

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 charged as well as voted items of the budget.

Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants was within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution was 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 44 grants / appropriations (42 Grants and 2 Appropriations) are indicated in **Table-2.1**:

Table-2.1

(Rupees in crore)

Name of Expenditure		Original grant / Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess(+)
Voted	I. Revenue	1,667.26	76.18	1,743.44	1,661.40	(-)82.04
	II. Capital	416.37	107.25	523.62	345.73	(-)177.89
	III. Loans and Advances	0.15	Nil	0.15	Nil	(-) 0.15
Total Voted		2,083.78	183.43	2,267.21	2,007.13	(-)260.08
Charged	IV. Revenue	117.43	Nil	117.43	120.87	(+) 3.44
	V. Capital	Nil	Nil	Nil	Nil	Nil
	VI. Public Debt	45.58	Nil	45.58	32.39	(-) 13.19
Total Charged		163.01	Nil	163.01	153.26	(-) 9.75
Appropriation to Contingency Fund (if any)	Nil	-	-	-	-	-
Grand Total		2,246.79	183.43	2,430.22	2,160.39	(-) 269.83

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by allocative priorities

Out of overall savings of 269.83 crore, major savings of Rs. 189.25 crore (70 per cent) occurred under 12 grants as mentioned below:

Table-2.2

(Rupees in crore)

Grant No. & name	Section	Grant			Actual Expenditure	Saving
		Original	Supplementary	Total		
1 – Food Security & Agriculture Development	Revenue	20.91	7.86	28.77	27.33	1.44
3 – Building & Housing	Capital	17.53	3.00	20.53	17.98	2.55
7 - Human Resources Development (Voted)	Capital	35.78	6.39	42.17	17.15	25.02
19 – Irrigation & Flood Control (Voted)	Revenue	12.23	0.21	12.44	9.01	3.43
19 – Irrigation & Flood Control (Voted)	Capital	6.22	1.00	7.22	1.94	5.28
31 – Energy and Power (Voted)	Capital	110.88	24.90	135.78	88.12	47.66
33 – Water Security and Public Health Engineering (Voted)	Capital	31.08	3.22	34.30	25.03	9.27
34 – Roads & Bridges (Voted)	Revenue	30.83	0	30.83	22.09	8.74
34 – Roads & Bridges (Voted)	Capital	92.12	5.99	98.11	58.67	39.44
35 – Rural Management and Development (Voted)	Revenue	53.08	1.22	54.30	46.14	8.16
37 – Sikkim Nationalised Transport (Voted)	Revenue	23.51	0.07	23.58	18.83	4.75
38 – Social Justice, Empowerment and Welfare (Voted)	Revenue	29.89	1.88	31.77	24.31	7.46
38 – Social Justice, Empowerment and Welfare (Voted)	Capital	2.38	0.08	2.46	0.13	2.33
40 – Tourism (Voted)	Capital	19.44	5.83	25.27	13.59	11.68
41 – Urban Development & Housing (Voted)	Capital	5.12	9.8	14.92	2.88	12.04
Total		491	71.45	562.45	373.20	189.25

Reasons for savings as intimated by the Departments were as follows:

- i) The savings under Food Security & Agriculture Development grant (Revenue) was due to non-submission of bills by the suppliers and contractors,

less claims on account of travelling allowances, non-payment of wages and non-receipt of anticipated funds from GOI towards centrally sponsored scheme.

ii) The savings under Building & Housing grant (Capital) was attributed to non-receipt of anticipated funds from GOI for office complex for Judicial Administration (Central Share), non-finalisation of earmarked works by Prison Administration under modernisation of Prison Administration timely and non-raising of bills at the fag end of the year.

iii) The savings under Human Resource Development grant (Capital) was due to delay in the process of payment for land compensation of Rhenock Degree College and Sanskrit Mahavidhyalaya, Samdong and restriction of expenditure to the extent of fund received from North Eastern Council Secretariat and also due to slow pace of works.

iv) The savings under Energy and Power grant (Capital) was due to non-receipt of bills for the works-in-progress and also due to non-receipt of anticipated funds from GOI.

v) The savings under Water Security and Public Health Engineering (Capital) was due to non-receipt of funds from GOI.

vi) The savings under Revenue heads of Roads & Bridges grant was due to restriction of expenditure under maintenance and repairs and non-clearing of bills by PAO (West) and savings that of Capital head was due to non-receipt of anticipated funds from GOI towards centrally sponsored schemes.

vii) The savings under Sikkim Nationalised Transport grant (Revenue) was due to discontinuance of Petrol, Oil and Lubricants (POL) business and various recoveries on salaries and regularisation of muster rolls staffs.

viii) The savings under Social Justice, Empowerment and Welfare grant (Revenue) was due to non-release of second instalment of quota of rice by the Government of India and savings under Capital head was due to non-receipt of funds from GOI.

ix) The savings under Tourism grant (Capital) occurred due to rejection of surrender proposal on 17.04.06 by the Finance Department.

xi) The savings under Urban Development & Housing grant (Capital) was due to non-completion of formalities such as preparation of Comprehensive Detailed Project (CDP), signing of MOA etc. for the scheme and non-receipt of Central share.

xii) No reasons for major savings by Irrigation & Flood Control and Rural Management and Development Departments were furnished.

