

**EXCESSES OVER VOTED GRANTS AND
CHARGED APPROPRIATIONS (2020-21)**

**PUBLIC ACCOUNTS COMMITTEE
(2023-24)**

SIXTY-SIXTH REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

PAC NO. - 2295

SIXTY-SIXTH REPORT

PUBLIC ACCOUNTS COMMITTEE (2023-24)

(SEVENTEENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2020-21)



Presented to Lok Sabha on:

25.07.2023
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25.07.2023
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LOK SABHA SECRETARIAT
NEW DELHI

July, 2023 /Sravana, 1945 (Saka)

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* Not appended to the cyclostyled copy of the Report

Composition of the Public Accounts Committee (2023-24)

Shri Adhir Ranjan Chowdhury

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Chairperson

MEMBERS

LOK SABHA

2. Shri Thalikkottai Rajuthevar Baalu
3. Shri Subhash Chandra Baheria
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Vishnu Dayal Ram
7. Shri Pratap Chandra Sarangi
8. Shri Rahul Ramesh Shewale
9. Shri Gowdar Mallikarjunappa Siddeshwara
10. Shri Brijendra Singh
11. Shri Rajiv Ranjan Singh *alias* Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabbhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Shaktisinh Gohli
17. Dr. K. Laxman
18. Shri Sukhendu Sekhar Ray
19. Shri Tiruchi Siva
20. Dr. M. Thambidurai
21. Shri Ghanshyam Tiwari
22. Dr. Sudhanshu Trivedi

Secretariat

1. Shri T.G. Chandrasekhar - Additional Secretary
2. Shri Tirthankar Das - Director
3. Smt. Anju Kukreja - Deputy Secretary

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2023-24) having been authorised by the Committee, do present this Sixty-sixth Report (Seventeenth Lok Sabha) on 'Excesses over Voted Grants and charged Appropriations (2020-21)'.

2. The Union Government Appropriation Accounts relating to Civil Sector were laid on the Table of the House on 21st December 2021 and Appropriation Accounts relating to Defence Services and Postal Services were laid on the Table of the House on 5th April 2022. The Appropriation Accounts relating to Railways were laid on the Table of the House on 7th April 2022.

3. The Committee examined the cases of excess expenditure incurred by the Ministry of Consumer Affairs, Food & Public Distribution (Department of Food & Public Distribution) and Ministry of Defence of the Union Government in the 2020-21 fiscal on the basis of the Appropriation Accounts; observations of Audit as contained in the relevant Reports of the Comptroller & Auditor General of India; and the Explanatory Notes furnished by the Ministries/Departments concerned. The Committee considered and finalised this Report at their sitting held on 18th July, 2023. Minutes of the Sitting are given at Appendix-I.

4. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** and form Part- II of the Report.

5. The Committee would like to express their thanks to the representatives of the Ministries of Consumer Affairs, Food and Public Distribution and Defence for the cooperation extended by them in furnishing the requisite information to the Committee.

6. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and by the Office of the Comptroller and Auditor General of India.

NEW DELHI;
24 July, 2023
02 Sravana, 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

REPORT

PART-I

A. INTRODUCTORY

(a) Annual Appropriation Accounts of the Union Government

Appropriation Accounts are annual statements detailing Grant/Appropriation-wise sums spent by the Government in a financial year vis-à-vis the sums specified in the schedule appended to the Appropriation Acts passed under Articles 114 and 115 of the Constitution of India. Such accounts also indicate unspent provisions/excess expenditure under each Voted Grant and Charged Appropriation as a whole during that financial year.

