

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 the 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 whether the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure incurred is in conformity with law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2003-2004 against grants and appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-) Excess (+)
Voted	I. Revenue	2,235.44	78.54	2,313.98	1,454.79	(-) 859.19
	II. Capital	398.32	31.56	429.88	309.57	(-) 120.31
	III. Loans & Advances	9.93	2.50	12.43	9.73	(-) 2.70
Total Voted		2,643.69	112.60	2,756.29	1,774.09	(-) 982.20
Charged	IV. Revenue	325.47	8.04	333.51	336.99	(+) 3.48
	V. Capital	1.88	1.14	3.02	1.16	(-) 1.86
	VI. Public Debt	186.15	277.96	464.11	1,009.92	(+) 545.81
Total Charged		513.50	287.14	800.64	1,348.07	(+) 547.43
Grand Total		3,157.19	399.74	3,556.93	3,122.16	(-) 434.77

Note:- The expenditure includes the recoveries of revenue expenditure amounting to Rs. 28.19 crore and capital expenditure amounting to Rs. 9.21 crore adjusted as reduction of expenditure.

The overall savings of Rs.434.77 crore as mentioned above were net result of savings of Rs.984.36 crore in 79 grants and appropriations offset by excess of Rs.549.59crore in one grant and one appropriation.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Out of savings of Rs.982.22 crore under voted grants major savings of Rs.780.51 crore (79.46 per cent) occurred in six grants as mentioned below:

(Rupees in crore)

Sr.No.	Grant No.	Allocation			Actual Expenditure	Savings
		Original	Supplementary	Total		
1.	PUBLIC WORKS DEPARTMENT (REVENUE VOTED)					
	21	167.85	9.41	177.26	148.62	28.64
2.	PUBLIC WORKS DEPARTMENT (CAPITAL VOTED)					
	21	138.01	25.45	163.46	148.93	14.53
3.	LOTTERIES (REVENUE VOTED)					
	30	685.63	-	685.63	2.21	683.42
4.	INDUSTRIES & MINES (REVENUE VOTED)					
	19	33.54	1.47	35.01	10.62	24.39
5.	ELECTRICITY (CAPITAL VOTED)					
	76	67.07	-	67.07	50.83	16.24
6.	ELECTRICITY (REVENUE VOTED)					
	76	441.60	5.00	446.60	433.31	13.29
Total		1533.70	41.33	1575.03	794.52	780.51

Reasons for savings in the above grants were as follows:

- **Public Works Department**

Revenue: Curtailment of expenditure as an economy measure on minor works, maintenance works, restriction on reserve stock, non purchase of new vehicles and non sanction of new schemes etc.

Capital: Reduction in expenditure on Major Works, Government decision not to invest further in Sewage Infrastructure Development Corporation, slow progress of district roads.

- **Lotteries:** Savings were mainly on account of stoppage of lottery business in August 2002.

- **Industries and Mines:** Non receipt of proposal for payment of grants to Small scale Industries, non participation of State Government in Beijing and Shanghai Exhibitions, non release of contribution subsidised under Industrial Policy due to late finalisation of Industrial Policy.

- **Electricity**

Revenue: The anticipated savings were mainly due to credit awarded by National Thermal Power Corporation (NTPC) and non submission of bills by suppliers.

Capital: Non-finalisation of tenders under Augmentation of Tivim sub-station, not taking up works under Accelerated Power Development Programme and Erection of Xeldem sub-station.

Areas in which major savings occurred in these grants/appropriation are given in *Appendix 2.1*.

In 21 cases, savings exceeding Rs.2 crore in each case and also by more than 10 *per cent* of the total provision amounted to Rs.134.91 crore as indicated in *Appendix 2.2*.

2.3.2 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 or appropriation regularised by the State Legislature. However, excess expenditure amounting to Rs.1026.48 crore for the years 1996-97 to 2002-03 was yet to be regularised. Details are given in *Appendix 2.3*.

Excess over provisions during 2003-04 requiring regularisation

The excess of Rs.549.59 crore under one grant and one appropriation during the year requires regularisation under Article 205 of the Constitution. Details are given below:

Sr. No.	No. and name of Grant/appropriation	Total Grant/ appropriation	Actual expenditure	Excess
				<i>Amount in Rupees</i>
Revenue (Charged)				
1.	Appropriation – Debt Services	330,60,39,000	334,35,57,471	3,75,18,471
Capital (Charged)				
2.	Appropriation–Debt Services	464,10,61,000	1009,92,21,341	545,81,60,341
Capital (Voted)				
3.	2. General Administration and Coordination	65,00,000	67,68,840	268,840
TOTAL		795,36,00,000	1344,95,47,652	549,59,47,652

The final excess was due to occasional imbalance between the receipts and payments of the State Government, necessitating borrowings by means of Ways and Means Advances from the Reserve Bank of India and due to inadequate budgetary support provided by the State Government under the Head “Appropriation-Debt Services”.

2.3.3 Original budget and supplementary provisions

Supplementary provisions (Rs.399.74 crore) made during this year constituted 12.66 *per cent* of the original provision (Rs.3157.19 crore) as against seven *per cent* in the previous year.

2.3.4 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs.37.29 crore made in 32 cases during the year proved unnecessary in view of aggregate savings of Rs.152.89 crore as detailed in *Appendix 2.4*.

In 10 cases, against additional requirement of only Rs.8.83 crore, supplementary provision of Rs.20 crore was obtained, resulting in savings in each case exceeding Rs.30 lakh, aggregating Rs.11.17 crore (*Appendix 2.5*).

In one case (Appropriation debt services) supplementary provision of Rs.277.96 crore proved insufficient leaving an uncovered expenditure of Rs.545.81 crore.

2.3.5 Anticipated savings not surrendered

According to rules, 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 2003-04, savings of Rs. 4.46 crore in three cases had not been surrendered. In 12 cases, even after partial surrender, savings of Rs.50 lakhs and above in each case aggregating Rs.21.52 crore were not surrendered. Details are given in *Appendix 2.6* and *2.7* respectively.

2.4 Unreconciled expenditure

The departmental officers are required to reconcile periodically and before the close of the accounts of a year, the departmental figures of expenditure with those recorded in the books of the Director of Accounts. The Public Accounts Committee in its forty-eighth report (1992) had also desired that punitive action be taken against erring Budget Controlling Authorities. During 2003-04, out of 85 Budget Controlling Authorities (BCAs), 13 BCAs had not carried out such reconciliation for the whole year in respect of 44 units under their control and three BCAs had not carried out such reconciliation for a part of the year in respect of four units. Six major BCAs, who did not reconcile the expenditure to the extent of Rs.157.90 crore were as follows:

Sr.No.	Budget Controlling Authority who did not reconcile their figures	Amounts not reconciled (Rupees in crore)
1.	Inspector General of Police	14.91
2.	Conservator of Forests	13.30
3.	Under Secretary, Law	23.65
4.	Director of Youth Affairs	25.00
5.	Director of Civil Supplies	24.09
6.	Chief Engineer, Water Resources	29.09
7.	Principal, Government Polytechnic, Curchorem	27.86
	TOTAL	157.90

2.5 Advances from Contingency Fund

The Contingency Fund of the State of Goa was established under the Goa Contingency Fund Act, 1988 in terms of the provision under Article 267 of the Constitution of India. The Fund was established with the objective of meeting expenditure of an unforeseen and emergent character, the postponement of which till its authorisation by the Legislature would not be desirable.

The fund was in the nature of an imprest with legislative approval for the corpus of Rs.30 crore.

As on 1 April 2003, the balance in the fund was Rs. 30 crore. During the year advances of Rs. 27.20 crore were withdrawn from the Fund by issuing 127 orders, of which Rs. 1.17 crore was not recouped till March 2004. The balance in the fund as on 31st March 2004 thus stood at was Rs. 28.83 crore.

Audit scrutiny of the drawal orders revealed the following:

An amount of Rs. 6.46 crore was withdrawn for meeting Pay and Allowances of employees between the period from June 2003 to January 2004.

An amount of Rs. 18.65 crore was withdrawn under 48 orders for various reasons such as maintenance of roads and bridges (Rs.6.00 crore), payment of interest on Block Loan (Rs. 2.96 crore), construction of fire station at Ponda (Rs. 1.39 crore), Rs. 0.98 crore were withdrawn for Decretal orders, Arbitration Award etc. and balance (Rs.8.30 crore) for various purposes like foreign tours, Motor Car Advances to MLAs, International Workshops etc.

Further, Rs. 1.02 crore was withdrawn under four orders for implementation of Centrally Sponsored Schemes.

The drawals from the Contingency Fund for Pay and Allowances, Centrally Sponsored Schemes, purchase of vehicles and such other known and foreseen expenditure were not in tune with the spirit of the formation of Contingency Fund provided in the Constitution. It also reflected underreporting of revenue deficit at the time of budget proposals besides underscoring the unrealistic nature of the budget provisions.

2.6 Outstanding Advances

Outstanding AC bills

According to the General Financial Rules followed by the Government of Goa, money should not be drawn from treasury in advance and/or in excess of requirement. As per Rules, Detailed Contingent (DC) bills are to be submitted against the Abstract Contingent (AC) bills within one month from the date of drawal. Certain departments like Health have been given extended time limit of 12 months for submission of D.C. Bills.

As per information furnished by the Director of Accounts, 77 AC Bills involving an amount of Rs.2.52 crore drawn by various departments upto March 2004, were pending adjustment as on 30 September 2004.

Year-wise position of these outstanding Bills was as follows:

Year	No. of DC Bills	Amount (Rupees in crore)
Upto 1999-2000	16	0.10
2000-2001	3	0.02
2001-2002	4	0.01
2002-2003	12	1.24
2003-2004	42	1.15
TOTAL	77	2.52

The departments against which substantial amounts were outstanding are as follows:

Sr.No.	Department/office	No. of AC bills	Amount (Rupees in crore)	Earliest year to which AC bills pertain
1.	Directorate of Health Services	11	1.02	2001-02
2.	Directorate of Animal Husbandry & Veterinary Services	2	0.45	2003-04
3.	Directorate of Sports & Youth Affairs	5	0.26	2002-03
4.	Directorate of Education	2	0.24	2003-04
5.	Information Department	3	0.11	1999-2000

Outstanding advances to Government servants

Scrutiny revealed that Rs.1.91 crore being advances made upto March 2003 to Government servants on account of Travelling Allowances, Leave Travel Concessions etc. were pending adjustment as of September 2004. The departments against which a large number of such advances were outstanding were:

Sr.No.	Department/office	No. of AC bills	Amount (Rupees in crore)	Earliest year to which AC bills pertain
1.	Directorate of Health Services	18	0.56	2001-02
2.	Goa Medical College	12	0.18	2001-02
3.	Director General of Police	61	0.16	1988-89
4.	General Administration Department	28	0.14	1988-89
5.	Legislature Department	23	0.13	1982-83
6.	Directorate of Education	13	0.13	1994-95
7.	Goa Sadan, New Delhi	10	0.12	1988-89