

## CHAPTER II : ALLOCATIVE PRIORITIES AND APPROPRIATION

### Appropriation Accounts at a glance – 2004-05

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

Appropriation Accounts : Government of Meghalaya  
 Total Number of Grants/ Appropriations : 63 (58 Grants; 5 Appropriations)

### Total provision and actual expenditure

**Table 2.1**

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	2062.71		2090.80
Supplementary	287.74		
<b>Total Gross provision</b>	<b>2350.45</b>	<b>Total Gross expenditure</b>	<b>2090.80</b>
Deduct – Estimated recoveries in reduction of expenditure	1.83	Deduct – Actual recoveries in reduction of expenditure	18.46
<b>Total Net Provision</b>	<b>2348.62</b>	<b>Total Net Expenditure</b>	<b>2072.34</b>

### Voted and Charged provision and expenditure

**Table 2.2**

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1584.24	208.23	1425.27	189.52
Capital <sup>(a)</sup>	366.32	191.66	281.46	194.55
<b>Total: Gross</b>	<b>1950.56</b>	<b>399.89</b>	<b>1706.73</b>	<b>384.07</b>
Deduct – Recoveries in reduction of expenditure	1.83	...	18.46	...
<b>Total : Net</b>	<b>1948.73</b>	<b>399.89</b>	<b>1688.27</b>	<b>384.07</b>

<sup>(a)</sup> Included Loans and Advances and Public Debt.

## **Appropriation and Control Over Expenditure**

### **2.1 Introduction**

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 the authority to appropriate certain sums from the Consolidated Fund of the State for 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.

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 amounts on various specified services actually spent by Government *vis-a-vis* those authorised by the Appropriation Act.

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, excess and savings during 2004-05 against the grants/appropriations was as follows:

Table 2.3

(Rupees in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-) Excess (+)
Voted	I. Revenue	1410.13	174.11	1584.24	1425.27	(-) 158.97
	II. Capital	282.29	29.19	311.48	245.53	(-) 65.95
	III. Loans and Advances	50.54	4.30	54.84	35.93	(-) 18.91
<b>Total Voted</b>		<b>1742.96</b>	<b>207.60</b>	<b>1950.56</b>	<b>1706.73</b>	<b>(-) 243.83</b>
Charged	IV. Revenue	207.00	1.23	208.23	189.52	(-) 18.71
	V. Capital	...	0.31	0.31	...	(-) 0.31
	VI. Public Debt	112.75	78.60	191.35	194.55	(+) 3.20
<b>Total Charged</b>		<b>319.75</b>	<b>80.14</b>	<b>399.89</b>	<b>384.07</b>	<b>(-) 15.82</b>
Appropriation to Contingency Fund (if any)		...	...	...	...	...
<b>Grand Total</b>		<b>2062.71</b>	<b>287.74</b>	<b>2350.45</b>	<b>2090.80</b>	<b>(-) 259.65</b>

### 2.3 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 by the State Legislature. However, the excess expenditure amounting to Rs.654.46 crore for the years 1971-72 to 2003-04 is yet to be regularised. The details are as under:

Table 2.4

(Rupees in crore)

Year	Number of grant/appropriation	Grant(s)/Appropriation(s)	Amount of excess
1971-72	4	64,79,80,88	0.08
1972-73	3/1	12,16,71/ Interest on Debt and other obligations	0.26
1973-74	3	10,30,64	0.01
1974-75	4	13,15,29,54	0.05
1975-76	3/2	13,29,82/Governor, Public Works	0.07
1976-77	4/1	29,32,54,62/Interest Payment	0.10
1977-78	3/1	7,13,54/Governor	0.07
1978-79	2	3,22	0.05
1979-80	2	13,22	0.03