2. Presently, four Appropriation Accounts are presented to Parliament viz. Civil, Defence Services, Postal Services and Railways. The Appropriation Accounts in respect of Grants/Appropriations* covered under the Civil Sector are prepared by the Controller General of Accounts (CGA) in the Ministry of Finance. The Non-Civil Ministries/Departments like Defence, Posts and Railways prepare their own annual Appropriation Accounts. These Appropriation Accounts compare grant/appropriation wise summary of provisions for expenditure authorized by Parliament and the actual expenditure from Consolidated Fund of India (CFI) against them. These Appropriation Accounts are audited and certified by the Comptroller and Auditor General (C&AG) of India who also submits separate Audit Reports thereon to the President who, in turn, causes them to be laid before each House of Parliament in terms of Article 151 of the Constitution of India.

3. After their presentation to Parliament, these annual Appropriation Accounts and Audit Reports thereon stand referred to the Public Accounts Committee for examination under the provisions of Rule 308[†] of Rules of Procedure and Conduct of Business in Lok Sabha.

4. In scrutinizing the Appropriation Accounts of the Government of India and the Reports of the Comptroller and Auditor General of India thereon, it is the duty of the Committee to satisfy themselves: -

- (a) that the moneys shown in the accounts as having been disbursed were legally available for, and applicable to, the service or purpose to which they have been applied or charged;
- (b) that the expenditure conforms to the authority which governs it; and
- (c) that every re-appropriation has been made in accordance with the provisions made in this behalf under Rules framed by the competent authority.

5. If any money has been spent on any service during a financial year in excess of the amount granted by Parliament for that purpose, the Committee examine, with reference to the facts of each case, the circumstances leading to the excesses and make such recommendations as they may deem fit.

* In a Demand for Grants, provision for voted expenditure is called a Grant and for charged expenditure it is called an Appropriation.

† This Rule defines the functions of the Public Accounts Committee.

(b) Rules/Provisions for controlling excess expenditure

6. The following Constitutional Provisions and Rules are laid down for control of excess expenditure by the Government:

- (i) Article 114 (3) of the Constitution provides that subject to the provisions of Articles 115 and 116, no money shall be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article.
- (ii) Further, Rule 52 (3) of the General Financial Rules (GFR), 2005 stipulates that no disbursements be made which might have the effect of exceeding the total Grant or Appropriation authorized by Parliament for a financial year except after obtaining a Supplementary Grant or an advance from the Contingency Fund.
- (iii) Article 115(1) (b) of the Constitution stipulates that if any money had been spent on any service during a financial year in excess of the amount granted for that service and for that year, the President should cause to be presented to the House of People a demand for such excess.
- (iv) Indian Railway Financial Code, Volume-I also addresses the issue of excesses over Grants in so far as Railway finances are concerned. According to paragraph 371 of this code, the Railway administration shall be responsible to ensure that no expenditure is incurred in excess of the Budget allotments made to them. Similar provisions also exist under paragraphs 782 and 783 of Postal Manual, Volume II (Fourth Revised Edition) which, *inter-alia* prescribe that control in relation to budget allotments must secure that expenditure is not incurred under any head in excess of the funds allotted to that head.

(c) Procedure for regularization of excess expenditure

7. According to the procedure laid down for regularization of the excess expenditure, the Ministries/Departments of the Government of India are required to furnish to the Public Accounts Committee, Explanatory Notes detailing the reasons for or the circumstances leading to the excesses under each excess registering Grant/Appropriation along with the relevant Appropriation Accounts. Thereafter, the Public Accounts Committee proceed to examine, in the light of the Explanatory Notes furnished by the Ministries/Departments concerned, the circumstances leading to such excesses and present a Report thereon to Parliament recommending *inter-alia* regularization of the excesses subject to such Observations/Recommendations as they may like to make. Pursuant to the Observations/Recommendations made in the Report of the Committee, the Government initiate necessary action to have the excesses regularized by Parliament, under Article 115 (1) (b) of the Constitution, either in the same Session in which the Committee present their Report or in the Session following it.

