

CHAPTER II : ALLOCATIVE PRIORITIES AND APPROPRIATION

Appropriation Accounts at a glance – 2003-04

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	2108.09		1836.82
Supplementary	164.74		
Total Gross provision	2272.83	Total Gross expenditure	1836.82
Deduct – Estimated recoveries in reduction of expenditure	...	Deduct – Actual recoveries in reduction of expenditure	15.97
Total Net Provision	2272.83	Total Net Expenditure	1820.85

Voted and Charged provision and expenditure

Table 2.2

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1432.23	193.38	1150.38	179.28
Capital ^(a)	455.95	191.27	305.10	202.06
Total: Gross	1888.18	384.65	1455.48	381.34
Deduct – Recoveries in reduction of expenditure	15.97	...
Total : Net	1888.18	384.65	1439.51	381.34

^(a) 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 2003-04 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	1392.69	39.54	1432.23	1150.38	(-) 281.85
	II. Capital	289.44	40.74	330.18	235.30	(-) 94.88
	III. Loans and Advances	125.27	0.50	125.77	69.80	(-) 55.97
Total Voted		1807.40	80.78	1888.18	1455.48	(-) 432.70
Charged	IV. Revenue	193.30	0.08	193.38	179.28	(-) 14.10
	V. Capital	...	0.24	0.24	...	(-) 0.24
	VI. Public Debt	107.39	83.64	191.03	202.06	(+) 11.03
Total Charged		300.69	83.96	384.65	381.34	(-) 3.31
Appropriation to Contingency Fund (if any)	
Grand Total		2108.09	164.74	2272.83	1836.82	(-) 436.01

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.624.28 crore for the years 1971-72 to 2002-03 was 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

Year	Number of grant/appropriation	Grant(s)/Appropriation(s)	Amount of excess
1978-79	2	3,22	0.05
1979-80	2	13,22	0.03
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
			624.28

2.4 Results of Appropriation Audit

2.4.1 The overall saving of Rs.436.01 crore was the result of saving of Rs.466.19 crore in 59 cases of Grants and Appropriations offset by excess of Rs.30.18 crore in three Grants and two cases of Appropriations.

2.4.2 Supplementary provision made during the year constituted 7.81 per cent of the original provision as against 16.08 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.436.01 crore, major savings of Rs.345.08 crore (79 per cent) occurred in nine cases 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.	11 – Other Taxes and Duties on Commodities, etc. (Capital – Voted)	97.50	...	97.50	50.15	47.35
2.	13 – Secretariat General Services, etc. (Revenue – Voted)	34.22	0.20	34.42	26.15	8.27
3.	21 – Miscellaneous General Services, etc. (Revenue – Voted)	416.88	5.93	422.81	268.08	154.73
4.	27 – Water Supply and Sanitation, etc. (Capital – Voted)	88.92	...	88.92	60.04	28.88
5.	29 – Housing, Urban Development, etc. (Capital – Voted)	17.10	0.50	17.60	0.58	17.02
6.	40 – North Eastern Areas, etc. (Revenue – Voted)	31.37	0.10	31.47	1.33	30.14
7.	40 – North Eastern Areas, etc. (Capital – Voted)	42.10	0.32	42.42	13.78	28.64
8.	43 – Housing, Crop Husbandry, etc. (Revenue – Voted)	57.47	...	57.47	47.94	9.53
9.	50 – Forestry and Wildlife, etc. (Revenue – Voted)	31.49	4.37	35.86	28.11	7.75
10.	Appropriation – Interest Payment (Revenue – Charged)	182.80	...	182.80	170.03	12.77
	Total					345.08

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

2.5.2 Unnecessary/Excessive/Insufficient Supplementary Provision

(a) Supplementary provision of Rs.27.90 crore made in 24 cases during the year proved unnecessary in view of aggregate saving of Rs.292.81 crore as detailed in Appendix IX.

(b) In nine cases, against additional requirement of Rs.19.64 crore, supplementary grants of Rs.33.49 crore were obtained resulting in saving in each case exceeding Rs.10 lakh, aggregating Rs.13.85 crore. Details of these cases are given in Appendix X.

(c) In three cases, supplementary provision of Rs.100.75 crore proved insufficient leaving an uncovered excess expenditure of Rs.29.67 crore as per details given in Appendix XI.

(d) In 31 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 22 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.30.18 crore under three Grants and two 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 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.15.64 crore was incurred in 12 cases (expenditure exceeding Rs.10 lakh in each case), as detailed in Appendix XVI without provision having been made in 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 2003-04 there were 49 Grants/Appropriations in which large savings had not been surrendered by the departments. The amount involved was Rs.310.48 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.299.05 crore in 17 cases.

2.5.8 Non-receipt of explanations for savings/excesses

For the year 2003-04, explanations for final savings/excesses were not received in respect of 104 major heads of account out of 106.

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. 57 heads of account (48 Controlling Officers) involving Rs.667.97 crore pertaining to 2003-04 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 4th quarter and in the month of March compared to the total expenditure ranged between 10 and 62 *per cent* in respect of 10 illustrative major heads of account as indicated in Appendix XVIII.