

CHAPTER – II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

The Appropriation Accounts prepared annually indicate the details of amounts actually spent by the Government on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

Audit of Appropriation Accounts by Comptroller and Auditor General of India seeks to ascertain whether the expenditure incurred under various grants was within the authorisation given under the Appropriation Act by the State Legislature for that year and the expenditure required to be charged under the provisions of the Constitution was so charged. It also ascertains whether the expenditure so incurred was in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2007-08 against 26 grants/appropriations was as follows:

Nature of expenditure		Original grants/ appropriations	Supplementary grants/ appropriations	Total	Actual expenditure	Saving(-) / Excess(+)
(Rupees in crore)						
Voted	I. Revenue	14,342.55	1,591.80	15,934.35	15,218.42	(-) 715.93
	II. Capital	4,475.51	277.55	4,753.06	4,828.67	(+) 75.61
	III. Loans and Advances	187.04	111.03	298.07	285.85	(-) 12.22
Total Voted		19,005.10	1,980.38	20,985.48	20,332.94	(-) 652.54
Charged	IV. Revenue	2,583.25	2.94	2,586.19	2,422.21	(-) 163.98
	V Capital	27.00	32.00	59.00	54.66	(-) 4.34
	VI Public Debt	2,216.09	-	2,216.09	840.92	(-) 1,375.17
Total Charged		4,826.34	34.94	4,861.28	3,317.79	(-) 1,543.49
Grand Total		23,831.44	2,015.32	25,846.76	23,650.73	(-) 2,196.03

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue heads (Rs 113.76 crore) and Capital Heads (Rs 1,457.51 crore).

The overall saving of Rs 2,196.03 crore was the net result of saving of Rs 2,625.75 crore (49 cases) of 26 grants/appropriations offset by excess of Rs 429.72 crore in six cases of five grants/appropriations.

Supplementary provisions of Rs 2,015.32 crore obtained during the year constituted eight *per cent* of the original provision as against 16 *per cent* in the previous year.

- Genuineness of expenditure of Rs 51.25 lakh drawn on 15 Abstract Contingent (AC) bills during 2004-05 (4 AC bills for Rs 18.07 lakh), 2005-06 (8 AC bills for Rs 23.09 lakh) and 2006-07 (3 AC bills for Rs 10.09 lakh) could not be verified as Detailed Contingent bills with supporting vouchers were not submitted (June 2008).

2.3 Appropriation by allocative priorities

2.3.1 Grants/Appropriation where there were substantial savings

Grant Number 9-Education

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	2,911.98	2,976.61	2,753.45	223.16
Supplementary	64.63			

Savings occurred mainly under '2202-General Education-Elementary Education' (Rs 152.33 crore), 'University and Higher Education' (Rs 28.27 crore) and 'Secondary Education' (Rs 26.87 crore). Savings were mainly due to extra provision of funds for vacant posts in primary and middle school classes, less release of funds by GOI, receipt of less number of claims of medical reimbursement and Leave Travel Concession, etc.

Grant Number 14-Food and Supplies

(Rupees in crore)

Capital (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	1,622.82	1,622.82	1,421.19	201.63
Supplementary	Nil			

Savings occurred mainly under '4408-Capital Outlay on Food Storage and Warehousing-Grain Supply Scheme' (Rs 174.84 crore) and 'Interest on Capital' (Rs 29.05 crore). Saving was mainly due to less purchase of wheat under Food Storage and Warehousing (Grain Supply Scheme).

Grant Number 15-Irrigation

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	2,989.78	3,399.93	3,221.41	178.52
Supplementary	410.15			

Savings occurred mainly under '2701-Medium Irrigation-Improvement of Old/Existing Channels under NABARD' (Rs 84.50 crore) and '2700-Major Irrigation-Jawahar Lal Nehru Project (Commercial)' (Rs 71.03 crore). Savings were mainly due to non-release of grants by GOI, financial constraints and due to posts being kept vacant, etc.

Grant Number 6-Finance

(Rupees in crore)

Revenue (Charged)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	2,555.17	2,555.17	2,395.74	159.43
Supplementary	Nil			

Savings occurred mainly under '2049-Interest Payments-Interest on Loans and Advances from Central Government' (Rs 116.61 crore) and 'Interest on Internal Debt' (Rs 69.94 crore). Savings were mainly due to less payment of interest decline in the receipt of loans from Government of India (GOI) and NABARD.

Grant Number 22-Co-operation

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	84.24	583.29	429.98	153.31
Supplementary	499.05			

Savings occurred mainly under '2425-Co-operation-Assistance to Credit Co-operatives-Assistance to Scheduled Castes Labour and Construction Societies' (Rs 117.73 crore) and 'Rebate on rate of Interest regarding short term crop loans advanced by Co-operative Banks' (Rs 30.00 crore). Savings were mainly due to less demand of funds from Haryana State Co-operative and Rural Development Bank and Haryana State Co-operative Apex Bank Limited, cut imposed on plan outlay, etc.