(d) Union Government Appropriation Accounts (2020-21)

8. The details of the four Union Government Appropriation Accounts (2020-21) viz. the dates of laying of these Accounts on the Table of the House, the number of Grants/Appropriations operated under each of the four Appropriation Accounts and the relevant Chapters/Paragraphs of the Audit Reports highlighting the Audit findings are given below:-

Sl. No.	Appropriation Accounts	Date of laying on the Table of the House	No. of Grants/ Appropriations highlighted	C&AG's Report in which audit findings highlighted
1.	Civil	21-12-2021	97	Chapter 4 (Para 4.2.1) of C&AG's Report No. 31 of 2022, Union Government, Accounts of the Union Government, (Financial Audit)
2.	Defence Services	05-04-2022	2	Chapter 4 (Para 4.2.1) of C&AG's Report No. 31 of 2022, Union Government, Accounts of the Union Government, (Financial Audit)
3.	Postal Services	05-04-2022	1	Chapter 4 (Para 4.2.1) of C&AG's Report No. 31 of 2022, Union Government, Accounts of the Union Government, (Financial Audit)
4.	Railways	07-04-2022	1	Chapter 1 (Para 1.8) of C&AG's Report No. 23 of 2022, Union Government (Railways) Railways Finances
Total No. of Grants/Appropriations:			101	

9. In this Report, the Committee have examined those Grants/ Appropriations where money has been spent in excess of the amount authorized by Parliament for specified services for the year 2020-21 and which require regularization by Parliament under Article 115(1)(b) of the Constitution of India.

B. EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2020-21)

10. Scrutiny of the four Appropriation Accounts (2020-21) revealed that, there was an excess disbursement of ₹ 1,18,651.04 crore over the authorization from the CFI during 2020-21. The aforesaid excess disbursement occurred in three Grants/Appropriations operated by Civil Ministries/Departments. Details in this regard are given below:

(In unit of ₹)

Sl. No.	Name of Appropriation Accounts	No. of excess registering Grants/Appro priations	No. of cases involved	Amount of excess expenditure incurred
1.	Civil	3	3	118651,03,64,645
2.	Defence Services	Nil	Nil	Nil
3.	Posts	Nil	Nil	Nil
4.	Railways	Nil	Nil	Nil

Total	3	3	118651,03,64,645
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(a) **Details of Excess Disbursement over Voted Grants/Charged Appropriations (2020-21)**

11. The details of three cases of three Voted Grants/Charged Appropriations under which the actual expenditure had exceeded the sanctioned provision during the financial year 2020-21 as shown in the relevant Union Government Appropriation Accounts/Explanatory Notes furnished by the Ministries/Departments concerned are given below:-

(In unit of ₹)

Sl. No.	No. & Name of Grant/ Appropriation	Administrative Ministry/ Department	Original Grant/Appropriation(O) Supplementary Grant/Appropriation(S) Total Grant/ Appropriation (T)	Actual Expenditure	Excess Expenditure	Percentage of excess expenditure over total Grant Appropriation
1	2	3	4	5	6	7
APPROPRIATION ACCOUNTS – CIVIL*						
1.	15-Deptt of Food and Public Distribution (Revenue-Voted)	Deptt. of Food and Public Distribution	O-121038,41,00,000 S -314557,83,00,000 T- 435596,24,00,000	554244,83,80,000	118648,59,80,000	27.24
2.	18- Ministry of Defence (Misc) (Capital-Voted)	Defence	O- 7206,00,00,000 S -1599,00,00,000 T- 8805,00,00,000	8806,91,62,000	1,91,62,184	0.02
3.	21 Defence Pensions (Revenue-Charged)	Defence	O- 5,90,00,000 S -1,41,00,000 T- 7,31,00,000	7,83,23,000	52,22,461	7.15
Total			444408,55,00,000	56305958,65,000	11865103,65,000	26.70

12. Thus, the total amount of actual excess expenditure incurred during the financial year 2020-21, which requires regularization by Parliament under Article 115(1)(b) of the Constitution amounts to ₹ 118651,03,64,645 incurred in three cases of excess over Voted Grants/Charged Appropriations.

