

## CHAPTER-II

### ALLOCATIVE PRIORITIES AND APPROPRIATION

#### APPROPRIATION ACCOUNTS 2003-2004 AT A GLANCE

The summarised position of original and supplementary grants/ appropriations and expenditure thereto is given below:

Appropriation Accounts	: Government of Sikkim
Total Number of Grants	: 45 (43 Grants, 2 Appropriations)
<b>Total provision and actual expenditure</b>	

**Table-2.1**

*(Rupees in crore)*

Provision	Expenditure		
Original	2,193.27	Expenditure	1,488.87
Supplementary	164.03		
<b>Total Gross provision</b>	<b>2,357.30</b>	<b>Total Gross expenditure</b>	<b>1,488.87</b>
Deduct-Estimated recoveries in reduction of expenditure	13.51	Deduct-Actual recoveries in reduction of expenditure	12.17
<b>Total Net provision</b>	<b>2,343.79</b>	<b>Total Net expenditure</b>	<b>1,476.70</b>

#### Voted and Charged provision and expenditure

**Table-2.2**

*(Rupees in crore)*

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1,880.04	109.09	1,085.60	107.50
Capital	284.00	84.17	211.59	84.18
<b>Total Gross</b>	<b>2,164.04</b>	<b>193.26</b>	<b>1,297.19</b>	<b>191.68</b>
Deduct-recoveries in reduction of expenditure	13.51	-	12.17	-
<b>Total Net</b>	<b>2,150.53</b>	<b>193.26</b>	<b>1,285.02</b>	<b>191.68</b>

### ALLOCATIVE PRIORITIES AND APPROPRIATION

#### 2.1 Introduction

2.1.1 The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-à-vis

those authorised by the Appropriation Act in respect of charged as well as voted items of the 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 whether the expenditure required to be charged under the provision 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

2.2.1 The summarised position of actual expenditure during 2003-04 against 45 grants/appropriations was as follows:

**Table-2.3**

*(Rupees in crore)*

Name of Expenditure		Original grant / Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess(+)
Voted	I. Revenue	1,806.55	73.49	1,880.04	1,085.60 <sup>ψ</sup>	(-)794.44
	II. Capital	245.53	38.16	283.69	211.49	(-)72.20
	III. Loans and Advances	0.31	Nil	0.31	0.10	(-)0.21
<b>Total Voted</b>		<b>2,052.39</b>	<b>111.65</b>	<b>2,164.04</b>	<b>1,297.19</b>	<b>(-)866.85</b>
Charged	IV. Revenue	108.65	0.44	109.09	107.50	(-)1.59
	V. Capital	Nil	Nil	Nil	Nil	Nil
	VI. Public Debt	32.23	51.94	84.17	84.18	(+)0.01
<b>Total Charged</b>		<b>140.88</b>	<b>52.38</b>	<b>193.26</b>	<b>191.68</b>	<b>(-)1.58</b>
Appropriation to Contingency Fund (if any)	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total</b>		<b>2,193.27</b>	<b>164.03</b>	<b>2,357.30</b>	<b>1,488.87<sup>Ω</sup></b>	<b>(-)868.43</b>

## 2.3 Fulfilment of Allocative Priorities

### *Appropriation by Allocative Priorities*

2.3.1 Out of overall savings of Rs. 868.43 crore major savings of Rs. 838.53 crore (96 per cent) occurred in 7 grants as mentioned below:

<sup>ψ</sup> These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure of Rs. 12.17 crore

<sup>Ω</sup> At the end of March 2004 detailed contingent bills were not received as required under Rules from the DDOs in support of Rs. 35.77 crore drawn on abstract contingent bills. In the absence of DC bills, the genuineness of the expenditure could not be vouchsafed.