Appropriation-Public Debt

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	2,216.09	2,216.09	840.92	1,375.17
Supplementary	Nil			

Savings were mainly due to non-availing of Cash Credit Limit for procurement.

2.3.2 Substantial saving

In 41 cases, expenditure fell short by more than Rs 10 crore in each case and also by more than 10 per cent of the original provision as indicated in **Appendix XIV**. In 11 cases¹, the entire provision totalling Rs 1,658.71 crore remained unutilised.

2.3.3 Persistent savings

In two cases, there were persistent savings of Rs 10 lakh and above (10 per cent)

¹ Sr. No. 3, 6, 7, 15, 16, 26, 32, 33, 38, 39 and 41 of **Appendix XIV**.

due to excess provisions in the last three years. Details are given below:

Sr. No.	Number and name of grants/appropriations	Percentage of saving to total provision (amount of savings - Rupees in crore)		
		2005-06	2006-07	2007-08
Revenue (Voted)				
1.	19-Fisheries	10 (1.44)	19 (2.85)	13 (2.18)
Capital (Charged)				
2.	Public debt	30 (475.43)	38 (684.02)	62 (1,375.17)

Persistent savings indicated inappropriate budget assumptions.

2.3.4 Unsurrendered Savings

According to rules, the spending departments are required to surrender the grants/appropriations or portions thereof every year to the Finance Department as and when the savings are anticipated.

However, in 12 cases, against the available savings of Rs 905.59 crore, only Rs 604.64 crore were surrendered leaving savings of Rs 300.95 crore unsurrendered as given below:

Sr. No.	Name of the grants/ appropriations	Saving	Surrender	Saving remained un-surrendered
		(Rupees in crore)		
Revenue (Voted)				
1.	6-Finance	22.14	5.79	16.35
2.	9-Education	223.16	133.69	89.47
3.	15-Irrigation	178.52	14.31	164.21
4.	17-Agriculture	86.89	72.74	14.15
5.	19-Fisheries	2.18	1.92	0.26
6.	21-Community Development	3.80	2.76	1.04
7.	23-Transport	12.19	11.97	0.22
Capital (Voted)				
8.	13-Social Welfare and Rehabilitation	2.01	1.51	0.50
9.	14-Food and Supplies	201.63	201.32	0.31
10.	23-Transport	1.43	1.10	0.33
11.	25-Loans and Advances by State Government	12.21	11.42	0.79
Revenue (Charged)				
12.	6-Finance	159.43	146.11	13.32
Total		905.59	604.64	300.95

Though such failures had been pointed out in earlier Audit Reports, the deficiencies/shortcomings continue to persist year after year. This indicated that expenditure control mechanism and State level budgetary control process were ineffective.

2.3.5 Excessive supplementary provisions

Supplementary provisions of Rs 78.53 crore in four cases proved unnecessary as the expenditure in each case was less than the original provision as detailed below:

Sr. No.	Number and name of grant	Original grant	Supplementary provision	Total	Expenditure	Saving
(Rupees in crore)						
Revenue (Voted)						
1	1-Vidhan Sabha	14.80	0.31	15.11	14.56	0.55
2	9-Education	2,911.98	64.63	2,976.61	2,753.45	223.16
3	16-Industries	96.69	5.95	102.64	83.57	19.07
Capital (Voted)						
4	10-Medical and Public Health	714.10	7.64	721.74	683.68	38.06
Total		3,737.57	78.53	3,816.10	3,535.26	280.84

2.3.6 Unnecessary augmentation of funds

In 16 cases, against additional requirement of Rs 1,249.46 crore, supplementary provisions of Rs 1,695.43 crore were obtained resulting in savings (in each case exceeding Rs 50 lakh) aggregating Rs 445.97 crore. Details of these cases are given below:

Sr. No.	Number and name of grants/appropriations	Original grants/appropriations	Supplementary provision	Total	Expenditure	Saving
(Rupees in crore)						
Revenue (Voted)						
1.	3-Home	886.65	25.55	912.20	911.39	0.81
2.	4-Revenue	333.69	60.40	394.09	383.35	10.74
3.	5-Excise and Taxation	60.87	6.47	67.34	65.89	1.45
4.	6-Finance	1,257.52	88.81	1,346.33	1,324.19	22.14
5.	7-Other Administrative Services	40.04	8.96	49.00	47.77	1.23
6.	11-Urban Department	269.56	112.76	382.32	370.89	11.43
7.	13-Social Welfare and Rehabilitation	1,108.69	41.28	1,149.97	1,112.58	37.39
8.	15-Irrigation	2,989.78	410.15	3,399.93	3,221.41	178.52
9.	20-Forest	156.97	2.73	159.70	157.78	1.92
10.	21-Community Development	728.19	184.37	912.56	908.76	3.80
11.	22-Co-operation	84.24	499.05	583.29	429.98	153.31
Capital (Voted)						
12.	16-Industries	1.31	65.00	66.31	65.76	0.55
13.	22-Co-operation	18.14	7.19	25.33	19.56	5.77
14.	23-Transport	94.58	39.68	134.26	132.84	1.42
15.	25-Loans and Advances by State Government	187.03	111.03	298.06	285.85	12.21
Capital (Charged)						
16.	15-Irrigation	25.00	32.00	57.00	53.72	3.28
Total		8,242.26	1,695.43	9,937.69	9,491.72	445.97

