

CHAPTER II : ALLOCATIVE PRIORITIES AND APPROPRIATION

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.

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.

Appropriation Accounts at a Glance – 2007-08

The summarised position of original and supplementary Grants/Appropriations and expenditure thereagainst is given below:

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	3487.81		2783.95
Supplementary	139.12		
Total Gross provision	3626.93	Total Gross expenditure	2783.95
Deduct – Estimated recoveries in reduction of expenditure	2.16	Deduct – Actual recoveries in reduction of expenditure	12.82
Total Net Provision	3624.77	Total Net Expenditure	2771.13

Voted and Charged Provision and Expenditure

Table 2.2

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	2597.92	244.19	2060.54	205.94
Capital ¹	639.31	145.51	418.39	99.08
Total: Gross	3237.23	389.70	2478.93	305.02
Deduct – Recoveries in reduction of expenditure	2.16	...	12.82	...
Total : Net	3235.07	389.70	2466.11	305.02

¹ Includes Loans and Advances and Public Debt.

2.1 Summary of Appropriation Accounts

The summarised position of actual expenditure, excess and savings during 2007-08 against the Grants/Appropriations was as under:

Table 2.3

(Rupees in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving (-) Excess (+)
Voted	I. Revenue	2489.58	108.34	2597.92	2060.54	(-) 537.38
	II. Capital	577.85	25.80	603.65	391.66	(-) 211.99
	III. Loans and Advances	32.36	3.30	35.66	26.73	(-) 8.93
Total Voted		3099.79	137.44	3237.23	2478.93	(-) 758.30
Charged	IV. Revenue	242.51	1.68	244.19	205.94	(-) 38.25
	V. Capital	...	...	...	...	...
	VI. Public Debt	145.51	...	145.51	99.08	(-) 46.43
Total Charged		388.02	1.68	389.70	305.02	(-) 84.68
Appropriation to Contingency Fund (if any)		...	...	...	...	...
Grand Total		3487.81	139.12	3626.93	2783.95	(-) 842.98

2.2 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. 745.51 crore for the years 1971-72 to 2006-07 is yet to be regularised. The details are in **Appendix 2.1**.

2.3 Results of Appropriation Audit

2.3.1 The overall saving of Rs. 842.98 crore was the result of saving of Rs. 915.77 crore in 54 Grants and 10 cases of Appropriations, offset by an excess of Rs. 72.79 crore in eight Grants and one case of Appropriation.

2.3.2 Supplementary provision made during the year constituted 3.99 per cent of the original provision as against 5.72 per cent in the previous year.

2.4 Fulfilment of Allocative Priorities

2.4.1 Appropriation by Allocative Priorities

Out of the overall savings of Rs. 842.98 crore, major savings of Rs. 692.49 crore (82 per cent) occurred in 10 cases of Grants and two Appropriations, as mentioned below:

Table 2.4

Sl. No.	Number and name of Grant/Appropriation	Grant			Actual expenditure	Savings
		Original	Supplementary	Total		
1.	11–Other Taxes and Duties on Commodities, etc. (Revenue – Voted)	214.05	22.00	236.05	139.72	96.33
2.	21–Miscellaneous General Services, etc. (Revenue – Voted)	508.14	1.86	510.00	423.17	86.83
3.	27–Water Supply and Sanitation, Housing, etc. (Capital – Voted)	150.15	...	150.15	108.48	41.67
4.	34–Welfare of Scheduled Castes/ Scheduled Tribes, etc. (Revenue – Voted)	139.74	...	139.74	56.84	82.90
5.	38–Secretariat Economic Services (Revenue – Voted)	44.94	...	44.94	16.47	28.47
6.	40–North Eastern Areas, etc. (Revenue – Voted)	65.21	0.05	65.26	22.26	43.00
7.	43–Housing, Crop Husbandry, Food Storage, etc. (Revenue – Voted)	132.59	1.40	133.99	85.12	48.87
8.	51–Housing, Crop Husbandry, etc. (Revenue – Voted)	148.31	...	148.31	118.49	29.82
9.	56–Roads and Bridges, etc. (Capital – Voted)	243.74	...	243.74	113.99	129.75
10.	57–Tourism, Capital Outlay on Public Works, etc. (Revenue – Voted)	30.88	...	30.88	3.86	27.02
11.	Appropriation–Interest Payment (Revenue – Charged)	225.23	...	225.23	188.99	36.24
12.	Appropriation–Internal Debt of the State Government (Capital – Charged)	123.33	...	123.33	81.74	41.59
Total						692.49