Areas in which major savings occurred in these 12 grants are given in ***Appendix-VII.***

2.3.2 Excess requiring regularisation

i) 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. The year-wise position of excesses yet to be regularised is indicated in **Table 2.3** below:

Table-2.3

(Rupees in crore)

Year	No. of grants/ appropriations	Grant/ Appropriation No(s)	Amount of excess	Amount for which explanations not furnished to PAC
2002-03	09	5,10,12,14,19,20,23,30,38	2.75	2.75
2003-04	06	2,15,20,23,31,32	1.21	1.21
2004-05	05	2,10,23,24 and Governor	24.82	24.82
Total	20		28.78	28.78

ii) Excess over provision during 2005-06 requiring regularisation

In Revenue Section, there was an excess of Rs. 10.96 crore in seven grants and two appropriations. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Table-2.4

(In Rupees)

Grant No.	Description of the grant/appropriation	Section	Total grant / appropriation	Actual expenditure	Amount in excess
A	Voted		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	Revenue	17,82,68,000	18,37,23,346	54,55,346
3	Building and Housing	Revenue	6,41,84,000	6,72,83,849	30,99,849
7	Human Resource Development	Revenue	1,83,63,02,000	1,88,78,37,753	5,15,35,753
14	Home	Revenue	11,11,62,000	12,32,54,641	1,20,92,641
23	Law	Revenue	1,57,50,000	1,58,10,530	60,530
24	State Legislature	Revenue	3,71,10,000	3,94,88,653	23,78,653
	Total: A – Voted		2,24,27,76,000	2,31,73,98,772	7,46,22,772
B	Charged				
10	Finance, Revenue and Expenditure	Revenue	1,11,99,60,000	1,15,32,04,163	3,32,44,163
	Governor	Revenue	2,05,34,000	2,19,21,505	13,87,505
	Public Service Commission	Revenue	54,03,000	57,29,651	3,26,651
	Total: B – Charged		1,14,58,97,000	1,18,08,55,319	3,49,58,319
	Total: A and B		3,38,86,73,000	3,49,82,54,091	10,95,81,091

2.3.3 Supplementary provision

Supplementary provisions (Rs. 183.43 crore) made during the year constituted 8.16 *per cent* of the original provision (Rs. 2,246.79 crore) as against 7.37 *per cent* in the previous year.

2.3.4 Unnecessary /inadequate supplementary provisions

Supplementary provision of Rs. 63.57 crore made in 17 cases during the year proved unnecessary in view of aggregate savings of Rs. 183.36 crore as detailed in **Appendix-VIII**.

In 12 cases, against additional requirement of Rs. 35.10 crore, supplementary grants of Rs. 84.61 crore were obtained, resulting in savings in each case exceeding Rs. 10 lakh, aggregating Rs. 49.51 crore. Details of these cases are given in **Appendix-IX**.

In six cases, though expenditure exceeded budget provision by Rs. 5.26 crore, no supplementary grants were obtained. Details of these cases are given in **Appendix-X**.

In two cases, supplementary provision of Rs. 14.79 crore proved insufficient leaving an uncovered excess expenditure of Rs. 5.69 crore. Details of these cases are given in **Appendix-XI**.

2.3.5 Persistent savings

Persistent savings of 10 *per cent* and above were noticed in four grants during last three years. Out of four, in one grants there was persistent saving of above Rs. 9 crore ranging from 23 *per cent* to 35 *per cent* of the provision as detailed in **Appendix-XII**.

2.3.6 Anticipated savings not surrendered

According to the rules framed by the Government, the spending Departments are required to surrender the grants/appropriations, or portion thereof, to the Finance Department as and when savings are anticipated at the close of the year. Unutilised funds amounting to Rs. 12.91 crore in three cases, however, were not surrendered during the year as detailed below:

Table-2.5

(Rupees in crore)

Grant No.	Name of Department	Section	Amount
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	Capital	0.80
40	Tourism	Revenue	0.43
40	Tourism	Capital	11.68
Total			12.91

2.3.7 Injudicious/ unnecessary re-appropriation

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. Financial Rules enjoin that re-appropriation of funds shall be made only when it is known or anticipated that the re-appropriation from the unit from which funds are to be transferred will not be utilised in full. Further, funds shall not be re-appropriated from a unit with the intention of restoring the diverted appropriation to that unit when savings became available under other units later in the year.

Scrutiny of re-appropriation orders revealed non-observance of the rules resulting in incorrect re-appropriation. Some important instances are given in ***Appendix-XIII***.

2.3.8 Trend of recoveries and credits

Under the system of gross budgeting, the demands for grants presented to the Legislature are for gross expenditure and exclude all receipts and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are being shown separately in the budget estimates.

During the year 2005-06, against the estimated recoveries of Rs. 17.77 crore actual recoveries were Rs. 14.67 crore as shown in ***Appendix-XIV***.