

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 2003-2004 against Grants/Appropriation was as follows:

(Rupees in crore)						
	Nature of expenditure	Original Grants/ Appropriation	Supplementary Grants/ Appropriation	Total	Actual expenditure	Variation (-)Saving (+)Excess
Voted	I. Revenue	18864.35	1247.42	20111.77	16493.28	(-)3618.49
	II. Capital	4000.80	1330.49	5331.29	4063.29	(-)1268.00
	III. Loans & Advances	687.64	1795.76	2483.40	2424.80	(-)58.60
Total Voted		23552.79	4373.67	27926.46	22981.37	(-)4945.09
Charged	IV. Revenue	5588.81	105.49	5694.30	5849.66	(+)155.36
	V. Capital	Nil	8.76	8.76	7.40	(-)1.36
	VI. Public Debt	2364.39	12738.94	15103.33	12556.50	(-)2546.83
	VII. Inter State Settlement	0.01	Nil	0.01	Nil	(-)0.01
Total Charged		7953.21	12853.19	20806.40	18413.56	(-)2392.84
Grand Total		31506.00	17226.86	48732.86	41394.93	(-)7337.93

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs 388.80 crore and capital expenditure Rs 859.25 crore.

The overall savings of Rs.7337.93 crore as mentioned above was the net result of savings of Rs.7739.18 crore in 150 cases of grants and appropriations offset by excess of Rs.401.25 crore in 26 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:	2364.36			
Supplementary:	12738.94	15103.30	12556.50	2546.80

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.2782.93 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:	872.20			
Supplementary:	Nil	872.20	196.49	675.71

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.664.73 crore) mainly due to transfer of housing assistance and other works to plan side because of non receipt of fund from the World Bank and Asian Development Bank.

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	1409.99			
Supplementary:	Nil	1409.99	637.19	772.80

Saving occurred mainly under 4250-Capital Outlay on Other Social Services – Natural Calamities – Assistance to Disaster Management Authority (Rs.770.85 crore) in the Plan side due to non-taking up the works by the concerned department as planned during the Financial year.

Grant No.49 -Industries

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	318.86			
Supplementary:	Nil	318.86	146.00	172.86

Savings occurred mainly under 2852-Industries – General - Other Expenditure - Relief to Small, Medium and Large Sector affected by earthquake (Rs.43.19 crore) due to suspension of the payments because of non-finalisation of Inquiry Report on probable irregularities in payment of earthquake assistance. There were saving (Rs.54.84 crore) under General-Other Expenditure – Development of Textile Industry mainly due to cut imposed on plan ceiling and non-receipt of Administrative Approval from the Government.

Grant No. 65 – Narmada Development Scheme

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	737.95			
Supplementary:	1315.05	2053.00	1767.06	285.94

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 Limited (Rs.218.08 crore) due to non-receipt of the Share from the beneficiary States and 4701 – Capital Outlay on Major and Medium Irrigation – General – Investments in Public Sector and Other Undertakings – Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited - Other Government (Rs.136.35 crore) due to non-receipt of the share from the beneficiary States and 4701 – Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited (Rs.275.29 crore) due to non-receipt of the share from the beneficiary States in the Plan side.

Grant No. 66 – Irrigation and Soil Conservation

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	2045.70			
Supplementary:	1.50	2047.20	298.98	1748.22

Savings occurred mainly under 2701-Maintenance and Repairs – Interest on work (Rs.1753.50 crore). Reasons for savings has not been intimated.

Grant No. 71 – Rural Housing and Rural Development Department

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	747.36			
Supplementary:	80.68	828.04	344.55	483.49

Savings occurred mainly under 2216-Housing Assistance to the construction of houses on the house sites allotted to Sardar Patel Awas Yojana under poverty alleviation programme Indira Awas Yojana CSS (Rs. 133.50 crore), 2505- Pradhan Mantri Gram Sadak Yojana (PMGSY) (Rs.72.20 crore), 2505-Sampurna Gramin Yojana (Rs.73.83 crore) anticipated due to release of Central assistance directly to the DRDA by the Government of India.

