

PUBLIC ACCOUNTS COMMITTEE
(1976-77)

(FIFTH LOK SABHA)

TWO HUNDRED AND TWENTY-SEVENTH REPORT

**EXCESSES OVER VOTED GRANTS AND
CHARGED APPROPRIATIONS**

[Excess expenditure over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts for the year 1974-75

And

Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 180th Report (Fifth Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1973-74]



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NEW DELHI

August, 1976/Bhadra, 1898 (Saka)

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**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(1976-77)**

Shri H. N. Mukerjee—*Chairman.*

MEMBERS

2. Shri T. Balakrishniah
3. Shri Dinen Bhattacharya
4. Shri Chandulal Chandrakar
5. Shri Chandrika Prasad
6. Shri S. R. Damani
7. Shri C. C. Gohain
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16. Smt. Sushila Shankar Adivarekar
17. Shri Sardar Amjad Ali
18. Shri Piare Lall Kureel urf Piare Lall Talib
19. Shri H. S. Narasingh
20. Shri Indradeep Sinha
21. Shri Omprakash Tyagi
22. Shri Zawar Husain

SECRETARIAT

Shri Avtar Singh Rikhy—*Additional Secretary*

Shri N. Sunder Rajan—*Officer on Special Duty (PAC)*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Two Hundred and Twenty Seventh Report on 'Excesses over Voted Grants/Charged Appropriations' disclosed in the Appropriation Accounts (Civil), (Defence Services), (Railways) and (Posts and Telegraphs) for the year 1974-75 and on the action taken by Government on the recommendations of the Public Accounts Committee contained in their 180th Report (Fifth Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1973-74.

2. The Appropriation Accounts (Civil) and (Posts and Telegraphs) for the year 1974-75 were laid on the Table of the House on 26 March, 1976 and 6 May, 1976 respectively while the Accounts relating to Defence Services and Railways were laid on the Table of the House on 30 April, 1976. The Committee examined the Excesses in the light of the Explanatory Notes furnished by the Ministries/Departments concerned (Appendices I to XXVIII) at their sitting held on the 23 August, 1976. The Minutes of the sitting form Part II* of the Report.

3. The Committee's 180th Report (Fifth Lok Sabha) on Excesses over Voted Grants/Charged Appropriations disclosed in the Appropriation Accounts for the year 1973-74 was presented to the House on 7 August, 1975. The Action taken notes furnished by Government pursuant to the recommendations contained in this Report were also considered by the Committee at their sitting held on 23 August, 1976 and have been discussed in Chapter III of the Report.

4. For facility of reference, the conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions/recommendations have also been reproduced in a consolidated form, in Appendix XXXI to the Report.

5. The Committee would like to place on record their appreciation of the assistance rendered to them in this regard by the Comptroller and Auditor General of India.



H. N. MUKERJEE,
Chairman, Public Accounts Committee

NEW DELHI;

August 23, 1976

Bhadra 1, 1898 (Saka)

*Not printed. (One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library).

CHAPTER I

GENERAL OBSERVATIONS

1.1. This 227th Report of the Committee deals with the Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil),² (Defence Services), (Railways) and (Posts and Telegraphs) for the year 1974-75 and the action taken by Government pursuant to the Committee's recommendations/observations contained in their 180th Report (Fifth Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1973-74.

1.2. The Appropriation Accounts (Civil) and (Posts & Telegraphs) for the year 1974-75 were laid on the Table of the House on 26 March, 1976 and 6 May, 1976 respectively while the Accounts relating to Defence Services and Railways were laid on the Table of the House on 30 April, 1976.

1.3. In the succeeding paragraphs of this Report, the Committee have examined the excess expenditure disclosed in the different Appropriation Accounts in the light of the explanations furnished by the Ministries/Departments concerned. The explanatory notes furnished in this regard by the Ministries/Departments are reproduced in Appendices I to XXVIII to this Report.

1.4. During the year ended 31 March, 1975, excess expenditure occurred under 27 Voted Grants and 8 Charged Appropriations.¹ Excluding an amount of Rs. 1.50 lakhs, which does not require regularisation by Parliament, the excess expenditure during the year aggregated to Rs. 266.52 crores as against Rs. 126.33 crores and Rs. 10.06 crores during the years 1972-73 and 1973-74 respectively.

1.5. The following table indicates the aggregate excess expenditure under various Grants and Appropriations during the past decade:

(Rupees in Crores)				
Year	No. of Voted Grants	No. of Charged Appropriations	Total	Excess Expenditure
(1)	(2)	(3)	(4)	(5)
1965-66	31	4	35	18.31
1966-67	26	5	31	11.60

¹Of these, the excess expenditure disclosed under 3 Charged Appropriations and an amount of Rs. 31.242 under one Voted Grant do not require regularisation by Parliament, the excess having been caused by erroneous adjustments in the accounts/misclassification.

(1)	(2)	(3)	(4)	(5)
1967-68	22	3	25	27.77
1968-69	25	4	29	3.78
1969-70	18	5	23	17.10
1970-71	29	8	37	55.76
1971-72	29	7	36	223.81
1972-73	28	7	35	126.33
1973-74	23	4	27	10.06
1974-75	27	8	35	266.52*

1.6. The recurring phenomenon of excesses over expenditure authorised by Parliament has been constantly engaging the attention of the Public Accounts Committee who have been emphasising, year after year, the need for a more accurate estimation of monetary requirements and better budgetary control, so as to minimise, if not eliminate altogether, excesses over Voted Grants and Charged Appropriations. Expressing grave concern over the extent of deterioration in the position during 1970-71, the Public Accounts Committee (1972-73) had recommended, *inter alia*, as follows:

“...They (the Committee) hope that the Ministry of Finance would take the initiative in investigating the causes that have led to this unprecedented increase. Unless the basic reasons are identified and drastic steps taken to arrest the tendency to exceed the budget provisions by Government as a whole, sound budgetary control would be a far cry despite repeated suggestions by this Committee year after year to improve the position.”²

1.7. Commenting again on the alarming increase in the excess expenditure during the year 1971-72, when it touched an all-time

*Exclusive of excess expenditure caused by erroneous adjustments, misclassifications, etc.

²Public Accounts Committee (1972-73), 49th Report (5th LS), paragraph 1.3, August, 1972.

high of Rs. 223.81 crores, the Public Accounts Committee (1973-74) had, *inter alia*, observed:

"...In paragraph 1.3 of the 49th Report (Fifth Lok Sabha), the Committee had expressed their concern over the extent of deterioration in the position during the year 1970-71. The position has now become really alarming in as much as the amount of excesses that occurred during 1971-72 was as high as Rs. 223.81 crores. The Committee have thus reasons to believe that something is basically wrong with the system of estimation of expenditure. Year after year, Parliament is being presented with a *fait accompli* which, to say the least, is highly undesirable. The situation needs to be remedied without further loss of time...."

The Committee had also taken note of the fact that in response to the earlier observations of the Public Accounts Committee (1972-73), referred to in the preceding paragraph, Government had constituted a Task Force to have a detailed analysis made of the various procedures for expenditure control *vis-a-vis* the functioning of the system of internal financial control and to suggest to Government remedial measures to improve the budgetary system. The Committee had been desired, *inter alia*, that the matter should be examined expeditiously and remedial measures taken.'

1.8. Subsequently, in March 1974, the Committee were informed that the Task Force had suggested certain procedural changes in respect of certain grants which were under examination and that appropriate action would be taken in consultation with the Comptroller & Auditor General of India, wherever necessary. Stressing the need for an expeditious examination of these suggestions, the Public Accounts Committee (1974-75) had expressed the hope that in the light of these suggestions, the excesses over Voted Grants would be reduced to the minimum in future.'

1.9. It is obvious that despite these repeated exhortations by the Committee, much progress was not made in streamlining budgetary procedures as can be observed from the following observations

¹Public Accounts Committee (1973-74), 96th Report (5th LS), paragraph 1.6, September, 1973.

²*ibid.*

³Public Accounts Committee (1974-75), 134th Report (5th LS), Paragraph 1.7, August, 1974.

of the Public Accounts Committee (1975-76):

"The Committee regret that the procedural changes in respect of certain grants suggested by a Task Force constituted in pursuance of the observations of the Committee contained in paragraph 1.3 of their 49th Report (Fifth Lok Sabha) are still under examination, even though almost three years have elapsed since the Committee made their earlier recommendation. The Committee attach considerable importance to this recommendation of theirs and desire that final action on the suggestions made by the Task Force be initiated without further loss of time and concrete steps taken to ensure sounder budgetary control than what exist at present, particularly in certain Ministries such as the Ministry of Works and Housing, Ministry of Shipping and Transport and the Ministry of Home Affairs."⁶

1.10. The relevant Action Taken Note on the above observations furnished to the Committee by the Ministry of Finance (Department of Expenditure), on 7 February 1976, is reproduced below:

"The suggestions made by the Task Force are in regard to:

- (i) expenditure on National Highways,
- (ii) Coordination of estimates in respect of Area Demands,
- (iii) Net budgeting of works expenditure, and
- (iv) provisions for interest payments.

The latest position of the action taken on the above suggestions is as follows:

- (i) *Expenditure on National Highway:*

The matter is at present under consideration of the Office of the Comptroller & Auditor General of India.

- (ii) *Coordination of estimates in respect of Area Demands:*

It has been decided that coordination of estimates in respect of Area Demands would be done by Delhi State Division of the Department of Expenditure in respect of 'Delhi' and by Budget Division in the Department of Economic Affairs in respect of other Area Demands.

⁶Public Accounts Committee (1975-76), 180th Report (5th LS), paragraph 1.10, August, 1975.

(iii) *Net budgeting of works expenditure:*

The matter is under further examination with reference to the views of the Comptroller & Auditor General.

(iv) *Provision for interest payments:*

The recommendation was that in case of provision for interest charges in cases like Provident Fund, Reserve Funds etc., the interest for a financial year may be calculated and credited on the basis of balance during a 12 month period different from the financial year, say July to June. This recommendation has been examined on the basis of actual expenditure under 'Interest' relating to the five years from 1969-70, and the conclusion arrived at is that the trend indicated by the examination would not justify introduction of such radical changes and that it is not worthwhile pursuing this particular recommendation."

1.11. There was, however, some cause for satisfaction when there was a considerable reduction in the quantum of excess expenditure during 1973-74 as compared with the previous two years. Dealing with the excesses during that year, the Public Accounts Committee (1975-76) had observed:

"The aggregate amount of expenditure incurred in excess of the amounts authorised by Parliament, under various Voted Grants and Charged Appropriations ranged from Rs. 3.78 crores to Rs. 223.81 crores during the period 1965-66 to 1972-73. The Committee note with some satisfaction that the excess over authorised expenditure during 1973-74 aggregated to Rs. 10.06 crores (excluding Rs. 0.80 crore which does not require regularisation), in respect of 23 Voted Grants and 4 Charged Appropriations, as against Rs. 223.81 crores and Rs. 126.33 crores respectively during the years 1971-72 and 1972-73. The Committee trust that every endeavour would be made by the Ministries/Departments to ensure that the position is not allowed to deteriorate once again as has often happened in the past".⁷

1.12. Only a year ago, the Committee had expressed satisfaction over the substantial reduction in the aggregate amount of excess expenditure over Voted Grants and Charged Appropriations achieved

⁷Public Accounts Committee (1975-76), 180th Report (5th LS), paragraph 1.6, August, 1975.

during the year 1973-74 and had hoped that every endeavour would be made by the Ministries/Departments to ensure that the position was not allowed to deteriorate once again as had often happened in the past. The Committee are, however, concerned to note that the position has deteriorated once again so soon to a considerable extent. During the year under review (1974-75), excess expenditure had occurred under 27 Voted Grants and 8 Charged Appropriations and aggregated to Rs. 266.52 crores (excluding an amount of Rs. 1.50 lakhs which does not require regularisation), as against Rs. 126.33 crores and Rs. 10.06 crores respectively during 1972-73 and 1973-74. While the Committee note that the bulk of the excess expenditure (Rs. 207.40 crores) had occurred under one Charged Appropriation ('Repayment of Debt') and is attributable to the premature cancellation of Treasury Bills by the Reserve Bank of India (an issue dealt with elsewhere in this Report), they are, however, of the view that the extent of deterioration under some of the other Grants during 1974-75 cannot be taken lightly and should cause concern to Government.

1.13. An analysis of the reasons for the excess over authorised expenditure during 1974-75, which have been discussed in some detail in the succeeding Chapter of this Report, indicates that defective estimation of monetary requirements, lack of proper and timely review of the progress of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto, inadequate liaison and coordination with the suppliers on the one hand and the Accounts Officers on the other, absence of adequate provision for the adjustment of liabilities relating to the previous years, and avoidable misclassifications of expenditure have, as in the past, continued to contribute to excesses. That this should be so despite repeated comments by the Committee and numerous instructions, issued by the Ministry of Finance and other authorities would suggest that drastic steps are necessary to improve the existing budgetary procedure and practices. Since Parliamentary control over governmental expenditure calls for financial discipline, the Committee would urge Government once again to investigate in depth the reasons for the recurring failure in this regard and take soon some concrete steps to ensure that the budget estimates are more precisely prepared on a scientific basis and that the actual expenditure approximates, as closely as possible, to the funds authorised by Parliament. In this connection, the Committee would reiterate an earlier recommendation, contained in paragraph 1.6 of their 96th Report (Fifth Lok Sabha), that there should be an in-built system in the various Ministries/Departments which would serve as a self-regulatory apparatus to analyse the reasons for the excesses as soon as they occur and to take timely remedial measures.

1.14. The Committee are perturbed that the suggestions for procedural changes in certain grants made by a Task Force, constituted nearly four years ago, in pursuance of the Committee's recommendation contained in paragraph 1.3 of their 49th Report (Fifth Lok Sabha), to analyse in detail the effectiveness of the various procedures for expenditure control vis-a-vis the functioning of the system of internal financial control, still await being implemented. In spite of repeated exhortations by the Committee for an expeditious examination of these suggestions, there has been no decision yet in this regard though the report of the Task Force was available more than two years ago. The Committee stress that finality should be soon reached in this matter of importance and concrete steps should be taken to ensure sounder budgetary control than what exists at present.

CHAPTER II

EXCESS GRANTS/APPROPRIATIONS

2.1 During the year ended 31 March, 1975, the actual expenditure exceeded the Voted Grants and Charged Appropriations in the following Grants:

Sl. No.	No. and Name of Grant	Ministry/Department	Final Grant/ Appropriation	Actual Expenditure	Excess Expenditure	Date of receipt of Explanatory Note
			Rs.	Rs.	Rs.	
I. Appropriation Accounts (Civil), 1974-75						
<i>A. Voted Grants</i>						
<i>(a) Revenue Section</i>						
1.	1—Department of Agriculture	Agriculture	1,68,87,000	1,81,34,562	12,47,562	21-5-1976
2.	11—Ministry of Commerce	Commerce	1,41,61,000	1,23,28,309	8,67,309	28-5-1976
3.	13—Ministry of Communications	Communications	80,12,000	82,25,989	2,13,989	21-5-1976
4.	18—Ministry of Defence	Defence	1,52,12,000	1,59,49,538	7,37,538	1-6-1976
5.	31—Taxes on Income, Estate Duty Wealth Tax and Gift Tax.	Revenue & Banking	33,43,67,000	33,90,00,680	46,33,680	21-5-1976
6.	32—Stamps	Economic Affairs	8,42,86,000	8,42,86,780	780	18-5-1976
7.	34—Currency Coinage, and Mint	Economic Affairs	31,57,74,000	32,08,87,742	51,13,742	20-5-1976

40—Ministry of Health and Family Planning.	Health and Family Planning	60,21,000	60,51,528	30,528	18-5-1976
9. 43—Ministry of Heavy Industry	Heavy Industry	31,68,000	31,86,336	18,336	3-5-1976
10. 50—Other Expenditure of the Ministry of Home Affairs.	Home Affairs	83,50,66,000	87,61,56,991	4,10,90,991	26-5-1976
11. 53—Andaman and Nicobar Islands	Home Affairs	17,21,76,000	18,00,27,083	78,51,083	25-5-1976
12. 57—Ministry of Industrial Development	Industrial Development	2,34,39,000	2,53,68,775	19,29,775	1-6-1976
13. 60—Ministry of Information & Broadcasting.	Information & Broadcasting	34,90,000	36,94,840	2,04,840	25-5-1976
14. 62—Broadcasting	Information & Broadcasting	24,98,74,000	25,50,92,304	52,18,304	31-5-1976
15. 65—Power Schemes	Power	11,29,38,000	11,52,72,037	23,34,037	22-5-1976
16. 76—Ports, Lighthouses and Shipping	Shipping & Transport	15,68,79,000	15,73,80,857	5,01,857	12-5-1976
17. 80—Mines & Minerals	Mines	35,57,70,000	35,86,61,337	28,91,337	21-5-1976
18. 94—Atomic Energy Research, Development and Industrial Projects	Atomic Energy	38,06,36,000	38,31,06,789	24,70,789	31-5-1976
19. 102—Department of Space	Space	23,22,53,000	23,34,49,002	11,96,002	22-5-1976
(b) Capital Section					
20. 34—Currency, Coinage and Mint	Economic Affairs	16,93,30,000	18,25,21,994	1,32,10,688*	20-5-1976
21. 41—Medical and Public Health	Health & Family Planning	23,83,50,000	24,31,64,934	48,14,934	26-5-1976
22. 52—Chandigarh	Home Affairs	4,82,72,000	4,86,61,030	3,89,030	12-5-1976
23. 102—Department of Space	Space	7,10,83,000	7,38,38,449	27,55,449	22-5-1976

*The excess under this Grant as per the Appropriation Accounts is Rs. 1,13,91,994 and excludes an amount of Rs. 18,694 wrongly booked as 'Charged' expenditure. Had this amount been correctly classified as, 'Voted', the actual excess would have been Rs. 1,32,10,688,

Sl. No.	No. and Name of Grant	Ministry/Department	Final Grant/ Appropriation	Actual Expenditure	Excess Expenditure	Date of receipt of Explanatory Note
			Rs.	Rs.	Rs.	
B. Charged Appropriations						
(a) Revenue Section						
24.	52—Chandigarh	Home Affairs	47,78,000	48,01,790	23,790	12-5-1976
25.	86—Aviation	Tourism & Civil Aviation . . . . .	..	17,540	17,540@	29-5-1976
26.	89—Public Works	Works & Housing	21,000	1,03,921	82,921@	26-5-1976
(b) Capital Section						
27.	34—Currency, Coinage and Mint	Economic Affairs . . . . .	..	18,694	18,694@	20-5-1976
28.	30—Repayment of Debt	Economic Affairs	7,356,46,57,000	7,576,80,39,289	220,33,82,289	31-5-1976
II. Appropriation Accounts (Defence Services), 1974-75.						
A. Voted Grants						
29.	21—Defence Services—Air Force	Defence	411,43,75,000	420,64,31,785	9,20,56,785	1-6-1976
B. Charged Appropriations						
30.	22—Defence Services—Pensions	Defence	10,000	36,038	26,038	1-6-1976
III. Appropriation Accounts (Railways), 1974-75						
A. Voted Grants						
31.	1—Revenue—Railway Board	Railways	2,07,72,000	2,13,30,431	5,58,431	18-6-1976

32.	3—Revenue—Payment to Worked lines and others.	Railways	16,38,000	16,90,265	52,365	18-6-1976
33.	8—Revenue—Working Expenses—Operation other than Staff and Fuel.	Railways	72,78,02,000	73,89,49,149	1,11,47,149*	18-6-1976
34.	15—Open Line Works—Capital, DRF and DF.	Railways	835,54,73,000	851,73,79,024	16,78,53,181	18-6-1976

B. Charged Appropriations.

35.	5—Revenue—Repairs and Maintenance	Railways	2,20,000	2,43,983	23,983	18-6-1976
36.	10—Revenue—Working Expenses—Staff Welfare.	Railways	8,000	11,223	3,223	18-6-1976

IV. Appropriation Accounts (Posts & Telegraphs), 1974-75.

A. Voted Grants.

37.	17—Capital Outlay on Posts & Telegraphs	Communications	155,00,00,000	164,03,71,016	9,03,71,016	26-5-1976
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B. Charged Appropriations

NIL

@ The excess expenditure disclosed under this Charged Appropriation having occurred on account of erroneous adjustment in the accounts does not require regularisation in terms of paragraph 7 of the 16th Report of the Public Accounts Committee (First Lok Sabha).

*Out of this excess expenditure Rs. 31,242 does not require regularisation, the excess having been caused by erroneous adjustment of accounts.

£An excess expenditure of Rs. 16,19,034 had been reflected in the relevant Appropriation Accounts. After taking into account the erroneous adjustments/misclassification between Grants and adding expenditure held under account with States (Rs. 59,47,147), the real excess to be regularised works out to Rs. 16,78,53,181.

2.2. According to the revised time schedule agreed to by the Committee, in April, 1974, explanatory notes on excesses over Voted Grants and Charged Appropriations are required to be submitted to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts to Parliament whichever is later. Repeatedly in the past, the Committee have commented upon delays in submission of the notes and stressed the need for strict adherence to the schedule prescribed in this regard so that such excesses are expeditiously brought before Parliament. It is heartening that there is a perceptible improvement in the situation with all the explanatory notes, excepting those relating to 6 Grants/Appropriations administered by the Ministry of Railways and 3 Grants/Appropriations administered by the Ministry of Defence, being made available to the Committee by the stipulated date. While the delay was of the order of 18 days in the case of the Ministry of Railways, the notes relating to the Ministry of Defence were received on 1 June 1976, a day after the expiry of the prescribed period. This is a good augury and the Committee trust that every endeavour would be made by all concerned to ensure scrupulous adherence to the schedule.

2.3. The Committee will now proceed to deal with some individual cases of excess expenditure disclosed in the Appropriation Accounts.

Appropriation Accounts (Civil), 1974-75

Department of Agriculture

2.4. Grant No. 1—Department of Agriculture;

<i>Voted Expenditure</i>	Rs.
Original Grant	1,63,22,000
Supplementary Grant	5,65,000
Final Grant	1,68,87,000
Actual Expenditure	1,81,34,562
Excess	12,47,562

2.5. Explaining, in a note, the reasons for the excess expenditure, the Department of Agriculture have stated, *inter alia*, as follows:

“This Grant provides for expenditure on the Secretariat of the Department and other miscellaneous organisations, i.e. Agricultural Attache, Embassy of India, Home and Zoolo-

gical Park, Delhi. As against the original plus supplementary grant of Rs. 1,68,87,000 the actual expenditure amounted to Rs. 1,81,34,562 leading to an uncovered excess of Rs. 12,47,562 as indicated below:—

Major Head and Group Head	Final Grant	Actual Expenditure	Excess (+) Savings (-)
	Rs.	Rs.	Rs.
<i>Major Head '296'</i>			
A. 1—Secretariat	1,30,73,000	1,53,83,045	(+)23,10,045
A. 2(1)—Counsellor (Agri.) Embassy of India, Rome	2,40,000	3,08,777	(+)68,777
A. 3 (1)—Additional provision for implementation of Pay Commission's recommendations	11,35,000	..	(-)11,35,000
<i>Major Head '295'</i>			
B. 1 (1)—Zoological Park, Delhi	24,39,000	24,42,740	(+)3,740
TOTAL	1,68,87,000	1,81,34,562	(+)12,47,562

A. 1—Secretariat.

Excess is mainly due to:—

- (i) payments on account of implementation of Third Pay Commission's report,
- (ii) grant of additional Dearness Allowance,
- (iii) more expenditure on Overtime Allowance,
- (iv) unanticipated tours undertaken in connection with the development and implementation of Agriculture schemes, and
- (v) more expenditure on 'Hospitality' due to increased number of conferences and Seminars and payment of pending bills of Foreign Delegations.

A. 2(1)—Embassy of India, Rome:

The excess under the above sub-head is due to payment of:—

- (i) terminal dues to a Messenger who went on retirement and obligatory expenses by Law on account of Social Security and medical charges for the Messenger.
- (ii) Medical charges in connection with Counsellor (Agri)'s son who met with an accident.
- (iii) Emergency Passage availed by Counsellor (Agri) and increase in rent, P&T charges due to oil crisis and inflation in Italy.

The net excess of Rs. 12,47,562 being the net result of excesses and savings as indicated above, needs to be regularised by Parliament under Article 115(1)(B) of the Constitution.

2.6. The excess expenditure of Rs. 0.69 lakh incurred under the Group Head 'A.2(1)—Counsellor (Agri.), Embassy of India, Rome' in 'Grant No. 1—Department' of Agriculture' attracts interest since it works out to nearly 29 per cent of the Final Grant of Rs. 2.40 lakhs. The excess has been attributed, inter alia, to payments made on account of terminal dues and obligatory expenses for social security and medical charges to a Messenger who went on retirement and to increased payments of rent and P&T charges arising from the oil crisis and the inflation in Italy. The Committee are of the view that expenditure on superannuation and retirement benefits should have been foreseen and provided for. The additional expenditure on rent and P&T charges that could not be anticipated needs also to be satisfactorily explained.

Department of Economic Affairs

2.7. Grant No. 34—Currency, Coinage and Mint.

Revenue Section

<i>Voted Expenditure</i>	Rs.
Original Grant	30,95,34,000
Supplementary Grant	62,40,000
Total Grant	31,57,74,000
Actual Expenditure	32,08,57,742
Excess	51,13,742

Capital Section

<i>Voted Expenditure</i>	Rs.
Original Grant <i>IX</i>	16,93,30,000
Supplementary Grant . . . . .	..
Total Grant	16,93,30,000
Actual Expenditure	18,25,21,994
Excess	1,31,91,994
<i>Charged Expenditure</i>	
Original Appropriation . . . . .	..
Supplementary Appropriation . . . . .	..
Actual Expenditure	18,694
Excess	18,694

2.8. In a note furnished to the Committee, explaining the reasons for the excess expenditure of Rs. 51,13,742 in the Revenue Section of the Grant, the Department of Economic Affairs have stated:

“In the Revenue Section the original provision of Rs. 30,95,34,000 was augmented by a Supplementary Grant of Rs. 62,40,000 obtained in March, 1975. Against a final grant of Rs. 31,57,74,000 the expenditure actually booked, however, amounted to Rs. 32,08,87,742, leaving an uncovered excess of Rs. 51,13,742.

The excess is the result of the extra expenditure (Rs. 82,42,680 over the original grant of Rs. 2,17,59,000) under the unit ‘A. 3(2) (2)—Materials and Supplies’ for operation and maintenance of the Security Paper Mill, Hoshangabad. This additional expenditure is on account of purchase of raw materials like rags and hemp, chemicals, furnace oil, etc. and packing materials, which was not foreseen at the time, the Supplementary Demand was being processed, but it became necessary later so as to facilitate achieving an increased target of production during the last quarter of the financial year. After setting off savings under other units in the Revenue Section of the Grant, the net excess in this Section worked out to Rs. 51,13,742 which requires to be regularised.”

2.9. As regards the excess expenditure incurred in the Capital Section of the Grant, the Department have stated:

“The expenditure of Rs. 18,694 related to a payment, booked under ‘B. Security Paper Mill-B. 3(1)—Buildings, B. 3(1) (1)—Major Works’, made to a contractor in satisfaction of an award of an Arbitrator appointed under the Arbitration Act, 1940, which was classified as expenditure ‘charged’ on the Consolidated Fund of India. Since the payment made was not in terms of any decree or award of any court or arbitral tribunal, it was correctly to be classified as ‘voted’, and not as ‘charged’ expenditure. This excess in the charged portion of the Capital Section of the Grant does not, therefore, require regularisation *vide* recommendations of the Public Accounts Committee in paragraph 7 of its 16th Report (1st Lok Sabha).

The excess in the voted portion of the Capital Section of the Grant is Rs. 131,91,994 as per accounts. Had the amount of Rs. 18,694 mentioned above been correctly classified, the excess would have been Rs. 132,10,688.

The excess under voted portion is mainly due to larger expenditure on 'Purchase of Metal'. The expenditure under the sub-head 'B. 4—Purchase of Metal' exceeded the budget provision of Rs. 8,97,26,000 by Rs. 3,54,82,748. Larger purchase of metals towards the end of the financial year to fulfil an increased target of coinage production in 1974-75 coupled with higher prices of aluminium, copper, nickel and magnesium, which was not anticipated earlier, accounted for bulk of the excess. Besides, the excess includes (i) debits for a total amount of Rs. 20.49 lakhs on account of Customs duty on metals imported which were unexpectedly adjusted in the closing batch of the accounts for 1974-75 and (ii) an unforeseen expenditure of Rs. 38.63 lakhs which had to be incurred on account of a consignment of copper against a tender of September 1974, which was not expected to materialise in 1974-75. Out of the total extra expenditure of Rs. 354,82,748, an amount of Rs. 2,22,72,060 was met by reappropriation of savings under other heads, leaving a net excess of Rs. 1,32,10,688."

2.10. Though the excess expenditure of Rs. 18,694 incurred as a result of misclassification of a 'Voted' item of expenditure as a 'Charged' item does not require regularisation by Parliament, in terms of paragraph 7 of the Committee's 16th Report (First Lok Sabha), the Committee find that similar cases of misclassification of expenditure had occurred during 1973-74 also in the same Grant relating to Currency, Coinage and Mint. Commenting on these instances, the Public Accounts Committee (1975-76) had observed:

"Even though the second item of excess expenditure of Rs. 0.91 lakh incurred in the Grant as a result of misclassification of a 'Voted' expenditure as 'Charged' does not require regularisation, in terms of paragraph 7 of the Committee's 16th Report (First Lok Sabha), the Committee are concerned to note that the Central Public Works Department should have classified payments made against two arbitration awards, which are distinctly different from the awards of a court or arbitral tribunal, as a 'Charged' item of expenditure, despite a clear and unambiguous legal advice in this regard. The Committee desire that the instructions issued in this behalf in 1964 should be suitably reiterated and brought to the notice of all concerned so that mistakes of this nature do not recur."

*Public Accounts Committee (1975-76), 18th Report (5th LS), paragraph 2.56, August 1975.

2.11. In their Action Taken Note dated 20 November, 1975, on the above recommendation, the Department of Economic Affairs informed the Committee that instructions had been issued on 15 November, 1975, to all Ministries/Departments to ensure that misclassifications of this nature do not recur.

2.12. The Committee are concerned to note that the expenditure under 'A.3(2)(2)—Materials and Supplies' in the Revenue (Voted) Section and under 'B.4—Purchase of Metal' in the Capital (Voted) Section of Grant No. 34—Currency, Coinage and Mint has exceeded the budget provisions respectively by 38 per cent and 39 per cent. If, as stated by the Department of Economic Affairs, additional purchases of metals and other raw materials had to be made to facilitate the achievement of an increased target of production during the last quarter of the financial year, indents therefor would have presumably been placed sufficiently in advance to meet the additional commitments. It is also not clear why the liability on account of Customs duty on metals imported from abroad had not been anticipated at least in the Revised Estimates. The Committee are, therefore, of the view that with better coordination with the suppliers and Accounts Officers, the excess expenditure could have been minimised considerably, if not altogether avoided. What causes greater concern is that such excesses occurred in a grant administered by the Department of Economic Affairs, entrusted with the responsibility of ensuring better financial discipline. The Committee would ask Government to see that such excesses do not recur, and to inform the Committee of steps taken in that regard.

