

## CHAPTER-II ALLOCATIVE PRIORITIES AND APPROPRIATION

### 2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services vis-a-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget.

Audit of appropriation 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 2005-06 against 55 grants/appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original Grant/Appropriation	Supplementary Grant/Appropriation	Total	Actual expenditure	Saving (-)/Excess (+)
Voted	I. Revenue	17,539.70	565.04	18,104.74	16,947.96	(-) 1,156.78
	II. Capital	5,658.15	138.61	5,796.76	4,883.93	(-) 912.83
	III. Loans and Advances	389.12	32.55	421.67	434.18	(+) 12.51
<b>Total Voted</b>		<b>23,586.97</b>	<b>736.20</b>	<b>24,323.17</b>	<b>22,266.07</b>	<b>(-) 2,057.10</b>
Charged	IV. Revenue	5,346.81	6.84	5,353.65	5,244.43	(-) 109.22
	V. Capital	0.04	0.32	0.36	0.24	(-) 0.12
	VI. Public Debt-Repayment	4,001.77	Refer footnote <sup>1</sup>	4,001.77	992.48	(-) 3,009.29
<b>Total Charged</b>		<b>9,348.62</b>	<b>7.16</b>	<b>9,355.78</b>	<b>6,237.15</b>	<b>(-) 3,118.63</b>
<b>Grand Total</b>		<b>32,935.59</b>	<b>743.36</b>	<b>33,678.95</b>	<b>28,503.22<sup>2</sup></b>	<b>(-) 5,175.73</b>

*Note: The figures of actual expenditure are gross figures and exclude the recoveries adjusted as reduction of expenditure under revenue (Rs 693.19 crore) and capital (Rs 589.68 crore).*

The overall savings of Rs 5,175.73 crore as mentioned above was the net result of savings of Rs 5,225.06 crore in 53 grants and appropriations offset by

1. Only Rs 1,000
2. The total actual expenditure stands inflated to the extent of Rs 6,363.44 crore transferred to 8443-Civil Deposits and other Deposit heads.

excess of Rs 49.33 crore in 12 cases of grants and appropriations. The savings/excesses (Detailed Appropriation Accounts) were intimated to the Controlling Officers with request them to explain the significant variations. Explanations for savings/excesses in respect of 188 sub-heads out of 509 sub-heads commented upon in Appropriation Accounts were not received (August 2006).

## 2.3 Fulfillment of Allocative Priorities

### 2.3.1 Appropriation by Allocative Priorities

- Against the total savings of Rs 5,225.06 crore, savings of Rs 4,255 crore (81.4 per cent)<sup>3</sup> occurred in 14 cases relating to 12 grants and one appropriation as indicated below:

(Rupees in crore)

S. No.	Number and name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings (Percentage of savings)
<b>Revenue-Voted</b>						
1.	3-Secretariat	240.72	Refer footnote <sup>4</sup>	240.72	142.99	97.73 (40.6)
2.	14-Sales Tax	107.58	-	107.58	73.24	34.34 (31.9)
3.	30-Tribal Area Development	554.73	Refer footnote <sup>5</sup>	554.73	474.76	79.97 (14.4)
4.	33-Social Security and Welfare	615.20	Refer footnote <sup>6</sup>	615.20	504.11	111.09 (18.1)
5.	35-Miscellaneous Community and Economic Services	125.62	-	125.62	67.56	58.06 (46.2)
6.	38-Minor Irrigation and Soil Conservation	142.42	-	142.42	95.09	47.33 (33.2)
7.	51-Special Organisational Scheme for Welfare of Scheduled Castes	139.92	Refer footnote <sup>5</sup>	139.92	102.40	37.52 (26.8)
<b>Capital-Voted</b>						
8.	19-Public Works	152.77	40.93	193.70	131.99	61.71 (31.9)
9.	22-Area Development	204.73	5.34	210.07	177.31	32.76 (15.6)
10.	27-Drinking Water Scheme	1,374.93	Refer footnote <sup>7</sup>	1,374.93	1,066.47	308.46 (22.4)
11.	29-Urban Plan and Regional Development	942.92	Refer footnote <sup>8</sup>	942.92	728.49	214.43 (22.7)
12.	35-Miscellaneous Community and Economic Services	49.79	11.99	61.78	30.65	31.13 (50.4)
13.	46-Irrigation	1,085.70	Refer footnote <sup>9</sup>	1,085.70	954.52	131.18 (12.1)
<b>Capital-Charged</b>						
14.	Public Debt	4,001.77	Refer footnote <sup>10</sup>	4,001.77	992.48	3,009.29 (75.2)
	<b>Total</b>	<b>9,738.80</b>	<b>58.26</b>	<b>9,797.06</b>	<b>5,542.06</b>	<b>4,255.00</b>