2.3.7 Excess expenditure over provisions of 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. However, excess expenditure amounting to Rs 885.61 crore for the years 2005-06 and 2006-07, as detailed below was yet to be regularised (July 2008). This was breach of legislative control over appropriations.

Year	Number of grants/appropriations	Amount of excess	Amount for which expenditure not furnished to PAC
2005-06	3, 8, 10 and 15	2,68,86,50,000	Furnished
2006-07	3, 6, 10, 15 and 20	6,16,73,66,040	3,79,91,86,588

2.3.8 Excess expenditure over provisions of 2007-08 requiring regularisation

The excess of Rs 4,29,72,47,782 involving five grants/appropriations required regularisation under Article 205 of the Constitution. Details are given below:

Sr. No	Number and name of grants/appropriations	Total grants/appropriations	Actual expenditure	Excess
(In Rupees)				
Revenue (Voted)				
1.	8-Buildings and Roads	6,14,39,48,000	6,58,90,29,816	44,50,81,816
2.	10-Medical and Public Health	10,43,94,83,000	10,98,21,84,578	54,27,01,578
Revenue (Charged)				
1.	3-Home	15,48,87,000	16,50,20,920	1,01,33,920
Sub-Total		16,73,83,18,000	17,73,62,35,314	99,79,17,314
Capital (Voted)				
1.	8-Buildings and Roads	6,98,68,83,000	7,49,80,04,349	51,11,21,349
2.	15-Irrigation	14,03,90,00,000	16,82,62,22,585	2,78,72,22,585
3.	24-Tourism	15,00,00,000	15,09,86,534	9,86,534
Sub-Total		21,17,58,83,000	24,47,52,13,468	3,29,93,30,468
Grand-Total				4,29,72,47,782

Government did not furnish reasons for excess expenditure (July 2008).

2.3.9 Substantial excesses

In 32 cases, the expenditure exceeded the original provision by Rupees five crore or 10 *per cent*. Huge variation between the budget provision and final expenditure indicate poor budget projection. Details of these are given in *Appendix XV*.

2.3.10 Injudicious surrender of funds

In 12 cases, funds were surrendered injudiciously in excess of the available savings as detailed in *Appendix XVI*. In three such cases, Rs 17.74 crore² were surrendered despite excess expenditure of Rs 377.50 crore. The injudicious

² Item No. 3, 4, and 11 of *Appendix XVI*.

surrender of funds indicates inadequacy in the financial and budgetary control practices in the departments.

2.3.11 Injudicious reappropriation of funds

Reappropriation 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 injudicious reappropriation of funds resulted in excesses/savings by over Rupees one crore in each case, are given in *Appendix XVII*.

2.3.12 Expenditure without provision

As envisaged in the Budget Manual, expenditure should not be incurred on any scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs 104.53 crore was incurred in five cases, as detailed in *Appendix XVIII*, without provision in the original estimates/supplementary demands and no reappropriation orders were issued.

2.4 Trend of recoveries

Under the system of gross budgeting followed by the Government, the demands for grants presented to the Legislature are for gross expenditure and include all credits and recoveries; these are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates.

In two grants³, the actual recoveries adjusted in reduction of expenditure (Rs 49.50 crore) exceeded the estimated recoveries (Rs 39.42 crore) by Rs 10.08 crore. Though no recovery was provided in the budget estimates in respect of grant number '15-Irrigation' for the year 2007-08, recovery of Rs 27.85 crore was made. Further, in respect of six grants⁴, the actual recoveries (Rs 1,442.92 crore) were less than the estimated recoveries (Rs 1,773.07 crore) by Rs 330.15 crore. Details of recoveries are given in appendix to the Appropriation Accounts. Huge variation between the estimated recoveries and actual realisation indicated faulty budgeting.

2.5 Excesses/savings without explanation

After the close of accounts of each financial year, the detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and

³ 10-Medical and Public Health (Revenue) and 14-Food and Supplies (Revenue).

⁴ 4-Revenue, 8-Buildings and Roads, 14-Food and Supplies, 17-Agriculture, 22-Co-operation and 25-Loans and Advances by State Government.

resultant variations are sent to the Controlling Officers, requiring them to explain the variations in general and those under important heads/sub-heads in particular.

Explanations for excesses and savings in respect of the Appropriation Accounts for the year 2007-08 were not received in respect of 175 heads/sub-heads against the total of 723 heads/sub-heads of account.