2.13. Even though the excess expenditure of Rs. 18,694 incurred in the Capital Section of the Grant, as a result of misclassification of a 'Voted' item of expenditure as a 'Charged' item, does not require regularisation, in terms of paragraph 7 of the Committee's 16th Report (First Lok Sabha), the Committee are surprised that the payment made to a contractor in satisfaction of an award of an arbitrator appointed under the Arbitration Act, 1940, which is distinctly different from the award of a court or an arbitral tribunal should have been thus misclassified. This is also not the first occasion when an instance of this nature has come to the Committee's notice. Now that instructions have once again been issued on this subject, in November 1975, in pursuance of the Committee's earlier recommendation contained in paragraph 2.56 of their 180th Report (Fifth Lok Sabha), the Committee expect that misclassifications of this nature will not recur in future.

2.14. Repayment of Debt.

Capital Section

<i>Charged Expenditure</i>	Rs.
Original Appropriation	7,013,22,36,000
Supplementary Appropriation	343,24,21,000
Final Appropriation	7,356,46,57,000
Actual Expenditure	7,576,80,39,289
Excess	220,33,82,289

2.15. The excess expenditure of Rs. 220,33,82,289 disclosed under this Appropriation is the net result of excesses and savings under various sub-heads of the Appropriation and occurred mainly under the sub-heads 'A. 3—Treasury Bills' (Rs. 207.40 crores), 'B. 2—Loans from USA' (Rs. 10.69 crores) and 'B. 5—Loans from the Federal Republic of Germany' (Rs. 3.30 crores).

2.16. The Explanatory Note furnished in this regard by the Department of Economic Affairs is reproduced below:

“Against the final appropriation of Rs. 7,356,46,57,000, the actual expenditure in this Appropriation amounted to Rs. 7,576,80,39,289 leaving an uncovered excess of Rs. 220,33,82,289 which requires to be regularised.

The excess is the net result of excesses and savings under the various sub-heads of the Appropriation and occurred mainly under the following sub-heads:

Sub-heads	<i>(Rupees in crores)</i>		
	Sanctioned provision	Actual expenditure	Excess
A. 3—Treasury Bills	6,843.24	7,050.64	207.40 (a)
B. 2—Loans from USA	44.04	54.73	10.69 (b)
B. 5—Loans from the Federal Republic of Germany	57.88	61.18	3.30 (c)

(a) *Sub-head A. 3:*

Treasury Bills, which are issued for a period of 91 days, are on-tap throughout the year for investment by State Governments, com-

mercial banks etc. The Treasury Bills are also issued to the Reserve Bank of India to replenish Central Government's cash balance as and when necessary. However, the Bills issued to the Reserve Bank can be prematurely cancelled as and when Government's cash balance significantly increases at any time. While the provision required for normal discharge of treasury bills issued during the year to State Governments, commercial banks etc. can be estimated precisely at the Revised Estimates stage on the basis of bills issued to them during the first 9 months as the maturity dates are predetermined, precise estimation is not possible in respect of premature cancellations by Reserve Bank of India.

At the time the Supplementary estimates for 1974-75 were processed the expectation was that the total repayment of Treasury Bills during the year would amount to Rs. 6,846 crores. Later, in March 1975 the Reserve Bank of India prematurely cancelled *ad hoc* treasury bills worth Rs. 250 crores which resulted in a net excess of Rs. 207.40 crores under this sub-head.

(b) *Sub-head B.2:*

The excess of Rs. 10.69 crores which occurred under this sub-head was due to:

	<i>Rupees in crores</i>
(i) Unanticipated adjustments carried out in 1974-75 in respect of repayments made in 1973-74	8.99
(ii) Amount adjusted in respect of a loan for which one cash refund was receivable in 1974-75 under debt relief arrangements but was received after the year	2.77
(iii) Difference due to adoption of different rates of exchange in 1974-75 by the P&AO, Department of Supply.	0.75
(iv) Unforeseen adjustment towards final settlement of outstanding loans covered under Indo-US Agreement, 1974	0.70
TOTAL	13.21
<i>Less—</i>	
(i) Non-adjustment in the accounts for 1974-75 of repayments made in that year	1.66
(ii) Savings due to variation in exchange rates	0.86
TOTAL	2.52
NET EXCESS	10.69

This excess could not be foreseen at the time the Supplementary estimates for the Appropriation were finalised.

(c) Sub-head B. 5:

The excess was on account of an unforeseen increase in the rupee value of debt servicing payments consequent on the revision in the rate of exchange which was adopted for framing the Supplementary estimates.

Taking into account the excesses and savings under certain other sub-heads the net excess in the Appropriation as a whole works out to Rs. 220,33,82,289 which may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution."

2.17. The Committee desired to know, in this connection, the procedure followed for the issue and cancellation of Treasury Bills to replenish the Central Government's cash balance, as and when necessary and why a more precise estimation or forecast of the cancellation of such bills was not possible. In a note* furnished to the Committee on 10 August 1976, the Department of Economic Affairs have stated as follows:

"The Central Government maintains a working cash balance of not less than Rs. 50 crores with the Reserve Bank of India. Whenever the cash balance falls below this limit, Reserve Bank of India increases Government cash balance by creating *ad hoc* Treasury Bills in their favour. Conversely, when the cash balance increases significantly beyond Rs. 50 crores, *ad hoc* Treasury Bills are cancelled to bring down the cash balance. Though *ad hoc* Treasury Bills are created for a period of 91 days, they can be retired prematurely depending on the cash balance position emerging from time to time. The daily cash balance of Central Government is the net effect of the inflow of various receipts and payments pertaining not only to Consolidated Fund but to Public Account as well and hence *ad hoc* Treasury Bills are created or cancelled practically throughout the year depending on the final cash balance of each day. The creation or cancellation of *ad hocs* is done by the Reserve Bank of India under advice to Ministry of Finance.

Each time a Treasury Bill is issued to Reserve Bank, or is discharged either on or before maturity it is treated as a fresh receipt or expenditure. For the reasons stated above, it is impossible to make any precise forecast of how much creation or discharge/cancellation of Treasury Bills will be required to be made on each of the days during the year and provide for the latter in the Appropriation

*Not vetted in Audit.

'Repayment of Debt'. For instance, in 1972-73, against the Budget Estimates of Rs. 12,000 crores and revised estimates of Rs. 8,000 crores, the actuals were Rs. 5,838 crores. In 1973-74 against BE of Rs. 10,000 crores and RE of Rs. 5,440 crores the actuals were Rs. 5,546 crores. In 1974-75, against the BE of Rs. 6,500 crores and RE of Rs. 6,846 crores the actuals were Rs. 7,051 crores. While there will be no difficulty at the RE stage in estimating the provision that will be required during the year for discharge of Treasury Bills issued to States, commercial banks, etc. where the maturity dates are pre-determined, there is no means of estimating the provision for likely cancellations of Treasury Bills issued to Reserve Bank as this involves our estimation not only of aggregate receipts and payments, but also of the timing of the receipts and expenditures relative to each other which affects the day-to-day cash balance. Another difficulty in making an estimate of discharges/cancellations of Bills issued to the Reserve Bank even at the Revised Estimate stage arises due to the fact that it is not possible to foresee the order of investment in Treasury Bills by the banks or State Governments during the rest of the year. To the extent the investments by these parties are large it would be necessary to cancel bills issued to the Reserve Bank so that both the short-term debt and the cash balance of Central Government do not go up unnecessarily.

The cancellation is a notional expenditure. It does not increase the budgetary or economic deficit, as the decrease in the assets of the Government in the form of cash balance will be matched by a corresponding decrease in Government's debt liability to Reserve Bank of India".

2.18. The Committee have carefully considered the explanation offered by the Department of Economic Affairs for the large excess of Rs. 207.40 crores under the sub-head 'A. 3—Treasury Bills' of the Charged Appropriation included in the Appropriation Repayment of Debt. If, as stated by the Department, precise estimation of the provision necessary to meet the liabilities on account of the Treasury Bills issued to the Reserve Bank is not possible, excess under this sub-head ought to be more or less a regular feature. The Committee, however, find that the actual expenditure on this account was only Rs. 5,838 crores in 1972-73 as against the Budget Provision of Rs. 12,000 crores and Revised Estimates of Rs. 8,000 crores. It would, therefore, prima facie, appear that the provision on this account was unduly inflated during 1972-73. Apart from the difficulty of conceding that

the expenditure incurred in the discharge of liabilities on account of such Treasury Bills is only national and does not increase the budgetary or economic deficit, the Committee are unable to appreciate why the likelihood of a significant increase in the cash balances leading to the premature cancellation of Treasury Bills by the Reserve Bank of India cannot be anticipated more precisely, particularly in view of the fact that the Department would presumably be reviewing continuously the ways and means and resources position of Government. The Committee would like the Department to review the existing procedures in consultation with the Reserve Bank and to so improve it as to make for a more precise quantification of the liabilities for inclusion in the Budget.

2.19. An excess of Rs. 8.99 crores had also occurred under sub-head 'B. 2—Loans from USA' of this Appropriation, which has been attributed to the unanticipated adjustments carried out in 1974-75 in respect of repayments made in 1973-74. This excess, in the Committee's opinion, could have been avoided by a proper liaison with the Accounts Officers and timely reconciliation of accounts. Such instances of failure to make adequate provision for the adjustment of past liabilities continue to recur in spite of repeated comments by the Committee in the past. The Committee hope that the Department of Economic Affairs would at least be able to set an example to other Ministries/Departments in this regard.

Ministry of Home Affairs

2.20. Grant No. 50: Other Expenditure of the Ministry of Home Affairs.

Revenue Section

<i>Voted Expenditure:</i>	<i>Rs.</i>
Original Grant	77,90,25,000
Supplementary Grant	5,60,41,000
Final Grant	83,50,66,000
Actual Expenditure	87,61,56,991
Excess	4,10,90,991

2.21. Explaining, in a note, the reasons for the excess expenditure under this Grant, the Ministry of Home Affairs have stated:

"The original grant of Rs. 77,90,25,000 was augmented by obtaining a Supplementary Grant of Rs. 5,60,41,000 in March 1975. The actual expenditure, however, amounted to

Rs. 87,61,56,991 resulting in an excess of Rs. 4,10,90,991 which requires to be regularised.

The overall excess of Rs. 4,10,90,991 which was the net result of excesses and savings in the Grant, occurred mainly under sub-head D. 2(1)—Pensions to freedom fighters and their dependents etc. Against the original grant of Rs. 15,06,70,000 therefor, actual expenditure amounted to Rs. 22,96,12,983 leading to an excess of Rs. 7,89,42,983.

The excess occurred because of difficulties in assessing the precise extent of disbursements during a year in respect of fresh pension cases expected to be taken up for consideration during the year. At Budget stage it is not possible to foresee whether the sanctions which may be accorded during the year would involve any arrear payments. The scheme for pensions to freedom fighters and their dependents etc., was introduced in 1972 and in a large number of cases, the pensions are sanctioned retrospectively from varying dates from 1972 onwards. Another contributory factor is the increase in the number of pension cases settled during the year over the number anticipated at the time of formulation of the Budget.

At the time of review of the Grant in March 1975, a sum of Rs. 2.29 crores was reappropriated but this fell short of the final requirements by Rs. 5,60,42,983. The excess was partly offset by savings to the extent of Rs. 1,49,51,992 under other sub-heads in the Grant leaving an uncovered excess of Rs. 4,10,90,991 under the Grant.

In view of the circumstances explained above the excess of Rs. 4,10,90,991 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution”.

2.22. An excess expenditure of Rs. 6.32 crores against the Final Grant of Rs. 10 crores under the sub-head ‘Pensions to freedom fighters, their dependents, etc.’ had occurred during 1973-74 also.

2.23. The Committee note that an excess expenditure of Rs. 7.89 crores was incurred under the sub-head ‘D. 2(1)—Pensions to freedom fighters and their dependents, etc.’ of ‘Grant No. 50—Other Expenditure of the Ministry of Home Affairs’, against the Original Grant of Rs. 15.07 crores, which works out to nearly 50 per cent of the provision. Even after reappropriation, in March 1975, of a sum of Rs. 2.29 crores, the shortfall in monetary requirements was of the

order of 30 per cent. An excess has occurred under the sub-head for the second year in succession. While the Committee are willing to concede that it may not be possible to foresee at the Budget stage, whether the sanctions which may be accorded during the year would involve any arrear payments, they fail to understand why a less imprecise estimation is not possible at the time of framing the Revised Estimates. The increase in the number of pension cases settled during the year over the number anticipated at the time of formulation of the Budget could also have been quantified by adequate liaison with the sanctioning authorities. While deeply respectful of the role of our freedom fighters, the Committee trust that in the interests of the country, greater care would be exercised by the Ministry in this regard.

2.24. Grant No. 53: Andaman and Nicobar Islands.

Revenue Section

	Rs.
<i>Voted Expenditure.</i>	
Original Grant	16,78,58,000
Supplementary Grant	43,18,000
Final Grant	17,21,76,000
Actual Expenditure	18,00,27,083
Excess	78,51,083

2.25. The overall excess of Rs. 78,51,083 in the Revenue (Voted) Section of the Grant is the net result of excesses and savings under various sub-heads of the Grant. The excess occurred mainly under the sub-heads 'A-12(5)(1)-Stock' (Rs. 31,41,314) and 'A-12(5)(2)-Purchases' (Rs. 78,54,350).

2.26. In a note furnished to the Committee, explaining the reasons for these excesses, the Ministry of Home Affairs have stated, *inter alia*, as follows:

"Against the final grant of Rs. 17,21,76,000 (voted) under the Revenue Section of Grant No. 53—Andaman and Nicobar Islands the actual expenditure amounted to Rs. 18,00,27,083 leaving an uncovered excess of Rs. 78,51,083 which requires to be regularised.

The above excess is the net result of excesses and savings under the various sub-heads of the grant and occurred

mainly under the following sub-heads in the grant for the reasons given thereunder:

	Final Grant Rs.	Actual Expenditure Rs.	Excess Rs.
Major Head 259			
A. 12- Public Works:			
A. 12(5)- Suspense:			
A. 12(5)(1)- Stock	2,00,00,000	2,31,41,314	31,41,314
A. 12(5)(2)- Purchases	1,20,00,000	1,98,54,350	78,54,350

The above excesses are mainly due to belated adjustment of past debits for materials and stores purchased during the previous years. As a large number of debits for past years came for adjustment at the fag end of the financial year 1974-75, funds could not be augmented at that stage through Supplementary Grant.

The above excesses amounting to Rs. 109.95 lakhs and minor excesses under other sub-heads were partly counter-balanced by savings under the remaining sub-heads of the Revenue Section of the Grant bringing down the net excess in the Revenue Section of the Grant as a whole to Rs. 78,51,083 which requires to be regularised under Article 115(1)(b) of the Constitution".

2.27. The Final Grant relating to the Andaman & Nicobar Islands, administered by the Ministry of Home Affairs had been exceeded persistently during the previous years also. The following table indicates the excesses that occurred under this Grant from 1967-68 onwards:

(R)

Year	Excess Expenditure
1967-68	64.51
1968-69	23.34
1969-70	22.62
1972-73	91.58
1973-74	43.22*
1974-75	78.51

2.28. Commenting on the excess expenditure under this Grant during the year 1969-70, the Public Accounts Committee (1971-72) had, *inter alia*, observed:

"The Committee note that pursuant to their earlier recommendation, the Ministry of Home Affairs have impressed

*Out of this amount, a sum of Rs. 24.03 lakhs did not require regularisation by Parliament, the excess having been caused by duplicate bookig/miscel assification of expenditure.

upon the Andaman Administration the need for strict compliance with the rules and instructions regarding control over expenditure and to maintain closer liaison with the suppliers on the one hand and Accounts Officer on the other to avoid such excesses in future. The Committee trust that the Andaman Administration will strictly comply with the instructions issued by the Ministry of Home Affairs. The Committee would like to watch this through the future Appropriation Accounts relating to this Grant.”⁹

2.29. The Committee are once again constrained to record their displeasure over the persistent excesses that continue to occur, year after year, in the grant relating to the Andaman & Nicobar Islands, administered by the Ministry of Home Affairs. During the year under review, a net excess expenditure of Rs. 78.51 lakhs had been incurred by the Andaman & Nicobar Administration, as against Rs. 91.58 lakhs and Rs. 43.22 lakhs respectively during each of the preceding two years. The excess had occurred mainly under the sub-heads ‘A. 12(5) (1)—Stock’ (Rs. 31.41 lakhs) and ‘A. 12(5)(2)—Purchases’ (Rs. 78.54 lakhs). That the excess expenditure under these two sub-heads should work out respectively to 16 per cent and 65 per cent of the final provisions indicates the extent to which the estimation of requirements had been defective. As in the previous years, the bulk of the excess expenditure during 1974-75 was on account of failure to make adequate provision for past liabilities. The Committee are unhappy with this state of affairs and would urge the Ministry to take earnest measures to check on apparently persistent tendency on the part of the Andaman & Nicobar Administration not to make adequate provision for past liabilities. The Committee would like to be informed of the concrete measures taken to effect improvement.

Department of Power

2.30. Grant No. 65: Power Schemes.

Revenue Section

	Rs.
<i>Voted Expenditure :</i>	
Original Grant	11,15,96,000
Supplementary Grant	13,42,000
Final Grant	11,29,38,000
Actual Expenditure	11,52,72,037
Excess	23,34,037

⁹Public Accounts Committee (1971-72), 29th Report (5th LS), paragraph 2.18, December, 1971.

2.31. In a note, explaining the reasons for the excess expenditure, the Department of Power have stated:

"The excess occurred under the Group-head A. 1(1)—Trisuli Hydro Electric Project in Nepal on Account of acceleration of the pace of work necessitated by the decision taken in consultation with the Indian Embassy in Nepal and the Indian Cooperation Mission, to complete the work in hand and to hand over the Project to the Government of Nepal by May 1975. The Budget provision of Rs. 38 lakhs was augmented by Rs. 13.42 lakhs through Supplementary Grant in March 1975.

The actual expenditure however amounted to Rs. 91.68 lakhs resulting in an excess of Rs. 40.26 lakhs. This was partly offset by savings under other sub-heads in the Grant resulting in a net excess of Rs. 23.34 lakhs. The excess resulted mainly from larger debits under the sub-head 'Suspense' (representing cost of cement, steel, stores etc. including transportation charges), than anticipated at the time of obtaining Supplementary Grant in March 1975 and may be recommended for regularisation by Parliament under article 115(1) (b) of the Constitution."

2.32. The Committee observe that the excess expenditure of Rs. 40.26 lakhs incurred under the Group-head 'A. 1(1)—Trisuli Hydro Electric Project in Nepal works out to 78 per cent of the final provision of Rs. 51.42 lakhs and has been attributed to the receipt of larger debits than anticipated towards the cost of cement, steel, stores, etc. Since the decision to complete the work and hand over the Project to the Government of Nepal by May 1975 must have been taken well before the close of the financial year and after a review of the progress of the Project and availability of materials, the Committee are of the view that the additional liability on account of materials could have been provided for with a greater degree of accuracy by adequately examining the receipt of indented stores and debits relating thereto. This case of avoidable excess expenditure underlines once again the need for a closer liaison between the executing agencies, purchase organisation/suppliers and the Accounts Officers.

Appropriation Accounts (Defence Services), 1974-75
MINISTRY OF DEFENCE

2.33. Grant No. 21: Defence Services—Air Force.

Revenue Section

1	2
<i>Voted Expenditure.</i>	Rs.
Original Grant	3,82,89,97,000

1	2
Supplementary Grant	28,53,78,000
Final Grant	4,11,43,75,000
Actual Expenditure	4,20,64,31,785
Excess	9,20,56,785

2.34. The excess expenditure of Rs. 9.21 crores is the net result of excesses and savings under various sub-heads of the Grant had occurred mainly under the sub-heads 'A. 4-Transportation' (Rs. 131.04 lakhs), 'A. 5-Stores' (Rs. 878.90 lakhs) and 'A. 6-Works' (Rs. 278.29 lakhs).

2.35. Explaining the reasons for the excess, the Ministry of Defence have stated as follows:

"The Original Grant of Rs. 382.90 crores was augmented by obtaining two Supplementary Grants for a total amount of Rs. 28.54 crores—Rs. 6.30 crores in August 1974 and Rs. 22.24 crores in March 1975. The actual expenditure, however, amounted to Rs. 4,20,64,31,785 against the final grant (Voted) of Rs. 4,11,43,75,000, leaving thereby an uncovered excess of Rs. 9,20,56,785 which is required to be regularised.

The above-mentioned excess is the net result of excess expenditure and savings under various sub-heads as would be seen from the position summarised below:

(In lakhs of Rupees)

Sub-heads	Final Grant (Voted)	Actual Expenditure	Excess (+)	Savings (—)
A. 4—Transportation	494.74	625.78	(+)131.04	..
A. 5—Stores	25477.00	26355.90	(+)878.90	..
A. 6—Works	1691.24	1969.53	(+)278.29	..
A. 7—Spl. Projects	2062.38	1707.09	..	(—)355.29
A. 8—Other Expdr.	652.39	640.02	..	(—)12.37
TOTAL	30377.75	31298.32	(+)1288.23	(—)367.66
NET EXCESS +920.57				

The main reasons for the variations in expenditure which led to the overall excess of Rs. 920.57 lakhs are as under:

(a) Sub-head A-4-Transportation (+Rs. 131.04 lakhs):

The excess under this sub-head is attributable to the following inescapable expenditure under the circumstances noted against each:—

	(In lakhs of Rs.)
(i) Travelling and outstation allowances due to liberalisation of Leave Travel Concessions consequent upon Government's acceptance of the recommendations of the Third Pay Commission	48.55
(ii) Rise in the Sea freight/fares etc. leading to larger Sea and Inland Water Charges	41.75
(iii) Increased air transportation charges due to enhancement of air fares, excess baggage rates, etc. by Air Companies following hike in petrol prices	30.82
(iv) Rail charges due to larger movement of stores than anticipated	12.85
TOTAL	133.97

The excess of Rs. 133.97 lakhs was, however, offset partially by savings amounting to Rs. 2.93 lakhs under 'Hired Transportation Charges' due to lesser terminal adjustments than estimated.

(b) Sub-head A-5 Stores (+878.90 lakhs):

The excess under this sub-head was mainly due to more expenditure, than anticipated, on account of :

	(In lakhs of Rs.)
(i) Air Frames and Engines	346.36
(ii) Provisions	248.50
(iii) P.O.L.	769.99
(iv) Other Misc. Items of Stores etc.	64.89
TOTAL	1429.74

The circumstances which caused these excesses are detailed below:

(i) Air Frames and Engines:

(a) Increased expenditure necessitated on account of repairs/overhaul of air frames and engines and additional payment made for Viper Engines.

(b) Non-adjustment of amounts for issues to Navy (Rs. 142.86 lakhs).

(ii) Provisions:

(a) Larger receipt of supplies than anticipated;

(b) escalation in prices; and

(c) more year-end adjustments as compared to the past trend of expenditure.

(iii) *P.O.L.*:

Due mainly to unforeseen payments made during the year on account of supplies prior to 1974-75, escalation in prices of P.O.L. items with effect from 2-3-1974 and abnormal adjustments at the close of the year which could not be foreseen.

(iv) *Other Miscellaneous Items of Stores etc.*:

Increased expenditure due to rise in prices of such items of stores as clothing and medical, coal, firewood etc., and on account of more supplies of various items of stores necessitated by enhanced strength of Air Force personnel, arrear payments known only after the close of the year (May 1975).

The above excesses aggregating Rs. 1429.74 lakhs were off set to the extent of Rs. 550.84 lakhs by lesser materialisation of supplies than anticipated under 'Aviation Stores' (Rs. 226.99 lakhs), 'M.T. Stores' (Rs. 121.82 lakhs), 'Ordinance Stores' (Rs. 139.63 lakhs) and 'Other Miscellaneous Stores' (Rs. 62.40 lakhs) :

(c) *Sub-head A-6 Works (+Rs. 278.29 lakhs)*:

The excess of Rs. 278.29 lakhs over the Final Grant (Rs. 1691.24 lakhs) occurred mainly under the following items for the reasons indicated against each:—

(i) *Maintenance and operation of installation (Rs. 109.89 lakhs)*:

Increased consumption of water and electricity consequent on improvement of service conditions and providing additional service connections; enhanced rates of tariff imposed by the State Electricity Boards; also due to rise in the cost of stores/P.O.L. and labour charges.

(ii) *Maintenance of buildings, communications etc. (Rs. 87.66 lakhs)*:

Unanticipated larger expenditure owing to rise in the cost of stores and higher maintenance charges on temporary hutted|permanent| hired buildings, roads, etc.

(iii) *General Charges (Rs. 63.08 lakhs)*:

Payment of arrears for the past years and acceptance of some unforeseen liabilities during the year.

(iv) *Departmental Charges (Rs. 55.08 lakhs):*

Additional expenditure on Capital and Revenue Works on which such charges are leviable.

The above excesses were partly counter-balanced by savings amounting to Rs. 37.42 lakhs under 'Works' due to low trend of booking in this regard than anticipated.

It is relevant to make a mention of the fact that the supplies to the Indian Air Force are made by several authorities and payments therefor are arranged through various agencies. The payments are dependent upon materialisation of supplies and receipt of necessary documents. As such, variations do occur between the amounts provided and the actual expenditure. However, tighter budgetary discipline is being attempted, through closer watch over flow of expenditure and suitable instructions have been issued to ensure, in future, better anticipation of liabilities, for making timely additional provision, wherever warranted.

The excesses (Rs. 1288.23 lakhs) under various sub-heads mentioned in paragraph 4 above were partly counter-balanced by savings under the sub-heads 'A. 7—Special Projects' (Rs. 355.29 lakhs) and 'A. 8—Other Expenditure' (Rs. 12.37 lakhs) leaving, therefore, a net excess of 9,20,56,785 which needs to be regularised."

2.36. The Committee have carefully considered the explanation offered by the Ministry of Defence for the excess expenditure of Rs. 9.21 crores under 'Grant No. 21—Defence Services—Air Force' and are of the view that much of the expenditure could have been foreseen and adequately provided for by a more effective monitoring of materialisation of supplies and receipt of debits relating thereto. For instance, since the escalation in the prices of P.O.L. products became effective from 2 March 1974, in the preceding financial year itself, the Committee are unable to appreciate why the additional liabilities on this account could not have been foreseen and estimated more realistically and provided for at least in the Supplementary Budget. It should have also been possible to provide for the payments relating to supplies made prior to 1974-75 by closer coordination with the suppliers on the one hand and the Accounts Officers on the other. The increased expenditure on repairs/overhaul of air frames and engines and additional payments for Viper engines should have also been anticipated and adequately provided for. The Committee note that tighter budgetary discipline is now being attempted through closer watch over the flow of expenditure and that suitable instructions have been issued to ensure, in future, better anticipation of liabilities, for making timely additional provision, wherever warranted. The Committee hope that these measures would have the

desired effect and that excesses on these accounts would be considerably minimised in future.

Appropriation Accounts (Railways), 1974-75

2.37. During 1974-75, the actual expenditure under the grants and appropriations administered by the Ministry of Railways (Railway Board) exceeded the sanctioned allotment in four Voted Grants and two Charged Appropriations. The excess expenditure aggregated to Rs. 17.96 crores, as against Rs. 46.21 crores in 1971-72 and Rs. 10.21 crores in 1972-73, and occurred under the following Voted Grants and Charged Appropriations:

Grant/Appropriation	Excess Expenditure	Percentage of Final Grant
	Rs.	
<i>Voted Expenditure</i>		
1—Railway Board	5,58,431	2.69
3—Payment to Worked Lines and others	52,265	3.19
8—Working Expenses—Operation other than staff and fuel	1,11,15,907*	1.53
15—Open Line Works—Capital, DRF and DF	16,78,53,181**	2.01
<i>Charged Expenditure</i>		
5—Repairs and Maintenance	23,983	10.90
10—Working Expenses—Staff Welfare	3,223	40.28

2.38. The following table indicates the excesses recorded under various Voted Grants Charged Appropriations during the period 1967-68 to 1974-75:

Year	No. of Grants and Appropriations wherein Excesses occurred	Amount of Excess
1967-68	5	1.71
1968-69	3	0.11
1969-70	6	2.35
1970-71	4	0.22
1971-72	10	46.21
1972-73	5	10.21
1973-74	—	..
1974-75	6	17.96

* Exclusive of an amount of Rs. 31,242 which does not require regularisation.

** Inclusive of an amount of Rs. 59,47,157 attributable to misclassifications.

2.39. During the year 1974-75, excess expenditure occurred mainly under Grant No. 15-Open Line Works-Capital, Depreciation Reserve Fund and Development Fund (Rs. 16.79 crores) and Grant No. 8-Working Expenses-Operation other than staff and fuel (Rs. 1.11 crores). Excess had occurred under the former Grant during 1971-72 (Rs. 29.37 crores) and 1972-73 (Rs. 9.24 crores) also.

2.40. Grant No. 15: Open Line Works-Capital, Depreciation Reserve Fund and Development Fund.

Capital Section

<i>Voted Expenditure</i>	<i>Rs.</i>
Original Grant	8,35,54,72,000
Supplementary Grant	1,000
Final Grant	8,35,54,73,000
Actual Expenditure	8,51,73,79,024
Excess	16,78,53,181*

*The variation between the Final Grant and Active Expenditure as per the booked account works out to Rs. 16,19,06,024. However, after taking into account erroneous adjustments/misclassifications subsequently detected (Rs. 59,47,157), the real excess to be regularized by Parliament works out Rs. 16,78,53,181.

2.41. In a note furnished to the Committee, the Ministry of Railways (Railway Board) have, *inter alia*, stated that the excess under this Grant was shared by all the Railways and Production Units, with the exception of Western Railway and Integral Coach Factory. According to paragraph 6 of the Report of the Comptroller & Auditor General of India for the year 1974-75, Union Government (Railways), the largest excess under this Grant had occurred on Northern Railway (Rs. 10.95 crores) followed by Southern Railway (Rs. 7.11 crores), South Central Railway (Rs. 5.82 crores) and South Eastern Railway (Rs. 5.80 crores).

2.42. Explaining the reasons for the excess, the Ministry of Railways (Railway Board) have stated:

"This grant deals with the expenditure on (i) additions to Railways assets like rolling stock, machinery and works and transactions under Stores and Manufacture Suspense, Miscellaneous Advances charged to capital and replacement of such assets charged to Depreciation Reserve Fund and (ii) Development Fund expenditure on amenities for passengers and other Railway users, staff welfare works including cost of quarters of Class III and IV staff costing above Rs. 25,000 each, and cost of unremunerative

operating improvement works costing more than Rs. 3 lakhs each.