3. Exceeding Rs 25 crore in each case and also by more than 10 per cent of total grant/appropriation.

4. Rs 7,000 5. Rs 2,000 6. Rs 26,000 7. Rs 1,000 8. Rs 6,000 9. Rs 22,000

10. Rs 1,000

The savings under "Drinking Water Scheme" was reported to be mainly due to slow progress/non-execution of works leading to less release of funds by Government of India. Reasons for final savings were not intimated (August 2006).

The savings under "Social Security and Welfare" was reported to be mainly due to abolition of *Pradhan Mantri Gramodaya Yojana* by the Government of India, reduction in Plan ceiling and non-commencement of newly sanctioned *Anganbari* centres. Reasons for final savings were not intimated (August 2006).

The reasons of savings under "Urban Plan and Regional Development" were not intimated (August 2006).

The savings under "Irrigation" was reported to be mainly due to execution of less works.

The savings under "Public Debt" was reported to be mainly due to non-requirement of ways and means advances during the year.

- The heads of account (out of the 13 Grants/Appropriations above) in which substantial savings occurred are given in **Appendix-IV**.
- In 38 cases, substantial savings of Rs five crore or more and also more than 80 *per cent* of the provision in each case, aggregating to Rs 3,558.93 crore was noticed, out of which in 17 cases the entire provision remained unutilised. The details are given in **Appendix-V**.
- In 30 cases involving 23 grants and one appropriation there were savings of Rs 4,690.28 crore which exceeded Rs one crore in each case and also by more than 10 *per cent* of total provision as indicated in **Appendix-VI**.

### 2.3.2 Persistent savings

- In eight cases, during the last three years there were persistent savings of more than Rupees one crore in each case and also 10 *per cent* or more of the total grant as indicated in **Appendix-VII**.
- Besides, in six cases there were persistent savings from 2001-02 to 2005-06 as indicated below:

(Rupees in crore)

S. No.	Number and name of the grant	Amount of savings				
		2001-02	2002-03	2003-04	2004-05	2005-06
<b>Revenue-Voted</b>						
1.	3- Secretariat	34.35	18.86	2.64	69.35	97.73
2.	14-Sales Tax	5.64	7.33	4.93	7.19	34.34
<b>Capital-Voted</b>						
3.	19-Public Works	40.26	18.62	24.15	9.59	61.71
4.	20-Housing	2.80	11.88	9.03	8.36	10.25
5.	24-Education, Art and Culture	12.14	12.45	16.99	13.35	10.27
6.	35-Miscellaneous Community and Economic Services	195.65	11.54	1.69	12.75	31.13

The main reasons of persistent savings during 2001-06 were:

- Posts remained vacant in various cadres (Grant No. 3 and 14), and
- Reduction in Annual Plan and economy measures (Grant No. 19, 20, 24 and 35).

### 2.3.3 Excess requiring regularisation

#### *Excess over provision relating to previous years requiring regularisation*

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs 374.68 crore for the years 2003-04 and 2004-05 had not been regularised so far (August 2006).

