

## CHAPTER-II

## ALLOCATIVE PRIORITIES AND APPROPRIATION

**2.1 Introduction**

Appropriation Accounts are prepared every year indicating 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.

The objective of appropriation audit is 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 2007-2008 against the 32 Grants/Appropriations was as follows:

Table: 2.1

(Rupees in crore)

		Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure*	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	6,455.48	769.05	7,224.53	7,584.47	(+) 359.94
	II Capital	1,158.91	431.88	1,590.79	1,512.66	(-) 78.13
	III Loans and Advances	28.96	2.06	31.02	13.93	(-) 17.09
<b>Total: Voted</b>		<b>7,643.35</b>	<b>1,202.99</b>	<b>8,846.34</b>	<b>9,111.06</b>	<b>(+) 264.72</b>
<b>Charged</b>	IV Revenue	1,785.82	5.91	1791.73	1,722.11	(-) 69.62
	V Capital	1.60	0.04	1.64	1.48	(-) 0.16
	VI Public Debt	1,001.42	--	1,001.42	936.60**	(-) 64.82
<b>Total: Charged</b>		<b>2,788.84</b>	<b>5.95</b>	<b>2,794.79</b>	<b>2,660.19</b>	<b>(-) 134.60</b>
<b>Grand Total:</b>		<b>10,432.19</b>	<b>1,208.94</b>	<b>11,641.13</b>	<b>11,771.25</b>	<b>(+) 130.12</b>

\* These are gross figures inclusive of recoveries adjusted in reduction of expenditure *viz.*, Revenue expenditure: Rs 1,014.83 crore;

Capital expenditure: Rs 100.65 crore-

\*\* Includes Rs 42 crore on account of repayment of normal Ways and Means Advances obtained from Reserve Bank of India.

Against the original Grants and Appropriations of Rs 10,432.19 crore, supplementary Grants and Appropriations of Rs 1,208.94 crore were obtained during 2007-2008. There was a net excess of Rs 130.12 crore which was the result of an overall excess of Rs 359.94 crore, partly offset by saving of Rs 229.82 crore.

## 2.3 Fulfilment of Allocative Priorities

### 2.3.1 Savings/excesses in Grants/Appropriations

The net excess of Rs 130.12 crore was the result of savings in 45 cases and excesses in 24 cases as shown below:

Table: 2.2

(Rupees in crore)

	Savings		Excess		Net Saving (-)/ Excess (+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Voted	161.21 (in 17 Grants)	118.57 (in 21 Grants)	521.15 (in 15 Grants)	23.36 (in six Grants)	(+) 359.94	(-) 95.21
Charged Appropriations	70.06 (in four Appropriations)	64.99 (in three Appropriations)	0.44 (in three Appropriations)	--	(-) 69.62	(-) 64.99

### 2.3.2 Appropriation by Allocative Priorities

Out of overall savings of Rs 415 crore, major savings of Rs 370 crore (89 per cent) occurred in five grants and one appropriation as mentioned below:

Table: 2.3

(Rupees in crore)

Grant No.	Original	Supplementary	Total	Actual expenditure	Saving
<b>(Revenue Voted)</b>					
23-Power Development	187.92	---*	187.92	172.29	15.63
29-Finance	901.56	168.01	1,069.57	971.38	98.19
32-Scheduled Caste Sub-Plan	129.29	---**	129.29	108.55	20.74
<b>Total:</b>	<b>1,218.77</b>	<b>168.01</b>	<b>1,386.78</b>	<b>1,252.22</b>	<b>134.56</b>
<b>(Revenue Charged)</b>					
29-Finance	1,772.48	---*	1,772.48	1,702.72	69.76
<b>Total:</b>	<b>1,772.48</b>	<b>---</b>	<b>1,772.48</b>	<b>1,702.72</b>	<b>69.76</b>
<b>(Capital Voted)</b>					
13-Irrigation, Water Supply and Sanitation	390.52	149.37	539.89	528.44	11.45
18-Industries, Minerals, Supplies and Information Technology	22.22	---*	22.22	2.72	19.50
29-Finance	23.86	---	23.86	9.10	14.76
32-Scheduled Caste Sub-Plan	107.71	19.03	126.74	71.97	54.77
<b>Total:</b>	<b>544.31</b>	<b>168.40</b>	<b>712.71</b>	<b>612.23</b>	<b>100.48</b>
<b>Capital Charged</b>					
29-Finance	1,001.42	---***	1,001.42	936.60	64.82
<b>Total:</b>	<b>1,001.42</b>	<b>---</b>	<b>1,001.42</b>	<b>936.60</b>	<b>64.82</b>
<b>Grand Total:</b>	<b>4,536.98</b>	<b>336.41</b>	<b>4,873.39</b>	<b>4,503.77</b>	<b>369.62</b>

\* Rs 1,000 only.

\*\* Rs 15,000 only.

\*\*\* Rs 4,000 only.

Grants/Appropriations where major savings occurred are shown in table below:

Table: 2.4

(Rupees in crore)

Grant number	Major head of account	Areas of major savings	Savings
29	2049-Interest Payments	7.53 per cent Himachal Pradesh State Development Loan 2005	9.76
29	2049-Interest Payments	General Provident Fund	25.82
29	6003-Internal Debt of the State Government	Loans from Himachal Development Financial Corporation	12.57
29	6003- Internal Debt of the State Government	13 per cent Himachal Pradesh State Development Loan 2007	25.73
32	5054-Capital outlay on Roads and Bridges	Construction of Rural Roads	9.84

Reasons for savings were not intimated by the departments in respect of Grant numbers 3, 4, 7, 8, 9, 10, 11, 12, 13, 15, 19, 29, 30 and 32.

In 10 cases, savings exceeding Rupees three crore in each case and ranging between two and 62 per cent of the total provision amounted to Rs 352.12 crore as indicated in **Appendix-VIII**.

### 2.3.3 Excess over provision relating to previous years requiring regularisation

According to Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a Grant/Appropriation regularised from the State Legislature. Excess expenditure amounting to Rs 9,353.68 crore for the years 2003-2007, as detailed below, was yet to

be regularised (August 2008) by the State Legislature.

*Table: 2.5*

(Rupees in crore)

Year	No. of Grants/ Appropriations	Grant/Appropriation No(s)	Amount of excess
2003-04	21	1, 2, 3, 4, 5, 7, 9, 10, 12, 13, 15, 16, 17, 19, 23, 25, 26, 28, 29, 30 and 31	4,515.60
2004-05	23	3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 23, 25, 26, 28, 29, 30 and 31	3,095.14
2005-06	18	2, 3, 5, 7, 8, 9, 10, 11, 12, 14, 15, 16, 21, 25, 26, 28, 29 and 31	846.35
2006-07	24	1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 17, 18, 19, 20, 21, 22, 24, 26, 27, 28, 29 and 31	896.59
	<b>Total:</b>		<b>9,353.68</b>

#### **2.3.4 Excess over provision during 2007-2008 requiring regularisation**

During 2007-2008, there was a total excess of Rs 521.15 crore in 15 Grants in the revenue section and Rs 0.44 crore in three Appropriations while the excesses in the capital section amounted to Rs 23.36 crore in six Grants. The excess of Rs 544.94 crore as indicated in **Appendix-IX** requires regularisation.

Reasons for the excesses had not been furnished by the Government as of August 2008.

#### **2.3.5 Original Budget and Supplementary Provision**

The overall supplementary Grants and Appropriations obtained during 2007-2008 constituted 12 *per cent* of the original Grants and Appropriations.

#### **2.3.6 Unnecessary/excessive/inadequate Supplementary Provision**

Supplementary provision of Rs 1.04 crore and Rs 19.75 crore in the Revenue-Voted Section and Capital-Voted Section in two cases each was unnecessary as the expenditure in each case was less than the original provision, as indicated in the **Appendix-X**.

In eight cases, against the additional requirement of Rs 304.90 crore (Revenue: Rs 105.40 crore and Capital: Rs 199.50 crore), supplementary grants of Rs 439.55 crore (Revenue: Rs 216.71 crore and Capital:

Rs 222.84 crore) were obtained resulting in an overall savings of Rs 134.65 crore. The relevant details are given in **Appendix-XI**.

Supplementary provision of Rs 488.82 crore (Revenue: Rs 337.01 crore and Capital: Rs 151.81 crore) obtained in 11 cases, as detailed in **Appendix-XII**, proved inadequate by more than Rs 3 crore in each case leaving an aggregate uncovered excess expenditure of Rs 538.61 crore.

### **2.3.7 Persistent excess**

Expenditure was persistently in excess in Grant No. 10-Public Works-Roads, Bridges and Buildings during 2005-2008 and ranged between 12 and 73 per cent.

### **2.3.8 Surrender of funds**

Savings in a Grant or Appropriation are to be surrendered to the Government immediately after these are foreseen, without waiting till the end of the year, unless such savings are required to meet excesses under some other heads. No savings should be held in reserve for possible future excesses.

In 12 cases, against the available savings of Rs 346.84 crore (savings of Rs one crore and above in each case), savings aggregating Rs 175.98 crore were either not surrendered fully or not surrendered at all. In four cases, the amount surrendered exceeded the overall savings by Rs 81.19 crore. Further, in the case of two Grants, Rs 41.14 crore were surrendered although expenditure exceeded the grants by Rs 126.98 crore and no savings were available for surrender. Relevant details are indicated in **Appendix-XIII**.

These instances are indicative of ineffective monitoring and control over expenditure.

### **2.3.9 Trend of recoveries**

Demands for Grants are for the gross amounts of expenditure to be incurred in a particular year and show recoveries to be taken in reduction of expenditure separately by way of footnotes thereunder. Similarly, the recoveries are also shown separately in the Appropriation Accounts in an appendix thereto.

Scrutiny of the Accounts for 2007-08 revealed that against the budget estimates of Rs 685.68 crore, actual recoveries were Rs 1,014.83 crore in the revenue section. In the capital section, against the budget estimates of Rs 62.35 crore, actual recoveries and adjustments were Rs 100.65 crore. Thus, recoveries in reduction of expenditure were underestimated by Rs 329.15 crore in the revenue section and Rs 38.30 crore in the capital

section. Details of variations over Rupees one crore in each case are given in **Appendix-XIV**.

### **2.3.10 Injudicious reappropriation**

In four cases (sub-heads) involving four grants, the reappropriation proved to be injudicious, as the original provisions under the sub-heads to which Rs 0.93 crore were transferred by reappropriation were adequate and consequently, the amounts reappropriated remained unutilised. On the other hand, in four cases involving four grants, the heads from which Rs 66.17 crore were transferred did not have any savings available under them for reappropriation, as Rs 2.90 crore had already been spent in excess under these heads.

Relevant details are contained in **Appendix-XV**.