The excess of Rs. 16.19 crores was 1.194 per cent of the final grant of Rs. 8,35,54,73,000 voted by the Parliament. A token supplementary grant of Rs. 1,000 was taken from the Parliament for participating in Himachal State Road Transport Corporation.

At the time of revised estimates for the year, it was anticipated that the expenditure under this grant would be less than the budget as a result of economy measures adopted during the year. However, the actual expenditure exceeded the final grant mainly owing to increase in expenditure in the closing months of the year, chiefly due to more debits for procurement of rolling stock and more procurement of loco spares and under Manufacture Suspense it was mainly due to payment of additional dearness allowance to staff sanctioned by the Government and increase in expenditure on more works done in the Workshops than anticipated.

The excess under this grant was shared by all the Railway Projects except Western Railway and Integral Coach Factory. The largest excess occurred on the Northern Railway due to revision of allotment of stock after final modification and receipt of more debits therefor as also adjustment of residual payments.

- (a) *Rolling Stock (Re. 26.27 crores)*: Due chiefly to more procurement of Rolling stock (Rs. 24.33 crores), more procurement of loco spares (Rs. 3.00 crores) and an aggregate of minor Variations (Rs. 0.15 crore); partly counter-balanced by the postponement of certain works (Rs. 1.10 crores) and the effect of certain economy measures (Rs. 0.11 crores).
- (b) *Manufacturing Suspense (Rs. 20.38 crores)*: Due chiefly to more payment of dearness allowance sanctioned to the staff during the year and payment on account of implementation of the recommendations of Third Pay Commission (Rs. 15.11 crores), fluctuations in the direct purchase of stores (Rs. 4.98 crores), more progress on repairs in Mechanical Workshops (Rs. 3.95 crores) and welding work on rails in Engineering Workshops (Rs. 0.72) crore), less issue of Stores to stock etc. (Rs. 4.51 crores) and aggregate of minor variations (Rs. 0.12 crore); partly

counter-balance by less drawal of stores to stock (Rs. 6.30 crores), less payment to shop labour as a result of their participation in the general strike of May 1974 (Rs. 0.98 crore), less adjustment towards miscellaneous charges etc. (Rs. 0.97 crores), non-filling up of posts (Rs. 0.52 crore) and fluctuations in adjustment through Stock Adjustment Account (Rs. 0.24 crore).

Against these excesses, savings occurred under (c) *Miscellaneous Advances* (Rs 13.89 crores): Due chiefly to less procurement of imported stores etc. and less receipt of debits therefor including sea freight (Rs. 14.45 crores) and aggregate of minor variations (Rs. 8 lakhs); partly counter-balanced by more receipt of fabricated materials and more payment of fabrication charges (Rs. 0.64 crore).

(d) *Works* (Rs. 11.41 crores): Due chiefly to certain economy measures (Rs. 17.87 crores) postponement of certain works (Rs. 1.39 crores), non-receipt of debits towards cost of land (Rs. 0.57 crore); partly counter-balance by more progress owing *inter-alia* to receipt of more materials and increase in cost thereof (Rs. 7.30 crores), more receipt of machinery and debits thereof (Rs. 0.49 crore), more adjustment on completed works (Rs. 0.37 crore) and aggregate of minor variations (Rs. 0.26 crore).

(e) *Stores Suspense* (Rs. 2.34 crores): Due chiefly to less purchase of H.S.D. oil (Rs. 12.90 crores), less receipts of materials returned from Manufacture (Rs. 3.91 crores) and works (Rs. 2.17 crores), more realisation of credit on sales (Rs. 2.68 crores) and aggregate of minor variations (Rs. 0.42 crore); partly counter-balanced by less issues to manufacture (Rs. 6.95 crores), more purchase of stores for general purpose and increase in prices of stores (Rs. 5.20 crores), more receipt of coal etc. (Rs. 5.13 crores), less issue to works (Rs. 1.75 crores) and fluctuations in adjustment through Stock Adjustment Account (Rs. 0.89 crore).

(f) *Development Fund* (Rs. 2.34 crores): Due chiefly to postponement of certain works and other economy measures (Rs. 4.68 crores), non-receipt of credit from Defence Department towards cost of certain quarters (Rs. 0.08 crore) and aggregate of minor transactions (Rs. 0.06 crore); partly counter-balanced by more progress on certain works (Rs. 1.64 crores), more purchase of stores (Rs. 0.64 crore), more adjustment of completed

works (Rs. 0.19 crore) and more debits for under and overbridges (Rs. 0.19 crore).

- (g) *Investment in Road Service* (Rs. 0.28 crore): Due chiefly to less payments on behalf of Central Government to State Corporations than originally expected.
- (h) *Taking over of Open line wires from Posts & Telegraphs Department* (Rs. 0.20 crore): Due chiefly to less expenditure incurred on taking over of open line wires from P&T Deptt. owing to less receipt of debits than originally anticipated.

After including the amount of mis-classifications viz. Rs. 59,47,157 the excess actually requiring regularisation by Parliament works out to Rs. 16,87,53,181 i.e. 2.01 per cent in relation to the voted grant of Rs. 8,35,54,73,000."

2.43. Bulk of the excess expenditure of Rs. 9.24 crores incurred under this Grant during 1972-73 had also occurred on Northern Railway, Commenting on this excesses, the Public Accounts Committee (1974-75) had observed:

"The Committee are concerned to note that the bulk of the net excess aggregating Rs. 9.24 crores under the Voted' section of 'Grant No. 15—Open Line Works—Capital, Depreciation Reserve Fund and Development Fund' relating to Railways had occurred in Northern Railway (Rs. 8.61 crores). That this was so despite obtaining a Supplementary Grant of Rs. 8.92 crores and further augmenting the provision by Rs. 16.96 crores by re-appropriation, which must have been done by the end of the year, points to the fact that the Railway Administration was not at all careful to estimate the requirements realistically. The excess in terms of the original provision relating to this Railway was as high as 53 per cent and in terms of the final grant of 9.5 per cent. Unless there were extraordinary developments during the year, such wide variations between the original Budget estimates and the actuals can hardly be justified. The Committee, therefore, maintain that the system of budgeting adopted by this Railway, which appears to be anything but satisfactory, needs a closer examination with a view to taking appropriate steps to bring about the desired

improvement. The Committee would watch the improvement through future Appropriation Accounts."¹⁰

2.44. In their Action Taken Note dated 24 June, 1975 on the above observation, the Ministry of Railways (Railway Board) had, *inter alia*, informed the Committee that their observations desiring an improvement in budgeting had been noted and brought to the notice of Northern Railway.¹¹

2.45. There were no excesses over Voted Grants and Charged Appropriations in the Appropriation Accounts (Railways) for the year 1973-74. The Committee are, however, concerned to find that the position in this regard had deteriorated once again during 1974-75, when excess expenditure aggregating to Rs. 17.96 crores had been incurred under four Voted Grants and two Charged Appropriations. The Committee need hardly stress that concerted efforts should be made to minimise excesses over authorised expenditure and would like the Ministry of Railways (Railway Board) to examine the reasons for this sudden deterioration during 1974-75, with a view to adopting appropriate remedial measures.

2.46. The Committee note that during 1974-75, excess expenditure had been incurred mainly under 'Grant No. 15—Open Line Works—Capital, Depreciation Reserve Fund and Development Fund' (Rs. 16.79 crores) and that bulk of this excess had occurred on Northern Railway (Rs. 10.95 crores). The Railway Administration had considerably exceeded the Grant during 1972-73 also. The Committee find that their earlier observations in this regard contained in paragraph 2.86 of their 134th Report (Fifth Lok Sabha), have been brought to the notice of the Northern Railway Administration by the Ministry of Railways (Railway Board) and trust that the Railway Administration would exercise greater care in estimating their requirements and frame their budget proposals more realistically in future.

Expenditure on Pay & Allowances

2.47. Commenting upon excesses arising out of incorrect estimation of liabilities on account of pay and allowances, the Public Accounts Committee (1968-69) had observed that as there was no element of

¹⁰Public Accounts Committee (1974-75), 134th Report (5th LS), paragraph 2.86, August, 1974.

¹¹Public Accounts Committee (1975-76), 201st Report (5th LS), page 58, March, 1976.

uncertainty or unforeseeability in expenditure on pay and allowances, there should normally be no excess on this account.¹² This had also been reiterated by the Committee in 1969-70¹³ and 1970-71.¹⁴ During the year under review also, increased disbursements of pay and allowances, in pursuance of the Government decision on the recommendations of the Third Pay Commission, and additional payment of Dearness Allowance had contributed to excess expenditure under a number of Grants, details of which are indicated below:

(Rupees in lakhs)

Grant No.	Ministry/Department	Excess
<i>APPROPRIATION ACCOUNTS (CIVIL)</i>		
1—Department of Agriculture	Agriculture	23.10(a)
11—Ministry of Commerce	Commerce	15.36(b)
18—Ministry of Defence	Defence	7.38 (c)
31—Taxes on Income, Estate Duty, Wealth Tax and Gift Tax.	Revenue & Banking	46.34
40—Ministry of Health and Family Planning.	Health & Family Planning	4.25
57—Ministry of Industrial Development	Industrial Development.	11.25 (e)
60—Ministry of Information & Broadcasting.	Information & Broadcasting.	2.05
62—Broadcasting.	Information & Broadcasting	22.93
76.—Ports, Lighthouses and Shipping.	Shipping & Transport.	5.02(d)
80—Mines & Minerals.	Mines	154.29
94—Atomic Energy Research, Development and Industrial Projects.	Atomic Energy	57.18
<i>APPROPRIATION ACCOUNTS (RAILWAYS)</i>		
1—Railway Board	Railways	1.00
15—Open Line Works-Capital, DRF and DF Railways		151.10

(a) also includes expenditure on other items.

(b) part of this excess is attributable to increased travel expenses.

(c) part of this excess had occurred on account of increased expenditure than anticipated on printing.

(d) also includes excesses attributable to other items.

(e) The real excess works out to only Rs. 5.25 lakhs as a lumpsum provision of Rs. 6 lakhs was made in the Budget grant for implementation of the Pay Commission's recommendations.

¹²Public Accounts Committee (1968-69), 31st Report (4th LS), paragraph 2.73.

¹³Public Accounts Committee (1969-70), 83rd Report (4th LS), paragraph 2.9, July 1969.

¹⁴Public Accounts Committee (1970-71), 123rd Report (4th LS), paragraph 2.53, July 1970.

2.48. The Public Accounts Committee (1968-69) had observed, in paragraph 2.73 of their 31st Report (Fourth Lok Sabha), that as there was usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should normally be no excess on this account. Subsequently, in response to similar observations of the Public Accounts Committee (1970-71), contained in paragraph 2.53 of their 123rd Report (Fourth Lok Sabha), the Public Accounts Committee (1971-72) had been informed by the Ministry of Finance that instructions had been issued to all Ministries/Departments to pay special attention to the task of achieving the objectives of various rules and orders on budgeting and control over expenditure, thereby avoiding the occurrence of excesses over sanctioned grants. The Committee are, however, concerned to note that during 1974-75 also, considerable excess expenditure was incurred under various grants on account of increased disbursement of pay and allowances, in pursuance of the Government decision on the recommendations of the Third Pay Commission. While some variation between the estimates and actuals is understandable on this account, the Committee feel that large variations as had occurred in Grant No. 80—Mines & Minerals (24 per cent), 'Grant No. 94-Atomic Energy Research, Development and Industrial Projects' (49 per cent) and 'Grant No. 15-Open Line Works-Capital, Depreciation Reserve Fund and Development Fund' (Railways) were hardly justified. The Committee trust that all Ministries/Departments would take adequate care in future to avoid excesses on this account.

2.49. Subject to their observations contained in the preceding paragraphs of this Report, the Committee recommend that the excess expenditure referred to in paragraph 2.1 of the Report be regularised in the manner prescribed in Article 115 of the Constitution of India.

CHAPTER III

REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 180TH REPORT (FIFTH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS FOR THE YEAR 1973-74.

3.1. The 180th Report (Fifth Lok Sabha) of the Public Accounts Committee on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts for the year 1973-74 was presented to the Lok Sabha on 7 August 1975. Action Taken Notes on all the 23 recommendations|observations contained in the Report have been received from Government and are reproduced in Appendix XXIX.

3.2. The Action Taken Notes received from Government* have been broadly categorised as follows:

(i) *Recommendations|observations that have been accepted by Government:*

Sl. Nos. 1, 2(ii), 3, 5, 6, 9, 10, 11, 12, 13, 14, 16, 18, 19, 20, 21 and 23.

(ii) *Recommendations|observations which the Committee do not desire to pursue in view of the replies of Government:*
Sl. Nos. 4, 7, 8, 15, 17 and 22.

(iii) *Recommendations|observations replies to which have not been accepted by the Committee and which require reiteration:*

NIL

(iv) *Recommendations|observations in respect of which Government have furnished interim replies:*

Sl. No. 2(i)

3.3 In accordance with the time schedule prescribed by the Committee in their 5th Report (Fourth Lok Sabha), notes on the action taken by Government on the recommendations|observations contained in the Committee's 180th Report were required to be furnished by the concerned Ministries||Departments latest by 6th Feb-

*Notes on Sl. Nos. 4, 7, 11, 16, 17 and 20 have not been vtted by Aucit

ruary 1976. An analysis of the receipt of Action Taken Notes, however, disclosed the position:

No. of Notes received by due date	14
No. of Notes received after 6 February 1976, but by the end of February 1976	5
No. of Notes received by the end of April 1976	8
No. of Notes received by the end of June 1976	2
No. of Notes received in July 1976	2
No. of Notes received in August 1976	1

3.4 The following table indicates the comparative position in this regard in respect of the Reports on Excesses over Voted Grants and Charged Appropriations for the years 1969-70 to 1973-74:

Report to which Notes relate	No. of Notes received by due date	No. of Notes received after due date and extent of delay		
		Upto 3 months.	3 to 6 months	More than 6 months
29th Report (5th LS)	15	3	..	..
49th Report (5th LS)	20	11	12	..
96th Report (5th LS) . . . . .	..	..	..	..
134th Report (5th LS)	8	9	25	..
180th Report (5th LS)	14	13	4	1

3.5 The Public Accounts Committee have, in successive years, expressed their concern and dissatisfaction over the delays in the submission of Action Taken Notes on their recommendations. Commenting on the delays in the submission of the Action Taken Notes on the recommendations|observations contained in their 49th Report (Fifth Lok Sabha), the Public Accounts Committee (1973-74) had observed:

“The Committee had in paragraph 3.3 of their 49th Report (Fifth Lok Sabha) commented on the delays in the receipt of Action Taken Notes and stressed that the Notes should invariably be furnished to them within the stipulated time limit of six months. Despite the fact that in December 1972, the Ministry of Finance have brought these observations to the notice of all Ministries|Departments for strict compliance, delays continue to occur. 23

out of 43 Action Taken Notes in respect of recommendations contained in the 49th Report were received after the due date viz. 28th February 1973. The delay was more than 3 months in 9 cases and 3 Notes were received only in August 1973 with the result that the finalisation of this Report was delayed. The Committee take a serious view of the position and desire that immediate steps should be taken to investigate the delays and to streamline the procedures so as to ensure submission of Action Taken Notes within the time-limit prescribed."¹³

3.6 Delays in the submission of Action Taken Notes, however, continued to occur even in respect of the recommendations|observations contained in the Committee's 96th Report (Fifth Lok Sabha). The Public Accounts Committee (1974-75) were, therefore, constrained to observe as follows:

"The Committee are deeply distressed to find that despite the fact that instructions were issued by the Ministry of Finance to all Ministries|Departments in February 1974 to ensure submission of the Action Taken Notes within the stipulated time-limit of six months and despite the comments of the Committee in their earlier reports on the delays in receipt of Action Taken Notes, delays continued to occur this year also. 12 out of 21 Action Taken Notes in respect of recommendations contained in their 96th Report were received after the due date, viz. 4th March 1974. The delays was of the order of a month in 8 cases. The Notes relating to the Ministry of Health and Family Planning were received only towards the end of June 1974, after a delay of more than 32-1/2 months and the Notes from the Ministry of Works and Housing were received only in August 1974, nearly six months later. The Committee take a very serious view of such delays, particularly of that which has taken place in the Ministry of Works and Housing and feel that adequate attention is not being paid by the Ministries/Departments to the processing of recommendations of the Committee. The Committee would like Government to investigate immediately the reasons for these delays also, and to take such disciplinary or other action as may be called for and informed the Committee."¹⁴

¹³Public Accounts Committee (1973-74), 96th Report (5th LS), paragraph 3-3, September 1973.

¹⁴Public Accounts Committee (1974-75), 134th Report (5th LS), paragraph 3-14, August 1974.

3.7 Drawing attention once again to the unconscionable delay in reporting to the Committee the action taken on their recommendations|observations, the Public Accounts Committee (1975-76) had observed:

"The Committee are constrained to record their unhappiness at the unconscionable delay on the part of Government in initiating and reporting action taken on their recommendations|observations. In spite of the Committee's repeated exhortations and also the plethora of instructions and circulars issued periodically by the Ministry of Finance and other agencies, there seems to be no perceptible improvement in the situation. Except in extraordinary circumstances, all necessary action requires to be completed and a final report furnished to the Committee within the prescribed period of six months, which should normally be considered an adequate allowance of time. The Committee regret a marked deterioration in this regard, with replies still awaited even after a protracted period, as in the case of this report which was presented as far back as in November 1974. Unless the Committee are informed of the final action taken by Government on their recommendations, they would be handicapped in effectively discharging the responsibilities cast on them by Parliament, and the exercise of Parliamentary control over executive actions would, to that extent, be abridged. The Committee take a serious view of such delay and desire that positive steps are taken to ensure that the final Action Taken Notes on the Committee's recommendations are invariably furnished to them within the stipulated time-limit of six months."¹⁷

The Committee had further gone on record as follows:

"In paragraph 3.14 of their 134th Report (Fifth Lok Sabha), the Committee had drawn pointed attention to the delay of nearly six months which had occurred in the Ministry of Works and Housing in furnishing the Action Taken Notes on the recommendations|observations relevant to that Ministry contained in the 96th Report (Fifth Lok Sabha) and had recommended immediate investigation of the reasons for the delay and appropriate disciplinary or other action as may be called for. Even though nearly 15

¹⁷Public Accounts Committee (1975-76), 201st Report (5th LS), paragraph 1.4, March 1976.

months have elapsed since the presentation of the Report, the Committee are yet to be informed of the action taken by the Works and Housing Ministry in this regard. In paragraph 1.17 of this Report, the Committee have drawn attention to a similar lapse by the same Ministry. The Action Taken Notes in respect of the other recommendations|observations contained in the 134th Report had also been furnished by the Ministry only on 25th August, 1975, after a delay of more than three months. The Committee deplore this unhealthy practice and would like to be informed within a month of the reasons, at least, for the Ministry's inexplicable silence.

The position in regard to other Ministries|Departments is also far from satisfactory. Despite repeated adverse comments by the Committee in the past, only 8 Action Taken Notes had been received by the due date, 15th May 1975. While the delay was of the order of a month in 7 cases, as many as 17 Notes were received only in August, 1975, after the lapse of more than three months. 3 Notes from the Ministry of Home Affairs, one Note from the Ministry of Information & Broadcasting and another from the Ministry of Shipping & Transport were received only in September 1975 and a Note had been received from the Ministry of Shipping & Transport as late as 4th October 1975. The Committee also had to enter into considerable correspondence with the Ministries and Departments in this regard. To put it very mildly, this is a thoroughly unsatisfactory state of affairs. The Committee have come to the inescapable conclusion that unless some drastic steps are taken, the malady is bound to continue. The Committee, therefore, would urge the Ministry of Finance to critically review the existing procedures and evolve a fool-proof arrangement by which this deterioration in the position can be checked and it can be ensured that the recommendations of the Committee receive prompt attention and the time-schedule for the furnishing of Action Taken Notes to the Committee is scrupulously observed."¹⁸

3.8 Since there was no perceptible improvement in the situation, despite the Committee's repeated criticism of such delays, the Public Accounts Committee (1975-76) had also undertaken a review in

¹⁸ *ibid* paragraphs, 1.28 and 1.29.

in this regard and had observed, inter alia, as follows:

"Parliamentary control over Government's financial activities and all executive processes relative thereto can only be meaningful and effective if the recommendations of the Public Accounts Committee are promptly implemented or adequate reasons for non-compliance are communicated without undue delay. Repeatedly, in the past, the Public Accounts Committee have called for Action Taken Notes being sent in time. Wherever reasonable extension has been requested, it has been invariably allowed. And yet, as the narrative pages of this Report will show, the entire issue has been dealt with by Government in a routine manner and without any apparent appreciation of the PAC's feeling of seriousness and urgency about it. In paragraph 2.4 of their 186th Report (Fifth Lok Sabha), the Committee have been constrained to observe that unless Government devise an adequate machinery to see that the recommendations of the Committee receive prompt attention and the assurances held out to the Committee, from time to time, are sought to be translated into positive action not only at the higher levels of the administration but in all relevant spheres, the labours of the Committee would be largely in vain and the functioning of our parliamentary system would seriously suffer."¹⁹

3.9 The Action Taken Sub-Committee of the Public Accounts Committee (1975-76) had also considered in some detail, the question of chronic delay on the part of the Ministries/Departments in intimating the action taken on the Committee's recommendations, with particular reference to the abnormal delay that had occurred in the case of some of the recommendations/observations contained in the 134th Report (Fifth Lok Sabha) on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts for the year 1972-73. The Sub-Committee decided, at their sitting held on 27th February 1976, that this question may also be taken up by the Chairman, Public Accounts Committee, with the Finance Minister so that some positive steps may be taken in this regard.

3.10 The Chairman, Public Accounts Committee had accordingly addressed a letter to the Finance Minister, on 30 April 1976, drawing his attention to the Reports of the Public Accounts Committee relating to the Action Taken by Government on the recommendations

¹⁹Public Accounts Committee (1975-76), 220th Report (5th LS), paragraph 1.36 April, 1976.

contained in the 134th Report (Fifth Lok Sabha) (201st Report of the Public Accounts Committee) and to 'Delays in Furnishing Action Taken Notes' (220th Report of the Public Accounts Committee) and seeking the help and cooperation of the Minister in setting up some machinery in Government whereby it could be ensured that the agencies of Government would help by processing the Committee's recommendations with greater earnestness and promptitude and also in a more positive and purposeful manner than at present. This was also followed up by another letter dated 20 July, 1976. Copies of these letters and the reply of the Finance Minister dated 12 August, 1976 are reproduced in Appendix XXX.

3.11 With reference to the recommendations|observations of the Committee on the subject of delays in the furnishing of Action Taken Notes contained in their 220th Report (Fifth Lok Sabha), the Cabinet Secretariat had also been requested, on 28 April 1976, that the relevant Action Taken Notes on these recommendations|observations from various Ministries|Departments of the Government of India may be obtained by the Cabinet Secretariat and furnished to the Committee. In his reply dated 26 June, 1976, furnished in this connection, the Cabinet Secretary stated, *inter alia*, as follows:

"As regards the request... that the Action Taken Notes from various Ministries|Departments of the Government of India may be obtained by the Cabinet Secretariat and furnished to the PAC, it is felt that the proposed course of action will lead to avoidable delay. It is proposed, therefore, to continue the existing practice under which Action Taken Notes are submitted direct by the Ministries|Departments to the Lok Sabha Secretariat as and when they are ready. A watch on their timely submission will, however, be kept by the Ministry of Finance (Department of Expenditure) which has the nodal responsibility for matters relating to the PAC. With this end in view all Secretaries to Government are being advised to send copies of their communication forwarding Action Taken Notes together with particulars of the latter to Secretary, Department of Expenditure."

3.12. Subsequently, on 28 July, 1976, the Ministry of Finance (Department of Expenditure) also issued instructions for the timely submission of Action Taken Notes on the recommendations made by

the Public Accounts Committee, devising the following institutional arrangements for monitoring the progress in this regard:

“(a) The Integrated Financial Adviser in each Ministry would be responsible for examining the PAC report as a whole and would be the ‘focal point’ responsible directly to the Secretary. He would also coordinate and watch progress, monitor delays and take necessary action to expedite the Action Taken Notes. It will be the responsibility of the Integrated Financial Adviser to seek extension of time from the Lok Sabha Secretariat in respect of the Action Taken Notes which, for unavoidable reasons, cannot be sent within the prescribed period of 6 months from the date the relevant PAC Report is presented to the Lok Sabha. Copies of all the communications addressed to the Lok Sabha Secretariat regarding Action Taken Notes will also be endorsed to the Ministry of Finance, Department of Expenditure (Monitoring Cell).

Note: In respect of the Ministries/Departments where the Integrated Financial Scheme has not yet been introduced the above functions will be performed by the Internal Financial Adviser concerned, who will also keep the Associate Financial Adviser informed of the progress from time to time.

(b) The Ministry of Finance, Department of Expenditure (Monitoring Cell) will be the ‘focal point’ for the Government as a whole to coordinate and watch progress, monitor delays etc. with the Ministries concerned.”

3.13. The Committee have been emphasising, year after year, the need for ensuring that their recommendations receive prompt attention, and also for scrupulously observing the time-schedule prescribed in their 5th Report (Fourth Lok Sabha) for the furnishing of Action Taken Notes to the Committee. Though there has been no dearth of instructions in this regard, in pursuance of the Committee’s earlier recommendations on the subject, the position still continues to be far from satisfactory, and unconscionable delays continue to recur. Despite many adverse comments by the Committee, only 14 Action Taken Notes relevant to the Committee’s recommendations/observations contained in their 180th Report (Fifth Lok Sabha) were received by the due date, 6 February 1976. While the delay was of the order of about a month in 5 cases, 8 Notes had been received after a delay of two months. Two Notes relating to the Department

of Social Welfare were received only on 19 June 1976, after a delay of about 4½ months, and two other Notes relating to the Ministry of Works & Housing on 5 July 1976, after a lapse of five months. The Note in regard to the Action Taken by the Ministry of Shipping & Transport on the Committee's recommendation contained in paragraph 2.10 of the Report was received only as late as 12 August 1976, after a delay of more than six months. This, in the opinion of the Committee, is an entirely un-warranted proceeding. Given the will and with a little effort, it should be possible for the Ministries' Departments to furnish the Action Taken Notes in much quicker time and in any case, save in exceptional circumstances, within the prescribed period of six months from the presentation of the Report to the House.

3.14. The Committee are happy to note that certain institutional arrangements have now been devised, though belatedly, by the Department of Expenditure to monitor the timely submission of Action Taken Notes on the Committee's recommendations and that the Integrated Financial Adviser/Internal Financial Adviser in each Ministry has been made responsible for examining the reports of the Committee and for coordinating and monitoring the expeditious submission of the Action Taken Notes thereon to the Committee. It is also gratifying that a Monitoring Cell has been set up in the Department of Expenditure as the 'focal point' for the Government as a whole to coordinate the progress in this regard and monitor delays with the Ministries concerned. The Committee trust that the Finance Ministry would discharge its 'nodal responsibility' in this regard effectively and also investigate the reasons for the delays in the submission of the Action Taken Notes on the 180th Report (Fifth Lok Sabha). The Committee would, in particular, like the delays that have taken place in the Department of Social Welfare and the Ministry of Works & Housing to be examined in detail, with a view to taking appropriate disciplinary or other action as may be called for.

3.15. The Committee will now deal with the action taken by Government on some of their recommendations/observations contained in the 180th Report (Fifth Lok Sabha).

Delays in the submission of Explanatory Notes on Excesses over Voted Grants and Charged Appropriations. (Paragraph 2.10—SI. No. 4).

3.16. Commenting on the delays in the submission of Explanatory Notes on Excesses over Voted Grants disclosed in the Appropriation-

Accounts for the year 1973-74, the Committee, in paragraph 2.10 of the Report, had recommended:

"The Committee are once again constrained to record their displeasure over the delays in the submission of the explanatory notes on excesses over Voted Grants and Charged Appropriations that continue to recur despite their earlier exhortations. Out of 27 Notes relating to the expenditure incurred in excess of amounts authorised by Parliament during 1973-74, only 6 Notes had been received by the stipulated due date, 14 Notes in June and 7 Notes in July 1975. The Committee, in particular, are unable to condone the unconscionable delays that had occurred in respect of the explanatory notes relating to 'Grant No. 75' of the Ministry of Shipping and Transport and 'Grant No. 53' administered by the Ministry of Home Affairs, which were received only on 18th July and 30th July 1975 respectively. The Committee are dissatisfied with this state of affairs and desire fixation of responsibility for appropriate action. The Committee would not countenance such delays in future."

3.17. Action was required to be taken on the above recommendation by the Department of Economic Affairs and the Ministries of Home Affairs and Shipping & Transport. While the Department of Economic Affairs informed the Committee, in their Action Taken Note dated 20 November 1975, that necessary instructions had again been issued in this regard, on 15 November 1975, to the Ministries, the Ministry of Home Affairs, in their relevant Action Taken Note dated 28 January 1976, stated as follows:

"This Ministry has to get the Appropriation Accounts verified from and explanation for excess expenditure prepared by Union Territories who are like miniature State Governments. Their Finance Departments have again to get the appropriation accounts verified by each department of the Union Territory as also ascertain the exact reasons for variations from the spending departments."

Two statements, one showing the chronological order of the action taken by the Ministry of Home Affairs after receipt of the Appropriation Accounts from the Accountant General, Central Revenues and the other showing the chronological order of the action taken by the Chandigarh Administration after receipt of the communication in this

regard from this Ministry are enclosed (*vide* Appendix XXIX)."

3.18. The Ministry of Shipping & Transport, however, in their Office memorandum dated 3 February 1976, informed the Committee, *inter alia*, as follows:

"This deals with delays in submission of notes to Public Accounts Committee regarding regularisation of excesses. Since the observations of the Committee in this item were of general nature and concerned all Ministries, this has been dealt with in Budget Division and an Action Taken Note in this regard has already been submitted by them to the Lok Sabha Secretariat."

3.19. Subsequently, however, the Ministry furnished, on 12 August 1976, an Action Taken Note* in this regard, which is reproduced below:

"The Appropriation Accounts in respect of 'Grant No. 75-Ministry of Shipping & Transport' for the year 1973-74 were first received from the Accountant General, Central Revenues on the 19th September, 1974. Thereafter corrections to the Appropriation Accounts were received from the Accountant General Central Revenues on 3rd October, 1974, 2nd November, 1974 and 25th March, 1975. Action was initiated in the Ministry for confirming the Appropriation Accounts/offering comments thereon by the concerned units in the Ministry but due to frequent corrections in the Appropriation Accounts the final picture could not emerge before the beginning of March 1975.

A Chronological statement showing the time taken at various stages of processing and finalisation of the 'Explanatory Note' for regularisation of excess of Rs. 6,75,008 over the Revenue Voted Grant No. 75-Ministry of Shipping & Transport for the year 1973-74 is attached (*vide* Appendix XXIX). A copy of the 'Explanatory Note' is also attached (*vide* Appendix XXIX), from which it will be observed that out of the total excess of Rs. 6,75,008 revealed in the Appropriation Accounts for Grant No. 75 for 1973-74, an excess of Rs. 5,80,338.64 was due to wrong debits. The net excess was only Rs. 94,669.