Year	Number of grant/appropriation	Grant(s)/Appropriation(s)	Amount of excess
1980-81	4/1	13,20,30,39/Governor	0.09
1981-82	7/1	13,14,20,28,31,34,37/Governor	0.37
1982-83	15/2	3,5,14,16,19,20,22,24,26,27,28,31,37,46,55/Governor, Administration of Justice	8.66
1983-84	14/1	3,8,9,16,19,24,27,28,31,37,40,45,46,56/ Public Service Commission	7.74
1984-85	13	9,10,18,20,22,24,25,27,30,43,58,59,64	8.89
1985-86	11/2	7,8,17,18,24,27,29,37,38,58,64/ Administration of Justice, Loans and Advances from Central Government	5.88
1986-87	10	7,8,9,24,25,27,29,39,55,56	0.95
1987-88	12/1	1,11,13,16,20,24,28,36,38,48,54,57/ Public Service Commission	3.06
1988-89	10/1	9,15,16,20,24,36,44,45,54,57/ Public Service Commission	1.52
1989-90	12/2	8,11,16,22,24,29,36,41,44,45,48,54/ Police, Roads and Bridges	6.37
1990-91	11	9,16,18,24,26,28,36,37,53,54,58	3.21
1991-92	14	5,7,8,9,16,18,24,26,30,33,36,54,57, 61	3.88
1992-93	13/2	5,7,8,9,13,16,20,24,26,33,49,54,57/ Internal Debt of State Government, Governor	34.31
1993-94	9/3	6,8,20,24,26,27,40,53,56/ Internal Debt of State Government, Loans and Advances, Public Service Commission	264.26
1994-95	4/3	20,24,53,60/Interest Payment, Public Service Commission, Internal Debt	183.34
1995-96	7/3	1,14,24,27,47,53,56/Parliament/ State/Union Territory Legislature, Police, Water Supply and Sanitation	12.71
1996-97	16/2	1,3,5,7,9,14,16,20,21,22,24,29,36, 41,53,56/ Governor, Administration of Justice	9.83
1997-98	12/1	1,6,7,8,9,15,16,18,20,24,25,56/ Governor	8.10
1998-99	5	1,2,6,11 and 24	22.82
1999-2000	3/1	9,16,18/Governor	2.65
2000-01	4/3	1, 16, 40, 56/1, 2, 4	11.06
2001-02	3/2	1,18,35/1,2	1.76
2002-03	4/3	11, 26, 35, 56/1, Internal Debt of the State Government, Loans & Advances from Central Government	22.10
2003-04	3/2	1, 20, 56/1 and Loans & Advances from Central Government	30.18
			<b>654.46</b>

## 2.4 Results of Appropriation Audit

**2.4.1** The overall saving of Rs.259.65 crore was the result of saving of Rs.296.39 crore in 59 cases of Grants and Appropriations offset by excess of Rs.36.74 crore in five Grants and two cases of Appropriations.

**2.4.2** Supplementary provision made during the year constituted 13.95 per cent of the original provision as against 7.81 per cent in the previous year.

## 2.5 Fulfilment of Allocative Priorities

### 2.5.1 Appropriation by Allocative Priorities

Out of overall savings of Rs.259.65 crore, major savings of Rs.190.57 crore (73 per cent) occurred in nine cases<sup>(b)</sup> of Grants and one Appropriation as mentioned below:

**Table 2.5**

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Grant			Actual expenditure	Saving
		Original	Supplementary	Total		
1.	<b>11 – Other Taxes and Duties on Commodities, etc. (Revenue – Voted)</b>	48.53	54.85	103.38	89.67	13.71
2.	<b>13 – Secretariat General Services, etc. (Revenue – Voted)</b>	38.02	2.33	40.35	29.11	11.24
3.	<b>21 – Miscellaneous General Services, etc. (Revenue – Voted)</b>	345.06	11.59	356.65	308.64	48.01
4.	<b>27 – Water Supply and Sanitation, etc. (Capital – Voted)</b>	85.53	...	85.53	73.32	12.21
5.	<b>34 – Welfare of Scheduled Castes, etc. (Revenue – Voted)</b>	54.07	15.57	69.64	55.35	14.29
6.	<b>40 – North Eastern Areas, etc. (Revenue – Voted)</b>	24.56	3.38	27.94	8.68	19.26
7.	<b>40 – North Eastern Areas, etc. (Capital – Voted)</b>	31.80	...	31.80	14.54	17.26
8.	<b>43 – Housing, Crop Husbandry, etc. (Revenue – Voted)</b>	72.11	0.65	72.76	51.71	21.05
9.	<b>50 – Forestry and Wildlife, etc. (Revenue – Voted)</b>	41.03	8.67	49.70	33.52	16.18
10.	<b>Appropriation – Interest Payment (Revenue – Charged)</b>	194.59	...	194.59	177.23	17.36
	<b>Total</b>					<b>190.57</b>

Areas in which major savings occurred in these ten cases of Grants/Appropriation are given in *Appendix VIII*.

