government, DC Bills should be sent to Accountant General(Accounts and Entitlement) Gujarat, Rajkot by drawing and disbursing officers within three months from the date of drawal of AC Bill.

The amount drawn on AC Bill should be utilised by the drawing and disbursing officer for the purpose of drawal only. Test check of abstract contingent (AC) Bills and detailed contingent (DC) Bills in Departments revealed the following:

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- ♦ (i) District Planning Officer, Ahmedabad;Rs.4.75 crore (unutilised amount Rs.4.75 crore)
 - (ii) Director of Municipalities, Gandhinagar Rs.6.51 crore (unutilised amount Rs.6.51 crore)
 - (iii) Principal, Government Girls Polytechnic, Ahmedabad Rs.0.17 crore (unutilised amount Rs.0.17 crore)
 - (iv) Director of Social Defence, Ahmedabad Rs.3.54 crore (unutilised amount Rs.3.39 crore)
 - (v) District Primary Education Officer, District Panchayat, Rajkot Rs.4.06 crore (unutilised amount Rs.0.91 crore)
 - (vi) District Primary Education Officer, District Panchayat, Kheda Rs.4.70 crore (unutilised amount Rs.0.86 crore)
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• **Delay in submission of DC Bills**

Rupees 27.86 crore were drawn on 110 AC bills between March 2001 and March 2003 as shown in **Appendix XXIII**. Delay in submission of DC bills ranged between 1 to 13 months.

• **Diversion of Funds**

Four drawing and disbursing officers drew Rs.4.47[♥] crore on AC bills between March 2001 and March 2003 for purchase of ration items and providing relief/assistance to people affected by earthquake and riots. Out of this, Rs.1.47 crore was utilised for other purpose such as office expenses etc.

• **Excess drawal/unutilised**

Five^{*} DDOs drew Rs.1.34 crore between 1998-99 and 2002-03. The unutilised balance of Rs.0.30 crore was credited back after delay of one to nineteen months and in one case Rs.0.06 crore was not credited back to Government account (November 2003).

• **Irregular Drawal of fund**

According to BTR 279, the Contingencies mean all incidental and other expenses incurred for the management of an office or for the technical working of a department and not for Capital expenditure.

It was noticed that Superintending Engineer, National Highway, Vadodara had drawn Rs.1.00 crore on Abstract Contingent Bill in December 2000, for “Deposit Work” of construction of Road Transport Office Check Post. The above expenditure was classified under Capital Head of RTO i.e. for creation of Capital assets. Therefore, the money drawn on Abstract Contingent Bill was irregular.

• **Irregular payment**

As per the conditions of Revenue Department order No.RHL/232002/513/(3)S-4 dated 6.3.2002, payments to relief camps should be made only if they are registered or specifically permitted by Collector. If not, the beneficiary camps should get registered subsequently.

The Additional Chitnis to Collector, Ahmedabad had drawn funds through AC bills during April 2002 to October 2002 for payment of relief to Camps/Trusts providing help to people affected in riots. On scrutiny of DC bill, it was noticed that an amount of Rs.1.64 crore was paid to 20 beneficiary camps (**Appendix XXIV**) but there was no registration certificate found attached nor indicated in their stamped receipts resulting in irregular payment.

♥ (i) Superintendent, Central Prison, Ahmedabad Rs.2.23 crore in 2002-03
(ii) Mamlatdar (City), Ahmedabad Rs.0.75 crore in 9/2002
(iii) Superintendent, District Jail, Rajkot Rs.0.51 crore in 2002-2003.
(iv) Mamlatdar, Disaster Management Cell, Rajkot Rs.0.98 crore in 3/2001 and 5/2001

* 1) Dy.Collector, Mid-day meal, Anand Rs.1.06 crore
2) Mamlatdar(City), Surat Rs.0.04 crore
3) Superintendent, District Jail, Rajkot Rs.0.13 crore
4) Additional Chitnis to Collector, Ahmedabad Rs.0.06 crore
5) Mamlatdar (City), Surat Rs.0.05 crore