The exact location of wrong debits due to misclassifications, in consultation with the concerned organisation in the

*Not vetted in Audit.

Ministry (viz. Roads Wing and Border Roads Development Board) and the Accountant General, took considerable time. It would be observed from the attached chronological statement (Appendix XXIX) that at each stage the matter had been attended to as expeditiously as possible. The delay in sending the 'Explanatory Note' was not due to the fault of any organisation or officer in particular.

It has always been the endeavour of the Ministry of Shipping & Transport to expedite the submission of notes to Public Accounts Committee. The Ministry will make its best efforts to cut down all delays in future."

The Ministry also informed the Committee in this connection as follows:

"This Action Taken Note was prepared in January 1976 for submission to the Lok Sabha Secretariat. Subsequently, however, under some misapprehension, a view was taken that since the Ministry of Finance were sending an Action Taken Note to the Lok Sabha Secretariat on the general issue in recommendation No. 4 of 180th Report of the Public Accounts Committee, it was not necessary for this Ministry to send a separate Action Taken Note. The delay in submitting this Action Taken Note is due to this reason, which is deeply regretted."

3.20. Expressing their displeasure over the delays in the submission of the explanatory notes on excesses over Voted Grants and Charged Appropriations that continued to recur despite their earlier exhortations, the Committee, in paragraph 2.10 of their 180th Report (Fifth Lok Sabha) had specifically desired, inter alia, fixation of responsibility for appropriate action for the unconscionable delays that had occurred in respect of the explanatory notes relating to Grant No. 53 of the Ministry of Home Affairs and Grant No. 75 administered by the Ministry of Shipping & Transport. While, in the light of the explanations now offered by the concerned Ministries, the Committee do not wish to pursue their earlier recommendation for fixing responsibility for the delays, they cannot help expressing their unhappiness over the unduly long time taken, 'under some misapprehension', by the Ministry of Shipping and Transport in intimating the action taken on this recommendation, despite the fact that the recommendation was far from general, and specific action was

also required to be taken by the Ministry. Such delay only serves to reinforce the Committee's oft-repeated observation that adequate attention is not being paid by some of the Ministries/Departments to the processing of the Committee's recommendations. The Committee trust that the measures now taken for the timely submission of the Action Taken Notes on their recommendations will have the desired impact and that such delays will soon be a thing of the past.

Excess expenditure incurred on Deposit Works (Paragraph 2.45—Sl. No. 15).

3.21. Dealing with an instance of expenditure incurred in excess of the deposits received from non-Government organisations on works executed on their behalf by the Central Public Works Department, the Committee, in paragraph 2.45 of the Report, had recommended:

“As regards the excess of Rs. 157.58 lakhs under the sub-head ‘A. 7(2)-Other Suspense Accounts’, the Committee observe that Rs. 102.02 lakhs represent the expenditure incurred in respect of deposit works of non-Government organisations in excess of deposits. Since the rules provide that the expenditure on deposit works should be limited to the amount of deposit received, the circumstances in which works were executed in excess of the deposits received and additional amounts of deposits could not be received in time from the organisations concerned are not clear to the Committee. The Committee take a serious view of the non-observance of the rules in this regard, particularly when the deposit works have been executed on behalf of non-Government organisations, and desire that responsibility for the lapse should be fixed for appropriate action.”

3.22. In their Action Taken Note on the above recommendation, furnished to the Committee on 16 April, 1976, the Ministry of Works & Housing have stated as follows:

“The bulk of the excess occurred in respect of the deposit works of the Food Corporation of India. This is a Government company and not a non-Government body in the strict sense of the term. Though it was possible, under the rules, to stop work as soon as the deposit made was exhausted this extreme step was not taken because the works, in question were priority works relating to a priority sector like ‘food’ and contractual complications

would have arisen had the works been suspended and the overall effect would have been increase in costs, which again would have rebounded on the Government and delay in the completion of essential work. The question of making good the shortfall has been taken up with the Food Corporation of India separately."

3.23. While in the light of the reply now furnished by the Ministry of Works & Housing, the Committee do not wish to pursue their recommendation in regard to fixation of responsibility for the non-observance, in the present case, of the rules governing expenditure on deposit works, they would like to be informed whether the expenditure incurred in excess of the deposits has since been recovered from the Food Corporation of India.



H. N. MUKERJEE

Chairman,

Public Accounts Committee.

NEW DELHI;

August, 23, 1976.

Bhadra, 1, 1898 (Saka).

A P P E N D I C E S

APPENDICES I TO XXVIII

Explanatory Notes received from various Ministries/Departments on the Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts for the year 1974-75.

APPENDIX I

MINISTRY OF AGRICULTURE & IRRIGATION

(DEPARTMENT OF AGRICULTURE)

Grant No. 1: Department of Agriculture

The final Accounts for the year 1974-75 disclosed an excess of Rs. 12,47,562 over the Revenue Voted Grant No. 1-Department of Agriculture as detailed below:—

Original Grant	Rs. 1,63,22,00
Supplementary Grant	Rs. 5,65,000
Final Grant	Rs. 1,68,87,000
Actual Expenditure	Rs. 1,81,34,562
Excess	Rs. 12,47,562

This Grant provides for expenditure on the Secretariat of the Department and other misc. organisations i.e. Agricultural Attache, Embassy of India, Rome and Zoological Park, Delhi. As against the original plus supplementary grant of Rs. 1,68,87,000 the actual expenditure amounted to Rs. 1,81,34,562 leading to an uncovered excess of Rs. 12,47,562 as indicated below:—

Major Head and Group Head.	Final Grant	Actual Expenditure.	Excess (—) Savings(+)
<hr/>			
Major Head '296'			
A. 1—Secretariat	1,30,73,000	1,53,83,045	(+) 23,10,045
A. 2(1)—Counsellor (Agri.) Embassy of India, Rome.	2,40,000	3,08,777	(+) 68,777
A.3(1)—Additional provision for implementation of Pay Commission's recommendations.	11,35,000	..	(—)11,35,000
<hr/>			
Major Head "295"			
B. 1(1).—Zoological Park Delhi.	24,39,000	24,42,740	(+) 3,740
<hr/>			
TOTAL	1,68,87,000	1,81,34,562	(+) 12,47,562

A. 1—*Secretariat*—Excess is mainly due to (i) Payments on Account of implementation of Third Pay Commission's Report. (ii) Grant of additional Dearness allowance (iii) more expenditure on Overtime Allowance, (iv) unanticipated tours undertaken in connection with the development and implementation of Agriculture schemes and (v) more expenditure on 'Hospitality' due to increased number of conferences and Seminars and payment of pending bills of Foreign Delegations.

A. 2(1)-*Embassy of India Rome*

The excess under the above sub-head is due to payment of:—

- (i) terminal dues to a Messenger who went on retirement, and obligatory expenses by Law on account of Social Security and medical charges for the Messenger.
- (ii) Medical charges in connection with Counsellor (Agri)'s son who met with an accident.
- (iii) Emergency passage availed by Counsellor (Agri) and increase in rent, P&T charges due to oil crisis and inflation in Italy.

The net excess of Rs. 12,47,562 being the net result of excesses and savings as indicated above, needs to be regularised by Parliament under Article 115(1)(B) of the Constitution.

Secretary(A) has seen and approved this note. The note has been vetted by the Audit.

APPENDIX II
MINISTRY OF COMMERCE

Grant No. 11: Ministry of Commerce

Revenue

(Voted):—

	Rs.
Original Grant	108,09,000
Supplementary Grant	6,52,000
Total Sanctioned Grant	114,61,000
Total Expenditure	123,28,309
Excess	(+) 8,67,309

The original grant of Rs. 108.09 lakhs (Voted) was augmented by obtaining a supplementary grant of Rs. 6.52 lakhs in the course of the year. However, the actual expenditure under the grant as a whole amounted to Rs. 123,28,309, leaving an over all excess of Rs. 8,67,309 over the sanctioned grant which requires to be regularised.

2. The excess is mainly under sub-heads 'A.1(1)-Secretariat—Department of Foreign Trade', wherein as against the sanctioned provision of Rs. 49.85 lakhs, the actual expenditure amounted to Rs. 63.05 lakhs resulting in an excess Rs. 13.20 lakhs and 'B.1(1)-Secretariat—Department of Export Production', wherein as against the sanctioned provision of Rs. 18.81 lakhs, the actual expenditure amounted to Rs. 20.97 lakhs leaving an excess of Rs. 2.16 lakhs.

3. The excesses under the above sub-heads are mainly due to larger payments made during the year than anticipated on account of (i) arrears of pay and allowances consequent on implementation of Third Pay Commission's recommendations and additional instalments of dearness allowance sanctioned during the course of the year, for which additional requirement was actually estimated at Rs 13.72 lakhs but, as savings to the extent of Rs. 7.20 lakhs were expected to materialise a supplementary grant for the balance of Rs. 6.52 lakhs was obtained, (ii) travel expenses due to increase in the activities of the Ministry in stepping up exports, leading to more tours and travels.

4. In order to avoid any occasion for excess of expenditure over the sanctioned grant henceforth, apart from the adoption of the prescribed economy measures more carefully, reconciliation of accounts has since been speeded up.

5. The excess of Rs. 15.36 lakhs under the above sub-heads has been partly set off by savings under other sub-heads, leaving an uncovered excess of Rs. 8,67,309 which may be recommended for regularisation by Parliament under Article 115(i)(b) of the constitution.

6. This note has been vetted by Audit.

APPENDIX III

MINISTRY OF COMMUNICATIONS

Grant No. 13: Ministry of Communications

Revenue Voted	Rs.
Original grant	80,12,000
Actual expenditure	82,25,989
Excess	2,13,989

The excess which is the net result of excesses and savings under the various sub-heads of the Grant (Revenue Section) occurred mainly under the sub-head 'B.1(3)(1)-International Telecommunication Union, Geneva'.

As a member of the International Telecommunication Union, Geneva, India is contributing annually its share of the expenses of the Union. The contributions are paid in Swiss Francs. On the basis of trend of actuals for earlier years and taking into account the then prevailing exchange rates, a provision of Rs. 20.11 lakhs was made in the budget for 1974-75 for the payment due to the International Telecommunication Union. However, due to rise in the expenses of the International Telecommunication Union, India's share of the rupee cost of contributions for 1974 came to Rs. 23,78,124 resulting in an excess of Rs. 3,67,124 under the sub-head 'B.1(3)(1)'. The excess was expected to be met fully out of savings under other sub-heads of the Grant and hence, no Supplementary Grant was taken. Despite the Liability Register being maintained for the purpose, this expectation did not materialise fully due to the adjustment in the books of the Accountant General, Commerce, Works & Miscellaneous in March 1975, of some old vouchers for equipment and machinery amounting to a small amount of Rs. 2,18,805 under another sub-head 'B.1(2)-Monitoring Services'. This unanticipated adjustment resulted in the net excess of Rs. 2,13,989 which requires to be regularised.

In the circumstances explained above, the excess of Rs. 2,13,989 in the voted portion may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

The note has been vetted by Audit.

APPENDIX IV

MINISTRY OF DEFENCE

Grant No. 18: Ministry of Defence (Revenue Section-voted)

	Rs.
Original Grant	1,49,27,000
Supplementary Grant	2,85,0000
Total—Sanctioned Grant	1,52,12,000
Actual Expenditure	1,59,49,538
Excess	7,37,538

2. The original Grant of Rs. 1,49,27,000 (Voted) was augmented by obtaining a Supplementary Grant of Rs. 2,85,000 in March, 1975. Against the total grant of Rs. 1,52,12,000, the actual expenditure, however, amounted to Rs. 1,59,49,538—thereby leaving an uncovered excess of Rs. 7,37,538 which needs to be regularised.

3. The excess mentioned above is the net result of excess expenditure and savings under various Group sub-heads of the Grant. The excess (Rs. 19.89 lakhs) under the Group Sub-head "A-1(1) Department of Defence" occurred mainly due to (i) more expenditure on printing work than anticipated and (ii) increased expenditure on implementation of the recommendations of the Third Pay Commission and this was partly counter-balanced by re-appropriation of Rs. 7.92 lakhs from the lump-sum provision under the Group Sub-head "A2(1)—Additional provision for implementation of Pay Commission's recommendations".

4. In the circumstances explained above, the net excess of Rs. 7,37,538 may be recommended for regularisation by Parliament under Article 115(i)(b) of the Constitution.

This has been seen by Audit.

APPENDIX V

DEPARTMENT OF REVENUE AND BANKING

Grant No. 31: Taxes on Income, Estate Duty, Wealth Tax and Gift Tax

	Rs.
Original Grant	31,43,33,000
Supplementary Grant	2,00,34,000
Final Grant	33,43,67,000
Actual Expenditure	33,90,00,680
Excess	46,33,680

The original provision of Rs. 31,43,33,000 in the voted section of the Grant was augmented by a Supplementary Grant of Rs. 2,00,34,000 obtained in March, 1975. Against the final grant of Rs. 33,43,67,000 the actual expenditure booked, however, amounted to Rs. 33,90,00,680 leaving an uncovered excess of Rs. 46,33,680.

The excess occurred under the head "Salaries" because of the extra expenditure on revision of pay scales with effect from the 1st January, 1973 and additional instalments of dearness allowance sanctioned during 1974-75, the total impact of which could not be precisely foreseen at the time the Supplementary Grant was being processed.

This excess, which constitutes only 1.4 per cent of the total final grant, may kindly be recommended for regularisation by the Parliament, under article 115(1)(b) of the Constitution of India.

This note has been vetted by Audit.

APPENDIX VI
MINISTRY OF FINANCE
(Department of Economic Affairs)
Grant No. 32: Stamps

	Rs.
Original Grant	6,22,49,000
Supplementary Grant	2,20,37,000
Final Grant	8,42,86,000
Actual Expenditure	8,42,86,780
Excess	780

The original grant of Rs. 6,22,49,000 was augmented by a Supplementary Grant of Rs. 2,20,37,000 obtained in March, 1975. Against the final Grant of Rs. 8,42,86,000, the actual expenditure booked, however, amounted to Rs. 8,42,86,780, leaving an uncovered excess of Rs. 780 which requires to be regularised.

This excess, which occurred under sub-head 'A.1(2) Central Stamp Store, Calcutta', was on account of extra expenditure on payment of three additional instalments of dearness allowance sanctioned in January, 1975, the total impact of which could not be precisely anticipated at the time the Supplementary Demand was processed.

The excess, which is a very small percentage of the total sanctioned Grant, may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution of India.

The Note has been vetted by Audit.

APPENDIX VII
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
Grant No. 34: Currency Coinage and Mint

	Revenue Section (Voted)	Capital, Section	
		Charged	Voted
		(Rs.)	(Rs.)
Original Grant/Appropriation . . .	30,95,34,00	..	16,93,30,000
Supplementary Grant/Appropriation . . .	62,40,000	..	..
Total Grant/Appropriation . . .	31,57,74,000	..	16,93,30,000
Actual Expenditure	32,08,87,742	18,694	18,25,21,994
Excess	51,13,742	18,694	1,31,91,994

(a) Revenue Section

In the Revenue Section the original provision of Rs. 30,95,34,000 was augmented by a Supplementary Grant of Rs. 62,40,000 obtained in March, 1975. Against a final grant of Rs. 31,57,74,000 the expenditure actually booked, however, amounted to Rs. 32,08,87,742, leaving an uncovered excess of Rs. 51,13,742.

The excess is the result of the extra expenditure (Rs. 82,42,680 over the original grant of Rs. 2,17,59,000) under the unit "A3(2) (2)-Materials and Supplies" for operation and maintenance of the Security Paper Mill, Hoshangabad. This additional expenditure is on account of purchase of raw materials like rags and hemp, chemicals, furnace oil, etc. and packing materials, which was not foreseen at the time, the Supplementary Demand was being processed, but it became necessary later so as to facilitate achieving an increased target of production during the last quarter of the financial year. After setting off savings under other units in the Revenue Section of the Grant, the net excess in this Section worked out to Rs. 51,13,742 which requires to be regularised.

(h) Capital Section

The expenditure of Rs. 18,694 related to a payment, booked under "B. Security Paper Mill—B 8(1)—Buildings B. 3(1) (1)—Major Works", made to a contractor in satisfaction of an award of an Arbitrator appointed under the Arbitration Act, 1940, which was classified as expenditure 'charged' on the Consolidated Fund of India. Since the payment made was not in terms of any decree or award of any court or arbitral tribunal, it was, correctly to be classified as 'voted', and not as 'charged' expenditure. This excess in the charged portion of the Capital Section of the Grant does not, therefore, require regularisation *vide* recommendations of the Public Accounts Committee in paragraph 7 of its 16th Report (1st Lok Sabha).

The excess in the voted portion of the Capital Section of the Grant is Rs. 131,91,954 as per accounts. Had the amount of Rs. 18,694 mentioned above been correctly classified, the excess would have been Rs. 132,10,688.

The excess under voted portion is mainly due to larger expenditure on 'Purchase of Metal'. The expenditure under the sub-head 'B. 4—Purchase of Metal' exceeded the budget provision of Rs. 8,97,26,000 by Rs. 3,54,82,748. Larger purchase of metals towards the end of the financial year to fulfil an increased target of coinage production in 1974-75 coupled with higher prices of aluminium, copper, nickel and magnesium, which was not anticipated earlier, accounted for bulk of the excess. Besides, the excess includes (i) debits for a total amount of Rs. 20.49 lakhs on account of Customs duty on metals imported which were unexpectedly adjusted in the closing batch of the accounts for 1974-75 and (ii) an unforeseen expenditure of Rs. 38.63 lakhs which had to be incurred on account of a consignment of copper against a tender of September, 1974, which was not expected to materialise in 1974-75. Out of the total extra expenditure of Rs. 354,82,748, an amount of Rs. 2,22,72,060 was met by reappropriation of savings under other heads, leaving a net excess of Rs. 1,32,10,688.

The excess of Rs. 51,13,742 in the Revenue Section (voted) and Rs. 132,10,688 in the Capital Section (voted) may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution of India.

The Note has been vetted by Audit.

APPENDIX VIII
MINISTRY OF FINANCE
(Department of Economic Affairs)
Grant No. 39: Repayment of Debt

'Repayment of Debt' Capital Section (Charged)	Rupees.
Original Appropriation	7,013,22,36,000
Supplementary Appropriation	343,24,21,000
Final Appropriation	7,356,46,57,000
Actual Expenditure	7,576,80,39,289
Excess	220,33,82,289

2. Against the final appropriation of Rs. 7,356,46,57,000 the actual expenditure in this Appropriation amounted to Rs. 7,576,80,39,289 leaving an uncovered excess of Rs. 220,33,82,289 which requires to be regularised.

3. The excess is the net result of excesses and savings under the various sub-heads of the Appropriation and occurred mainly under the following sub-heads:—

(Rupees in crores)

Sub-heads	Sanctioned provision	Actual expenditure	Excess
A.3—Treasury Bills	6,843.24	7,050.64	207.40 (a)
B. 2.—Loans from USA	44.04	54.73	10.69 (b)
B.5—Loans from the Federal Republic of Germany	57.88	61.18	3.30 (c)

(a) Sub-head A. 3:

Treasury Bills, which are issued for a period of 91 days, are on top throughout the year for investment by State Governments,

commercial banks etc. The Treasury Bills are also issued to the Reserve Bank of India to replenish Central Government's cash balance as and when necessary. However, the Bills issued to the Reserve Bank can be prematurely cancelled as and when Government's cash balance significantly increases at any time. While the provision required for normal discharge of treasury bills issued during the year to State Governments, commercial Banks etc. can be estimated precisely at the Revised Estimates stage on the basis of bills issued to them during the first 9 months as the maturity dates are predetermined, precise estimation is not possible in respect of premature cancellations by Reserve Bank of India.

At the time the Supplementary estimates for 1974-75 were processed the expectation was that the total repayment of Treasury Bills during the year would amount to Rs. 6,846 crores. Later, in March, 1975 the Reserve Bank of India prematurely cancelled *ad hoc* treasury bills worth Rs. 250 crores which resulted in a net excess of Rs. 207,40 crores under this sub-head.

(b) Sub-head B. 2:

The excess of Rs. 10.69 crores which occurred under this sub-head was due to:—

	Rupees in crores.
(i) Unanticipated adjustments carried out in 1974-75 in respect of repayments made in 1973-74	8.99
(ii) Amount adjusted in respect of a loan for which one cash refund was receivable in 1974-75 under debt relief arrangements but was received after the year	2.77
(iii) Difference due to adoption of different rates of exchange in 1974-75 by the P & AO, Department of Supply	0.75
(iv) Unforeseen adjustment towards final settlement of outstanding loans covered under Indo-US Agreement, 1974	0.70
TOTAL	13.21
<i>Less—</i>	
(i) Non-adjustment in the accounts for 1974-75 of repayments made in that year	1.66
(ii) Savings due to variation in exchange rates	0.86
TOTAL	2.52
Net excess	10.69

This excess could not be foreseen at the time the Supplementary estimates for the Appropriation were finalised.

(c) Sub-head B.5:

The excess was on account of an unforeseen increase in the rupee value of debt servicing payments consequent on the revision in the

rate of exchange which was adopted for framing the Supplementary estimates.

4. Taking into account the excesses and savings under certain other sub-heads the net excess in the Appropriation as a whole works out to Rs. 220,33,82,289 which may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution.

5. This Note has been vetted by Audit.

APPENDIX IX

MINISTRY OF HEALTH & FAMILY PLANNING

Grant No. 40: Ministry of Health and Family Planning

(In Rupees)

		Total grant	Actual Expendi- ture	Excess(+)
Revenue Section (Voted)	Original Supple- mentary	55,14,000 5,07,000	60,21,000	60,51,528 (+)30,528

The excess of Rs. 30,528|- in the Revenue Section (Voted) of the Grant is the net effect of the excesses/savings under various sub-heads and is attributable to the following sub-heads:—

(i) A.1(1)(1).—Department of Health—Salaries	Rs. 2,81,938
(ii) A. 1(2)(1).—Department of Family Planning— Salaries	1,43,570
TOTAL	4,25,507

2. The excess of Rs. 4,25,507/- occurred under the above sub-head on account of payments of arrears of pay and allowances to the staff in pursuance of Government decision on the recommendations of the Third Pay Commission and additional instalments of Dearness Allowance sanctioned in January, 1975. This was met to the extent of Rs. 3,40,000|- from the lump sum provision (Rs. 3,47,000) in the Grant for implementation of the Third Pay Commission's recommendations. Savings of Rs. 54,979|- only were available under other sub-heads to meet the balance of Rs. 85,507|- thus leading to the net excess of Rs. 30,528/-.

3. The excess of Rs. 30,528|- is only 0.5 per cent of the Final Grant and may be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

4. This note has been seen by Audit.

APPENDIX X
MINISTRY OF HEALTH AND FAMILY PLANNING
(DEPARTMENT OF HEALTH)
Grant No. 41: Medical & Public Health

<i>Capital Section—Voted</i>	Figures in Rupees
Original Grant	23,51,11,000
Supplementary Grant	32,39,000
Final Grant	23,83,50,000
Actual Expenditure	24,31,64,934
Excess	48,14,934

2. The original Grant of Rs. 23,51,11,000 was augmented by obtaining a supplementary Grant of Rs. 32,39,000 in March, 1975. The actual expenditure, however, amounted to Rs. 24,31,64,934 resulting in an excess of Rs. 48,14,934 which requires to be regularised.

3. The overall excess of Rs. 48,14,934 which was the net result of excesses and savings in the Grant, occurred mainly under sub-head F. 1(1)(3)—Purchase of materials in India and abroad. Against the original Grant of Rs. 10 crores therefor, actual expenditure amounted to Rs. 11,90,29,516 leading to an excess of Rs. 1,90,29,516. The excess occurred on account of the following:—

- (i) Government of West Bengal who had not been purchasing medical stores from the Medical Store Depot, Calcutta for over two decades, placed an emergent indent for medical stores, stores worth of Rs. 1.09 crores were supplied to them;
- (ii) Relief supplies of medical stores worth of Rs. 11 lakhs had to be made to the Governments of Assam, Bihar and West Bengal;
- (iii) delay in receipt of information from the Pay and Accounts Officers of Payments in respect of purchases made through Directorate General, Supplies and Disposals resulting in

adjustment of larger debits than anticipated earlier to the extent of Rs. 70 lakhs.

The above excess of Rs. 1,90,29,516 was partly offset by savings under other sub-heads in the Grant leaving an uncovered excess of Rs. 48,14,934.

It may be mentioned that the initial expenditure incurred on purchases of materials in India and abroad is subsequently recovered from the indentors after the supplies have been made to them and there is thus no net outflow of expenditure.

- (iv) In view of the circumstances explained above the excess of Rs. 48,14,934 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

This Note has been seen by Audit.

APPENDIX XI

MINISTRY OF INDUSTRY & CIVIL SUPPLIES

(DEPARTMENT OF HEAVY INDUSTRY)

Grant No. 43: Ministry of Heavy Industry

	Total Grant	Actual Expenditure	Excess(+)
Original Grant	Rs. 2,882,000	Rs. 31,68,000	Rs. 31,86,336
Supplementary Grant	2,86,000	..	..

The above grant contained provision in respect of Secretariat expenditure of the erstwhile Ministry of Heavy Industry.

The original Budget contained a provision of Rs. 28.82 lakhs under the grant which was enhanced to Rs. 31.68 lakhs by taking a supplementary grant of Rs. 2.86 lakhs in March 1975. The final requirements under the above grant were Rs. 31.68 lakhs, whereas the actual expenditure worked out to Rs. 31,86,336 resulting in an excess of Rs. 18,336/-. This marginal excess of about 0.6 percent was mainly due to the adjustment of certain old debits, some of which pertained to the period as early as 1970-71. As the Ministry of Heavy Industry was formed only in February, 1973, the liabilities for the earlier period could not be foreseen and provided for in the Budget.

In view of the circumstances stated above the excess amount of Rs. 18,336 in the voted portion of the grant may kindly be recommended for regularisation under Article 115 of the constitution.

This note has been vetted by Accountant General, Commerce, Works & Misc., New Delhi *vide* their U.O. No. Rep. 1-9(124) XIV Misc. 38 dt. 21.4.1976.

APPENDIX XII

MINISTRY OF HOME AFFAIRS

Grant No. 50: Other Expenditure of the Ministry of Home Affairs

Revenue Section	Figures in Rupees
Original Grant (Voted)	77,90,25,000
Supplementary Grant	5,60,41,000
Final Grant	83,50,66,000
Actual Expenditure	87,61,56,991
Excess	4,10,90,991

2. The original Grant of Rs. 77,90,25,000 was augmented by obtaining a Supplementary Grant of Rs. 5,60,41,000 in March 1975. The actual expenditure, however, amounted to Rs. 87,61,56,991 resulting in an excess of Rs. 4,10,90,991 which requires to be regularised.

3. The overall excess of Rs. 4,10,90,991 which was the net result of excesses and savings in the Grant, occurred mainly under sub-head D.2(1)-Pensions to freedom fighters and their dependents etc. Against the Original Grant of Rs. 15,06,70,000 therefor, actual expenditure amounted to Rs. 22,96,12,983 leading to an excess of Rs. 7,89,42,983.

The excess occurred because of difficulties in assessing the precise extent of disbursements during a year in respect of *fresh* pension cases expected to be taken up for consideration during the year. At Budget stage it is not possible to foresee whether the sanctions which may be accorded during the year would involve any arrear payments. The Scheme for pensions to freedom fighters and their dependents etc., was introduced in 1972 and in a large number of cases, the pensions are sanctioned retrospectively from varying dates from 1972 onwards. Another contributory factor is the increase in the number of pension cases settled during the year over the number anticipated at the time of formulation of the Budget.

At the time of review of the Grant in March 1975, a sum of Rs. 2.29 crores was re-appropriated but this fell short of the final requirements by Rs. 5,60,42,983. The excess was partly offset by savings

to the extent of Rs. 1,49,51,992 under other sub-heads in the Grant leaving an uncovered excess of Rs. 4,10,90,991 under the Grant.

4. In view of the circumstances explained above the excess of Rs. 4,10,90,991 may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution.

This note has been seen by Audit.

APPENDIX XIII
MINISTRY OF HOME AFFAIRS
Grant No. 52: Chandigarh

	Original Grant/ Apprn.	Supplementary Grant/ Apprn.	Total Grant/ Apprn.	Actual Expenditure	Excess
	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue (Charged)	41,78,000	6,00,000	47,78,000	48,01,790	23,790
Capital (Voted)	4,43,58,000	39,14,000	4,82,72,000	4,86,61,030	3,89,030

The original provision of Rs. 41,78,000 under 'Revenue Section' (Charged) was augmented by obtaining a supplementary appropriation of Rs. 6,00,000 in March, 1975. The actual expenditure, however, amounted to Rs. 48,01,790 against the grant of Rs. 47,78,000 leaving an uncovered excess of Rs. 23,790 which needs to be regularised.

2. The overall excess of Rs. 23,790 was the net result of excesses and savings under various sub-heads in the 'Charged' portion of Revenue Section of the Grant and occurred mainly under the following sub-heads for the reasons given thereunder:

Major Head '214'

A-General Services

A.2-Administration of Justice.

A.2(1)-High Courts 'Charged' (Rs. 28,790)

The excess occurred mainly due to the decree awarded by Punjab and Haryana High Court on letters Patent Appeal by Readers and Private Secretaries to Hon'ble Judges for payment of one advance increment on account of pay fixation on their revision of pay Scales w.e.f. 1st February, 1968 tours of officers in connection with surprise inspection of subordinate Courts of Punjab and Haryana late in the month of March and payment of three months pay in lieu of notice to an officer retired prematurely. As the above liabilities arose at the fag end of financial year, there was absolutely no occa-

provision for securing supplementary Appropriation at this belated stage. These liabilities were of inevitable nature and had to be discharged in any case.

3. In capital Section (Voted) of the Grant, there was an excess of Rs. 3,89,030. The original provision of Rs. 4,43,58,000 was augmented by obtaining Supplementary Grant of Rs. 39,14,000 in March, 1975. The actual expenditure, however, amounted to Rs. 4,86,71,030 leaving an uncovered excess to the tune of above amount, which needs to be regularised. The overall excess of Rs. 3,89,030 was the net result of excesses and savings under various sub-heads in 'Voted' provision of Capital Section. The excess occurred mainly under the following sub-heads for the reasons mentioned thereunder:

Major Head '477'

E-Capital outlay on Social and Community Services

E.1-Capital outlay on Education, Arts and Culture;

E.1 (2)-Other Expenditure;

E.1 (2) (1)-Buildings (Rs. 17,89,306)

Expenditure was incurred on the basis of approved Plan Allocation for 1974-75. Consequent on delay in finalisation of Plan Allocation the details of expenditure on Plan Schemes could not be worked out in time with the result that unallocated lumpsum provision had to be included in the Revenue and Capital Section of the Grant on an *ad-hoc* basis so as to keep the provision equal to Plan Allocation. It envisaged that funds could be found for approved schemes from the unallocated *ad hoc* provision. The adjustment could be done by re-appropriation if it was within the same section of the grant. However, if the adjustment was to be made between Revenue and Capital Section funds could be found by Supplementary Demand in the Section in which additional funds were required and corresponding amount surrendered in the relevant section. Accordingly, Rs. 15,78,000 were provided by re-appropriation. Even then Rs. 2,11,306 were incurred over and above final grant which was due to increase in the rates of material during February, 1975 and completion of the buildings in progress.