* Pensions of Defence Personnel are categorized under Civil Appropriation Accounts. Hence, kept under Civil (not Defence)

(b) Reasons for incurring Excess Expenditure

Sl. No.	No. and name of Grant/Appropriation	Excess Expenditure incurred (in unit of ₹)	Reasons for excess as stated by the Ministries/Departments concerned
1.	15 – Department of Food and Public Distribution	11864859,80,000	On account of subsidy payable to Food Corporation of India (FCI). This was because the Government made complete repayment of outstanding balance of NSSF loan Grant of FCI.
2.	18 – Ministry of Defence (Misc)	1,91,62,184	Due to re-appropriation of funds from Major Head-4552 to functional head for utilization of projects/schemes for the benefit of North Eastern Region and Sikkim and due to more work carried out by Border Roads Organization.
3.	21- Defence Pensions	52,22,461	Due to finalization of more court cases than anticipated.

(c) Excess Expenditure despite obtaining Supplementary Grants

13. A scrutiny of the relevant Appropriation Accounts and Explanatory Notes received from the Ministries/Departments concerned revealed that during the financial year 2020-21, the excess expenditure was incurred even after obtaining Supplementary Grants/Appropriations in all the three cases by the respective Ministries/ Departments to meet their additional requirements:

(In unit of ₹)

Sl. No.	No. and name of Grant/Appropriation	Amount of Supplementary Grant/Appropriation obtained	Amount of excess expenditure incurred	Percentage of excess over Supplementary Grants/Appropriations
1	2	3	4	5
APPROPRIATION ACCOUNTS - CIVIL				
1.	15-Deptt of Food and Public Distribution (Revenue-Voted)	314557,83,00,000	118648,59,80,000	37.72

2.	18- Ministry of Defence (Misc) (Capital-Voted)	1599,00,00,000	1,91,62,184	0.12
3.	21 - Defence Pensions (Revenue-Charged)	1,41,00,000	52,22,461	37.03
	Total	31,6158,24,00,000	118651036,56,45	37.53

14. Scrutiny of the above statement has revealed that in the fiscal year 2020-21, excess expenditure was incurred even after obtaining large sums as Supplementary Grants/Appropriations. To illustrate, Supplementary Grant to the tune of ₹ 314557.83 crore was allocated for the Grant no. - 15 operated by the Department of Food and Public Distribution but this fell short by ₹ 118648.60 crore. In case of Grant No. 18 operated by Ministry of Defence, although Supplementary Grant of ₹ 1599.00 crore was obtained, excess expenditure of ₹ 1.92 crore was incurred. Further, in case of Grant No. 21, operated by Ministry of Defence, Supplementary Grant of ₹ 1.41 crore was obtained but this fell short by ₹ 0.52 crore.

(d) Recurring Excess Expenditure

15. Article 114(3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article. Further, General Financial Rule (GFR) 52(3) stipulates that no disbursement be made which might have the effect of exceeding the total Grant or Appropriation authorized by Parliament for a financial year except after obtaining a Supplementary Grant or an advance from the Contingency Fund. Contrary to this, the incurrance of excess expenditure has been a recurring phenomenon in the past despite recommendations of the Public Accounts Committee and issuance of instructions by the Ministry of Finance from time to time as a follow up. The comparative data given below indicates the position regarding excess expenditure incurred by various Ministries/Departments during the last ten years:

(₹ in crore)

Year	Appropriation Accounts -Civil		Appropriation Accounts - Defence Services		Appropriation Accounts Postal Services		Appropriation Accounts - Railways		Total	
	No. of Excess registering Grants/ Appropriations	Excess expenditure incurred	No. of Excess registering Grants/ Appropriations	Excess expenditure incurred	No. of Excess registering Grants/ Appropriations	Excess expenditure incurred	No. of Excess registering Grants/ Appropriations	Excess expenditure incurred	Total of Columns 2, 4, 6, 8	Total of Columns 3, 5, 7, 9
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2011-12	5	6545.33	1	567.91	1	400.04	3	1047.83	11	8563.14
2012-13	4	4565.39	3	195.53	1	160.14	8	1675.96	16	6597.02
2013-14	3	39.59	3	733.72	-	-	12	2719.75	18	3508.22
2014-15	3	15640.55	1	0.001	1	70.41	6	490.37	11	16207.95

