

CHAPTER II
ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

2.1.1 In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

2.1.2 The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Articles 204 and 205 of the Constitution of India and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of the amounts on various specified services actually spent by Government *vis-à-vis* those authorised by the Appropriation Act.

2.1.3 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 – 2005-06

2.2.1 The summarised position of original and supplementary grants/appropriations and expenditure thereagainst is given below:

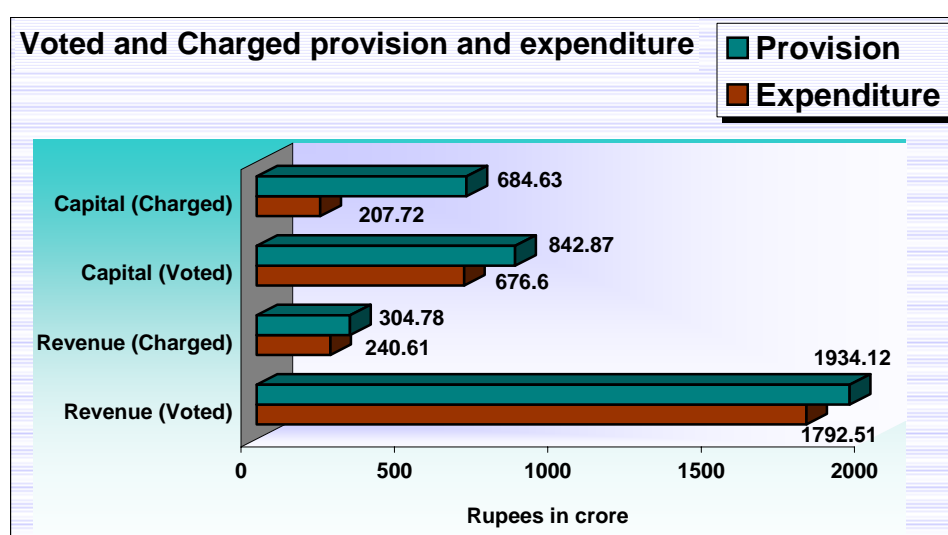
Total number of Grants/
Appropriations : 50 (47 Grants; 3 Appropriations)

Table 1
Total provision and actual expenditure
(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	3227.07		
Supplementary	539.33		
Total Gross Provision	3766.40	Total gross expenditure	2917.44
Deduct – Estimated recoveries in reduction of expenditure	80.60	Deduct – Actual recoveries in reduction of expenditure	28.80
Total net provision	3685.80	Total net expenditure	2888.64

Table 2
Voted and Charged provision and expenditure

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1934.12	304.78	1792.51	240.61
Capital	842.87	684.63	676.60	207.72
Total Gross :	2776.99	989.41	2469.11	448.33
Deduct-Recoveries in reduction of expenditure	80.60	—	28.80	—
Total : Net	2696.39	989.41	2440.31	448.33



The summarised position of actual expenditure, excess and savings during 2005-06 against grants and appropriations was as follows:

Table 3

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	(Rupees in crore)	
					Actual expenditure	Saving(-)/ Excess (+)
Voted	I. Revenue	1618.20	315.92	1934.12	1792.51	(-) 141.61
	II. Capital	538.27	221.89	760.16	616.01	(-) 144.15
	III. Loans & Advances	81.99	0.72	82.71	60.59	(-) 22.12
Total Voted		2238.46	538.53	2776.99	2469.11	(-) 307.88
Charged	IV. Revenue	303.98	0.80	304.78	240.61	(-) 64.17
	V. Capital	—	—	—	—	—
	VI. Public Debt	684.63	—	684.63	207.72	(-) 476.91
Total Charged		988.61	0.80	989.41	448.33	(-) 541.08
	Appropriation to Contingency Fund (if any)	—	—	—	—	—
Grand Total		3227.07	539.33	3766.40	2917.44	(-) 848.96

2.3 Fulfilment of allocative priorities

2.3.1 Appropriation by allocative priorities

(i) The overall saving of Rs.848.96 crore was the result of saving of Rs.865.89 crore in 69 cases of grants and appropriations offset by excess of Rs.16.93 crore in 16 cases of grants. The excess of Rs.16.93 crore requires regularisation under Article 205 of the Constitution.

Out of overall savings of Rs.848.96 crore, major savings of Rs.762.95 crore (89.87 per cent) occurred in the cases of the grants/appropriations as mentioned below:

(Rupees in crore)

Grant/ Appropriation No.	Amount of Grant/Appropriation			Actual Expenditure	Saving
	Original	Supplementary	Total		
5. Finance Department (Revenue –Voted)					
	189.56	—	189.56	174.57	14.99
8. Public Works Department (Revenue –Voted)					
	128.13	26.78	154.91	109.14	45.77
10. Education (Revenue –Voted)					
	314.94	53.36	368.30	352.36	15.94
30. General Economic Services and Planning (Revenue – Voted)					
	50.25	—	50.25	34.50	15.75
Appropriation No.2 – Interest Payment and Debt Services (Revenue- Charged)					
	298.18	—	298.18	237.53	60.65
8. Public Works Department (Capital –Voted)					
	274.54	29.28	303.82	274.92	28.90
22. Public Health Engineering Department (Capital – Voted)					
	62.41	36.59	99.00	85.79	13.21
23 Power Department (Capital – Voted)					
	57.90	41.49	99.39	36.38	63.01
39. Sericulture (Capital – Voted)					
	42.90	—	42.90	15.08	27.82
Appropriation No.2 – Interest Payment and Debt Services (Capital- Charged)					
	684.63	—	684.63	207.72	476.91
Total	2103.44	187.50	2290.94	1527.99	762.95

Areas in which major savings occurred in these grants/appropriations are given in *Appendix 2.1*.

(ii) In 19 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 per cent of the total provision as indicated in *Appendix 2.2*. In one of the above cases (Sl. No.9), the entire provision totalling Rs.3.33 crore was not utilised.

2.3.2 Supplementary provision made during the year constituted 16.71 per cent of the original provision as against 13.47 per cent in the previous year.

2.3.3 Supplementary provision of Rs.74.72 crore made in 10 cases during the year proved unnecessary as the expenditure in each case was even less than the original provision as detailed in *Appendix 2.3*.

2.3.4 In 28 cases against additional requirement of Rs.221.67 crore, supplementary grants and appropriations of Rs.318.21 crore were obtained

resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.96.54 crore. Details of these are given in *Appendix 2.4*.

2.3.5 The excess of Rs.16.93 crore under 16 grants requires regularisation under Article 205 of the Constitution. Details of these are given in *Appendix 2.5*.

2.3.6 In nine cases, supplementary provision of Rs.131.43 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.16.64 crore as per details given in *Appendix 2.6*.

2.3.7 In nine cases there were persistent savings in excess of Rs.10 lakh in each case and 20 *per cent* or more of the provision. Details are given in *Appendix 2.7*.

2.3.8 In one case, expenditure exceeded the approved provision by Rs.25 lakh or more and also by more than 10 *per cent* of the total provision. Details are given in *Appendix 2.8*.

Excessive/unnecessary re-appropriation of funds

2.3.9 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. Significant cases where injudicious re-appropriation of funds proved excessive or resulted in savings by over Rs.50 lakh in each case are given in *Appendix 2.9*.

Expenditure without provision

2.3.10 As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs.113.81 crore was incurred in 22 grants/appropriations as detailed in *Appendix 2.10* without provision having been made in the original estimates/supplementary demands and no re-appropriation orders were issued.

Anticipated savings not surrendered

2.3.11 According to the rules framed by the Government, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2005-06, there were 58 cases in which large savings had not been surrendered by the departments. The amount involved was Rs.250.69 crore. In 21 cases, the amount of available savings not

surrendered amounted to more than Rs.1 crore in each case. Details are given in *Appendix 2.11*.

2.3.12 Despite the above instances of budgetary irregularities being reported year after year in Chapter II of the Audit Report, adequate measures were not taken by the Government departments to remedy the situation.

Trend of Recoveries and Credits

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

2.3.14 In 10 grants, the actual recoveries adjusted in reduction of expenditure (Rs.28.80 crore) were less than the estimated recoveries (Rs.80.60 crore) by Rs.51.80 crore. More details are given in *Appendix 2.12*.

Unreconciled expenditure

2.3.15 Financial rules require that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. Out of 92 Controlling Officers, 65 Controlling Officers did not reconcile expenditure figures before the final closing of accounts.

Treasury inspection

2.3.16 Results of Treasury inspection carried out during 2005-06 by the Office of the Sr. Deputy Accountant General (A&E), Manipur are as under:

Overpayment of pensionary benefits of Rs.3.62 lakh (including family pension of Rs.2.40 lakh) was made to 24 pensioners due to (i) non-deduction of commuted portion of pension (Rs.0.14 lakh), (ii) incorrect computation of arrears of pension/dearness relief (Rs.2.01 lakh), (iii) excess/unauthorised payment of pension/family pension (Rs.1.27 lakh) and (iv) incorrect calculation of enhanced rate of pension/family pension (Rs.0.20 lakh).

2.4 Excess over provision relating to previous years requiring regularisation

2.4.1 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.3,493.60 crore for the years 1997-98 to 2004-05 is yet to be regularised.

Table 4

Year	No. of grants/ appropriations	Grant/Appropriation Number(s)	(Rupees in crore)	
			Amount of excess	Amount for which explanations not furnished to PAC
1997-98	12	5, 11, 16, 21, 26, 34, 44, Appn 2, 16, 23, 25 and Appn 2	384.57	384.57
1998-99	8	Appn. 2, 1, 8, 8, 20, 34 Appn. 2 and 23	293.66	293.66
1999-2000	16	1, Appn. 2, 4, 5, 8, 20, 21, 29, 33, 34, 39, 44, Appn. 2, 21, 23 and 25	844.88	844.88
2000-01	9	1, Appn. 2, 5, 8, 21, 23, 26, 27 and 34	85.77	85.77
2001-02	8	Appn. 2, 8, 21, 33,34,41,45 and Appn. 2	895.20	895.20
2002-03	4	Appn. 2, 8, 22 and Appn 2	956.68	956.68
2003-04	5	8, 22, 39, 17 and 21	12.76	12.76
2004-05	10	21, 22, 23, 37, 41, 43, 16, 20, 21 and 31	20.07	20.07
	72	Total:	3493.59	3493.59