Major Head '534'

F.7-Capital outlay on Power Project;

F.7(1)-Transmission and Distribution Schemes;

F.7(1)(2)-Permanent Electrification of Chandigarh (Rs. 34,67,486)

Due to increase in number of new connections in second phase sectors. Funds were provided by re-appropriation.

Major Head '538'

F.9-Capital outlay on Road and Water Transport

F.9(1)-Road Transport (Rs. 12,92,000)

An Allocation of Rs. 12.00 lakhs was approved under 'Transport and Communication' in Annual Plan 1974-75, for purchase of new buses. The actual requirements, however, increased on account of escalation in the prices of vehicles and construction of additional bus queues shelters in consequence of pressing public demand. Funds were provided by re-appropriation for the reasons mentioned under E.1 (2) (1)-Building.

4. In view of the circumstances explained above the excess of Rs. 23,790 Revenue Section (Charged) and Rs. 3,89,030 under Capital Section (Voted) may please be recommended for regularisation by Parliament under Article 115(1)(b) of the constitution.

The Note has been vetted by Audit.

APPENDIX XIV

MINISTRY OF HOME AFFAIRS

Grant No. 53—Andaman and Nicobar Islands

	(Figures in Rupees)
Revenue :—	
Original Grant (Voted)	16,78,58,000
Supplementary Grant (Voted)	43,18,000
Final Grant	17,21,76,000
Actual Expenditure	18,00,27,083
Excess	78,51,083

2. Against the final grant of Rs. 17,21,76,000 (voted) under the Revenue Section of Grant No. 53-Andaman and Nicobar Islands the actual expenditure amounted to Rs. 18,00,27,083 leaving an uncovered excess of Rs. 78,51,083 which requires to be regularised.

3. The above excess is the net result of excesses and savings under the various sub-heads of the grant and occurred mainly under the following sub-heads in the grant for the reasons given thereunder:—

	Final Grant	Actual Expenditure	Excess
	Rs.	Rs.	Rs.
Major Head 259			
A.12—Public Works			
A.12(5)—Suspense			
A.12(5)(1)—Stock	2,00,00,000	2,31,41,314	31,41,314
A.12(5)(2)—Purchases	1,20,00,000	1,98,54,350	78,54,350

The above excesses are mainly due to belated adjustment of past debits for materials and stores purchased during the previous years. As a large number of debits for past years came for adjustment at the fag end of the financial year 1974-75, funds could not be augmented at that stage through Supplementary Grant.

The above excesses amounting to Rs. 109.95 lakhs and minor excesses under other sub-heads were partly counter-balanced by savings under the remaining sub-heads of the Revenue Section of the grant bringing down the net excess in the Revenue Section of the Grant as a whole to Rs. 78,51,083 which requires to be regularised under Article 115(1) (b) of the Constitution.

The Note has been vetted by Audit.

APPENDIX XV

MINISTRY OF INDUSTRY AND CIVIL SUPPLIES

(DEPARTMENT OF INDUSTRIAL AND DEVELOPMENT)

Grant No. 57: Ministry of Industrial Development

(Revenue Section-Voted)

	Rs.
Original Grant	2,33,11,000
Supplementary Grant	1,28,000
Total—Sanctioned Grant	2,34,39,000
Actual Expenditure	2,53,68,775
Excess	19,29,775

2. The original Grant of Rs. 2,33,11,000 (Voted) was augmented by obtaining a Supplementary Grant of Rs. 1,28,000 in March, 1975. Against the total Grant of Rs. 2,34,39,000 the actual expenditure, however, amounted to Rs. 53,68,775 thereby leaving uncovered excess of Rs. 19,29,775 which needs to be regularised.

3. The above-mentioned excess is the net result of excesses and savings under various sub-heads in the Grant which mainly occurred under the following sub-heads:—

	Excess
(i) A.1—Secretariat :	
A.1(1)—Salaries.	Rs. 11,24,647
(ii) C.3(1)—Controller General of Patents Designs and Trade Marks.	
C.3(1)(4).—Publications.	Rs. 14,56,332
	Rs. 25,80,979

(i) above: Of the excess of Rs. 11,24,647 under this sub-head, Rs. 6 lakhs was notional as a lump provision was to this extent made in the original Budget separately for implementation of Pay Commission's recommendations. The residuary excess of Rs. 5,24,647 was due mainly to larger expenditure than anticipated on implementation of Pay Commission's recommendations and additional dearness allowance sanctioned to Government employees during the year.

(ii) above: The excess was attributable largely to unforeseen heavy book debits from Government Presses on account of printing expenses relating to previous years which were adjusted in the accounts after the close of the year (1974-75).

4. The above excesses were partially off set by savings under other sub-heads in the Grant leaving the net excess of Rs. 19,29,775 which may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

This has been seen by Audit.

APPENDIX XVI

MINISTRY OF INFORMATION & BROADCASTING

Grant No. 60: Ministry of Information and Broadcasting

Revenue—Voted.

	Rs.
Original Grant	31,99,000
Supplementary Grant	2,91,000
Final Grant	34,90,000
Actual Expenditure	36,94,840
Excess	2,04,840

The original Grant of Rs. 31.99 lakhs was augmented by obtaining a Supplementary Grant of Rs. 2.91 lakhs. However, the actual expenditure exceeded the Grant by Rs. 2,04,840.

It was anticipated, at the time of obtaining the supplementary grant, that it would be possible to meet the excess expenditure on account of implementation of the recommendations of the Third Pay Commission and grant of additional Dearness Allowances and additional expenditure of Travel Expenses owing to officers' tour both in India and abroad from the savings which usually occur due to late materialisation of expenditure, late presentation of bills etc. However, the anticipated savings did not materialise owing to the receipt of debits etc. which were not expected during 1974-75 leading to the excess which requires regularisation.

In view of the circumstances mentioned above, it is requested that the excess of Rs. 2,04,840 may be recommended for regularisation in accordance with Article 115(1) (b) of the Constitution of India.

This has been seen by Audit.

APPENDIX XVII

MINISTRY OF INFORMATION & BROADCASTING

Grant No. 62: Broadcasting

<i>Revenue Section.</i>	Rs.
Original Grant (Voted)	20,39,63,000
Supplementary Grant	4,59,11,000
Final Grant	24,98,74,000
Actual Expenditure	25,50,92,304
Excess	52,18,304

The excess of Rs. 52,18,304, which was the net result of excesses and savings under various sub-heads in the Grant, occurred mainly under sub-heads A.1 (2) Planning and Development and A.2 (4) -News Services for the following reasons:—

A.1 (2) Planning and Development (Rs. 53,04,048)

The excess included Rs. 14.04 lakhs on account of expenditure on implementation of Pay Commission's recommendations and additional dearness allowance to the employees for which provisions had been made separately and a Supplementary Grant was also obtained in March, 1975. The residuary excess of nearly 39 lakhs was due mainly to setting up of new offices of the Executive Engineers (Civil), Civil Construction Wing at Gauhati and Lucknow (Rs. 5.07 lakhs); expenditure on repairs and maintenance of AIR buildings and technical equipment (Rs. 30.95 lakhs), office expenses and motor vehicles (Rs. 1.98 lakhs).

A.2 (4) News Services (Rs. 22,06,596)

The excess included Rs. 8.89 lakhs on account of expenditure on implementation of Pay Commission's recommendations and additional dearness allowance to the employees for which provision had been made separately and a Supplementary Grant was also obtained in March, 1975. The residuary excess of Rs. 13.18 lakhs was mainly due to increased activities of News Services Division and increase in rates of postal, telephone and freight charges (Rs. 9.16 lakhs).

increased subscription to news agencies (Re. 1 lakh) and hike in prices of petrol, lubricants and replacement of condemned motor-vehicles (Rs. 2.38 lakhs).

2. The expectation that it would be possible to meet the above-excesses out of likely savings under other sub-heads in the Grant did not materialise on account of larger book debits for supplies received and works executed. As the book debits were received towards the close of the financial year 1974-75 and even thereafter it was not possible to obtain a Supplementary Grant.

In view of the circumstances explained it is requested that the excess of Rs. 52,18,204 may kindly be recommended for regularisation in accordance with Article 115(1)(b) of the Constitution.

This has been seen by Audit.

APPENDIX XVIII
MINISTRY OF ENERGY
(DEPARTMENT OF POWER)

Grant No. 65: Power Schemes

	Original Grant	Supplementary Grant	Final Grant	Actual expenditure.	Excess
	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue Section (Voted)	11,15,96,000	13,42,000	11,29,38,000	11,52,72,037	23,34,037

The excess occurred under the Group-head A.1(1)-Trisuli Hydro Electric Project in Nepal on account of acceleration of the pace of work necessitated by the decision taken in consultation with the Indian Embassy in Nepal and the Indian Cooperation Mission, to complete the work in hand and to hand over the Project to the Government of Nepal by May 1975. The Budget provision of Rs. 38 lakhs was augmented by Rs. 13.42 lakhs through Supplementary Grant in March, 1975.

The actual expenditure however amounted to Rs. 91.68 lakhs resulting in an excess of Rs. 40.26 lakhs. This was partly offset by savings under other sub-heads in the Grant resulting in a net excess of Rs. 23.34 lakhs. The excess resulted mainly from larger debits under the Sub-head "Suspense" (representing cost of cement, steel, stores etc. including transportation charges), than anticipated at the time of obtaining Supplementary Grant in March 1975 and may be recommended for regularisation by Parliament under article 115(1)-(b) of the Constitution.

This note has been seen by Audit.

APPENDIX XIX
MINISTRY OF SHIPPING AND TRANSPORT
(TRANSPORT WING)

Grant No. 76: Ports, Lighthouses and Shipping

	Rupees
Original Grant	13,63,79,000
Supplementary Grant	2,05,00,000
Final Grant	15,68,79,000
Actual Expenditure	15,73,80,857
Excess	5,01,857

The original provision of Rs. 3,63,79,000 under Voted portion of the Revenue Section of the Grant was augmented by Rs. 205,00,000 by obtaining Supplementary Grants in August, 1974 and March, 1975 sessions of Parliament. Against the Final Grant of Rs. 15,68,79,000, the actual expenditure amounted to Rs. 15,73,80,857 leaving an uncovered excess of Rs. 5,01,857.

2. The overall excess of Rs. 5,01,857 was the net result of excesses and savings under the various sub-heads of the Grant. This resultant excess of Rs. 5,01,857 occurred mainly under the sub-head "B.2-(1) (1)-Directorate General" under "B. 2-lighthouses and Lightships" as under:—

As against the sanctioned provision of Rs. 22,40,000, the actual expenditure had amounted to Rs. 31,09,488 resulting in an excess of Rs. 8,69,488. This excess expenditure is mainly due to arrears payable on account of the revision in pay scales in the Department of Lighthouses and Lightships; towards the purchase of stores for workshop and also due to higher prices of cost of stores. This excess is partly counter-balanced by savings under the other sub-heads of the Grant leaving a net excess of Rs. 5,01,857 which needs to be regularised.

3. The net excess of Rs. 5,01,857 works out to less than 0.5 per cent of the Final Grant and may kindly be recommended for regularisation under Article 115(1) (b) of the Constitution.

4. This note has been vetted by Audit.

APPENDIX XX

(DEPARTMENT OF MINES)

Grant No. 80: Mines and Minerals

Revenue Section—Voted :	
	Rs.
•Original Grant	33,27,70,000
•Supplementary Grant	2,30,00,000
•Total Sanctioned	35,57,70,000
•Grant for 1974-75 :	
Actual Expenditure	35,86,61,337
•Excess over Voted Grant	28,91,337

The excess of Rs. 28,91,337 is the net result of excesses and savings under the various sub-heads in the Revenue Section of the Grant. The excess occurred mainly in the following sub-heads in the Group Head A.1(1)-Direction and Administration under the Minor Head A.I-Geological Survey of India.

I. AI (1) (1) & AI (1) (3) Salaries & D.A. (Rs. 1,54,29,000)

The excess expenditure of Rs. 154.29 lakhs under this Sub-head over the sanctioned grant of Rs. 636.00 lakhs was mainly due to payment of arrears of pay & allowances arising out of the implementation of the Third Pay Commission's recommendations. The Department of Mines did not go in for any Supplementary grant for meeting extra burden of Rs. 298.29 lakhs in this regard, as it was expected that bulk of this expenditure would be incurred during 1975-76 and any additional requirements during the year would be met from savings within the sanctioned grant under other Group Heads. This expectation did not fully materialise; savings to the extent of Rs. 144.00 lakhs only could be located within the sanctioned grant resulting in an excess of Rs. 1,54,29,000.

II. AI (1) (5)—Office Expenses (Rs. 81,99,000)

Excess occurred under this Sub-head due to the following unforeseen circumstances.

(a) There was unexpected heavy booking of expenditure on customs duty on imported stores at the fag end of the year through debits raised by the Department of Supply, thus resulting in an excess

expenditure of Rs. 21.36 lakhs on this account. These debits resulted from earlier materialisation of purchase orders placed with the D.G.S.&D by the G.S.I. during the earlier years. This expenditure could not be anticipated at the time of framing of revised estimates for 1974-75.

(b) Due to general escalation in prices of the various items such as electricity, telephone, municipal taxes, labour charges, etc. there was a substantial increase in the expenditure and this could not be anticipated at time of framing Revised Estimates for 1974-75. The excess expenditure incurred on Misc. items is Rs. 50.49 lakhs.

(c) Expenditure on wages was also adjusted under this sub-head in the initial period; subsequently, a separate sub-head was opened in the later part of the year 1974-75. This resulted in a further excess of Rs. 10.14 lakhs under this head.

This total excess of Rs. 28,91,337 constitutes 0.8 per cent of the final sanctioned grant of Rs. 35.57 crores in the Revenue Section and may be considered as marginal. In view of the circumstances explained above, the excess of Rs. 28,91,337 in the Revenue Section of the Grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

This note has been seen by Audit.

APPENDIX XXI
MINISTRY OF TOURISM & CIVIL AVIATION
Grant No. 86: Aviation

	Rs.
Original Appropriation . . . . .	..
Actual expenditure	17,540
Excess	17,540

Against a nil provision for 'Charged' expenditure, an expenditure of Rs. 17,540 was adjusted under "A.3-Aerodromes and Air Route Services—A.3(1)-Controller of Aerodromes-A.3(1) (7)-Minor Works-C.P.W.D." in the Revenue Section of the Grant resulting in the excess disclosed in the Appropriation Accounts for 1974-75.

2. The above expenditure relates to payment against arbitration award and is debitable to the Major Head of Account "536-Capital Outlay on Civil Aviation" (Charged) where sufficient funds were available. However, the expenditure was adjusted erroneously under the Major Head of Account "336-Civil Aviation" (Charged) which resulted in the excess over Charged Appropriation in the Revenue Section of the Grant. The erroneous adjustment in the accounts came to notice only after the receipt of the Appropriation Accounts in September, 1975, and the same could not be rectified before the accounts for 1974-75 were closed.

3. The expenditure having become excess through erroneous adjustment in accounts does not require regularisation in terms of Paragraph 7 of the 16th Report of the P.A.C. (First Lok Sabha).

The 'Note' has been vetted by Audit.

APPENDIX XXII

MINISTRY OF WORKS AND HOUSING

Grant No. 89: Public Works

GRANT No. 89 PUBLIC WORKS
REVENUE SECTION
'CHARGED'

	Rs.
Original Appropriation.	21,000
Actual expenditure	1,03,921
Excess over the sanctioned appropriation (Details given in Statement I)	82,921

Against the sanctioned Appropriation of Rs. 21,000 the expenditure booked in the accounts amounted to Rs. 1,03,921 leaving an uncovered excess of Rs. 82,921 which needs to be regularised.

The actual expenditure which should have been booked under 'Charged' portion amounts to Rs. 12,750 (Details given in Statement II). Thus, in fact, there is no excess involved over original appropriation.

A thorough probe has been made to ascertain the reasons for the excess booking under 'Charged' portion in the accounts. It has been found that the excess has occurred due to erroneous booking of 'Voted' expenditure as 'Charged' in the accounts. Further investigation has disclosed that the mistake mainly pertains to two divisions, namely, the Horticulture North Division and the Parliament Work Division II in respect of the expenditure figures for the months of April, May and June, 1974.

While the errors for the months of May and June, 1974 in respect of the two divisions were rectified, no corrections were carried out for April, 1974 which resulted in an excess in the accounts. But for these misclassifications in the accounts, there would have been a net saving of Rs. 8,250 in the 'Charged' portion of the Revenue Section of the above Grant.

Since the excess in this case was due to misclassification in the Accounts, it does not require regularisation in terms of Para 7 of the 16th Report of the Public Accounts Committee (First Lok Sabha).

This has been seen by Audit.

STATEMENT I

Statement showing final allotment and actual expenditure under Major Head "259-P.W." C. W. & M—1974-75 (Charged portion)

Minor Head	Final allotment	Actual legitimate expenditure relating to Charged.	Figures as Booked	Variation between figures actual and legitimate figures.	bet- booked and legiti- mate figures.
A1 (1) Direction and Administration . . . . .	..	..	44,998	(+)	44,998
A2 (1) Construction Buildings . . . . .	..	8,469	17,227	(+)	8,758
A3 (1) Repairs of Buildings	20,000	1,230	7,430	(+)	6,200
A5 (1) Machinery & Equipment . . . . .	..	..	71	(+)	71
A6 (1) Suspense Stock	1,000	..	..		..
A6 (2) Suspense Purchase . . . . .	..	..	10,346	(+)	10,346
A6 (3) Suspense Misc. P.W. Advances . . . . .	..	..	20,798	(+)	20,798
TOTAL C.W. & M. CIRCLE OF ACCOUNT	21,000	9,699	1,00,870	(+)	91,171
<i>Andhra Pradesh Circle :</i>					
A6 (1) Suspense Stock . . . . .	..	3,051	3,051		..
GRAND TOTAL	21,000	12,750	1,03,921	(+)	91,171

STATEMENT II

Details showing the Expenditure incurred during 1974-75 under Major Head 259—P.W. (Charged Portion)

Minor Head	Name of the work	Amount (Rs.)	Name of the Division	Remarks
<i>C.W. & M. Circle</i>				
A.2(1) Original Works	1. Special Repairs to 952 'G' type quarters at Nanakpura S.H. Replacement of Door Chokhats, Shutters and flooring.	7,913.12	'M' Division	Payment made against arbitration award made rule of the Court.
	2. Construction of A.C. Plant for Burns Ward at Safdarjang Hospital.	505.60	'G' Division	Do.
	3. A/R & M/O to Wireless Receiving Station at Pusa, New Delhi	49.90	'K' Division	Do.
	say	8,468.62 8,469.00		
A.3(1) Repairs of Buildings	1. Carpeting of Room—CGO Building at West Block, R.K. Puram, New Delhi.	1,230.31	'M' Division	Payment made against arbitration award made rule of the Court.
	say	1,230.31 1,230.00		
<i>Andhra Pradesh Circle :</i>				
A.6(1) Suspense Stock		3,051.00		
		<u>3,051.00</u>		

APPENDIX XXIII

DEPARTMENT OF ATOMIC ENERGY

Grant No. 94: Atomic Energy Research, Development and Industrial Projects

	(In Rupees)
(REVENUE SECTION):	
Original Grant	36,56,36,000
Supplementary Grant (November 1974)	1,50,00,000
Total Sanctioned Grant for 1974-75	<u>38,06,36,000</u>
Actual Expenditure	38,31,06,789
Excess over the voted Grant	<u>24,70,789</u>

The excess of Rs. 24,70,789/- is the net result of excesses and savings under various sub-heads in the Revenue Section of the Grant and occurred mainly under the following two sub-heads :—

	(In Rupees)
(i) A.1.—Research and Development :	
A.1(1).—Bhabha Atomic Research Centre	1,38,79,969
(ii) B.2.—Atomic Fuels	
B.2(1)—Nuclear Fuel Complex.	2,74,48,179
	<u>4,13,28,148</u>

(i) *above*

The original Budget provision of Rs. 939.12 lakhs was subsequently augmented by Rs. 117.00 lakhs by obtaining a supplementary grant during November, 1974 for meeting expenditure on payment of arrears of pay and allowances to the employees as a result of revision of the Pay scales on the basis of the Pay Commission's Recommendations. The total sanctioned provisions of Rs. 1056.12 lakhs, however, proved inadequate. The final expenditure under this head was Rs. 1194.92 lakhs. The increase of Rs. 138.80 lakhs over the voted provision was mainly because of the increased expenditure on the procurement of materials and supplies required for the operation of plants, laboratories and reactors at the Bhabha Atomic Research Centre mainly as a result of post Budget increase in prices of various items of equipment and stores. It was neither possible to assess the actual additional expenditure resulting from increase in prices nor was it possi-

ble to postpone the payments in view of the commitments already entered into.

A part of the increase in expenditure was also due to the payment of arrears of pay and allowances to the employees arising out of the revision of their pay scales and allowances. Although a supplementary grant of Rs. 117.00 lakhs was obtained, the actual increase in expenditure amounted to Rs. 174.18 lakhs.

(ii) *above*

The original Budget Grant under this sub-head was Rs. 476.85 lakhs. The actual expenditure however amounted to Rs. 751.33 lakhs resulting in an excess of Rs. 274.48 lakhs over the voted grant. The increase was mainly due to additional payments required to be made to the Uranium Corporation of India Ltd. for the additional quantity of uranium concentrates produced by them than was originally estimated. This payment could not be anticipated in time nor could the payment to the Corporation be postponed as the Corporation was facing acute Working Capital difficulties and pressing for its dues. A part of the increase was also due to larger expenditure on procurement of certain critical items of equipment like Zircaloy Spacers, Tie Plates, etc. required for the operational needs of the various plants of the Complex. It was necessitated by the steep increase in the customs duty in respect of most of the imported items as also due to the variations in the rates of exchange and consequent increase in the amount that had to be paid for the imported items.

3. The above excess amounting to Rs. 4,13,28,148|- were, to a large extent, counterbalanced by savings under other sub-heads leading to an overall excess of Rs. 24,70,789|- only in the Grant which is below even 1% of the total sanctioned Grant and may kindly be recommended for regularisation by Parliament under Article 115(I) (b) of the Constitution.

4. This note has been seen by audit.

APPENDIX XXIV

DEPARTMENT OF SPACE

Grant No. 102: Department of Space

	Original Grant	Supplemen- tary Grant	Total Grant	Actual Expenditure	Excess
	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue (Voted)	2,98,69,000	2,23,84,000	23,22,53,000	23,34,49,002	11,96,002
Capital (Voted)	7,10,83,000	—	7,10,83,000	7,38,38,449	27,55,449

Revenue Section:

The original Grant of Rs. 2098.69 lakhs was augmented to Rs. 2322.53 lakhs by obtaining Supplementary Grants of Rs. 206.08 lakhs and Rs. 17.76 lakhs in August, 1974 and in March, 1975 respectively. The actual expenditure, however, amounted to Rs. 23,34,49,002 leaving an uncovered excess of Rs. 11,96,002. The excess was the net result of excesses and savings under various sub-heads under 'Revenue' Section of the Grant and occurred mainly under sub-head 'B.1(1)—Grants-in-aid and donations to the Scientific Societies and Institutions' (Rs. 17.75 lakhs) as under:—

- (i) Cost of jeeps supplied to Space Applications Centre, Ahmedabad under DGS&D rate contract (Rs. 1.90 lakhs):
The supplies were received in October, 1974 by the Space Applications Centre of the Indian Space Research Organisation but no intimation was furnished to the Department of Space as the ISRO was then a grantee institution and the Department came to know of the receipt of the supplies and the adjustment of the debits only in June, 1975 i.e. after the close of the financial year 1974-75 when there was no time to provide funds for the purpose.
- (ii) Adjustment of debit of Rs. 9.63 lakhs on account of equipment imported under French Credit for Satellite Launch Vehicle (SLV-3) Project and Sriharikota Launch Complex:
The debits regarding items purchased under French Credit got mixed up with those relating to the Department of Atomic Energy and the fact that the debits related to the

units of Department of Space could be established only towards the end of March 1975 when it was not possible to provide funds for the adjustment of the debits in question.

- (iii) Late adjustment of debits raised by the Defence Authorities towards the close of the year 1974-75 (Rs 1.73 lakhs):

Debits were raised by the Defence Authorities belatedly and the adjustment took place at the close of the year for which no provision could then be made. The debits related to the purchase made in 1972-73 on account of supplies made for the space activities and Indian Space Research Organisation units which were then under the Department of Atomic Energy.

- (iv) The balance excess amount of Rs. 4.49 lakhs relates to payment of additional instalments of DA to the employees of ISRO & PRL. A Supplementary Grant of Rs. 17.76 lakhs was obtained in March, 1975 under a distinct sub-head "A.2(1)—Provision for Payment of additional dearness allowance" which included provision for ISRO & PRL also and expenditure was met by re-appropriation.

The above excesses were partly counter-balanced by savings under other sub-heads in the 'Revenue' Section of the Grant leaving an uncovered excess of Rs. 11,96,002 which needs regularisation.

Capital Section:

The excess of Rs. 27,55,449 was the net result of excesses and savings under various sub-heads under 'Capital' Section of the Grant and occurred mainly under sub-head "C.—Suspense" (Rs. 33.91 lakhs) on account of the following:—

- (i) Due to unexpected adjustment of debits amounting to Rs. 10.81 lakhs towards the close of the year 1974-75 in respect of purchase of steel, cement and electrical fittings in 1973-74 for which no provision could be made.
- (ii) Special effort was made towards the end of 1974-75 to obtain steel and cement required for acceleration of works relating to facilities at Sriharikota for supporting the SLV-3 programme. The pace for procurement of steel and cement was accelerated than anticipated due to easing of supply position. The payments amounting to Rs. 23.10 lakhs for the supplies received had to be arranged at the lag end of the year in view of commitments made. It was too late to augment the provision then. The above excesses

of Rs. 33.91 lakhs were partly counter-balanced by savings under other sub-heads in the 'Capital' Section of the Grant leaving an uncovered excess of Rs. 27,55,449 which requires to be regularised.

In view of the position explained above, the excess of Rs. 11,96,002 under 'Revenue' Section and Rs. 27,55,449 under 'Capital' Section may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

This note has been vetted by Audit.

APPENDIX XXV

MINISTRY OF DEFENCE

Grant No. 21—Defence Services—Air Force

Voted	Rs.
Original Grant	3,82,89,97,000
Supplementary Grant	28,53,78,000
Total—Final Grant:	4,11,43,75,000
Actual Expenditure.	4,20,64,31,785
Excess	9,20,56,785

2. The Original Grant of Rs. 382.90 crores was augmented by obtaining two Supplementary Grants for a total amount of Rs. 28.54 crores—Rs. 6.30 crores in August, 1974 and Rs. 22.24 crores in March, 1975. The actual expenditure, however, amounted to Rs. 4,20,64,31,785 against the final grant (Voted) of Rs. 4,11,43,75,000, leaving thereby an uncovered excess of Rs. 9,20,56,785 which is required to be regularised.

3. The above-mentioned excess is the net result of excess expenditure and savings under various sub-heads as would be seen from the position summarised below:—

(In lakhs of Rupees)

Sub-heads	Final Grant (Voted)	Actual Expenditure	Excess (+)	Savings(—)
—4 Transportation	494.74	625.78	(+)	131.04
A—5 Stores	25477.00	26355.90	(+)	878.90
A—6 Works	1691.24	1969.53	(+)	278.29
A—7 Spl. Projects.	2062.38	1707.09	—	(—)355.29
A—8 Other Expenditure.	652.39	640.02	—	(—)12.37
TOTAL	30377.75	31298.32	(+)	1288.23

Net Excess (+) 920.57

4. The main reasons for the variations in expenditure which led to the overall excess of Rs. 920.57 lakhs are as under:—

(a) *Sub-head A-4 Transportation (+Rs. 131.04 lakhs):*

The excess under this sub-head is attributable to the following inescapable expenditure under the circumstances noted against each:—

	(In lakhs of Rupees)
(i) Travelling and outstation allowances due to liberalisation of Leave Travel Concessions consequent upon Government's acceptance of the recommendations of the Third Pay Commission.	48.55
(ii) Rise in the Sea freight/fares etc. leading to larger Sea and Inland Water Charges.:	41.75
(iii) Increased air transportation charges due to enhancement of airfares excess baggage rates, etc. by Air Companies following hike in petrol prices.	30.82
(iv) Rail Charges due to larger movement of stores than anticipated.	12.85
TOTAL	<u>133.97</u>

The excess of Rs. 133.97 lakhs was, however, off set partially by savings amounting to Rs. 2.93 lakhs under "Hired Transportation Charges" due to lesser terminal adjustments than estimated.

(b) *Sub-head A-5 Stores (+Rs. 878.90 lakhs):*

The excess under this sub-head was mainly due to more expenditure, than anticipated, on account of:—

	(In Lakhs of Rupees)
(i) Air Frames and Engines.	346.36
(ii) Provisions	248.50
(iii) P. O. L.	769.99
(iv) Other Misc. Items of Stores etc.	64.89
TOTAL	<u>1429.4</u>

The circumstances which caused these excesses are detailed below:—

(i) *Air Frames and Engines:—*

(a) Increased expenditure necessitated on account of repairs/overhaul of air frames and engines and additional payment made for Viper Engines.

(b) Non-adjustment of amounts for issues to Navy (Rs. 142.86 lakhs).

(ii) *Provisions:*

- (a) Larger receipt of supplies than anticipated;
- (b) escalation in prices; and
- (c) more year-end adjustments as compared to the past trend of expenditure.

(iii) *P.O.L.:*

Due mainly to unforeseen payments made during the year on account of supplies prior to 1974-75, escalation in prices of P.O.L. items with effect from 2-3-74 and abnormal adjustments at the close of the year which could not be foreseen.

(iv) *Other Miscellaneous Items of Stores etc.:*

Increased expenditure due to rise in prices of such items of stores as clothing and medical, coal, fire-wood etc. and on account of more supplies of various items of stores necessitated by enhanced strength of Air Force personnel, arrear payments known only after the close of the year (May, 1975).

The above excesses on aggregating Rs. 1429.74 lakhs were off set to the extent of Rs. 550.84 lakhs by lesser materialisation of supplies than anticipated under "Aviation Stores" (Rs. 226.99 lakhs), 'M.T. Stores' (Rs. 121.82 lakhs), 'Ordnance Stores' (Rs. 139.63 lakhs) and "Other Miscellaneous Stores" (Rs. 62.40 lakhs).