2015-16	2	210.37	-	-	-	-	6	75.87	8	286.44
2016-17	2	189154.26	1	146.31	1	936.48	3	33.13	7	190270.26
2017-18	2	92461.31	2	7149.00	-	-	-	-	-	99610.30
2018-19	1	0.22	2	5098.61	-	-	1	105.73	4	5204.57
2019-20	2	31936.47	1	701.31	-	-	-	-	3	32637.78
2020-21 (year under review)	3	118651.04	-	-	-	-	-	-	3	118651.04

(C) EXAMINATION OF SELECT CASES OF EXCESS EXPENDITURE

16. In the succeeding paragraphs, the Committee have dealt with some of the significant cases involving excess expenditure during the financial year 2020-21 in the light of the facts brought out in the relevant Appropriation Accounts, Audit observations thereon, Explanatory Notes and written replies furnished by the Ministries/Departments concerned.

APPROPRIATION ACCOUNTS (CIVIL)

GRANT NO. 15 –Department of Food and Public Distribution

17. Under Revenue Section (Voted) of Grant No. 15 – Department of Food and Public Distribution for the year 2020-21, the Original Grant was ₹ 121038.41 crore. After obtaining Supplementary Grant of ₹ 314557.83 crore in September 2020 and February 2021, the total Grant was ₹ 435596.24 crore. Against this, the expenditure of ₹ 554244.84 crore was incurred resulting in an excess expenditure of ₹ 118648.60 crore.

18. The excess of ₹ 118648.60 crore was the net effect of total savings of ₹ 120.94 crore and total excesses of ₹ 118769.54 crore under various Sub-Heads of the Grant as well as surrender of ₹ 59.69 crore.

19. Details of the Major/Minor Heads under which excess expenditure occurred under this Grant and reasons therefor are given below:

Sl. No.	Major/Minor Head	Excess Expenditure (₹ in lakh)	Contributory Reasons
Major Head – 2408			
Food, Storage and Warehousing			
Minor-Head -2408.01.102.10			
1.	Subsidy payable to Food Corporation of India and others on food grains transactions under NFSA	11870916.39	Excess was due to additional requirement towards Pradhan Mantri Garib Kalyan Ann Yojna (PMGKAY) and Aatm Nirbhar Bharat (ANB)

			<p>package and repayment/advance repayment of NSSF loan granted to Food Corporation of India (FCI). Out of the total excess of ₹118758.63 crore, an amount of ₹46.63 crore was provided through re-appropriation of funds with the prior approval of Ministry of Finance and token supplementary approved by Parliament for the same. However, remaining excess expenditure of ₹118712.00 crore was as per the direction of Ministry of Finance received on 30.03.2021 for complete repayment of outstanding balance of NSSF loan which shall be regularized at appropriate time by obtaining approval of Parliament in consultation with Ministry of Finance.</p>
2.	Minor-Head-2408.01.001.02	8,00.00	<p>Excess was due to requirement of additional funds towards agency commission of previous year of IFCI Ltd. However, the excess fund was met by a valid re-appropriation of funds from the saving of "3601.06.101.70.00.31- Grants-in-aid General" head with the prior approval of Ministry of Finance.</p>

3.	Minor -Head- 2408.01.101.11- Fortification of Rice and its distribution under Public Distribution System.	1,05.16	Excess was due to payment to FCI conducting shelf life study of fortified rice under the Pilot Scheme. This component was included after the recommendation of the Standing Finance Committee (SFC) made on 20.01.2020. Further, the excess was also required for payment of NICS I for hiring/engagement of Consultant and payment of the DEOs already hired/engaged in the CPMU.
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20. As regards the steps taken to avoid excess expenditure under this Grant, the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in their Explanatory Note have submitted that in future, projections may be done more carefully in consultation with nodal agencies i.e. IFCI & NCDC.

