

CHAPTER - II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 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.

Audit of Appropriation Accounts by the Comptroller and Auditor General of India seeks 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 2007-08 against 47 Grants/Appropriations was as follows:

Table: 2.1

(Rupees in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure ¹	Saving(-) Excess(+)
Voted	I. Revenue	1542.15	349.55	1891.70	1673.93	(-) 217.77
	II. Capital	354.67	356.33	711.00	618.40	(-) 92.60
	III. Loans	12.52	2.04	14.56	7.73	(-) 6.83
Total Voted:		1909.34	707.92	2617.26	2300.06	(-) 317.20
Charged	IV. Revenue	5.52	1.19	6.71	12.90	(+) 6.19
	V. Capital	---	---	---	---	---
	VI. Loans	---	---	---	---	---
Public Debt (Charged)	Revenue	228.09	---	228.09	222.01	(-) 6.08
	Capital	179.97	12.92	192.89	143.97	(-) 48.92
Total Charged:		413.58	14.11	427.69	378.88	(-) 48.81
Appropriation to Contingency Fund (if any)		---	---	---	---	---
Grand Total:		2322.92	722.03	3044.95	2678.94	(-) 366.01

¹ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue expenditure (Rs.0.45 crore) and Capital expenditure (Rs.75.77 crore).

The overall savings of Rs. 366.01 crore was the result of savings of Rs. 379.94 crore in 45 items of Grants and Appropriations, partly offset by excess of Rs. 13.92 crore in four items of Grants and Appropriations. Detailed Appropriation Accounts were sent and explanations for savings/excesses were called for from the Controlling Officers but these were not received.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

2.3.1.1 Out of overall excess of Rs. 13.92 crore, major excess of Rs. 13.23 crore occurred in the Grants/Appropriations mentioned below:

Table: 2.2

(Rupees in crore)

Grant No.	Grant			Actual Expenditure	Excess
	Original	Supplementary	Total		
4-Law and Judicial	1.72	0.25	1.97	8.39	6.42
38-Rural Development	8.77	8.35	17.12	23.93	6.81
Total	10.49	8.60	19.09	32.32	13.23

Under Law and Judicial (Revenue) excess expenditure of Rs. 6.42 crore was due to incurring expenditure in excess of actual appropriation under the Major Heads (revenue) 2014 (Rs. 8.39 crore) and under Rural Development (Revenue and Capital) the excess of Rs. 6.81 crore was due to incurring of expenditure in excess of actual appropriation under the Major Head 4575. The excess expenditure over the appropriation under this head came up from Rs. 12.66 crore in 2006-07 to Rs. 6.81 crore in this year.

Areas in which major excess occurred in these Grants/Appropriations are given in **Appendix – 2.1**.

2.3.1.2 In 30 cases, savings aggregating Rs. 366.18 crore exceeded Rupees one crore in each case and were also more than 10 per cent of the total provision as indicated in **Appendix – 2.2**.

2.3.1.3 In two cases, there were persistent savings in excess of Rs.10 lakh and more than 20 per cent of the provision during the years 2005-06, 2006-07 and 2007-08. Details are given in **Appendix – 2.3**.

2.3.2 Excess requiring regularisation

2.3.2.1 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. 751.14 crore for the years 2003-04, 2004-05, 2005-06 and 2006-07 was yet to be regularised. Details are given in **Appendix – 2.4**.

2.3.2.2 Excess over provision during 2007-08 requiring regularisation

The excess of Rs. 13.92 crore under four Grants during 2007-08 requires regularisation under Article 205 of the Constitution. Details are given in **Appendix – 2.5**.

2.3.3 Original budget and supplementary provisions

Supplementary provision made during the year constituted 31 *per cent* of the original provision as against 29 *per cent* in the previous year. Total Supplementary Grants (other than under Public Debt) obtained during the year were Rs. 707.91 crore while the total savings (other than under Public Debt) amounted to Rs 317.20 crore.

2.3.4 Unnecessary/excessive/inadequate supplementary provisions

2.3.4.1 Supplementary provision of Rs. 39.05 crore made in 14 cases during the year proved unnecessary in view of the aggregate savings of Rs. 193.52 crore as detailed in **Appendix – 2.6**.

2.3.4.2 In 19 cases, against the additional requirement of only Rs. 276.13 crore, supplementary grants/appropriations of Rs. 430.18 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs. 154.05 crore (**Appendix – 2.7**).

2.3.4.3 In two cases, supplementary provision of Rs. 14.77 crore proved insufficient by more than Rs.10 lakh in each case leaving an aggregate uncovered excess expenditure of Rs. 3.02 crore (**Appendix – 2.8**).

2.3.5 Excessive/unnecessary 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. In eight cases, injudicious re-appropriation of funds proved excessive or resulted in savings by over Rs.10 lakh in each case (**Appendix – 2.9**).

2.3.6 Anticipated savings not surrendered

According to the Budget Manual, 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 2007-08, savings of Rs. 91.82 crore under 30 Grants/Appropriations were not surrendered (**Appendix – 2.10**). In 13 cases, savings of Rupees one crore and above in each case aggregating Rs. 132.49 crore were not surrendered (**Appendix – 2.11**).

2.3.7 Expenditure without provision

As per 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. 65.72 crore was incurred in five cases, (**Appendix – 2.12**) without any provision in the original estimate/supplementary demand or re-appropriation order.

2.3.8 Surrender in excess of actual savings

In 12 cases, the amount surrendered was in excess of actual savings. As against the total amount of actual savings of Rs. 59.74 crore, the amount surrendered was Rs. 61.44 crore, resulting in excess surrender of Rs.1.70 crore. Details are given in **Appendix – 2.13**.

The above instances of budgetary irregularities are being reported every year. Had the provisions of Mizoram Budget Manual been followed, these instances could have been minimised to a great extent.

2.3.9 Rush of expenditure

Financial rules require that Government expenditure be evenly distributed throughout the year. Rush of expenditure particularly in the closing month of financial year is regarded as a breach of financial regularity and should be avoided. Contrary to these provisions, in case of ten illustrative heads of accounts (2055, 2202, 2210, 2211, 2215, 2235, 2401, 2403, 2515 and 2851) while the expenditure during the three quarters ending December 2007 was between 18 to 27 per cent of the total expenditure, it was highest at 33 per cent in the last quarter (March 2008) of the year. Expenditure of Rs.137.56 crore constituting 17 per cent of the total expenditure in these ten heads of account was incurred in March 2008 indicating a tendency to rush expenditure towards the end of the financial year.

Table: 2.3

Quarter ended	Expenditure (Rupees in crore)	Percentage to total expenditure
30 June 2007	179.47	21.59
30 September 2007	152.32	18.32
31 December 2007	226.69	27.27
31 March 2008	272.80	32.82
Total expenditure	831.28	100
Expenditure during March 2008	137.56	16.55

2.3.10 Unreconciled expenditure

Financial rules require that the Departmental Controlling Officers should periodically reconcile the departmental figures of expenditure with those booked by the Accountant General. In respect of Departmental Controlling Officers, the expenditure of Rs.464.82 crore to the end of 2007-08, remained unreconciled till November, 2008. Details are given in **Appendix – 2.14**. The following Departmental Controlling Officers were the major defaulters:

Table: 2.4*(Rupees in crore)*

Sl.No.	Name of the Departmental Controlling Officers	Amount
1.	Secretary, Finance	366.07
2.	Director, Local Administration Department	12.33
3.	Registrar, GHC, Aizawl	8.39
4.	Director, Food and Civil Supply	65.39