(c) *Sub-head A-6 Works (+Rs. 278.29 lakhs):—*

The excess of Rs. 278.29 lakhs over the Final Grant (Rs. 1691.24 lakhs) occurred mainly under the following items for the reasons indicated against each:—

(i) *Maintenance and operation of installations (Rs. 109.89 lakhs):—*

Increased consumption of water and electricity consequent on improvement of service conditions and providing additional service connections; enhanced rates of tariff imposed by the State Electricity Boards; also due to rise in the cost of stores|P.O.L. and labour charges.

(ii) *maintenance of buildings, communications etc. (Rs. 87.66 lakhs):—*

Unanticipated larger expenditure owing to rise in the cost of stores and higher maintenance charges on temporary huttet|permanent|hired buildings, roads, etc.

(iii) *General Charges* (Rs. 63.08 lakhs):—

Payment of arrears for the past years and acceptance of some unforeseen liabilities during the year.

(iv) *Departmental Charges* (Rs. 55.08 lakhs):—

Additional expenditure on Capital and Revenue Works on which such charges are leviable.

The above excess were partly counter balanced by savings amounting to Rs. 37.42 lakhs under "Works" due to low trend of booking in this regard than anticipated.

5. It is relevant to make a mention of the fact that the supplies to the Indian Force are made by several authorities and payments therefore are arranged through various agencies. The payments are dependent upon materialisation of supplies and receipt of necessary documents. As such, variations do occur between the amounts provided and the actual expenditure. However, tighter budgetary discipline is being attempted, through closer watch over flow of expenditure and suitable instructions have been issued to ensure, in future, better anticipation of liabilities, for making timely additional provision, wherever warranted.

6. The excesses (Rs. 1288.23 lakhs) under various sub-heads mentioned in paragraph 4 above were partly counter-balanced by savings under the sub-heads "A-7 Special Projects" (Rs. 355.29 lakhs) and "A-8 Other Expenditure" (Rs. 12.37 lakhs) leaving, therefore, a net excess of Rs. 9,20,56,785 which needs to be regularised.

7. In the circumstances explained above, the excess of Rs. 9,20,56,785 may kindly be recommended for regularisation by Parliament under Article 115(i) (b) of the Constitution.

8. DADS has seen.

APPENDIX XXVI

MINISTRY OF DEFENCE

Grant No. 22: Defence Services—Pensions.

	Rs.
Original Appropriation	10,000
Supplementary Appropriation . . . . .	..
Total Sanctioned Appropriation	10,000
Actual Expenditure	36,038
Excess Expenditure.	26,038

Provision for Charged Expenditure is made for meeting payments in satisfaction of court decrees etc. Such payments, by their nature, cannot be foreseen with any amount of exactitude and hence it is often not possible to make a precise estimate of expenditure. As such, provision for Charged expenditure is made on an *ad hoc* basis and a provision of Rs. 10,000 was made in the Budget Estimates for 1974-75. The actual expenditure during the year, however, amounted to Rs. 36,038, resulting in an uncovered excess of Rs. 26,038. The entire amount of the excess was on account of a single case involving a payment of Rs. 28,124. The payment was actually made in February|March, 1975 but it was reported to Government by the concerned accounts office only in September, 1975 i.e. after the close of the financial year 1974-75. It was then too late to seek a Supplementary Appropriation from Parliament.

2. Instructions have again been issued on 2nd May, 1976 to the accounts authorities concerned to obtain allotment of funds for "Charged" expenditure before authorising payments.

3. In the circumstances explained above, it is requested that the excess of Rs. 26,038 over the Sanctioned Appropriation may kindly be recommended for regularisation by Parliament under Article 115(i) (b) of the Constitution.

D.A.D.S. has seen.

APPENDIX XXVII

MINISTRY OF RAILWAYS

(Railway Board)

1.1. During the year 1974-75, the actual expenditure exceeded the sanctioned allotment in six cases—four voted grants and two charged appropriations.

1.2. Out of a total 21 grants voted excess occurred in four voted grants as indicated in Annexure 'A'.

1.3. In the case of Charged Appropriations, out of 12 such appropriations (including supplementary appropriations), excess occurred in two cases—(a) Appropriation No. 5—Revenue—Repairs & maintenance to the extent of Rs. 23,983 against the final appropriation of Rs. 2,20,000 and (b) Appropriation No. 10—Revenue—staff welfare to the extent of Rs. 3,223 against the final Appropriation of Rs. 8,000.

1.4. The amount of the excess in each of the 6 cases is shown in para 6 of the Report of the Comptroller & Auditor General of India for 1974-75 as also in sub-paras (a) and (b) of para 33 of the Appropriation Accounts of Railways in India for 1974-75—Part I—Review. The excesses to be regularised by Parliament have, however, to take into account the erroneous adjustments as between grants/appropriations. Annexure A of this note shows the figures of the excesses as given in the above mentioned publications as well as the real excesses after taking into account the misclassifications which require regularisation.

1.5. It may be mentioned that every care is taken to assess the expenditure under various grants/appropriations as precisely as possible and to obtain supplementary allotments where necessary, so that the excesses are avoided to the maximum extent possible.

1.6. It is requested that the P.A.C. may be pleased to recommend regularisation of these excesses by the Parliament in the manner prescribed under Article 115 of the Constitution of India.

1.7. The memorandum has been seen by Audit.

Detailed note furnished by the Ministry of Railways (Railway Board) in respect of excesses under each of the Grants/Appropriations

Voted Grant No. 1—Revenue—Railway Board—Excess of Rs. 5,58,431 over Rs. 2,07, 72,000

2.1. This grant deals with the expenditure on the office of the Railway Board.

2.2. The excess of Rs. 6 lakhs amounts to 2.69 per cent of the final grant of Rs. 208 lakhs Voted by Parliament. A supplementary grant amounting to Rs. 8 lakhs was taken in March, 1975 for payment to staff towards increase in rates of dearness allowance sanctioned by the Government during the year. The excess was occasioned due to more payment of telephone charges owing to increase in tariff rates (Rs. 3 lakhs), more payment of arrear of dearness allowance than anticipated (Rs. 1 lakh) and aggregate of other minor variations (Rs. 2 lakhs).

2.3. There is no misclassification under this grant (c.f. Annexure A & B). The excess actually requiring regularisation by Parliament, therefore, works out to Rs. 5,58,431 in relation to voted grant of Rs. 2,07,72,000 which works to 2.69 per cent of the voted grant.

*Voted Grant No. 3—Revenue—Payment to worked lines and others—
Excess of Rs. 52,265 over Rs. 16,38,000*

3.1. This grant deals with expenditure on (i) Payment to owners of Branch lines worked by and as part of Indian Government Railway system, of their net earnings and (ii) payment of subsidy to lines owned and worked by certain private companies, when their share of earnings is less than the return guaranteed to them.

3.2. The excess of Rs. 52 thousand works to 3.19 per cent in relation to the final grant of Rs. 16.38 lakhs. No supplementary grant was taken under this grant. The excess, however, occurred under net earnings payable etc. a worked line on the Central Railway due mainly to increase in traffic earnings as compared to the anticipated earnings of that worked line.

3.3. There is no misclassification under this grant. The excess actually requiring regularisation by Parliament is Rs. 52,265 which works to 3.19 per cent of the voted grant of Rs. 16,38,000.

*Voted Grant No. 8—Revenue—Operation other than staff and Fuel—
Excess of Rs. 1,11,47,149 over Rs. 72,78,02,000*

4.1. This grant deals with the operational expenditure on stationary, forms and tickets, handling, collection and delivery of goods, expenses at out agencies compensation for goods lost or damaged including amounts kept under Suspense pending settlement of inter-railway liability, electrical general services, clothing and stores etc.

4.2. The excess of Rs. 1.11 crores works to 1.53 per cent of the final grant of Rs. 72.78 crores voted by Parliament. Supplementary grants totalling to Rs. 8.12 crores were taken under this grant (Rs. 1.34 crores in August, 1974 and Rs. 6.78 crores in March, 1975) to

meet the expenditure on payment of additional dearness allowance sanctioned in the course of the year, increase in the cost of consumable stores such as lubricants, engine oil, petroleum products, stationary, forms and clothings etc., more payment for compensation claims for goods lost or damaged due to increase in price of the goods and increase in tariff rates of electricity by State Electric Boards.

4.3. The excess was shared by all Railways except Central, Eastern, North Eastern and Southern Railways and occurred principally due to more debits for clothing consumable stores due *inter-alia* to increase in prices (Rs. 2,48 lakhs), fluctuations in adjustment through stock Adjustment Account (Rs. 47 lakhs), more payment of electricity charges due to revision of tariff (Rs. 28 lakhs), more payment of compensation claims (Rs. 10 lakhs); partly off-set by more saving due to less adjustment of charges in respect of rolling stock inter-changed between Railways (Rs. 1,90 lakhs), less debits for stationary, forms and tickets (Rs. 11 lakhs), and aggregate of other minor variations (Rs. 21 lakhs).

4.4. After excluding the amount of misclassification *viz.* Rs. 31,242 (Annexures A and B), the excess actually requiring regularisation by Parliament comes to Rs. 1,11,15,907 in relation to the voted grant of Rs. 72,78,02,000 (which works out to 1.53 per cent of the grant).

Voted Grant No. 15—Open Line Works—Capital, DRF & DF excess of Rs. 16,19,06,024 over Rs. 8,35,54,73,000

5.1. This grant deals with the expenditure on (i) additions to Railways assets like rolling stock, machinery and works and transactions under Stores and Manufacture Suspense, Miscellaneous Advances charged to capital and replacement of such assets charged to Depreciation Reserve Fund and (ii) Development Fund Expenditure on amenities for passengers and other Railway users, staff welfare works including cost of quarters of Class III and Class IV staff costing above Rs. 25,000 each, and cost of unremunerative operating improvement works costing more than Rs. 3 lakhs each.

5.2. The excess of Rs. 16.19 crores was 1.94 per cent of the final grant Rs. 8,35,54,73,000 voted by the Parliament. A token supplementary grant of Rs. one thousand was taken from the Parliament for participating in Himachal State Road Transport Corporation.

At the time of revised estimates for the year, it was anticipated that the expenditure under this grant would be less than the budget

as a result of economy measures adopted during the year." However, the actual expenditure exceeded the final grant mainly owing to increase in expenditure in the closing months of the year, chiefly due to more debits for procurement of rolling stock and more procurement of loco spares and under Manufacture Suspense it was mainly due to payment of additional dearness allowance to staff sanctioned by the Government and increase in expenditure on more works done in the Workshops than anticipated.

5.3. The excess under this grant was shared by all the Railways Projects except Western Railway and Integral Coach Factory. The largest excess occurred on the Northern Railway due to revision of allotment of stock after final modification and receipt of more debits therefor as also adjustment of residual payments.

(a) *Rolling stock (Rs. 26.27 crores)*: Due chiefly to more procurement of Rolling stock (Rs. 24.33 crores), more procurement of loco spares (Rs. 3.00 crores) and an aggregate of minor variations (Rs. 0.15 crores); partly counter-balanced by the postponement of certain works (Rs. 1.10 crores) and the effect of certain economy measures (Rs. 0.11 crore).

(b) *Manufacturing Suspense (Rs. 20.38 crores)*: Due chiefly to more payment of dearness allowance sanctioned to the staff during the year and payment on account of implementation of the recommendations of Third Pay Commission (Rs. 15.11 crores), fluctuations in the direct purchase of stores (Rs. 4.98 crores), more progress on repairs in Mechanical Workshops (Rs. 3.95 crores) and welding work on rails in Engineering Workshops (Rs. 0.72 crore), less issue of Stores to stock etc. (Rs. 4.51 crores) and aggregate of minor variations (Rs. 0.12 crore); partly counter-balanced by less drawal of stores to stock (Rs. 6.30 crores), less payment to shop labour as a result of their participation in the general strike of May, 74 (Rs. 0.98 crore), less adjustment towards miscellaneous charges etc. (Rs. 0.97 crore), non-filling up of posts (Rs. 0.52 crore) and fluctuations in adjustment through Stock Adjustment Account (Rs. 0.24 crore).

Against these excesses, savings occurred under; (c) *Miscellaneous Advances (Rs. 13.89 crores)*: Due chiefly to less procurement of imported stores etc. and less receipt of debits therefor including sea freight (Rs. 14.45 crores) and aggregate of minor variations (Rs. 8 lakhs); partly counter-balanced by more receipt of fabricated materials and more payment of fabrication charges (Rs. 0.64 crores).

(d) *Works (Rs. 11.41 crores)*: Due chiefly to certain economy measures (Rs. 17.87 crores), postponement of certain works (Rs. 1.39

crores), non-receipt of debits towards cost of land (Rs. 0.57 crores); partly counter balanced by more progress owing *inter-alia* to receipt of more materials and increase in cost thereof (Rs. 7.30 crores), more receipt of machinery and debits thereof (Rs. 0.49 crore), more adjustment on completed works (Rs. 0.37 crores) and aggregate of minor variations (Rs. 0.26 crore).

(e) *Stores Suspense (Rs. 2.34 crores)*: Due chiefly to less purchase of H.S.D. oil (Rs. 12.90 crores), less receipts of materials returned from Manufacture (Rs. 3.91 crores) and works (Rs. 2.17 crores), more realisation of credit on sales (Rs. 2.86) and aggregate of minor variations (Rs. 0.42 crore); partly counter-balanced by less issues to manufacture (Rs. 6.95 crores), more purchase of stores for general purpose and increase in prices of stores (Rs. 5.20 crores), more receipt of coal etc. (Rs. 5.13 crores), less issue to works (Rs. 1.75 crores) and fluctuations in adjustment through Stock Adjustment Account (Rs. 0.89 crore).

(f) *Development Fund (Rs. 2.34 crores)*: Due chiefly to postponement of certain works and other economy measures (Rs. 4.68 crores), non-receipt of credit from Defence Department towards cost of certain quarters (Rs. 0.08 crore) and aggregate of minor transactions (Rs. 0.06 crore); partly counter-balanced by more progress on certain works (Rs. 1.64 crores), more purchase of stores (Rs. 0.64 crore), more adjustment of completed works (Rs. 0.19 crore) and more debits for under and over bridges (Rs. 0.19 crore).

(g) *Investment in Road Services (Rs. 0.28 crore)*: Due chiefly to less payments on behalf of Central Government to State Corporations than originally expected.

(h) *Taking over of Open line wires from Posts & Telegraphs Department (Rs. 0.20 crore)*: Due chiefly to less expenditure incurred on taking over of open line wires from P.&T. Deptt. owing to less receipt of debits than originally anticipated.

5.4. After including the amount of misclassifications *viz.* Rs. 59,47,157 (c.f. Annexures A, B), the excess actually requiring regularisation by Parliament works out to Rs. 16,78,53,181 *i.e.* 2.01 per cent in relation to the voted grant of Rs. 8,35,54,73,000.

CHARGED Appropriation No. 5 Repairs and Maintenance Excess of Rs. 23,983 over Rs. 2,20,000.

6.1. This charged Appropriation relates to payment arising from court decrees etc. in respect of staff engaged on repairs and maintenance of Railway assets including track, buildings, rolling stock,

ferries, electrical and signal equipments and installations, machinery etc.

6.2. The final Appropriation comprised of a supplementary appropriation of Rs. 1.76 lakhs obtained in March, 1975 for payments in satisfaction of court decrees. The actual expenditure on decretal payments, however, exceeded the Appropriation available by an amount of Rs. 23,983 representing an excess of 10.9 per cent over the final appropriation.

6.3. There was no misclassification under this Appropriation (Annexure A & B). The excess requiring regularisation by Parliament works upto Rs. 23,983 in relation to the final appropriation of Rs. 2,20,000 i.e. excess of 10.90 per cent.

Charged Appropriation No. 10-Revenue-Staff Welfare—Excess of 3,223 over the final appropriation of Rs. 8,000

7.1. This charged Appropriation relates to payments on account of court decrees etc. in respect of staff of medical, health and welfare services, educational institutions, training schools, staff canteens etc.

7.2. A supplementary grant of Rs. 8 thousand was obtained in March, 1975 for payments in satisfaction of court decrees. The actual expenditure, however, exceeded the appropriation available, by an amount of Rs. 3,223.

7.3. There was no misclassification under this Appropriation (Annexure A & B). The excess requiring regularisation by Parliament, therefore, works upto Rs. 3,223 in relation to the final appropriation of Rs. 8,000.

ANNEXURE A

Statement showing excesses over Grants/Appropriations as shown in Para 6 of the report of the Comptroller and Auditor General of India for the year 1974-75 as well as excess worked out after taking into account the items of misclassifications:

Figures in units of rupees.

S. No.	No. and name of the Grant/Appropriation	Original Grant	Supplementary Grant	Final Grant	Expenditure	Excess	Real excess after taking into account misclassification listed in Annexure B	%age of excess Co. 7. to Col. 5	%age of excess Co. 8 to Col. 5
1	2	3	4	5	6	7	8	9	10
<i>A—Voted Grants</i>									
1	Grant No. 1—Revenue—Railway Board	1,99,75,000	7,97,000	2,07,72,000	2,13,30,431	5,58,431	5,58,431	2.69	2.69
2	Grant No. 3—Revenue—Payment to worked lines and others	16,38,000		16,38,000	16,90,265	52,265	52,265	3.19	3.19
3	Grant No. 8—Revenue—Working Expenses—Operation other than Staff and Fuel	64,66,31,000	8,11,71,000	72,78,02,000	73,89,49,149	1,11,47,149	1,11,15,907*	1.53	1.53
4	Grant No. 15—Open Line Works—Capital DRF and DF	8,35,54,72,000	1,000	8,35,54,73,000	8,51,73,79,034	16,19,06,024	16,78,53,181	1.94	2.01
TOTAL							<u>17,95,79,784</u>		

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B—Charged Appropriations

1	Charged Appropriation No. 5—Revenue— Repairs and Main- tenance	44,000	1,76,000	2,20,000	2,43,983	23,983	23,983	10' 90	10' 90
2	Charged Appropriation No. 10—Revenue— Working Expenses— Staff Welfare	..	8,000	8,000	11,223	3,223	3,223	40' 29	40' 29
	GRAND TOTAL						<u>17,96,06,990</u>		

*Note:—This amount excludes Rs. 31,242 attributable to misclassification.

ANNEXURE—B

Particulars	Amount
	Rs.
1. Grant No. 1—Revenue—Railway Board	
1. Excess shown in Appropriation Accounts	5,58,431
2(a) Deduct :—	
Expenditure relating to other grants booked under grant No. 2 . . . . .	..
2(b) Add :—	
Expenditure relating to grant No. 2 booked to other grants . . . . .	..
Real excess to be regularized by Parliament (1)-2(a)+ 2(b)	<u>5,58,431</u>
2. Grant No. 3—Revenue—Payment to worked lines and others.	
1. Excess shown in Appropriation Accounts	52,265
2(a) Deduct :—	
Expenditure relating to other grants booked under grant No. 3 . . . . .	..
2(b) Add :—	
Expenditure relating to grant No. 3 booked to other grants . . . . .	..
Real excess to be regularised by Parliament (1)-2(a)+ 2(b)	<u>52,265</u>
3. Grant No. 8—Revenue—Operation Other than Staff and Fuel.	
1. Excess shown in Appropriation Accounts	1,11,47,149
2(a) Deduct :—	
Expenditure relating to grant No. 14 booked under grant No. 8	31,242
2(b) Add :—	
Expenditure relating to grant No. 8 booked to other grants . . . . .	..
Real excess to be regularised by Parliament (1)-2(a)+ 2(b)	<u>1,11,15,907</u>
4. Grant No. 15—Capital, Depreciation Reserve Fund and Development Fund.	
1. Excess shown in Appropriation Accounts	16,19,06,024
2(a) Deduct :—	
Expenditure booked under this grant relating to grant No. 5	26,119

Particulars	Amount
	Rs.
2(b) <i>Add</i> :—	
Expenditure relating to this grant booked under grant No. 5 (5,82,944) and certain expenditure held under Account with States (53,90,332)	59,73,276
Real excess to be regularised by Parliament (1)-2(a)+2(b)	16,78,53,181
5. <i>Charged Appropriation No. 5—Revenue—Repairs and Maintenance</i>	
1. Excess shown in Appropriation Accounts	23,983
2(a) <i>Deduct</i> :—	
Expenditure relating to other appropriations booked under Appropriation No. 5 . . . . .	..
2(b) <i>Add</i> :—	
Expenditure relating to this appropriation taken under other Appropriations . . . . .	..
Real excess to be regularised by Parliament (1)-2(a)+2(b)	23,983
6. <i>Charged Appropriation No. 10—Revenue—Staff Welfare.</i>	
1. Excess shown in Appropriation Accounts	3,223
2(a) <i>Deduct</i> :—	
Expenditure relating to other appropriations booked under Appropriation No. 10 . . . . .	..
2(b) <i>Add</i> :—	
Expenditure relating to this appropriation taken under other Appropriations . . . . .	..
Real excess to be regularised by Parliament (1)-2(a)+2(b)	3,223

APPENDIX XXVIII

MINISTRY OF COMMUNICATIONS

(P & T BOARD)

Grant No. 17—Capital Outlay on Posts and Telegraphs

The Final Accounts for the year 1974-75 resulted in an excess of Rs. 9,03,71,016 over the voted Grant No. 17—Capital Outlay on Posts and Telegraphs, as detailed below:

	Rs.
Original Grant	1,48,43,00,000
Supplementary Grant	5,57,00,000
Total Grant	1,55,00,00,000
Actual Expenditure	1,64,03,71,016
Excess	9,03,71,016

2. This Grant provides for meeting the expenditure on Capital Outlay of the P & T Department and is made up of two parts (i) Works portion and (ii) Stores and Manufacture Suspense. The former accommodates expenditure for building up capital Assets and is accounted for as 'Plan Expenditure'. The latter contains expenditure on Procurement of Stores required by the Department and manufacturing operations of the P & T Telecommunications Factories. As the value of Stores consumed by the Capital Works already enters the "Works Portion" the total expenditure on procurement of Stores is reduced by such value of stores debited to works and for the balance only provision is made in the Grant as "Non-Plan" expenditure.

3. The Original Budget Provision of Rs. 148.43 lakhs was made up of Rs. 133.06 lakhs under "Works Portion" (Plan) and Rs. 15.37 lakhs under "Stores and Manufacture Suspense Accounts" (Non-Plan). A supplementary Grant of Rs. 6.57 lakhs was obtained in March 1975 to meet additional provisions for payment to M/s. I.T.I. and H.C.L. as well as advance payment against despatches of raw material required for the P & T Telecom Factories.

4. The total voted Grant stood at Rs. 155,60 lakhs against which the actual expenditure came to Rs. 164,04 lakhs resulting in an excess of Rs. 9,04 lakhs under:—

(In lakhs of rupees)

	Sanctioned Grant	Actual Expenditure	Excess/Saving	
			(+)	(—)
Works Portion	133,06	138,49	(+)	5,43
Stores Suspense Account	18,64	19,03	(+)	39
Manufacture Suspense Account	3,30	6,52	(+)	3,22
Total	155,00	164,04	(+)	9,04

5. (a) The excess expenditure under the "Works Portion" is made up of (i) B2—Local Telephone Systems (Rs. 736 lakhs) and B3—Long Distance Switching Systems (Rs. 233 lakhs) due to increase in the price and quantity of telephone equipment and local cables consumed on works, and (ii) B4—Transmission Systems (Rs. 278 lakhs) which is mainly due to unanticipated bulk supply of cables against pending orders from abroad as well as from indigenous sources (Rs. 1383 lakhs) off set by lesser expenditure on procurement of microwave equipments (Rs. 1110 lakhs).

(b) The above excesses were off set by savings under A2—Post Offices (Rs. 195 lakhs), A3—Staff Quarters (Rs. 104 lakhs), B5—Ancilliary Systems (Rs. 190 lakhs) and savings under other components (Rs. 215 lakhs).

6. The excess expenditure under "Stores and Manufacture Suspense" is mainly due to (i) more purchases of Factory and Civil Engineering Stores than anticipated, partly off set by decrease under General Stores and Purchases (Rs. 39 lakhs) and (ii) Unanticipated increase in the value of works-in-progress at the close of the year (Rs. 322 lakhs).

7. The net excess of Rs. 9,03,71,016 over the Sanctioned Grant may kindly be recommended for regularisation by Parliament under Article 115 (I) (b) of the Constitution.

APPENDIX XXIX

(vide paragraph 3.1 of the Report)

I. RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The aggregate amount of expenditure incurred in excess of the amounts authorised by Parliament under various Voted Grants/Charged Appropriations ranged from Rs. 3.78 crores to Rs. 223.81 crores during the period 1965-66 to 1972-73. The Committee note with some satisfaction that the excess over authorised expenditure during 1973-74 aggregated to Rs. 10.06 crores (excluding Rs. 0.80 crores which does not require regularisation) in respect of 23 Voted Grants and 4 Charged Appropriations as against Rs. 223.81 crores and Rs. 126—33 crores respectively during the years 1971-72 and 1972-73. The Committee trust that every endeavour would be made by the Ministries/Departments to ensure that the position is not allowed to deteriorate once again as has often happened in the past.

[Serial No. 1—Appendix XXV of 180th Report of PAC
5th Lok Sabha (Para 1.6)]

Action taken

The observations of the Public Accounts Committee have been brought to the notice of all Ministries/Departments of Govt. of India vide this Ministry's O.M. No. F. 12(48)-E(Coord)/75 dated the 10th December 1975.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12(48)-E(Coord)/75 dated 3rd January, 1976.]

Copy of O.M. No. F. 12(48)—(Coord)/75 dated 10th December, 1975 from the Department of Expenditure to all Ministries/Departments of the Government of India referred to in the Ministry's Action Taken Note

SUBJECT:—180th Report of the Public Accounts Committee (5th Lok Sabha) Recommendation No. 1.

The undersigned is directed to state that in pursuance of the observations of the Public Accounts Committee in para 1.6 of their

134th Report (5th Lok Sabha) instructions were issued in this Departments O.M. No. F. 12(56)-F(Coord)/74 dated 26-4-75 to all Ministries/Departments requesting them to note the observations of the Committee and to renew their efforts to improve budgeting procedures so as to minimise excess over Grants.

2. In their recommendation No. 1 (para 1.6) of their 180th Report (5th Lok Sabha) the Committee have made further observations regarding excess expenditure over Voted Grants and Charged Appropriations. Extracts of this recommendation is furnished below:

“The aggregate amount of expenditure in excess of the amounts authorised by Parliament under various voted Grants and charged Appropriations ranged from Rs. 3.78 crores to Rs. 223—81 crores during the period 1965-66 to 1972-73. The Committee note with some satisfaction that the excess over authorised expenditure during 1973-74 aggregated to Rs. 10.06 crores (excluding Rs. 0.80 crore which does not require regularisation) in respect of 23 Voted Grants and 4 Charged Appropriations, as against Rs. 223.81 crores and Rs. 126.33 crores respectively during the years 1971-72 and 1972-73. The Committee trust that every endeavour would be made by the Ministries/Departments to ensure that the position is not allowed to deteriorate once again as has often happened in the past.”

The Ministry of Home Affairs etc. may kindly note the observation of the Committee and make every endeavour to maintain and improve budgeting procedures so as to minimise excess over Grants/ Appropriation.

Recommendation

An analysis by the Committee of the excesses recorded under various grants during the past five years ended 31st March, 1974 reveals a rather disquieting picture in respect of the grants administered by certain Ministries. The Committee find, in particular, that there have been persistent excesses in the grants administered by the Ministries of Works and Housing, Shipping and Transport and Home Affairs. Later in this Report, the Committee have examined in some detail the grant relating to Public Works administered by the Ministry of Works and Housing. The recurring phenomenon of excess under these grants underlines the need for greater financial discipline in the Ministries concerned. The Committee are particularly concerned over the budgetary control exercised by the Union Territory Administrations. The Committee desire that concerted

steps should be taken forthwith to tighten up budgetary procedures and controls by the concerned Ministries.

[S. No. 2—Appendix XXV Para No. 2.3 of PAC's 180th Report
(5th Lok Sabha)]

Action taken

(i) *Ministry of Home Affairs:*

All the concerned officers of this Ministry have been directed to carefully note the observation of the PAC and make every endeavour to maintain and improve budgetary procedure so as to ensure that the recurring phenomenon of excess over voted grants/charged appropriation are minimised *vide* this Ministry's circular letter No. 7/6/75-Ac. III dated 6-1-1976.

[Ministry of Home Affairs O.M. No. F. 7/6/75-Ac. III dated the 21st February, 1976]

Copy of the circular letter No. 7/6/75-AC-III dated the 6th January, 1976 from the Ministry of Home Affairs referred to in the Ministry's Action Taken Note.

SUBJECT.—180th Report of the Public Accounts Committee (5th Lok Sabha) Recommendation No. 2.

Sir,

The P.A.C. in para 2.3 of 180th Report for the year 1975-76 have adversely commented on the persistent excesses over voted grants/ and charged appropriations and have recommended that concerted steps should be taken forthwith to tighten up budgetary procedures. The relevant recommendation of the P.A.C. is reproduced below:

Para 2.3. "An analysis by the Committee of the excesses recorded under various grants during the past five years ended 21st March, 1974 reveals a rather disquieting picture in respect of the grants administered by certain Ministries. The committee, find in particular, that there have been persistent excesses in the grant administered by the Ministries of Works and Housing, Shipping and Transport and Home Affairs. Later in this Report, the Committee have examined in some details the grant relating to Public works administered by the Ministry of Works and Housing. The recurring phenomenon of excess under these grants underlines the need for greater financial discipline in the Ministries concerned. The Committee are particularly concerned over the budgetary

control exercised by the Union Territory Administrations. The Committee desire that concerted steps should be taken forthwith to tighten up budgetary procedures and controls by the concerned Ministries”.

2. It is requested that all concerned officers may kindly be directed to carefully note the observations of the P.A.C. and make every endeavour to maintain and improve budgetary procedures so as to ensure that the recurring phenomenon of excess over voted grants/charged appropriations are minimised.

(ii) *Ministry of Shipping and Transport*

The Committee's observations have been noted. Steps are being taken to tighten up the budgetary procedures and controls in the Ministry. Instructions have been issued to all the Heads of Departments/Offices in this regard as per Ministry of Shipping and Transport letter No. DPC-16/75-I, dated the 20th January, 1976.

[*Ministry of Shipping & Transport O.M. No. BPC/75,
dt. 3-2-76]

Copy of Ministry of Shipping & Transport (Transport Wing) letter No. BPC-16/75-I, dated the 20th January, 1976, referred to in the Ministry's Action Taken Note.

SUBJECT.—*Recommendations contained in the 180th Report of the Public Accounts Committee (Fifth Lok Sabha) on Excesses over Voted Grants/Charged Appropriations for the year 1973-74.*

The Public Accounts Committee as per para 2.3 of their 180th Report have observed that the excesses under various Grants during the period from 1969-70 onwards presented a rather disquieting picture. They have observed that there were persistent excesses in grants administered by certain Ministries including Ministry of Shipping and Transport. They have indicated that the recurring excesses underline the need for greater financial discipline and that concerted steps should be taken forthwith to tighten up budget procedures and controls.