Year	Number of Grants/Appropriations	Grant/Appropriation No.(s)	Amount of excess (Rs in crore)
2003-04	2/10	14,15,16,19,24,26,27,34,36,46, 48, Public Debt	324.00
2004-05	5/10	4, 5, 9, 13, 15, 16, 17, 21, 26, 27, 34, 35, 45, 46	50.68
<b>Total</b>	<b>7/20</b>		<b>374.68</b>

#### *Excess over provision during 2005-06 requiring regularisation*

The excess of Rs 49.33 crore in 12 cases of five grants and six appropriations during the year requires regularisation under Article 205 of the Constitution. The excess was mainly under Revenue (Voted) Section amounting to Rs 43.10 crore (87.4 per cent) as indicated below:

(Rupees in thousand)

S. No.	Number and name of the Grant/Appropriation	Provision (Original + Supplementary)	Expenditure	Excess (Percentage of excess)
<b>Voted: Revenue Section</b>				
1.	21-Roads and Bridges	4,95,30,70	5,11,71,68	16,40,98 (3.3)
2.	27-Drinking Water Scheme	9,82,97,26	10,09,00,20	26,02,94 (2.6)
3.	43-Minerals	33,61,64	34,28,13	66,49 (2.0)
<b>Voted: Capital Section</b>				
4.	21-Roads and Bridges	4,05,93,69	4,10,33,05	4,39,36 (1.1)
5.	42-Industries	32,46,13	34,04,22	1,58,09 (4.9)
6.	45-Loans to Government Servants	2,16	3,06	90 (41.7)
<b>Charged: Revenue Section (Appropriation)</b>				
7.	8-Revenue	69	71	2 (2.9)
8.	15-Pensions and Other Retirement Benefits	20,04	38,83	18,79 (93.8)
9.	18-Public Relation	21	22	1 (4.8)

(Rupees in thousand)

S. No.	Number and name of the Grant/Appropriation	Provision (Original + Supplementary)	Expenditure	Excess (Percentage of excess)
10.	21-Roads and Bridges	1,24,75	1,28,25	3,50 (2.8)
11.	24-Education, Art and Culture	4,07	4,07	Refer footnote <sup>11</sup>
12.	27-Drinking Water Scheme	21,19	23,29	2,10 (9.9)
	<b>Total</b>	<b>19,52,02,53</b>	<b>20,01,35,71</b>	<b>49,33,18</b>

Government did not furnish any reasons for the excess expenditure (August 2006).

### 2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 743.36 crore) made during the year constituted two *per cent* of the original provision (Rs 32,935.59 crore). When compared to previous year (Rs 1,234.55 crore) the supplementary provision was lesser by Rs 491.19 crore.

### 2.3.5 Unnecessary/excessive/inadequate supplementary provisions

- Supplementary provisions of Rs 142.86 crore made in 12 cases (each exceeding Rs one crore) during the year proved unnecessary as the expenditure did not come up to the level of original provisions in view of saving of Rs 238.36 crore as detailed in *Appendix-VIII*.
- In 12 cases, supplementary grants of Rs 321.42 crore were obtained against additional requirement of only Rs 219.90 crore, resulting in savings in each case exceeding Rs one crore, aggregating Rs 101.52 crore. Details of these cases are given in *Appendix-IX*.
- In four cases, supplementary provision of Rs 113.68 crore proved short of requirement by more than Rupees one crore in each case leaving an uncovered excess expenditure of Rs 48.41 crore as per details given below:

(Rupees in crore)

S. No.	Number and name of the grant	Amount of grant				
		Original	Supplementary	Total	Expenditure	Excess
<b>Revenue-Voted</b>						
1.	21-Roads and Bridges	437.04	58.27	495.31	511.72	16.41
2.	27-Drinking Water Scheme	938.83	44.14	982.97	1,009.00	26.03
<b>Capital-Voted</b>						
3.	21-Roads and Bridges	403.82	2.12	405.94	410.33	4.39
4.	42-Industries	23.31	9.15	32.46	34.04	1.58
	<b>Total</b>	<b>1,803.00</b>	<b>113.68</b>	<b>1,916.68</b>	<b>1,965.09</b>	<b>48.41</b>

11. Only Rs 35.

### 2.3.6 Persistent/substantial excesses

- Significant excesses were persistent in three cases involving two grants as detailed below:

(Rupees in crore)