Table-2.4

(Rupees in crore)

Grant No. & name	Original	Grant	Total	Actual Expenditure	Saving
		Supple- mentary			
7- Education (R)	146.87	0.61	147.48	137.55	9.93
7- Education (C)	22.11	6.33	28.44	21.12	7.32
10 -Finance (R)	1,308.48	27.13	1,335.61	594.50	741.11
17- Industries (C)	4.78	0.00	4.78	1.90	2.88
30- Planning & Development (R)	18.97	0.01	18.98	3.67	15.31
30- Planning & Development (C)	3.50	7.50	11.00	3.12	7.88
32- Power (C)	57.91	0.13	58.04	44.77	13.27
35- Roads & Bridges (R)	29.68	0.52	30.20	19.62	10.58
35- Roads & Bridges (C)	53.93	5.92	59.85	34.44	25.41
40- Sports & Youth Affairs (C)	8.55	4.58	13.13	8.29	4.84
<b>Total</b>	<b>1,654.78</b>	<b>52.73</b>	<b>1,707.51</b>	<b>868.98</b>	<b>838.53</b>

R= Revenue, C= Capital

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

- (a) The saving under Education grant (Revenue) was due to partial implementation of integrated computer literacy training scheme in 50 schools and that of Capital grant was due to non-achievement of the target for civil works.
- (b) The saving under Finance grant (Revenue) was due to steep reduction in printing and sale of lottery tickets owing to ban on sale of lottery tickets in Tamilnadu and hike of sales tax by various other Governments on sale of lottery tickets.
- (c) Saving under Industries grant (Capital) was due to surrender of provision as per direction of Government without assigning any reason.
- (d) The saving under Planning & Development grant (Revenue) was due to reappropriation for meeting supplementary grants of other departments during the year followed by surrender of fund. The surrender was due to non sanction of Grants in aids to State Planning Board and non sanction of Rastria Sam Vikash Yojana by Planning Commission, Government of India.
- (e) The savings under Roads & Bridges grant (Revenue and Capital) were due to non-receipt of expenditure statement from Border Road Task Force and non finalisation of the scheme by the Civil Aviation Department due to which necessary book adjustment for construction of road was not carried out.
- (f) The saving under Power grant (Capital) was due to reduction in provision by Rs. 153.83 lakh, with a net effect of decreasing the provision by Rs. 9.79 lakh through reappropriation and further reduction of Rs. 141.04 lakh through surrender to match the expenditure with the Government of India sanction for Centrally sponsored scheme. Further, reduction in provision by Rs. 1,054.72 lakh by means of surrender in March 2004 was due to late receipt of allocation of Government of India and restricting the expenditure on the basis of allocation made during the fiscal etc.

(g) The saving under Sports & Youth Affairs grant (Capital) was due to change of pattern of funding of the construction of Palzor Stadium by Government of India and Sikkim.

Areas in which major savings occurred in these 7 grants are given in the *Appendix-VIII*.

*Excess over provision relating to previous years requiring regularisation*

2.3.2 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. 871.99 crore for the years 2000-01 to 2002-03 was yet to be regularised.

**Table-2.5**

*(Rupees in crore)*

Year	No. of grants/ appropriations	Grant/ Appropriation No(s)	Amount of excess	Amount for which explanations not furnished to PAC
2000-01	05	1,36,39 Public Debt & Governor	0.74	0.74
2001-02	06	10,5,20,30,41 & Governor	868.50	868.50
2002-03	09	5,10,12,14,19,20,23,30,38	2.75	2.75
<b>Total</b>			<b>871.99</b>	<b>871.99</b>

*Excess over provision during 2003-04 requiring regularisation*

2.3.3 In Revenue Section, there was an excess of Rs. 1,07,57,830 in three grants and in Capital Section, there was an excess of Rs. 13,48,651 in three grants. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