2. Relevant extracts from the reports of the Public Accounts Committee on this subject are enclosed for your perusal.

3. It will be seen therefrom that the Public Accounts Committee take a very serious view of lapses in the matter of proper

budgeting, effective expenditure control and timely reconciliation of departmental accounts with the expenditure booked by the concerned Accountants General and excess expenditure. You are requested to take all necessary steps in an effective manner to ensure against any lapse in these matters in future.

Enclosure to Ministry of Shipping and Transport letter No. BPC-16/75, dated the 20th January, 1976.

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Extracts from the Reports of the Public Accounts Committee on excesses over Voted Grants/Charged Appropriations.

* * * * *

- (a) Para 2.26 of Committee's 29th Report relating to the Excess under the Grant "Roads":

"The Committee are of the opinion that with a more rational and realistic allocation of funds, periodic reviews of progress of expenditure on the basis of monthly returns obtained promptly from the works executing agencies and a better regulatory control through Regional Offices, the excesses could have been avoided."

- (b) Paras 2.74 to 2.76 of the Committee's 49th Report on the Excesses in the Grant—Ministry of Shipping and Transport:

Para 2.74

The Committee have earlier indicated that the Grants has been exceeded successively for 3 years. In earlier years too significant extra expenditure was incurred on office contingencies and travelling expenses. The Committee need hardly stress that the Ministry should improve their budgetary procedures and control.

Para 2.75

It is indeed surprising that a total sum of Rs. 3.37 lakhs was spent on Interim Relief without any provision in the Revised estimate. The Committee cannot accept the plea that the proposals to obtain supplementary grant, though initiated, could not be finalised in time due to lack of proper coordination. They would like the Ministry to investigate the lacuna, if any, in the system with a view to removing it.

Para 2.76

The extra expenditure on office contingencies and travelling expenses remained uncovered as admittedly the liability registers were not maintained properly. As the Ministry have stated that the registers are being maintained properly from 1971-72, the Committee would like to watch the position through future Appropriation Accounts."

(c) Para 2.78 of the Committee's 49th Report on the excesses in the Grant 'Roads':

"The Committee find from the measures already adopted or proposed to be adopted to tackle this problem of recurring excesses, that it is also proposed to approach the Comptroller and Auditor General of India for issuing instructions to State Accountants General not to admit expenditure in excess of sanctioned grant. This appears to be a necessary though somewhat a drastic step as the only way to arrest the persistent tendency on the part of the State Governments who are the works executing agencies to exceed the budget provision without coming up with proposals for additional funds in time. The Committee wish to make it clear that they would be forced to take a very serious view if there is any further occasion to comment on excess as under this head."

(d) Para 2.33 of the Committee's 96th Report on the excesses in the Grant "Roads":

"The Committee would urge that the question of evolving a revised budgetary procedure to check consistent excesses should be decided expeditiously in consultation with the Ministry of Finance and the Comptroller and Auditor General of India."

(e) Para 2.44 of the Committee's 134th Report on the excesses under the Grant "Lighthouses and Lightships."

"The Committee understand that the amount payable to Shipping Corporation of India for manning M. V. Sagardeep is a recurring annual liability and, therefore, feel that the explanation of the Ministry of Shipping and Transport that the settlement of bills on this account was unanticipated is not at all convincing. The repairs to the motor launch would also have been entrusted to M/s. Garden Reach Workshop only after approval of the Ministry of the estimates for repairs and the Committee feel that the liability on this account could have been assessed and adequately provided for at last at the Revised Estimate stage by closer coordination with the Workshop. The Committee also feel that the requirement of stores for maintenance of lighthouses could have also been realistically assessed and forecast. Under the circumstances, the Committee have to believe that the Budget Estimates and Revised Estimates have not been framed judiciously after taking into account probable requirements and anticipated liabilities by the concerned authorities. The Committee, therefore, require that the Ministry should be more realistic and exercise greater care in future while framing their estimates."

(f) Paras 2.3, 2.4 and 2.10 of the Committee's 180th Report on the need for timely and effective reconciliation of Accounts and excess expenditure.

Para 2.3.

An analysis by the Committee of the excesses recorded under various grants during the past five years ended 31st March, 1974 reveals a rather disquieting picture in respect of the grants administered by certain Ministries. The Committee find, in particular, that there have been persistent excesses in the grants administered by the Ministries of Works and Housing, Shipping and Transport and Home Affairs. Later in this Report, the Committee have examined in some detail the grant relating to Public Works administered by the Ministry of Works and Housing. The recurring phenomenon of excess under these grants underlines the need for greater financial discipline in the Ministries concerned. The Committee are particularly concerned over the budgetary control exercised by the Union Territory Administrations. The Committee desire that concerted steps should be taken forthwith to tighten up budgetary procedures and controls by the concerned Ministries.

Para 2.4.

The Committee are concerned to note that during the year 1973-74, there have been mis-classifications of expenditure in a number of cases on a fairly large scale. This implies slipshod work on account of which the reconciliation of departmental figures with those accounted for in the Accounts Offices appears ineffective. That this should be so despite earlier recommendations of the Committee emphasising the need for prompt reconciliation of accounts would indicate that adequate attention is not being paid by the concerned Ministries to this important aspect of accounting and that the instructions issued from time to time in this regard have failed to produce the desired effect. As such mis-classifications vitiate sound budgetary control, the Committee desire that necessary remedial measures should be taken to eliminate the default. The Committee take a serious view of this matter and expect that it will not recur in future.

Para 2.10

The Committee are once again constrained to record their displeasure over the delays in the submission of the Explanatory Notes on excesses over Voted Grants and Charged Appropriations that continue to recur despite their earlier exhortations. Out of 27 Notes relating to the expenditure incurred in excess of amounts authorised by Parliament during 1973-74, only 6 Notes had been received by the stipulated due date, 14 Notes in June and 7 Notes in July, 1975. The Committee in particular, are unable to condone the inconscionable delays that had occurred in respect of the

explanatory notes relating to Grant No. 75 of the Ministry of Shipping and Transport and Grant No. 53 (Chandigarh) administered by the Ministry of Home Affairs, which were received only on 18th July and 30th July, 1975 respectively. The Committee are dissatisfied with this state of affairs and desire fixation of responsibility for appropriate action. The Committee would not countenance such delays in future.

(As regards the suggestion made by the Ministry of Finance regarding the revised procedure to be adopted for the furnishing of the Explanatory Notes to the Committee, this would be considered separately in due course and the Committee's decision communicated).

(iii) *Ministry of Works and Housing*

In accordance with the observations made by the Committee in their 49th Report (Fifth Lok Sabha) a Task Force had been constituted to report on the effectiveness of the various procedures of expenditure control. The Task Force recommended the adoption of the System of Net Budgeting in this Ministry for controlling works expenditure. This recommendation is still under consideration of the Ministry of Finance (Department of Economic Affairs).

However, on receipt of the comments of the Public Accounts Committee, the Engineer-in-Chief, C.P.W.D. has issued instructions to all Superintending Engineers, Executive Engineers, etc., to ensure strict compliance to the above aspect of the Budgetary Control. A copy of his Memo. No. 10(5)/75-B(E-in-C), dated the 15th September, 1975, is enclosed. Further follow up action will be taken after a decision has been taken on the recommendation of the Task Force, by the Ministry of Finance.

[Ministry of Works & Housing O.M. No. G-25015/16/75-Bt., dated the 16th April, 1976]

Copy of Memorandum No. 10(5)/75-B(C-in-C) dated 15th September, 1975 from the Engineer-in-Chief, CPWD, referred to in the Ministries' Action Taken Note.

SUBJECT.—180th Report of the P.A.C. (5th Lok Sabha) on excesses over Voted grants and Charged Appropriation disclosed in the Appropriation Accounts for the year 1973-74 (Para 2.43, 2.44 and 2.45 of the Report).

A copy of the observations made by the Public Accounts Committee (5th Lok Sabha) in Paragraphs 2.43, 2.44 and 2.45 of their

180th Report is enclosed. The Committee have expressed their displeasure at the repeated excesses in the Public Works Grants. It is a cardinal principle of Public expenditure that amount authorised by Parliament should not be exceeded in any case. Possible reasons for excesses in expenditure can be enumerated as under:—

- (i) The estimates are not framed realistically after taking into account all the factors which will affect the rate of expenditure under a particular sub-head.
- (ii) Although the estimates might have been framed realistically the Government was unable to make available the funds actually estimated by the field officers due to tight financial position.
- (iii) While incurring expenditure the offices concerned do not satisfy themselves that the necessary funds for the purpose have been made available in the budget allotment.
- (iv) Mere demand of funds in the budget does not entitle an officer to spend on that basis, unless funds have been provided as demanded. If the availability of funds is less than the demand then there is no alternative *but to restrict the expenditure to the budget allotment which must not be exceeded under any circumstances*. Mere making of budget provision in the Schedule of Demand or mere mention of the facts of inadequacy of funds to the higher officers does not absolve the officer concerned of his responsibility to ensure that the expenditure is restricted to budget allotment.

All Divisional Officers are hereby requested to ensure strict compliance with this aspect of budgetary control. Failure to comply with this requirement may entail disciplinary action against the officer at fault. *If due to contractual obligations or court orders or any other expenditure has become inevitable but cannot be met out of the existing budget allotment then immediate action should be taken to seek allotment/assurance of additional funds and unless such allotment or assurance is given the officer concerned must ensure that the expenditure does not exceed the existing budget allotment placed at his disposal.* The Superintending Engineers will ensure that this requirement is strictly complied with. If any of the Superintending Engineer feels that the expenditure can be met from the existing budget allotment for the Circle as a whole then he should obtain his Chief Engineer's approval for

such diversion of funds from one work to another or from one accounts area to another accounts area. The Chief Engineer will ensure that such diversion would be in order in accordance with the rules regarding re-appropriation of funds and if any re-appropriation is beyond the Chief Engineer's powers then he will ensure that the matter is referred to the Ministry of Works and Housing under intimation to Engineer-in-Chief for making available additional funds to meet the requirement. While approaching the Ministry for additional funds the urgency of expenditure and also non-availability or partial availability from the existing budget allotment should also be explained and demand made for funds actually needed after utilising the possible savings available within the Zone. In cases of urgency the Superintending Engineer can contact the Chief Engineer and Chief Engineer can contact the Engineer-in-Chief or the Ministry, as the case may be, to get their directions even over the telephone but no attempt should be made to incur expenditure in excess of the budget allotment in anticipation of such assurance or allotment of additional funds, unless the Chief Engineer is himself satisfied that he will be able to meet the expenditure out of savings in the grant placed at his disposal.

The receipt of this Memorandum may please be acknowledged by the Zonal Chief Engineers. The Superintending Engineers/ Executive Engineers may send acknowledgement to their respective Chief Engineers.

Recommendation

The Committee are also concerned to note that during the year 1973-74, there have been mis-classifications of expenditure in a number of cases on a fairly large scale. This implies slipshod work on account of which the reconciliation of departmental figures with those accounted for in the Accounts Offices appears ineffective. That this should be so despite earlier recommendations of the Committee emphasising the need for prompt reconciliation of accounts would indicate that adequate attention is not being paid by the concerned Ministries to this important aspect of accounting and that the instructions issued from time to time in this regard have failed to produce the desired effect. As such mis-classifications vitiate sound budgetary control, the Committee desire that necessary remedial measures should be taken to eliminate the default. The Committee take a serious view of this matter except that it will not recur in future.

[S. No. 3(Para 2.24) of Appendix XXV of 180th Report 5th Lok Sabha]

Action taken

The Ministries, etc. have been requested *vide* this Ministry's d.o. No. F11(1)—W&M/75 dated 25-4-75 to complete the reconciliation work by a stipulated date and also to furnish a certificate about the completion of the work in this regard.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F8(22)-B/75, dated the 21st November, 1975];

Copy of D.O. letter No. F11(8)-N&M/75, dated the 25th April, 1975 referred to in the Ministries' Action Taken Note.

Instructions have been issued time and again requesting that the reconciliation work relating to a particular financial year should be completed by the end of May of the succeeding year. In this connection, kindly refer to my D.O. letter No. F.1 (15)-B/74, dated the 22nd May, 1974, regarding the reconciliation of figures for the Year 1973-74.

I would urge that the reconciliation for 1974-75 be got completed well in time. It is observed from the reports received from certain Accounts Offices that a number of disbursing officers do not attend to this work on a regular basis. This results not only in heavy adjustments being made at the fag end of the year but also renders it difficult to assume that the actual expenditure recorded in the accounts, month to month, could be relied upon as correct for statistical and budget purposes. The reconciliation work has to be attended to promptly every month so that rectification of errors, misclassifications, if any, is effected in time, resulting in better control over expenditure *vis-a-vis* the budgetary provision.

I would, therefore, request that this very important item of work is given due attention and it is ensured that the reconciliation relating to the expenditure for 1974-75 is completed positively by the end of May, 1975.

As already suggested in my previous communications on the subject, some senior officer of your Ministry/Department may be made responsible for the co-ordination of this work and his name, address and telephone number intimated to the respective Accounts Officers for being contacted there where necessary.

An immediate action in the matter is requested. A certificate to the effect that the work has been completed by the due date may also please be sent by the Internal Financial Adviser to the Budget Division.

Recommendation

"The Committee find that though the overall excess of about Rs. 0.25 crore under 'Grant No. 51-Other Expenditure of the Ministry of Home Affairs' after reappropriation and setting off savings works out to only about 0.37 per cent of the original grant of Rs. 67.29 crores as a whole, there have been large excesses under individual sub-heads of the Grant which, in the opinion of the Committee reveal defective estimation of monetary requirements. The excess of Rs. 4.12 crores under the sub-head 'E 4-Pensions to freedom fighters, their dependents etc.' works out to 63.2 per cent of the original grant of Rs. 10 crores. Similarly, the excesses of Rs. 4.46 crores and Rs. 4.12 crores under the sub-heads 'H1 (4) (1) (2)—Other Schemes' and 'H.2 (2)—Grants for Union Territory Plan Schemes' work out respectively to 99 per cent and 82 per cent of the Original Grants of Rs. 4.38 crores and Rs. 5.01 crores."

"It is also significant that the actual excess totalling of Rs. 14.90 crores under three sub-heads of the Grant have been offset to the extent of Rs. 14.65 crores by re-appropriation and savings under other sub-heads. That the re-appropriations and savings account for about 20 per cent of the final grant of Rs. 71.73 crores indicates the extent to which the estimates have been over-pitched in respect of certain items of expenditure. The Committee have been again and again emphasising in the past the need for narrowing the gap between the Budget Estimates and the Actuals and from the instances of defective estimation of monetary requirements that repeatedly come to their notice, the Committee are constrained regretfully to conclude that adequate attention is not being paid to careful and realistic framing of estimates of expenditure and requirements of funds. The Committee would like to impress upon the Ministry of Home Affairs the need to exercise greater caution and realism in framing of their estimates in future."

[S.N. 5—Appendix XXV—Paras 2.16 & 2.17 of PAC's 180th Report (Fifth Lok Sabha)]

Action Taken

There have been large excesses under the three individual sub-heads viz. (i) 'E.4-Pensions to freedom fighters, their dependents, etc. (Rs. 6,32,04,087), (ii) 'H.1 (4) (1) (2)—Other Schemes (Rs. 4,46,19,000), and (iii), 'H.2 (2)-Grants for Union Territory Plan Schemes' (Rs. 4,11,67,000). The position regarding these excesses is explained below:—

1. Sub-head E. 4 Pensions to freedom fighters, their dependents, etc. (Rs. 6,32,04,007).

A provision of Rs. 10 crores was originally made in the Budget Estimates for the financial year 1973-74 or on *ad-hoc* basis for payment of pensions to freedom fighters. As a result of the review of the Budget allocations, an additional provision of Rs. 5 crores was agreed to by the Ministry of Finance. Accordingly, a provision of Rs. 15.00 crores had been made on the basis of 69,597 cases approved for pensions upto 31st January, 1974. This included provision, required for 61,600 cases for 18 1/2 months i.e. from 15-8-1972 to 31-3-1974. It was considered that the provision of Rs. 15.00 crores would be sufficient to meet our requirements for the financial year 1973-74, as all the sanctions were not likely to materialise for payment during the year.

A review of the budgetary position in regard to the provision of funds on the basis of monthly statements of expenditure received from various Accountants General in respect of different periods was made in March, 1974. The actual expenditure incurred for the periods varying from 6-9 months came to Rs. 8.43 crores. The proportionate expenditure for the remaining period of the year came to Rs. 3.6 crores. Taking into consideration the new sanctions that would materialise for payment subsequent to the period for which actual expenditure had been reported by the A.G.s some *ad-hoc* increase had been allowed over and above the total anticipated expenditure, calculated on the basis of information furnished by various A.Gs. The total requirement of the funds thus amounted to Rs. 14,45,17,000. The actual expenditure incurred by the various A.Gs. on payment of pensions to freedom fighters however rose to Rs. 16,32,04,087. This expenditure exceeded the original grant plus the provision of Rs. 4,45,17,000 made by re-appropriation by Rs. 1,86,87,087. This was due to the fact that payment to more pensioners materialised than anticipated. Past experience showed that generally there was a time lag of 4-6 weeks between the time of issue of sanctions and the issue of pension payment orders by the audit officers. Besides, the Treasury Officers also took some time to make the payment after the receipt of pension payment orders. Thus, it was expected that the expenditure would be confined within the limit of our requirement i.e. Rs. 14,45,17,000. But this did not happen as payments to more pensioners materialised than anticipated. Accordingly, the excess under this sub-head was roughly 12.9 per cent more-

than our requirement which occurred due to unavoidable circumstances.

2. Sub-head H.I. (4) (1) (2)—Other Scheme, (Rs. 4,46,19,000).

Under the sub-head H.1(4) (1) (2)—Other Schemes, a sum of Rs. 4,37,50,000 was originally provided in the Project Estimates 1973-74. The review of the budget made at the B.E. Stage pitched the requirement at Rs. 8,97,61,000. The item-wise break-up of the Centrally Sponsored Schemes is given below:—

Scheme	B.E. (73-74)	R.E. (73-74)
	(Rupees in thousands)	
Post-matric Scholarships	2,42,90	7,28,99
Girls Hostels	16,90	15,21
Career Planning & Allied Schemes	19,80	17,60
Improvement in Working & living conditions of those engaged in unclean occupations	59,95	53,96
Educational guidance and advance action for V Plan	7,00	..
Denotified Tribes	90,95	81,85
	4,37,50	8,97,61

Thus the sanctioned budget grant fell short of our requirement by Rs. 4,60,11,000. The total actual expenditure under this sub-head was only Rs. 8,83,69,000 showing an excess of Rs. 4,46,19,000. From the above it will be observed that the excess expenditure has been only in respect of Post-matric Scholarships Scheme. Our requirements for 1972-73 were Rs. 6.40 crores as against a budget provision of Rs. 4.60 crores for Post-matric Scholarships. As a result of some savings under other schemes, we could manage to release only Rs. 5.16 crores during 1972-73, thus leaving a carry-over of Rs. 1.24 crores. We had asked for a provision of Rs. 4.60 crores for Post-matric Scholarships in the Budget Estimates 1973-74, but on account of the cut in the total provision for Plan Schemes under the Backward Classes Sector from Rs. 15.57 crores to Rs. 12.00 crores, the provision for Post-matric Scholarships was also reduced to Rs. 2.85 crores. But at the time of Revised Estimates 1973-74, it was assessed that on the basis of 15 per cent rate of growth over the actual expenditure of Rs. 6.40 crores in 1972-73 and the actual requirements of the State Governments, the Esti-

mated expenditure on post-matric Scholarship Scheme would be Rs. 9,65,00,000 as indicated below:—

	Rs. crores
(i) 15% growth on Rs. 13.40 crores (Rs. 6.40 crores as the expenditure for 1972-73 + Rs. 7.000 crores. committed expenditure) works out to Rs. 2.01 crores. The total expenditure thus come to Rs. 13.40 + 2.01 i.e. Rs. 15.41 minus Rs. 7 crores (committed expenditure)	8.41
(ii) Added to the above requirement, the commitment in regrd to carry over from last years expenditure	1.24
Total	9.65
(iii) Deduct the provision in the current financial year for Post-matric Scholarships, i.e. Rs. 2.84 crores	2.85
Net requirements	6.80

The Ministry of Finance, however, agreed for 6 crores only as against our demand of Rs. 6.80 crores.

Thus, the R. E. for Post-matric Scholarships was Rs. 6 crores+ 2.85 crores=Rs. 8.85 crores during 73-74.

Since this was based on the actual expenditure as required by the State Governments, the additional requirements were agreed to by the Planning Commission/Ministry of Finance.

The excess expenditure, in question, was met by re-appropriation and savings in other schemes at the end of the financial year.

3. Sub-head—H. 2(2)—Grants for Union Territory Plan Schemes. (Rs. 4,11,67,000).

Provisions of Central Assistance to the Union Territories with Legislature for Union Territory Plan Schemes are made in accordance with the Plan Outlay approved by the Planning Commission. Plan Outlays are bifurcated by the Union Territories for the purposes of determining the requirement of Plan expenditure under Revenue Account and Capital Account separately. This bifurcation is done on the basis of nature of individual schemes approved by the Planning Commission. Proposed expenditure under Revenue Account is provided as grants-in-aid and that under Capital Account as loans.

Plan outlays normally composed of two elements (i) Central assistance and (ii) additional resources mobilisation by the Union Territories. At B.E. 73-74 stage, provisions were limited to the element of Central assistance alone. Following provisions were accordingly included in the Central Budget for Central assistance to these Union Territories in B.E. 73-74.

(Rs. in lakhs)

Union Territories	Approved Plan Outlay	Provisions of Central assistance in B.E. 1973-74		
		Grants	Loans	Total
Goa, Daman & Diu	1173.00	187.70	797.30	985.00
Mizoram	500.00	163.33	165.67	329.00
Pondicherry	384.50	150.00	72.00	222.00
	2057.50	501.03	1034.97	1536.00

The Plan Outlay of Mizoram was, however, augmented to Rs. 600.00 lakhs at the R.E. 73-74 stage. The total provision of Central assistance was less than the Plan Outlays because credit for anticipated additional resources mobilisation during 1973-74 was not taken into account in making budget provision in respect of Goa, Daman & Diu and Pondicherry whereas Plan outlays were fixed taking into account the elements of additional resources to be mobilised by these Union Territories. In respect of Mizoram, however, cut in the provisions of Central assistance was in the nature of economy in Plan expenditure. At the R.E. 73-74 stage, however, the Plan Finance *vide* their U.O. No. 32 (13) PF.II/73, dated the 5th Dec., 1973 allowed the provisions of Central assistance to go up to the level of Plan Outlays. The provisions in R.E. 73-74 were made accordingly and the same are indicated below:

(Rs. in lakhs)

Provisions of Central assistance in
R.E. 73-74

Union Territories	Grants	Loans	Total
Goa, Daman & Diu	292.79	880.21	1173.00
Mizoram	351.25	248.25	600.00
Pondicherry	268.66	111.63	380.29
	912.70	1240.09	2152.79

The total provision of Central assistance in respect of Pondicherry was, however, less than the approved Plan Outlay. This provision was based on actual requirements of the Union Territory.

Thus the reasons for the difference between provisions in B.E. 73-74 and R.E. 73-74 are the reasons for the excess in actual expenditure over the Budget Grants during 1973-74 under the sub-head. Actual expenditure was, however, equal to the provisions made in the Revised Estimates.

2. There have been larger savings under four individual sub-heads viz. (i) G.4(3)—Transitional Payments to former rulers (10,70,00,000); (ii) G.4(5)—Payments to other Governments|Departments in connection with installation of commemorative Stones on the occasion of the 25th Anniversary of India's Independence (Rs. 59,82,000); (iii) H.I.(2) (2)—Assistance for Transport and Handling charges of rice and wheat in J&K (Rs. 1,25,50,000) and (iv) H.2(1) (1)—Grants to meet Non-Plan Revenue Deficit (Rs. 1,17,58,000). The position regarding these savings is explained below:—

1. Sub-head—G.4(3)—Transitional Payments to former rulers (Rs. 10,70,00,000).

There were 278 rulers who were in receipt of privy purse amounts to talling Rs. 4.67 crores per year. On the commencement of the Constitution, (26th Amendment) Act, 1971 from 28th December, 1971, the privy purses were abolished and all rights and obligations in respect thereof extinguished. To enable the former rulers to adjust themselves to the changed circumstances, it had been decided to make lumpsum ex-gratia payments in cash. For this purpose a sum of Rs. 10.7 crores was provided in Budget during 1973-74. Government was, however, advised not to make ex-gratia payments to the former rulers till the Supreme Court's decision on the Writ Petition filed by the two former rulers of Malerkotala and Kurndwad (Jr) challenging the validity of the Constitution (24th, 25th and 26th Amendment) Acts, 1971, is known. No payment was, therefore, made during 1973-74 and the entire amount provided in the Budget was surrendered.

2. Sub-head—G.4(5)—payments to other Govts.|Departments in connection with installation of commemorative Stones on the occasion of the 25th Anniversary of India's Independence (Rs. 59,82,000).

Installation of commemorative stones was one of the important items in the 25th Anniversary Celebrations held from the 15th August, 1972 to the 14th August, 1973. It was announced that 5,000.

commemorative stones would be installed one in each of the 5000 community blocks in the country. It was also decided that the Government of India would meet the cost of the making of the commemorative stones to the maximum limit of Rs. 1500|- per stone. According to the calendar of events the process of installation was required to begin from September 14 and on one day in every month installation of these stones would be done. It was hoped, therefore, that by the month of August, 1973, the installation of these commemorative stones would have been completed in 12 installments. Accordingly, a provision of Rs. 75 lakhs was made in the Budget for the year 1973-74 for the installation of 5000 commemorative stones @ Rs. 1500|- per stone, being the share of the Government of India.

Though the work of installation of the commemorative stones was expected to be completed by August, 1973, most of the State Governments did not complete this work and were able to spend only a sum of Rs. 15,18,000/-. Thus there was a saving of Rs. 59,82,000.

In order to avoid the recurrence of such large scale savings in future, it is proposed to sanction the amount on account of the installations of commemorative stones only to the extent the stones are actually installed by the various State Governments etc. In a very few cases where the State Governments have genuine difficulties in implementing the scheme without advance, the minimum necessary amount in the shape of advance is sanctioned.

3. Sub-head H.1(2)(2)—Assistance for Transport and Handling charges of rice and Wheat in Jammu and Kashmir (Rs. 1,25,50,000).

On the basis of the actual expenditure (Rs. 178.32 lakhs) during the year 1971-72, a modest provision of Rs. 175.00 lakhs was proposed for inclusion in the Budget Estimates 1973-74, and provision accordingly made. This was for purpose of reimbursement of the possible expenditure incurred by them during 1972-73.

2. The State Government informed us in February, 1973 that the actual expenditure during 1972-73 was likely to exceed Rs. 200.00 lakhs due to heavy imports. In order to tide over the then existing difficult position, the State Government also requested for release of Rs. 150.00 lakhs as 'On Account' or provisional payment during 1972-73 itself which would be finalised on the basis of audited figures to be furnished later by the State Government. In view of the circumstances, in consultation with the Budget Division of the Ministry of Finance (particularly as we had no provision in the budget Rs. 150.00 lakhs was sanctioned in March, 1973, and accordingly our

final requirements on this account for 1972-73 was also revised in March, 1973. This stage was too late for us to modify Budget Estimates for 1973-74 for which we had already provided Rs. 175.00 lakhs. The provisional payment of Rs. 150.00 lakhs during the financial year 1972-73 itself as an emergent measure accounts for substantial reduction in expenditure during 1973-74.

3. Another important factor was that in September and November, 1973 the State Government informed us that the Food Corporation of India extended their operation in Jammu and Kashmir State with effect from 1-4-1973, and supplies made by them were F.O.R., Srinagar or Jammu as the case may be. As such, the State Government were not to incur any expenditure to meet the transportation charges from the rail head. This information was also rather too late for us to suitably modify our Budget Estimates for 1973-74. This therefore, accounts for reduction in actual expenditure, which would not be anticipated by us well in time. However, on the basis of the audited figures of expenditure for 1972-73, we could, however, reimburse Rs. 49.50 lakhs only during 1973-74, as no provision was retained by us in R.E. 1973-74, taking into account the provisional payment of Rs. 150.00 lakhs made to the State Government during 1972-73 on account of expenditure in 1972-73. Thus the saving was due to unforeseen circumstances.

4. Sub-head H. 2(I)(I)—Grants to meet Non-Plan Revenue Deficit (Rs. 1,17,58,000).

As is evident from the description of the sub-head, grants-in-aid are given to the Union Territories with Legislature to meet their deficit on account of Revenue expenditure under non-plan. A provision of Rs. 1493.19 lakhs was made in the Central Budget for payment of grants-in-aid to the Union Territories of Goa, Daman & Diu, Mizoram and Pondicherry during 1973-74. As per existing procedure these provisions were made before the end of the financial year 1972-73 and the beginning of 1973-74. At the close of the financial year 1972-73, however, an unspent balance of Rs. 121.22 lakhs was disclosed in the Consolidated Fund of Pondicherry. This balance amount was taken into account while reviewing the sanctioned budget and releasing grants-in-aid to the concerned Union territories. Hence a saving of Rs. 121.22 lakhs which was off set to the extent of Rs. 3.64 lakhs by additional requirement of Goa, Daman and Diu leaving a net saving of Rs. 117.58 lakhs under the sub-head.

The circumstances under which the UT of Pondicherry had an unspent balance of Rs. 121.22 lakhs in their Consolidated Fund at

the end of 1972-73 have been gone into in detail. The reasons for unspent balance are as under:—

- (i) collection of more receipts than anticipated during 1972-73 as indicated below :

	(Rs. lakhs)
Budget Estimates 1972-73	459.70
Revised Estimates 1972-73	499.92
Actual collections during 1972-73	617.68
Increase in actuals over Revised Estimates	117.76

- (ii) short fall in expenditure by some of the Departments of the Union Territory.

Instructions have been issued to the Union Territory in detail to avoid such a situation in future. A copy of this Ministry's letter No. U-15019/5/75-Plg., dated 15-10-75 is enclosed.

The findings of the Public Accounts Committee have been brought to the notice of all concerned authorities emphasising upon them the need to exercise greater caution and realism in framing their budget estimates in future in order to narrow down the gap between the Budget Estimates and the Actuals. A copy of the circular is enclosed.

[Ministry of Home Affairs O.M. No. 34/3/75-AC.I, dated the 7th April, 1976].

Copy of letter No. U-15019/3/75-Plg. dated 15th October, 1975 from the Ministry of Home Affairs to the finance Secretary, Government of Pondicherry, referred to in the Explanatory Note received from the Ministry.

SUBJECT:—Unspent balances in the Consolidated Fund of Pondicherry.

Sir,

I am directed to refer to your demi-official letter No. 16343/75/F.1(B), dated the 23rd September, 1975 on the subject noted above and to say that realisation of more receipts and incurring of less expenditure than anticipated at the Revised Estimates stage can

hardly be considered as the valid reasons for unusually large unspent balances in Consolidated Fund of Pondicherry at the end of financial year 1971-72, 1972-73 and 1973-74. Realisation of more receipts than estimated at the R.E. stage has been reported due to certain post-R.E. developments. Assuming that the sayings in expenditure was also due to certain post—R.E. development, the UT did have further occasions to minimize the scope of having unspent balances in its Consolidated Fund.