Surrender of funds despite incurring excess expenditure

21. It has been observed that the Department of Food and Public Distribution and Ministry of Defence have surrendered the funds despite incurring excess expenditure during the year 2020-21, under the Grants/Appropriations operated by them. Details in this regard are given below:

(₹ in crore)

Sl. No.	No. and name of Grant/Appropriation	Excess expenditure incurred	Surrender of funds
1.	15- Department of Food and Public Distribution (Revenue-Voted)	118648.60	59.69
2.	18- Ministry of Defence (Misc) (Capital - Voted)	1.92	6.36

PART-II

Observations/Recommendations

Need for more stringent measures for scrutiny of Budget Proposals

1. The Committee's examination of the four Appropriation Accounts of the Union Government relating to Civil Sector, Defence Services, Postal Services and Railways for the Financial year 2020-21 has revealed that an expenditure to the tune of ₹118651.04 crore was incurred by two Ministries/Departments of Union Government, viz Department of Food and Public Distribution (₹118648.60 crore under Grant No.-15) and Ministry of Defence (₹1.92 crore under Grant No.-18- Ministry of Defence (Misc) and ₹0.52 crore under Grant No.-21-Defence Pensions) in excess of the provision sanctioned under three Grants/Appropriations during the year 2020-21. The bulk of excess expenditure i.e. ₹118648.60 crore was recorded under Grant No.-15 of Appropriation Accounts (Civil) operated by the Department of Food and Public Distribution, which accounts for over 99.99 per cent of the total excess expenditure incurred during the year under review i.e. 2020-21. The Committee are, however, pleased to note that the Department of Posts had not incurred excess expenditure under the Grants/Appropriations operated by them during the last four years i.e. 2017-18, 2018-19, 2019-20 and 2020-21. The Committee also note with satisfaction that Ministry of Defence had not incurred any excess expenditure under the Grants/Appropriations covered under Appropriation Accounts (Defence Services). However, the Ministry had incurred excess expenditure to the minimum extent under two Grants (₹1.92 crore under Grant No.-18- Ministry of Defence (Misc) and ₹0.52 crore under Grant No. 21- Defence Pensions). The reasons attributed by the Ministries/Departments concerned for incurring excess expenditure reveals that lack of adequate alacrity in the budgetary estimation stage, negligence in invoking the provisions of Supplementary Demands and failure in ensuring strict fiscal discipline continue to be the main reasons for the excess expenditure year after year. The Committee are of the view that in an age of e-governance, issues like excess expenditure should not continue or recur year after year. In pursuance of the Committee's recommendations over the years for containing the excess expenditure, the

National Institute of Financial Management (NIFM) had undertaken a study on the trend and causes of excess expenditure incurred by various Ministries/Departments during the period 2000-01 to 2017-18. NIFM had made 12 recommendations in their Report for an informed system of Budgeting and Expenditure Control. The Committee are pleased to note that action taken by the Ministries/Departments concerned on the recommendations of NIFM have yielded positive results in containing excess expenditure under the Grants/Appropriations pertaining to Appropriations Accounts of Defence Services, Postal Services and Railways during the FY 2020-21. The lone Grant No.-15 relating to Department of Food and Public Distribution (Revenue-Voted) contributed to a major chunk of the excess expenditure incurred under Civil sector during the year under review. Also, at the Grant level, this has been the highest ever excess expenditure incurred under one Grant in the last five years. The Committee, in this regard would emphasize that stringent measures be taken for scrupulous scrutiny of Budget proposals, rigorous monitoring of the pace of expenditure and strict compliance of General Financial Rules so as to reduce the expenditure to the barest minimum.