(ii) In 61 cases, savings exceeding Rupees five crore in each case and/or by more than 10 *per cent* of total provision amounted to Rs.6700.33 crore as indicated in **Appendix X**. In 17[^] of these, the entire provision totaling Rs.651.04 crore was not utilised.

(iii) Out of 14 cases of saving of Rupees one crore each, in two cases, the entire saving of above Rupees one crore remained un-surrendered and aggregated to Rs.2.38 crore (**Appendix XI**), whereas in 12 cases even after partial surrender, savings amounting to Rs.1772.94 crore (**Appendix XII**) remained un-surrendered.

2.3.2 Persistent savings

Under four major heads in three grants, there were persistent savings of more than Rs. 100 crore/50 crore in each case and 20 *per cent* or more of provision. Details are given below.

[^] 8(2),9(2),13,49(3),57,66,71(7) and 101

(Rupees in crore)

Grant Number and Major Head	Sub-Head	2001-02	2002-03	2003-04
		Saving (percentage of Provision)		
18-Major Head 2075	Miscellaneous General Services liability on account of increase in rates of Dearness Allowance	120.00 (100)	60.00 (100)	60.00 (100)
18-Major Head 2075	Miscellaneous General Services liability on account of payment of arrears arising from implementation of the Recommendations of New Pay Commission.	100.00 (100)	100.00 (100)	100.00 (100)
65-Narmada Development Scheme Major Head 4801	Capital outlay on Major and Medium Irrigation Share Capital contribution to Sardar Sarovar Narmada Nigam Limited (Plan)	214.67 (100)	142.50 (94.40)	218.08 (96.45)
34- Other Expenditure pertaining to G.A. Department Major Head 4250	Assistance to Disaster Management Authority (Plan)	1282.27 (69.98)	680.00 (51.63)	770.85 (54.77)
	Total	1716.94	982.50	1148.93

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.8190.71 crore for the years 1993-94 to 2002-03 had not been regularised so far (September-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, 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
2002-2003	17	30, 35, 40, 42, 46, 60, 61, 68, 69, 73, 78, 80, 84, 86, 88, 104 (Voted and Charged)	114.18	Not Submitted
Total	291		8190.71	

• Excess over provisions during 2003-04 requiring regularisation

The excess of Rs.401.26 crore under 26 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 2004.

Of the excess of Rs.401.26 crore, the excess under Grant No.19 – Repayment of debt pertaining to Finance Department and its servicing and Grant No.86 – Roads and Bridges amounted to Rs.272.55 crore.

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs.17226.86 crore) made during this year constituted 55 *per cent* of the original provision (Rs.31506.00 crore) as against 74 *per cent* in the previous year.

2.3.5 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs.152.47 crore made in 10 cases during the year proved unnecessary in view of aggregate saving of Rs.2433.82 crore as detailed in **Appendix XIV**.

In 15 cases, against additional requirement of only Rs.11995.91 crore, supplementary grants and appropriations of Rs.14952.34 crore were obtained, resulting in savings aggregating Rs.2956.43 crore. Details of these cases are given in **Appendix XV**.

In 14 cases, supplementary provision of Rs.1712.96 crore proved insufficient leaving an uncovered excess expenditure of Rs.330.80 crore. Details of these cases are given in **Appendix XVI**.

2.3.6 Persistent excesses

There was one case of significant and persistent excess as detailed below. Persistent excess requires investigation by the Government.

(Rupees in crore)

(Rupees in Crores)										
Grant Number and Major Head	Sub-Head	2001-2002			2002-2003			2003-2004		
		Provi-sion	Expen-diture	Excess (Perce-ntage)	Provi-sion	Expen-diture	Excess (percen-tage)	Provi-sion	Expen-diture	Excess (perce-ntage)
Revenue (Voted)										
18-Other expenditure pertaining to Finance Department Major Head 2075	Miscella-neous General Services (797)(01) (1) Gujarat State Guarantee Redemption Fund	85.00	123.59	38.59 (45.40)	110.00	206.80	96.80 (88)	Nil	8.26	8.26 (100)
	Total	85.00	123.59	38.59	110.00	206.80	96.80	Nil	8.26	8.26

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

In 96 cases, Rs.7023.99 crore were surrendered in March 2004 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 21 controlling officers did not reconcile their figures. The amounts involved was Rs.718.29 crore as on March 2004.

2.5 Defective Re-appropriation

During 2003-2004, 131 re-appropriation orders of Rs.1121.25 crore were issued and of these 116 orders aggregating Rs.1071.00 crore were issued on 31st March 2004 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 4 quarters and also for the month of March 2004 is depicted in **Appendix XX** which shows that the expenditure incurred in March 2004 in 40 cases ranged between 32 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 47 cases, expenditure aggregating Rs.1904.77 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 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.71.28 crore was incurred in 28 cases 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

Bombay Treasury Rules (BTR) as adopted by Government of Gujarat provide 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.

Two Drawing and Disbursing Officers drew Rs.2.48 crore* from the Consolidated Fund for Operation Black Board Scheme (Centrally Sponsored Scheme) and deposited into the PLAs.

2.9 Audit of Abstract and Detailed Contingent Bills

As per codal provisions and instructions issued by the State Government, DC Bills should be sent 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 the following;

Delay in submission of DC Bills

Rupees 61.11 crore were drawn on 189 AC Bills between December 2000 and March 2004 as shown in **Appendix-XXIII**. Delay in submission of DC bills was up to 55 months.

Diversion of funds

Four Drawing and Disbursing Officers drew Rs.12.09 crore♥ on AC bills during 2002-03 and 2003-04 for the purpose of mid day meal scheme, relief to people affected by communal riots, payment of cash dole and house hold items and payment of earthquake relief. Out of this, Rs. 1.56 crore was utilised for other purposes such as pay and allowance of staff and office expenses etc.

* District Primary Education Officer, Anand	Rs.1.31 crore
District Primary Education Officer, Junagadh	<u>Rs.1.17 crore</u>
	Rs.2.48 crore
♥ Mamlatdar (City), Ahmedabad	Rs.1.04 crore
Mamlatdar (City), Morvi	Rs.5.85 crore
Mamlatdar (City), Anjar	Rs.2.25 crore
Mamlatdar (City), Gandhinagar	Rs.2.95 crore

Improper and incomplete vouchers furnished with DC Bills

Three Drawing and Disbursing Officers drew Rs.15.59 crore[^] between January 2002 and March 2003 for the distribution among the communal riot affected persons, for the distribution to the District Panchayats under “Samras Gram Yojana” scheme and for the purpose of purchase and supply of cattle feed. In the above cases the accounts for Rs.14.69 crore were not maintained properly and detailed vouchers were not made available.

Irregular clubbing of DC Bills

As per the provisions of the BTR, 1960 the drawing officer is required to submit the DC bill in respect of each AC Bill within three months from the date of drawal of AC Bill.

Four Drawing and Disbursing Officers drew funds through more than one AC bill but prepared a single DC bill for the total amount and submitted to Accountant General (A&E) as shown in **Appendix-XXIV**.

Irregular drawal of fund to avoid lapse of grant

As per para No.2 of BTR 283, no money should be drawn from the treasury unless it is required for immediate disbursement. The Mamlatdar, Morvi drew an amount of Rs.13.92 crore on 43 AC bills at the fag end of the year i.e. February 2001 and March 2001 for payment of cash dole to affected people of earthquake. The DC bill was prepared and submitted after one year.

Irregularities in payment

As per the instructions issued by the Government relief should be paid to the earthquake affected families after due verification of their existence based on ration card, house documents, electricity bills, etc.

Two Drawing and Disbursing Officers made payment of relief to earthquake affected families worth Rs.2.56 crore* without verification of their existence.

[^] Mamlatdar (City), Ahmedabad	Rs.1.00 crore
District Development Officer, Gandhinagar	Rs.0.23 crore
District Development Officer, Anand	Rs.14.36 crore
[*] Mamlatdar (City), Anjar	Rs.2.50 crore
Mamlatdar (City), Bhuj	Rs0.06 crore