**Table-2.6**

*(In Rupees)*

Sl. No.	Number and name of grant / appropriation	Total grant / appropriation	Actual expenditure	Excess
<b>1</b>	<b>REVENUE</b>			
2	15-Home	11,81,02,000	11,81,82,630	80,630
3	23 – Land Revenue	24,06,49,000	25,06,48,690	99,99,690
4	32- Power	37,06,85,000	37,13,62,510	6,77,510
	<b>Total Revenue</b>			<b>1,07,57,830</b>
	<b>CAPITAL</b>			
5	2-Animal Husbandry	33,90,000	34,29,947	39,947
6	20 – Irrigation & Flood Control	1,53,00,000	1,64,36,087	11,36,087
7	31-Police	1,24,00,000	1,25,72,617	1,72,617
	<b>Total Capital</b>			<b>13,48,651</b>
	<b>Grand Total</b>			<b>1,21,06,481</b>

*Savings*

2.3.4 The ultimate net savings of Rs. 868.43 crore was the result of total gross savings of Rs. 869.64 crore marginally reduced by excess of Rs. 1.21 crore. The details of savings and excesses are as shown below:

**Table-2.7***(Rupees in crore)*

Section	No. of Grants/ Appropriation	Amount of Savings	No. of Grant/ Appropriation	Amount of Excess	Net amount of Savings
Revenue	42	797.10	3	1.08	796.02
Capital	24	72.54	3	0.13	72.41
<b>Total</b>		<b>869.64</b>		<b>1.21</b>	<b>868.43</b>

***Unnecessary/Excessive Supplementary provision***

2.3.5 Supplementary provision made during the year constituted 7.48 *per cent* of the original provision as against 13.8 *per cent* in the previous year. Supplementary provision of funds amounting to Rs. 58.62 crore was made in 23 cases during the year where the expenditure did not even come up to the level of original provision. Details are in *Appendix-IX*.

***Unutilised Provision and surrender thereof***

2.3.6 For the year 2003-04, against net savings of Rs. 868.43 crore, the amount surrendered at the fag end of financial year was Rs. 830.19 crore.

***Anticipated savings not surrendered***

2.3.7 Unutilised provisions of funds amounting to Rs. 5.46 crore in four cases were not surrendered during the year. The details are given below:

**Table-2.8***(Rupees in crore)*

Sl. No.	Grant No.	Name	Amount
<b>Revenue</b>			
1.	3	Building & Housing	0.04
2.	20	Irrigation & Flood Control	0.48
<b>Capital</b>			
1.	23	Land Revenue	0.10
2.	40	Sports & Youth Affairs	4.84
<b>Grand Total</b>			<b>5.46</b>

***Non-receipt of explanations for Savings/ Excess***

2.3.8 After the closure of accounts each year, the Detailed Appropriation Accounts showing the Final Grant/Appropriation, the actual expenditure and the resultant variations are sent to the controlling officers (COs) who are required to explain the variations in general and those under important sub-heads in particular. The State budget manual requires the COs to furnish promptly all such information to the Deputy Accountant General (A&E) for preparation of the Appropriation Accounts.

Appropriation Accounts 2003-04 included 43 Grants and two Appropriations involving 681 sub-heads. Of this 367 sub-heads required comments from

Government for excess/savings. Explanations for variations were not received for 38 sub-heads. The replies received in respect of 125 sub-heads were incomplete.

***Surrender in excess of actual savings***

2.3.9 Against the actual savings of Rs. 19.23 crore in seven cases, an amount of Rs. 19.40 crore was surrendered by the Government during the year i.e., an amount of Rs. 0.17 crore was surrendered in excess as detailed in ***Appendix-X***.

***Unutilised Provision***

2.3.10 Savings in the grants/appropriations were indicative of inaccurate budget estimation and a tendency of the concerned departments to overestimate their requirement of funds. Scrutiny of Appropriation Accounts revealed that in the Revenue section in nine Grants and in the Capital section in 14 Grants, the approved budget provisions were excessive and there were savings of more than Rs. 10 lakh and also more than 10 *per cent* of the total provision in each case. Details are in ***Appendix-XI***.

***Injudicious/irregular/inadequate re-appropriation***

2.3.11 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-XII***.

***Trend of recoveries and credits***

2.3.12 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 2003-04, against the estimated recoveries of Rs. 13.51 crore, actual recoveries were Rs. 12.17 crore as shown in ***Appendix-XIII***.