Excess expenditure despite obtaining Supplementary Grants

2. The Committee are constrained to observe that in all the three cases of excess registering Grants/Appropriations, the excess expenditure had been incurred by Ministries/Departments concerned even after obtaining large amount of Supplementary Grants. The percentage of excess expenditure over the Supplementary Grants in respect of these three cases ranged from 0.12 per cent in Grant No.18 – Ministry of Defene (Misc) to 37.7 per cent in Grant No.-15 – Department of Food and Public Distribution. From the scrutiny of Grant-wise position of obtaining Supplementary Grants and excess expenditure incurred thereafter, the Committee find that the Supplementary Grants to the tune of ₹314557.83 crore was allocated for Grant No.-15 – Department of Food and Public Distribution but this amount was short by ₹118648.60 crore. In case of Grant No.-18 – operated by Ministry of Defene under Civil Sector, though Supplementary Grant of ₹1599.00 crore was obtained, yet an excess expenditure of ₹1.92 crore

was incurred. Similarly, under Grant No.-21-Defence Pensions, the Ministry of Defence obtained Supplementary Grants of ₹1.41 crore which remained inadequate and resulted into excess expenditure of ₹0.52 crore. In this regard though the Committee have repeatedly cautioned the Ministries/Departments in the past against incurring excess expenditure despite obtaining Supplementary Grants, this trend continues unabated. While taking note of the trend of incurring excess expenditure year after year despite the recommendations of PAC which are followed up by instructions/guidelines issued by the Ministry of Finance (Department of Economic Affairs), the Committee are inclined to conclude that not only the Budget Estimates are made inadequately, but even at Supplementary Demands stage, the requirements projected are not realistic. The Committee are of the view that when the Ministries/Departments have opportunities to obtain Supplementary Demands for Grants during three Sessions of Parliament in a year, there is no reason for incurring excess expenditure being inevitable. Only last year, while scrutinizing this phenomenon, the PAC, in their 53rd Report (17th L.S.), had emphasized upon the Ministry of Finance (Department of Economic Affairs) to formulate an effective mechanism to be followed by all the Ministries/Departments to strengthen their financial control so as to avoid incurring excess expenditure in cases where Supplementary Grant has been obtained. Strict instructions are to be given to the Budget Controlling Authorities of the defaulting Ministries/Departments to scrupulously adhere to this principle. While reiterating their earlier recommendation, the Committee would like to be apprised of the action taken in this regard, and outcome thereof.

Recurring Excess Expenditure

3. The Committee find that the incurring excess expenditure has been a recurring phenomenon in all the sectors viz. Civil, Defence Services, Postal Services and Railways. The scrutiny of excess expenditure incurred by various Ministries/Departments during the last ten years reveals that in Civil Sector, the excess expenditure which was reduced to a considerable extent during the year 2018-19 (₹0.22 crore under one Grant) has again witnessed an upward trend during the year 2019-20 (₹31936.47 crore under two Grants) and 2020-21

(₹118651.04 crore under three Grants). Further, in regard to Appropriation Accounts – Defence Services, it has been revealed that during the last ten years period, there were only two years (*i.e.* 2015-16 & 2020-21), when there was no excess expenditure incurred under the Grants/Appropriations operated by Ministry of Defence. In case of Appropriation accounts – Postal Services, the Committee are appreciative of the fact that in last ten years, no excess expenditure was incurred during six years 2013-14, 2015-16 and 2017-18 to 2020-21. Further, in regard to excess expenditure incurred by Ministry of Railways during the last ten years, the Committee find that during three years *i.e.* 2017-18, 2019-20 and 2020-21, no excess expenditure was incurred under the Grant operated by Ministry of Railways. Thus, the scrutiny of trend of expenditure during the last ten years is indicative of the fact that a lot of efforts have been made by Ministry of Railways, Ministry of Defence as well as Department of Posts to contain their expenditure within the limit of sanctioned budget. On the other hand, incurring excess expenditure appears to be a recurring phenomenon in case of Grants/Appropriations operated by Civil Ministries/Departments, which implies that sincere/effective measures remain to be taken by the Civil Ministries/Departments to make their budgetary mechanism strong enough to avoid excess expenditure under the Grants/Appropriations operated by them. The Committee would, therefore, desire that the Civil Ministries/Departments should once again analyze in depth the reasons for the recurring phenomenon of excess expenditure with a view to initiating timely remedial measures, whereby budget as well as revised estimates are prepared more precisely and the actual expenditure remains within the domain of funds authorized by Parliament.