Areas in which major savings occurred in these 12 cases of Grants/Appropriations are given in **Appendix 2.2**.

2.4.2 Unnecessary/Excessive/Insufficient Supplementary Provision

2.4.2.1 Supplementary provision of Rs. 44.07 crore made in 17 Grants during the year proved unnecessary in view of the aggregate saving of Rs. 328.95 crore as detailed in **Appendix 2.3**.

2.4.2.2 In six Grants, against the additional requirement of Rs. 74.86 crore, supplementary grants of Rs. 79.01 crore were obtained, resulting in saving in each case exceeding Rs. 10 lakh, aggregating Rs. 4.16 crore. Details of these cases are given in **Appendix 2.4**.

2.4.2.3 In three Grants, supplementary provision of Rs. 10.89 crore proved insufficient leaving an uncovered excess expenditure of Rs. 8.03 crore as per details given in **Appendix 2.5**.

2.4.2.4 In 39 cases involving 29 Grants and three Appropriations, 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 2.6**.

2.4.3 *Persistent savings*

In 17 cases (15 Grants), 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**.

2.4.4 *Excess requiring regularisation*

The excess of Rs. 72.79 crore under eight Grants and one Appropriation requires regularisation under Article 205 of the Constitution. Details of these are given in **Appendix 2.8**.

2.4.5 *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 2.9**.

2.4.6 *Expenditure without provision*

As envisaged in the budget manual, expenditure should not be incurred on a scheme/service without provision of funds. It was noticed that expenditure of Rs. 143.56 crore was incurred in 28 cases under nine Grants and two Appropriations (expenditure exceeding Rs. 10 lakh in each case), as detailed in **Appendix 2.10** without provision having been made in the original estimates/supplementary demands and without any re-appropriation orders.

2.4.7 *Anticipated savings not surrendered*

According to the rules framed by the 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 2007-08, there were 50 Grants/Appropriations (61 cases) in which large savings had not been surrendered by the departments. The amount involved was Rs. 489.71 crore. The amount of available savings of Rs. one crore and above in each case not surrendered, aggregated Rs. 480.97 crore in 27 cases. Details are given in **Appendix 2.11**.

2.4.8 Non-receipt of explanations for savings/excesses

For the year 2007-08, explanations for final savings/excesses were not received in respect of 105 major heads of account out of 107.

2.4.9 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. 53 heads of account (23 Controlling Officers) involving Rs. 860.92 crore pertaining to 2007-08 remained unreconciled.

2.4.10 Rush of expenditure

Financial rules require that Government expenditure be evenly phased out throughout the year as far as possible. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. The expenditure during the fourth quarter and in the month of March compared to the total expenditure during 2007-08 ranged between 24 and 72 *per cent* and 11 and 62 *per cent* respectively in respect of 10 illustrative major heads of account as indicated in **Appendix 2.12**.

2.5 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. 14.56 crore against 80 AC bills drawn between November 1992 and March 2008 by 39 Drawing and Disbursing Officers were not submitted to the AG (June 2008). The details are given in **Appendix 2.13**.

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 amount withdrawn on AC bills and the purpose for which the amounts were appropriated remained unassessed. The large scale non-adjustment of withdrawals on AC bills indicated serious deficiency in control over expenditure and is fraught with the risk of misappropriation of Government money.