S. No.	Grant number, name and Head of account	Amount of excess (percentage of excess in parenthesis)		
		2003-04	2004-05	2005-06
<b>21-Roads and Bridges (Revenue-Voted)</b>				
1.	3054-02-337(01)[01]	2.67 (12.7)	18.66 (88.7)	17.73 (59.1)
<b>(Capital-Voted)</b>				
2.	5054-02-337(03)	1.85 (15.4)	17.37 (144.8)	7.08 (59.0)
<b>27-Drinking Water Scheme (Revenue-Voted)</b>				
3.	2215-01-102(01)	0.41 (0.1)	15.46 (5.0)	18.42 (5.6)
	<b>Total</b>	<b>4.93</b>	<b>51.49</b>	<b>43.23</b>

- In six cases involving four grants expenditure in each case exceeded the approved provisions by Rs five crore or more aggregating to Rs 65.36 crore. Excess indicate poor budgeting and weak expenditure control. Details are given in *Appendix-X*.

### 2.3.7 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 re-appropriations of Rupees one crore or more which proved injudicious are detailed as under:

- In six cases, additional funds of Rs 137.44 crore provided through re-appropriation proved unnecessary in view of final savings of Rs 47.18 crore as indicated in *Appendix-XI*.
- In 14 cases, the withdrawal of Rs 214.80 crore through re-appropriation proved excessive as the final expenditure exceeded the reduced Major Head by Rs 38.40 crore as indicated in *Appendix-XII*.
- In seven cases, additional funds of Rs 51.48 crore provided through re-appropriation proved insufficient as the final expenditure exceeded the augmented Head by Rs 46.67 crore as indicated in *Appendix-XIII*.
- In 14 cases, the savings were not properly assessed as even after the withdrawal of Rs 175.25 crore through re-appropriation there was a final saving of Rs 40.26 crore as indicated in *Appendix-XIV*.

### 2.3.8 Anticipated savings not surrendered

- According to Rajasthan Budget Manual, 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 18 cases in which after partial surrenders, savings of Rs one crore and above in each case aggregating Rs 120.96 crore (three per cent of savings) remained unsurrendered. Details are given in *Appendix-XV*.

- Besides, in 22 cases of 19 grants and two appropriations, Rs 4,895.20 crore (95.5 per cent) were surrendered (exceeding Rs 20 crore in each case) on the last working day of March 2006, out of total surrender of Rs 5,125.80 crore, indicating inadequate financial control over expenditure. Details are given in *Appendix- XVI*.

### 2.3.9 Injudicious surrender of funds

- In three cases, the amount surrendered (atleast Rs one crore) was in excess (more than five per cent of savings), which indicated inefficient budgetary control. It was noticed that as against the total available savings of Rs 68.92 crore, the amount surrendered was Rs 74.66 crore, resulting in excess surrender of Rs 5.74 crore as detailed below:

(Rupees in crore)

S. No.	Number and name of the grant	Savings	Amount surrendered	Excess surrendered	Percentage excess surrendered
<b>Revenue-Voted</b>					
1.	14-Sales Tax	34.34	37.19	2.85	8.3
2.	19-Public Works	11.98	13.18	1.20	10.0
3.	20-Housing	22.60	24.29	1.69	7.5
	<b>Total</b>	<b>68.92</b>	<b>74.66</b>	<b>5.74</b>	

- In four cases, Rs 11.84 crore were surrendered though there was excess expenditure as indicated below:

(Rupees in crore)

S. No.	Number and name of grant	Excess over provision	Amount surrendered
<b>Revenue-Voted</b>			
1.	21-Roads and Bridges	16.41	1.83
2.	27-Drinking Water Scheme	26.03	0.26
<b>Capital-Voted</b>			
3.	21-Roads and Bridges	4.39	2.69
4.	42-Industries	1.58	7.06
	<b>Total</b>	<b>48.41</b>	<b>11.84</b>

### 2.3.10 Defective/inaccurate budgeting

Full or substantial portions (more than 50 per cent of total provision) of the supplementary provisions obtained under the following heads of account on 25 March 2006 were surrendered/re-appropriated on 31 March 2006, thus indicating inaccurate budgeting:

(Rupees in crore)

Sl. No.	Grant No.	Head of Account	Original provision	Supplementary provision	Total provision	Surrender/Re-appropriation to other heads
1.	19	2059-80-053(21)	-	12.00	12.00	6.47
2.	29	4217-60-050(02)	405.00	Refer footnote <sup>12</sup>	405.00	226.58
3.	30	4210-02-796(01)[90]	Refer footnote <sup>12</sup>	0.96	0.96	0.96
4.		4225-02-796(11)	17.32	3.26	20.58	11.24
5.	33	4225-02-103(10)	-	1.00	1.00	1.00
6.	35	5475-800(05)	45.00	9.35	54.35	29.16
7.	39	2403-102(15)	1.66	3.22	4.88	2.89
8.	42	4885-60-800(16)	-	2.48	2.48	2.48
9.	43	4853-01-004(01)[02]	0.72	1.72	2.44	1.92
10.	50	4515-101(18)[01]	-	2.00	2.00	1.00

In three cases of Grant Nos. 30, 33 and 42 entire provisions were re-appropriated/surrendered. In one case (Grant No. 29) supplementary provision of Rs 0.01 lakh was obtained without any necessity resultant the funds were not fully utilised and surrendered/re-appropriated to other heads on the last working day (31 March 2006) of the financial year.

### 2.3.11 Trend of recoveries and credits

Under the system of gross budgeting followed by Government, the demands for grants presented to 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.

In 11 grants and one appropriation, the actual recoveries adjusted in reduction of expenditure (Rs 474.22 crore) exceeded the estimated recoveries (Rs 357.97 crore) by Rs 116.25 crore and in eight grants the actual recoveries (Rs 808.64 crore) were less than the estimated recoveries (Rs 964.48 crore) by Rs 155.84 crore. More details are given in Appendix of Appropriation Accounts.

## 2.4 Rush of expenditure

Rajasthan Budget Manual envisages that Government expenditure should be evenly distributed throughout the year. Rush of expenditure particularly in the closing month of a financial year shall be regarded as breach of financial regularity and should be avoided. Contrary to this, in respect of 10 Heads of Account, expenditure exceeding Rs 92 crore ranging between 79.5 and 100 per cent of the total expenditure for the year was incurred in March 2006. This includes three cases where entire expenditure was incurred during March 2006. Details are given in *Appendix-XVII*.

12. Rs 1,000



## 2.5 Non-reconciliation of accounts

To enable the Controlling Officers of the Departments to exercise effective control over the expenditure with a view to keep it within the budget grants and to ascertain their accuracy of accounts, the Rajasthan Budget Manual envisaged that expenditure recorded in their books should be reconciled by them at prescribed periodicity every month during the financial year with that recorded in the books of the Accountant General.

During 2005-06, out of 346 Controlling Officers, only one officer<sup>13</sup> had not reconciled their accounts.

## 2.6 Withdrawal of funds in advance of requirement

General Financial and Accounts Rules (GF&AR) provide that funds shall be withdrawn only if required for immediate disbursement.

**Unnecessary drawal of Rs 8.45 crore in advance of requirement and its continued retention in bank.**

The Executive Engineer, Narmada Canal Division-I, Sanchore transferred (31 Mach 2005) Rs 8.45 crore to Deputy Conservator of Forests (DCF), Jalore to enable them to carry out preparatory arrangements for plantation on both sides of Narmada canal before monsoon. As of April 2006, the amount of Rs 8.45 crore was lying unutilised in the bank account of DCF, Jalore with State Bank of Bikaner and Jaipur because plantation work was not possible without water which was expected to reach by June 2006 as intimated by the Principal Chief Conservator of Forests (March 2005). This transfer being without any immediate requirement was irregular and against the provisions of GF&AR.

Government's contention (June and August 2006) that the funds were transferred to Forest Department for execution of plantation and canal works simultaneously was not acceptable as plantation was not possible till availability of water in June 2006. Thus, the action of the Department to transfer Rs 8.45 crore without immediate requirement was irregular and evidently taken to avoid lapse of grant.

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13. Member, State Transport Appellate Tribunal, Jaipur (Head 2041)