Excess expenditure incurred under Grant No.-15

4. The Committee note that the Ministry of Consumer Affairs, Food and Public Distribution incurred an excess expenditure of ₹118648.60 crore under Revenue – Voted section of Grant No. – 15- Department of Food and Public Distribution, the excess of ₹118648.60 crore was the net effect of total savings of ₹120.94 crore and total excesses of ₹118769.54 crore under various sub-heads of the Grant. The Committee note in this regard that the excess expenditure under Revenue-

Voted Section of this Grant was incurred after obtaining Supplementary Grant of ₹314557.83 crore on two occasions *i.e.* in September 2020 and February 2021. As indicated by the Ministry, the excess expenditure was on account of subsidy payable to Food Corporation of India (FCI) incurred under Sub-Head 2408.01.102.10 – Subsidy Payable to FCI and others on food grains transactions under National Food Security Act. This was because the Government made complete repayment of outstanding balance of NSSF loan grant to FCI, stating that the excess shall be regularized at appropriate time by obtaining Parliament's approval. Also, the excess expenditure has been incurred to meet additional requirement towards Pradhan Mantri Garib Kalyan Ann Yojna (PMGKYA) and Aatm Nirbhar Bharat (AMB) packages.

The Committee would emphasize that while obtaining the Supplementary Grant, the actual requirement need to be assessed realistically so that the amount does not fall short of the actual requirement and thereby necessitate excess expenditure. The Committee have been informed by the Ministry in this regard that in future, projections will be made more carefully in consultation with nodal agencies *i.e.* IFCI and NCDC. The Committee would like to be apprised of the action taken in this regard and outcome thereof.

Surrender of Funds

5. The Committee note that Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) under Revenue-Voted Section of Grant No. -15 – Department of Food and Public Distribution and Ministry of Defence under Capital – Voted Section of Grant -18 - Ministry of Defence (Misc) have surrendered the funds during the Financial Year 2020-21 despite having incurred excess expenditure under these Grants. In case of Grant No. -15 – Department of Food and Public Distribution, the Department surrendered ₹59.69 crore. Further, in case of Grant No. -18- Ministry of Defence (Misc) the Ministry, while incurring excess expenditure of ₹1.92 crore surrendered ₹6.36 crore. While expressing concern on the persisting phenomenon of surrendering of funds despite having Supplementary Grant and

incurring excess expenditure, the Committee had, in their 53rd Report (17th L.S) urged that the Ministries/Departments concerned to revamp their prevailing expenditure review mechanism so that surrender of funds could be avoided in future. The Ministries/Departments concerned have not taken due care despite the Committee's recommendation. The Committee would, therefore, once again like to emphasize that through proper control over expenditure and with more accurate estimation of liabilities, the phenomenon of surrendering of funds despite incurring excess expenditure can be avoided. They would desire to be apprised of the specific steps taken by the Ministries/Departments concerned in this regard.

6. Subject to the observations/recommendations made in the preceding paragraphs, the Committee recommend that that excess expenditure referred to in Para 12 of Part-I of this Report be regularized in the manner prescribed in Article 115 (1) (b) of the Constitution of India.

NEW DELHI;
24 July, 2023
02 Sravana, 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee
