

CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

2.1.1 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 the charged and voted items of budget.

2.1.2 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 incurred during 2004-05 against 51 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	23367.66	4051.90	27419.56	25236.41	(-) 2183.15
	II Capital	3347.29	1849.15	5196.44	4582.78	(-) 613.66
	III Loans and Advances	481.91	845.99	1327.90	1085.84	(-) 242.06
Total Voted		27196.86	6747.04	33943.90	30905.03	(-) 3038.87
Charged	IV Revenue	5276.88	14.47	5291.35	5253.46	(-) 37.89
	V Capital	0.00	0.00	0.00	0.00	0.00
	VI Public Debt-Repayment	3794.81	5631.46	9426.27	8525.17	(-) 901.10
Total Charged		9071.69	5645.93	14717.62	13778.63	(-) 938.99
Appropriation to Contingency Fund (if any)	
Grand Total		36268.55	12392.97	48661.52	44683.66**	(-) 3977.86

* These are gross figures except in respect of certain suspense heads operated under Grant Nos. 20 and 38.

** The total expenditure includes Rs 1195.54 crore transferred to 8443 - Civil Deposits – 800 Other Deposits in respect of 32 Corporations / Autonomous Bodies but kept unutilised.

2.3 Results of Appropriation Audit

Excess over provision relating to the previous years requiring regularisation

2.3.1 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 6105.43 crore for the years 1997-2004 was yet to be regularised as detailed in **Appendix VIII**.

Excess over grants/appropriations during 2004-05 requiring regularisation

2.3.2 The excess of Rs 2.34 crore under seven grants and Rs 0.48 crore under five appropriations requires regularisation under Article 205 of the Constitution as detailed below:

(Amount in Rupees)

Sl. No.	Number and title of grant/appropriation	Total grant/appropriation	Expenditure	Excess
Voted Grants -				
1.	14 Environment and Forests Department (Revenue)	114,20,54,000	115,60,83,588	1,40,29,588
2.	19 Higher Education Department (Capital)	3,16,96,000	3,60,47,101	43,51,101
3.	20 Highways Department (Loans)	4,38,70,000	4,38,70,440	440
4.	21 Home Department – Police (Loans)	50,01,000	52,17,043	2,16,043
5.	22 Home Department - Fire and Rescue Services (Capital)	1,39,000	1,39,999	999
6.	33 Municipal Administration and Water Supply Department (Revenue)	922,10,00,000	922,20,72,425	10,72,425
7.	36 Prohibition and Excise Department (Revenue)	34,33,77,000	34,71,27,993	37,50,993
Total Voted		1078,71,37,000	1081,05,58,589	2,34,21,589
Charged Appropriations -				
8.	1 State Legislature (Revenue)	28,09,000	34,36,437	6,27,437
9.	14 Environment and Forests Department (Revenue)	11,31,000	11,55,757	24,757
10.	37 Public Department (Revenue)	32,02,000	71,44,140	39,42,140
11.	40 Rural Development Department (Revenue)	73,000	73,934	934
12.	48 Pension and Other Retirement Benefits (Revenue)	10,80,000	12,33,707	1,53,707
Total Charged		82,95,000	1,30,43,975	47,48,975
Grand Total		1079,54,32,000	1082,36,02,564	2,81,70,564

Expenditure incurred without provision

2.3.3 In 63 sub-heads, expenditure of Rs 19.01 crore had been incurred either without budget provision or the entire provision was withdrawn through reappropriation.

Original budget and supplementary provisions

2.3.4 The overall saving of Rs 3977.86 crore was the result of saving of Rs 3980.68 crore in 48 voted grants and 36 charged appropriations (122 cases) offset by excess of Rs 2.82 crore in seven grants and five appropriations (12 cases).

2.3.5 Supplementary provision obtained during the year constituted 34 *per cent* of the original provision as against 9 *per cent* in the previous year.

Unnecessary supplementary provision

2.3.6 Supplementary provision aggregating Rs 377.51 crore obtained in 25 cases, Rs 10 lakh or more in each case, during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix IX**.

Excessive supplementary provision

2.3.7 In 21 cases, against additional requirement of Rs 9576.68 crore, supplementary grants and appropriation of Rs 10971.10 crore were obtained resulting in saving, in each case exceeding Rs 50 lakh, aggregating Rs 1394.42 crore. Details of these cases are given in **Appendix X**.

Substantial surrenders

2.3.8 Substantial surrenders were made in respect of 148 schemes on account of either non-implementation or slow implementation. Out of the total provision amounting to Rs 5285.01 crore in these schemes, Rs 4494.33 crore (85 *per cent*) were surrendered and hundred *per cent* surrender was made in respect of 46 schemes (Rs 734.27 crore).

Surrender in excess of actual saving

2.3.9 In 10 cases, the amount surrendered was in excess of actual savings indicating inadequate budgetary control. As against savings of Rs 709.87 crore, the amount surrendered was Rs 852.41 crore resulting in excess surrender of Rs 142.54 crore (Rs 50 lakh and more in each case). Details are given in **Appendix XI**.

Substantial savings

2.3.10 In 23 cases, the expenditure fell short by more than Rs one crore in each case and also by 15 *per cent* or more of the total provision as detailed in **Appendix XII**.

Excessive/unnecessary reappropriation of funds

2.3.11 Reappropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Injudicious reappropriation proved excessive or insufficient and resulted in savings/excess in 467 sub-heads of over Rs ten lakh in each case. The excess/saving in 62 cases was more than Rs two crore in each case as detailed in **Appendix XIII**.

Unexplained reappropriations

2.3.12 According to paragraph 151 of Tamil Nadu Budget Manual, Volume I, reasons for the additional expenditure and the savings should be explained in

the reappropriation statement and vague expressions such as “based on actuals”, “based on progress of expenditure”, etc., should be avoided. However, a scrutiny of reappropriation orders issued by the Finance Department revealed that in respect of 3,510 out of 18,304 items (19 *per cent*), reasons given for additional provision/withdrawal of provision were of general nature like “actual requirement” and “based on latest assessment”.

2.4 Non-reconciliation of Departmental figures

2.4.1 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 Financial Rules 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.

2.4.2 Even though non-reconciliation of Departmental figures was persistently being pointed out in Audit Reports, lapses on the part of the Controlling Officers in this regard persisted during 2004-05 also. Six Controlling Officers who did not reconcile their expenditure figure (December 2005) amounting to Rs 16 crore are depicted below:

(Rupees in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1.	Commissioner of Commercial Taxes	7.79
2.	Sales Tax Appellate Tribunal	0.19
3.	Secretary, Finance Department	5.40
4.	Director of Information and Public Relation	0.94
5.	Director of Municipal Administration	0.80
6.	Hills Area Development Program, Udthagai	0.88
Total		16.00

2.5 Rush of expenditure

According to the Tamil Nadu Financial Codal provisions, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 31 sub-heads, expenditure exceeding Rs ten crore and also more than 50 *per cent* of the total expenditure for the year was incurred in March 2005 (Appendix XIV). This includes 11 cases, where entire expenditure was incurred during March 2005.

2.6 Unutilised Central Assistance

Government of India (GOI) released Rs 31.58 lakh to the State Government under a scheme "Vocational Training in Tribal Areas" during 1993-99 for establishing four Vocational Training Institutes (VTIs). In August 1998, the GOI modified the scheme to permit running of the VTIs through NGOs. Scrutiny revealed that between December 1999 and January 2005, the Adi Dravidar and Tribal Welfare Department could not forward any viable

proposal to the GOI. In February 2005, the GOI directed that the amount of Rs 31.58 lakh be refunded before any fresh proposal can be considered. This amount was yet to be refunded (August 2005). Thus, the Central assistance of Rs 31.58 lakh remained unutilised even after six years.

2.7 Non-closure of Personal Deposit Accounts

Personal Deposit (PD) Accounts are created by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by minus debit to the relevant service heads. There were 1,381 PD Accounts in 29 District Treasuries and five Pay and Accounts Offices in operation with closing balance of Rs 576.61 crore as of March 2005. None of these PD accounts were closed and its balance transferred as on 31 March 2005.