### 2.5.2 Unnecessary/Excessive/Insufficient Supplementary Provision

(a) Supplementary provision of Rs.37.83 crore made in 19 cases during the year proved unnecessary in view of aggregate saving of Rs.140.92 crore as detailed in *Appendix IX*.

(b) In 16 cases, against additional requirement of Rs.105.85 crore, supplementary grants of Rs.155.63 crore were obtained resulting in saving in each case exceeding Rs.10 lakh, aggregating Rs.49.79 crore. Details of these cases are given in *Appendix X*.

<sup>(b)</sup> two cases relate to the same Grant No. 40 but one under Revenue and one under Capital.

(c) In five cases, supplementary provision of Rs.90.97 crore proved insufficient leaving an uncovered excess expenditure of Rs.36.66 crore as per details given in *Appendix XI*.

(d) In 29 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 XII*.

### **2.5.3 *Persistent savings***

In 18 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 XIII*.

### **2.5.4 *Excess requiring regularisation***

The excess of Rs.36.74 crore under five Grants and two cases of Appropriations requires regularisation under Article 205 of the Constitution. Details of these are given in *Appendix XIV*.

### **2.5.5 *Excessive/unnecessary/injudicious 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 excessive/unnecessary/injudicious re-appropriation of funds resulted in excess/savings by over Rs.10 lakh are given in *Appendix XV*.

### **2.5.6 *Expenditure without provision***

As envisaged in the budget manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was noticed that expenditure of Rs.16.14 crore was incurred in four cases (expenditure exceeding Rs.10 lakh in each case), as detailed in *Appendix XVI* without provision having been made in the original estimates/supplementary demands and without any re-appropriation orders.

### **2.5.7 *Anticipated savings not surrendered***

According to rules framed by Government, the spending departments are required to surrender funds to the Finance Department as and when savings are anticipated. At the close of the year 2004-05 there were 42 Grants/Appropriations (56 cases) in which large savings had not been surrendered by the departments. The amount involved was Rs.143.37 crore. Details are given in *Appendix XVII*. The amount of available savings of Rs.1 crore and above in each case not surrendered aggregated Rs.134.29 crore in 17 cases.

### **2.5.8 Non-receipt of explanations for savings/excesses**

For the year 2004-05, explanations for final savings/excesses were not received in respect of 106 major heads of account out of 107.

### **2.5.9 Unreconciled expenditure**

Financial Rules require that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. 11 heads of account (five Controlling Officers) involving Rs.126.37 crore pertaining to 2004-05 remained unreconciled.

### **2.5.10 Rush of expenditure**

The financial rules require that Government expenditure be evenly phased out throughout the year as far as practicable. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. The expenditure during the 4<sup>th</sup> quarter and in the month of March compared to the total expenditure ranged between 13 and 64 *per cent* in respect of nine illustrative major heads of account as indicated in *Appendix XVIII*.

## **2.6 Control over expenditure**

According to the Meghalaya Treasury Rules, 1985, the Controlling Officers are to submit Detailed Countersigned Contingent (DCC) bills against the drawal of Abstract Contingent (AC) bills to the Accountant General (AG) within a month from the date of receipt of such bills in his office.

It was noticed that DCC bills for Rs.3.62 crore against 63 AC bills drawn between November 1992 and March 2005 by 26 Drawing and Disbursing Officers were not submitted to the AG and thus remained unregularised (September 2005). The details are given in *Appendix XIX*.

Withdrawal of money on AC bills is exhibited in the accounts as expenditure for the purpose for which the funds were provided by the Legislature. Due to non-submission of DCC bills, the actual expenditure against the withdrawal on AC bills, the extent to which and the purpose for which the amounts were appropriated remained unassessed. The large scale non-regularisation of withdrawals on AC bills indicated serious deficiency in control over expenditure.