2. Release of Central assistance is made by this Ministry after ascertaining the final requirements of the UTs towards the end of each financial year. Final requirements ought to be assessed by the UT on the basis of actual realisation of Receipts/Recoveries, actual expenditure upto December/January and realistic estimates thereof during the remaining two/three months of each financial year. If this exercise is undertaken carefully by the UT, there should be hardly any scope of having a large unspent or minus balance in its Consolidated Fund. On the other hand the UT of Pondicherry have been projecting their final requirements to be equal to the provisions made in the Revised Estimates without taking into account the post-R.E. developments. This is precisely the reason for the unspent balances in the Consolidated Fund of Pondicherry at the end of financial year 1971-72, 1972-73 and 1973-74.

3. It is suggested that in future, final requirements of grants-in-aid loans may be assessed in the manner indicated in the preceding paragraph so as to avoid the recurrence of such a situation.

Copy of circular letter No. 34/3/75-AC.I, dated 6th February, 1976 from the Ministry of Home Affairs, referred to in the Ministry's Action Taken note.

SUBJECT:—*Recommendations of the Public Accounts Committee (1975-76) contained in their Hundred and Eightieth Report (Fifth Lok Sabha).*

Sir,

I am directed to say that the Public Accounts Committee in their Hundred and Eightieth Report (Fifth Lok Sabha) have made the following observations:—

“The Committee have been again and again emphasising in the past the need for narrowing the gap between the Budget Estimates and the Actuals, and from the instances of defective estimation of monetary requirements that repeatedly come to their notice. The Committee are cons-

trained regretfully to conclude that adequate attention is not being paid to careful and realistic framing of estimates of expenditure and requirements of funds. The Committee would like to impress upon the Ministry of Home Affairs the need to exercise greater caution and realism in framing their estimates in future."

I am, therefore, to request that while framing their Budget Estimates, greater caution and realism may be exercised in order to narrow down the gap between the Budget Estimates and the Actuals.

Recommendation

The Committee are concerned to find that the excess expenditure of Rs. 19.57 lakhs incurred under the sub-head 'E. 1 (2) (3)—Miscellaneous' in the Revenue Section of Grant No. 53 relating to the Union Territory of Chandigarh, works out to almost 100 per cent of the final grant of Rs. 20 lakhs. Since the steep rise in the cost of materials and labour attributed as one of the reasons for the excess expenditure should logically be reflected in other items of construction expenditure incurred during the year as well, the Committee consider it rather strange that the impact of the escalation in the cost of materials and labour should have been felt only on maintenance works. The Committee are, therefore, not convinced by the reasons furnished by the Ministry of Home Affairs for this unduly large excess expenditure. The Committee would very much like to know why the effect of the increase in the cost of labour and materials could not be anticipated at least at the time of preparation of the revised estimates and adequate funds provided for in the Supplementary Budget. The Committee wish it to be ensured that in future, the revised estimates will be prepared with greater care so that the excess, if any, other voted grants may not be appreciable.

[S. No. 6—Appendix XXV para No. 2.22 of the PAC's 180th Report (Fifth Lok Sabha)].

Action Taken

The matter has been investigated in consultation with the Chandigarh Administration and the Ministry of Works and Housing which is concerned with making budget provision under sub-head 'E. 1 (2) (3)—Miscellaneous'. The impact of increase in the cost of materials and labour was felt on all items of construction during the year 1973-74 but it was possible to restrict expenditure on new items of works either by abandoning them or slowing down the progress

Since the expenditure on maintenance was incurred on items of unavoidable nature like essential services as electricity supply, sewages disposal, preservation of plantation already done along road sides and in open spaces, maintenance of public roads to a minimum standard, the expenditure could not be restricted to the same extent as was possible in other items of construction. The effect of the increase in the cost of labour and materials was anticipated by the Chandigarh Administration at the time of framing Revised Estimates and adequate funds were proposed therefor. But, as stated by the Chandigarh Administration, the Ministry of Works and Housing reduced the same and the amount accepted was found inadequate. The Ministry of Works and Housing who were asked to explain the reasons for curtailing the administration's requirement, have stated that the funds proposed by the administration could not be provided because Government were going through acute financial crises and several kinds of ban orders and instructions were in force, not only on Capital works but also on minor works, repairs and maintenance, etc. Though the Administration made its best efforts to keep the expenditure within the budget provision, the excess expenditure could not be avoided on the maintenance of essential services.

The observations of the Public Accounts committee have, however, been brought to the notice of the U.T. Administration and instructions have been issued by them to all the D.D.Os under their control for preparing Revised Estimates with greater care, high lighting essential requirements for maintenance works.

The note has been vetted by Audit.

[Ministry of Home Affairs O.M. No. U/15030/10/75-AC II,
dated the 26th February 1976].

Recommendation

In respect of the Capital Section of Grant No. 53—Chandigarh the excess expenditure of Rs. 30.09 lakhs under sub-head 'K. 1—Electricity Schemes' under Major Head 101 Works out to as high as 250 per cent of the grant of Rs. 12 lakhs, while the excesses under the sub-heads 'M.1(1)—Land Acquisition and Survey' and 'M(1)(2)—Roads and Bridges' of Major Head 105 works out to over 100 per cent and 33 per cent respectively of the grants of Rs. 20.70 lakhs and Rs. 36.35 lakhs. That such large excesses should occur would indicate that adequate financial control has not been exercised by the Union Territory Administration. The Committee consider that the excesses over voted grants under the above heads are unduly high

and perturbing, which calls for a detailed investigation preparatory to suitable remedial measures and stricter budgetary control.

[S. No. 9 of Appendix XXV, para 2.25 of 180th Report
(5th Lok Sabha)]

Action Taken

The matter has been investigated in consultation with the Union Territory Administration—'Chandigarh' and it has been observed that the excess expenditure under the sub-heads referred to in the Committee's recommendations occurred mainly due to the following post budget developments:—

K. 1-Electricity Schemes: The expenditure was incurred on providing new electric connections to the owners of the plots sold by the Administration in the second phase development of Chandigarh Capital Project and new electric connection to the new Industrial units of plots sold by the Government in extended industrial areas and as also for rural electrification which was scheduled to be completed by the end of the year.

M. 1(1)-Land Acquisition and Survey: The amount of Rs. 20.70 lakhs granted for the schemes proved to be inadequate due to creation of new sectors in second phase development of Chandigarh Cap Project. Since development could not proceed without first acquiring land, expenditure was incurred therefor.

M. 1(2)-Roads and Bridges: Plots could be sold in the new sectors in the second phase development only after main pucca roads had been laid there. The excess expenditure was necessitated for completing roads under construction as abandoning of the work would have caused loss to Government. The excess expenditure is for creation of plots for sale to public thereby earning receipts which are utilised on the Project.

As regards the control of expenditure the Administration has been adopting the following procedure so as to keep the expenditure within the voted grant/Appropriation. (i) While communicating the accepted estimates in respect of Revised Estimates for particular financial year and Budget Estimates for the next financial year each concerned Drawing and Disbursing Officer is given the directions to ensure that actual expenditure does not exceed the amount accepted by the Government of India. Such directions are again repeated at the time of communicating grants voted by the Parliament.

(ii) A monthly statement of departmental figures of expenditure is secured from each Drawing and Disbursing Officer by the 10th of a month following that to which it pertains. These statements are also reviewed in a meeting with the D.D.Os. by the middle of each month and they are required to contain the expenditure within the approved amounts.

(iii) After receipt of the figures of expenditure from the A. G. Himachal Pradesh and Chandigarh, the same are communicated to the concerned D.D.Os who are required to explain reasons of rapid/slow pace of expenditure, if any, and regulate expenditure so as to keep it within the budget grant.

However, the Union Territories Administration, including Chandigarh Administration, have been issued instructions to have effective budgetary control and not to incur expenditure over and above the sanctioned amount merely on the assumption that extra funds will be provided by the Government of India. (A copy of the Ministry of Home Affairs Letter No. U. 15023/1/74-Ac. II (pt.) dated 25-4-75 is enclosed). The Administration have also assured that effective steps will be taken to enforce financial discipline and accepted amount will not be exceeded without first getting assurance for additional funds in future.

The Note has been vetted by Audit.

[Ministry of Home Affairs O.M. No. U/15030/11/75-Ac. II
dated the 8th April, 1976]

Copy of Ministry of Home Affairs letter No. U. 15023/1/74-Ac. II (pt.) dated 25th April, 1975, referred in the Ministry's Action Taken Note.

SUBJECT.—Excesses over Voted Grant/Charged Appropriation—Regularisation thereof.

I am directed to say that at the time of furnishing the explanations for Excess expenditure over Voted Grant/Charged Appropriation under various grants relating to the Union Territories (without Legislature) the administrations have, in most of the cases, come with the common reason that the excess expenditure has been incurred due to lesser allotment of funds by the Government than asked for by the administrations. The authorities concerned in this case by incurring the excess expenditure over and above the allotted funds have clearly worked against the existing Rules (Government decision (1) below Rule 71 GFR). They should not have worked

on the assumption that the funds asked for would be provided in full by the Government. They should have first of all ensured the provision of additional funds from the Government before exceeding the budget provision. This irregular activity of the concerned authorities has made it extremely difficult to explain the excesses before the Public Accounts Committee.

2. In view of the prevailing economic difficulties Government have been adopting certain economy measures *e.g.* ban on construction of Non-functional buildings and other non-plan expenditure, during the past few years. Since the budget of the Union Territories is reviewed by various Ministries/Departments of the Government, who are administratively concerned with the particular schemes/services and making budget provision therefor, these Ministries/Departments after taking into account the justifications furnished by the Administrations for enhanced provision and the economy instructions issued by the Government from time to time, provided funds more/less than the original budget in Revised Estimates. It has been observed that the administrations go on incurring the expenditure without attaching any significance to the amount recommended/approved by the Ministries/Departments of the Government, in Revised Estimates. This sort of tendency has particularly been noticed in the public Works Departments of all the Union Territories. This clearly indicate the extent to which the control over expenditure where there is always admittedly scope for economy, was lax.

3. Besides, instances have come to the notice when excess is explained to be due to the reasons like late adjustment of debits, making more payment than anticipated, misclassification of expenditure, rises in prices of articles, etc. These do not answer the query why these contingencies could not be foreseen and provided for before actually incurring the expenditure.

Thus, there are reasons to believe that every thing is not going rightly with the financial control and checks, exercised by the administrations. The administrations may please impress upon the various Drawing and Disbursing Officers the need for greater financial discipline and strict budgetary control. It may also be impressed upon all concerned that incurring expenditure over and above the sanctioned allotment, without first getting assurance in writing about the provision of additional fund, from the concerned Ministry of the Government of India, will be taken as a serious lapse of financial discipline on the part of the officer.

Recommendation

The excesses of Rs. 1.17 crores and Rs. 1.27 crores which occurred under the sub-heads 'D.1(6)-Suspense' and 'E.2(2)-Miscellaneous and Unforeseen Charges' of Grant No. 55 relating to Arunachal Pradesh work out respectively to about 48 per cent and 84 per cent of the Grants of Rs. 2.45 crores and Rs. 1.51 crores. One of the reasons for the excess under 'D-1(6)-Suspense' is stated to be the unexpected adjustment of debits pertaining to earlier years towards the close of the year. Similarly the excess under 'E.2(2)—Miscellaneous and Unforeseen Charges' has been attributed to the unexpected adjustment of debits pertaining to the years 1971-72 and 1972-73. Since the expenditure on air dropping of commodities in Arunachal Pradesh by Indian Air Force Planes is a recurring liability, the Committee feel that it should have been possible to assess more correctly the requisite commitment on this account. In the opinion of the Committee such a situation could well have been avoided by a closer watch and control over recurring liabilities of this nature.

The Committee are also unable to understand why it had not been possible for the Arunachal Pradesh Administration to make necessary provision in respect of liabilities relating to earlier years, at least while framing the Revised Estimates if not earlier. The Committee are surprised to find that no provision had been proposed in the Supplementary Grant. In the circumstances, the Committee have to conclude that the Budget Estimates and Revised Estimates had not been framed judiciously after taking into account the probable requirements and anticipated liabilities by the relevant authorities.

[S. No. 10-Appendix XXV paras 2.30 & 2.31 of 180th Report of
PAC (5th Lok Sabha)]

Action taken

The observations of the Public Accounts Committee have been brought to the notice of Arunachal Pradesh Administration for future guidance *vide* this Ministry's letter No. U.15030/8/75-Ac. II dated the 20th August, 1975.

The note has been vetted by Audit.

[Ministry of Home Affairs O.M. No. U. 15|030|8|75—Ac II dated
the 15th November, 1975]

Copy of Ministry of Home Affairs letter No. U. 15030/8/75-Ac II dated 20th August, 1975 to the Chief Secretary, Arunachal Pradesh Administration, referred to in the Ministry's Action Taken Note.

I am enclosing a copy of 180 Report of the Public Accounts Committee (1975-76)—5th Lok Sabha. The paras 2.30, 2.31 and 2.32 deals with the excess over voted grant No. 55—Arunachal Pradesh for 1973-74.

The observations/recommendations of the PAC contained in the paras 2.30, 2.31 and 2.32 may please be brought to the notice of all concerned for future guidance.

In para 2.32 of the Report, the Committee has observed that the system of budgeting adopted by the Admn. is far from satisfactory and requires a closer analysis with a view to taking appropriate rectificatory steps to avoid excess over the voted grant. As desired by the PAC, the system of budgeting adopted by the Admn. may please be analysed and appropriate rectificatory steps may be taken to avoid recurrence of excess in future.

Please acknowledge receipt.

Recommendation

"In paragraph 2.28 of their 134th Report (Fifth Lok Sabha), the Committee had, *inter alia*, commented upon the excess expenditure incurred in the Grant relating to Arunachal Pradesh and had impressed upon the Ministry the need to exercise greater care in framing their estimates realistically in future. While the excess over the voted grant was only about 2 per cent of the Final Grant in 1972-73, the Committee are concerned to note a deteriorating trend in 1973-74, when the excess has increased to about 10 per cent. The Committee view with disfavour such variations between the original Budget Estimates and the Actuals. It would appear that the system of budgeting adopted by the Arunachal Pradesh Administration is far from satisfactory and required a closer analysis with a view to taking appropriate rectificatory steps. The Committee would watch the improvements effected through future Appropriation Accounts."

[S. No. 11-Appendix XXV, para 2.32 of 180th Report of PAC
(5th Lok Sabha)]

Action taken

The observations/recommendations of the Public Accounts Committee have been brought to the Notice to Arunachal Pradesh

Administration vide this Ministry's letter No. U.15030/8/75-Ac. II dated the 20th August, 75. The Administration has been instructed to analyse the system of budgeting adopted by them and to take rectificatory steps to avoid recurrence of excess, in future.

The note has been vetted by Audit.

[Ministry of Home Affairs O.M. No. U. 15030/8/75—Ac II dated the 15th November, 1975.]

Recommendation

The Committee are distressed to find that adequate attention has not been paid by the Lakshadweep Administration to the provision of funds for meeting liabilities relating to the earlier years. An excess of Rs. 0.84 lakhs had occurred in the Revenue Section of Grant No. 57 relating to Laccadive, Minicoy and Amindivi Islands under the sub-head 'D I(2) (1)-Maintenance' on account of adjustment of the cost of High Speed Diesel Oil purchased in 1971-72 and 1972-73. Similarly in the Capital Section of the Grant, the excess of Rs. 2.67 lakhs was mainly due to the adjustment of debits in respect of supplies received during 1971-72 and 1972-73. The non-maintenance of liability register by the Electricity Department of Lakshadweep Administration and its consequent inability to anticipate correctly at the time of Budget Estimates, the liabilities of preceding years, is even more surprising. The Committee hope there would be a better and stricter control of expenditure by the Administration in future.

[S. No. 12—Appendix XXV, Para 2.36 of 180th Report of PAC (5th Lok Sabha)]

Action Taken

The observations of the Public Accounts Committee have been brought to the notice of the Lakshadweep Administration vide this Ministry's D.O. No. U. 15030/7/75-Ad. II dated 22-8-75 with a request to ensure a better and stricter control of expenditure in future.

The note has been vetted by Audit

[Ministry of Home Affairs O.M. No. U. 15030/7/75-Ac. II dated the 19th November, 1975]

Copy d.o. No. U. 15030/7/75-Ac. II dated 22nd August 1975 from the Ministry of Home Affairs to the Administrator, Lakshadweep Administration, referred to in the Ministry's Action Taken Note.

I am enclosing a copy of observations/recommendations contained in paragraphs 2.33 to 2.36 of the 180th Report of the Public Ac-

counts Committee (1975-76)—Fifth Lok Sabha. The paras deal with the excess over voted grant No. 57—Laccadive, Minicoy and Amin-divi Islands for 1973-74.

The observations/recommendations of the Public Accounts Committee may please be brought to the notice of all concerned with strict instructions to ensure a better and stricter control of expenditure in future. You may also let us know the measure you would adopt to avoid recurrence of such excess expenditure.

Please acknowledge the receipt of the letter.

Recommendation

The Committee are once again constrained to record their serious concern and displeasure over the persistent excesses that continue to recur, almost unabated, in the grant relating to Public Works administered by the Ministry of Works and Housing. The excesses recorded in this grant during the preceding five years were Rs. 21.90 lakhs in 1968-69, Rs. 19.58 lakhs in 1969-70, Rs. 492.72 lakhs in 1970-71, Rs. 330.41 lakhs in 1971-72 and Rs. 660.22 lakhs in 1972-73. The excess of Rs. 2.27 crores during 1973-74 in the "Charged" and "Voted" section of the Grant (No 87) represents about 20 per cent of the aggregate excess expenditure of Rs. 10.86 crores incurred during the year. The Committee are exceedingly disturbed over this trend of excess expenditure on Public Works noticed year after year and are of the view that the situation is highly unsatisfactory which calls for drastic remedial measures to inculcate in the Ministry a greater sense of financial discipline. The Committee would stress that concrete measures should be taken to check the persistent tendency on the Part of the Public Works Department to exceed the budgetary provisions without coming up in time with feasible proposals for additional funds.

[Sl. No. 13(Para 2.43) of Appendix XXV to the 180th Report of PAC
(5th Lok Sabha).]

*Action Taken

The major portion of the excesses pointed out by the Committee in the various years have occurred mainly under the Head "Suspense" and "Repairs". As has been intimated to Committee on previous occasions also the excess under "Suspense" is mainly due to the system of Gross Budgeting. A proposal for changing over to net budgeting is under consideration in consultation with the Ministry of Finance (Department of Economic Affairs) and the Comptroller and

*Not vetted by Audit.

Auditor General of India. Once the new system is introduced it is expected that excesses under "suspense" will be reduced. The expenditure under the head "repairs" includes items of a committed nature e.g. salary of work charged staff, Rent, Rates and Taxes and failure to meet such commitments may lead to embarrassment to Government. Every effort will, however, be made to make provision in the Budget for such expenditure in time and to restrict expenditure within the Budget provision.

It may, however, be pointed out that even though departmental figures of expenditure are available immediately to the Ministry, the correct actual expenditure can be had only after the accounts have been finalised by the Accountants General. This naturally takes time and the time lag between the incidence of expenditure and its final compilation and reporting makes the budgetary control not very effective. With the departmentalisation of accounts with effect from 1-7-76, when the accounting function also will be under the Ministry, it will be possible to keep closer watch on the actual expenditure and to take timely action to control deviations or excesses.

[Ministry of Works & Housing O.M. No. G-25015/16/75-Bt (Pt.)
dated the 3rd July, 1976]

Recommendation

It is a matter of particular concern to the Committee that despite their comments year after year significant excesses continue to recur under the sub-heads 'A. (2) (1)-Buildings' (Rs. 166.79 lakhs in 1973-74 and 'A.7(1)-Stock-Charges' (Rs. 157.58 lakhs in 1973-74) of the Grant relating to Public Works. Better financial control could and should have been exercised by the authorities concerned. Expressing deep distress over the deterioration in the administration of this grant, the Committee, in paragraph 2.55 of their 134th Report (Fifth Lok Sabha), had, *inter alia*, desired that the Ministry should examine whether there were any inherent defects in the system in vogue and then devise suitable machinery for a reasonably accurate forecast of requirements of funds. It is disquieting that the action if any, taken by the Ministry on this recommendation of the Committee had not been intimated till the finalisation of this Report. The Committee would reiterate their earlier recommendation and would call on the Ministry of Works and Housing to undertake immediately a detailed examination of the existing arrangements and devise suitable remedial measures.

[Sl. No. 14 (Para 2.44) of Appendix XXV to 180th Report of the
Public Accounts Committee (Fifth Lok Sabha)]

Action Taken

The excess of Rs. 157.58 lakhs in 1973-74 was not on account of A.7(1)-Stock Charges but on account of A-7(2)-Other Suspense Account Charges. The excess under A.7(1)-Stock charges was Rs. 98.65 lakhs as mentioned in para 2.40 of the report of the Committee. As mentioned in the Report, a Task Force had been set up and it had certain recommendations regarding change in procedure of budgeting for Stocks and Suspense, which would have the effect of improving expenditure control. The recommendations of this Task Force are, however, still under examination in the Ministry of Finance in consultation with the C.&A.G. of India. As for excess of Rs. 166.79 lakhs under the head Repairs A.2(1)-Buildings, the position is that the pay and allowances of work charged staff engaged in the Enquiry offices for attending day to day running repair and maintenance are booked as 'works expenditure'. Because of the implementation of the recommendation of the Third Pay Commission, the pay and allowances of the work charged staff also went up and these had to be paid as obligatory expenditure with retrospective effect and this, in turn raised the 'works expenditure'.

However, as mentioned in reply to Para 2.43, strict instructions have been issued to all Chief Engineers etc. not to exceed the budget provisions.

[Ministry of Works & Housing O.M. No. G-25015/16/75-Bt. dated the 16th April, 1976.]

Recommendation

An excess expenditure of Rs. 5.38 lakhs had been incurred in the 'Charged' portion of the Capital Section of grant No. 27 relating to the Department of Social Welfare under the sub-head 'F. (1)-Rehabilitation of rehabilitable families of displaced persons from East Pakistan.' That the additional requirements of funds for meeting the expenses on the rehabilitation of displaced persons from the erstwhile East Pakistan should have been as high as 107.6 per cent of the original sanctioned Appropriation is, in the opinion of the Committee, indicative of a gross under-estimation of monetary requirements. Considering the fact that the liability on this account was by no means unforeseen or unexpected, the Committee are of the view that it should have been possible to assess more realistically the commitments in this regard. The Committee desire that the Department should evolve, in consultation with the Ministry of Finance, suitable mechanisms to ensure a more realistic and accurate forecast of monetary requirements.

[S. No. 16 Appendix XXV, Para 2.50 of 180th Report of the
PAC (5 L.S.)]

Action taken

The scheme under reference is intended for loans to the displaced families staying in Homes/Infirmaries for purchase of land, house building and business purposes to enable them to settle in normal life. The parties concerned had to approach the State Governments for assistance and the loans were granted by the State Governments. In this connection, the pitiable condition of the displaced persons who had come to West Bengal and Bihar from the former East Pakistan territory on account of various atrocities can scarcely be exaggerated. The demand from the displaced persons for rehabilitation loans was naturally very heavy, but Government could provide for relief only to the extent its resources could bear the brunt. During the year 1972-1973, the Government of India was able to provide for Rs. 25 lakhs in this behalf (Rs. 20 lakhs to West Bengal and Rs. 5 lakhs to Bihar). During the year 1973-74, it was originally envisaged to provide a higher sum but due to constraints in resources, only a sum of Rs. 5 lakhs could be provided in the budget.

2. It may thus be appreciated that at the estimating stage, it was proposed to consider a higher provision but due to Government's decision to restrict the Plan Outlay for this Sector for 1973-1974 to Rs. 23 crores only, the Department was obliged to prune the provision for this scheme to Rs. 5 lakhs, in view of severe budgetary constraints.

3. Detailed Departmental instructions laying down the drill and machinery for processing proposals for budget formulation and re-appropriation of funds already exist. However, in view of the remarks made by the Public Accounts Committee, these instructions have been reiterated through an office order issued on 20 September 1975, wherein the responsibilities of officers at various levels have been clearly delineated.

[Ministry of Education & Social Welfare, Department of Social Welfare O.M. G25015|17|75 Bgt. (IF) dated the 19th June 1976].

Recommendation

(1) The Committee are surprised to observe that an expenditure of Rs. 0.41 lakhs incurred in the Capital Section of 'Grant No. 35-Currency, Coinage and Mint', in satisfaction of a Court decree was initially adjusted by the Central Public Works Department as a 'Voted' item of expenditure and later on accounted for as 'Charged' even though expenditure incurred in satisfaction of awards of arbit-

ral tribunals, court awards or decrees, etc. is correctly debitabie as 'Charged' expenditure, in accordance with the provisions of Article 112(3) of the Constitution and paragraph 2.1.9 of the Central Public Works Accounts Code. The Committee have had occasion earlier to comment on a similar instance of misclassification, also by the Central Public Works Department, in paragraph 2.65 of their 134th Report (Fifth Lok Sabha). The Committee are concerned that such patent misclassifications should continue to recur, despite clear provision in the relevant rules. The Committee cannot countenance such recurrent lapses and desire that positive instructions should be issued by the Ministry of Finance and the Ministry of Works & Housing to eliminate such misclassifications in future.

(ii) Even though the second item of excess expenditure of Rs. 0.91 lakh incurred in the Grant as result of misclassification of a 'Voted' expenditure as 'Charged' does not require regularisation, in terms of paragraph 7 of the Committee's 16th Report (First Lok Sabha) the Committee are concerned to note that the Central Public Works Department should have classified payments made against two arbitration awards, which are distinctly different from the awards of a court or arbitral tribunal, as a 'Charged' item of expenditure despite a clear and unambiguous legal advice in this regard. The Committee desire that the instructions issued in this behalf in 1964 should be suitably reiterated and brought to the notice of all concerned so that mistakes of this nature do not recur.

[Sl. No. 18 (Paras 2.54 & 2.56) of Appendix XXV to 180th Report of Public Accounts Committee (Fifth Lok Sabha)].

Action Taken

(i) *Ministry of Works and Housing:*

The Finance Ministry have clarified the position in their O.M. No. F. 8(22)-B/75 dt. 15-11-75 and this has been brought to the notice of all concerned *vide* this Min. Memo No. G-25015/16/75-BT. dt. 16.12-76.

[Ministry of Works & Housing O.M. No. G-25015/16/75-Bt. dated the 16th April, 1976.]

Copy of Office Memorandum No. 25015/16(75-Bt. dated the 16th December, 1975 from the Ministry of Works and Housing, New Delhi to all the Attached/Subordinate Officers under this Ministry etc. etc.

SUBJECT: Payment in satisfaction of Court decrees, etc., Arbitral Awards—Classification of expenditure as 'Charged' or

'Voted'—Observations made by the Public Accounts Committee in their 180th Report (5th Lok Sabha).

A copy of Ministry of Finance (Department of Economic Affairs) Office Memorandum No. F. 8(22)-B/75 dated the 15th November, 1975 (together with the enclosures mentioned therein) is sent herewith for information, guidance and strict compliance.

Copy of Office Memorandum No. F. 8(2)-B/75 dated the 15th November, 1975 from the Ministry of Finance (Department of Economic Affairs), New Delhi to all the Ministries/Department etc. etc.

SUBJECT: Payment in satisfaction of Court decrees, etc. Arbitral Awards—Classification of expenditure as 'Charged' or 'Voted'.

The undersigned is directed to invite reference to the observations of P.A.C. in paras 2.54 and 2.56 of their 180th Report (5th Lok Sabha (Extract enclosed) wherein the Committee have expressed concern on misclassification of expenditure despite clear instructions on the subject.

2. As will be seen from para 2.54, the expenditure which, should have been correctly classified as 'Charged' expenditure was initially adjusted by the Department as a 'Voted' item of expenditure and later on accounted for as 'Charged' expenditure. In this connection attention is invited to Article 112(3) (f) of the Constitution whereunder it is clear that any sums required to satisfy any judgement, decree or award of any court or arbitral tribunal is debitable as 'Charged' expenditure. P.A.C. desires that Ministries/Departments take due care to avoid recurrence of such misclassification.

3. In para 2.56 of the Report the Committee have drawn attention to a misclassification of expenditure on account of payments made against two arbitration awards, as 'Charged' item of expenditure though these were distinctly different from the awards of a court or arbitral tribunal.

In this connection attention is invited to this Ministry's O.M. No. F1(124)-B/64, dated 13-11-64 (copy enclosed wherein the scope of treating such expenditure as 'Voted' or 'Charged' has been clearly brought out.

Ministry of Home Affairs, etc., are requested to take note of the above observations of the Committee carefully and avoid the re-

currence or such misclassifications of expenditure between 'Voted' or 'Charged' in future.

Para 2.54 of 180th Report of P.A.C. (5th Lok Sabha).

The Committee are surprised to observe that an expenditure of 0.41 lakh, incurred in the Capital Section of "Grant No. 35-Currency", Coinage and Mint in satisfaction of a Court decree was initially adjusted by the Central Public Works, Department as 'Voted' item of expenditure and later on accounted for as 'Charged' even though expenditure and incurred in satisfaction of award of arbitral tribunals, Court awards or decrees, etc., is correctly debitible as 'Charged' expenditure in accordance with the provisions of Article 112(3) of the Constitution and paragraph 3.1.9 of the Central Public Works Account Code. The Committee have had occasion, earlier to comment on a similar instance of mis-classification, also by the Central Public Works Department, in paragraph 2.65 of their 84th Report (Fifth Lok Sabha). The Committee are concerned that such patent mis-classification should continue to recur, despite clear provisions in the relevant rules. The Committee cannot countenance such recurrent lapses and desire that positive instructions should be issued by the Ministry of Finance and the Ministry of Works and Housing eliminate such mis-classifications in future.

Para 2.56 of 80th Report of P.A.C. (5th Lok Sabha).

Even though the second item of excess expenditure of Rs. 0.91 lakh incurred in the grant as a result of mis-classification, 'Voted', expenditure as 'Charged' does not require regularisation, in terms of paragraph 7 of the Committee's 16th Report (Fifth Lok Sabha), the Committee are concerned to note that the Central Public Works Department should have classified payments made against two arbitration awards, which are distinctly different from the awards of a court or arbitral tribunal, as a 'charged' item of expenditure, despite a clear and unambiguous legal advice in this behalf in 1964 should be suitably reiterated and brought to the notice of all concerned so that mistakes of this nature does not recur.

Ministry of Finance (Deptt. of Economic Affairs)

Instructions have since been issued to all Ministries/Departments to ensure that mis-classification of the nature referred to in the above paras do not recur in future, *Vide* this Ministry's Office Memorandum No. F.8(22)-B/75, dated 15-11-75 copy of which is enclosed.

Copy of Ministry of Finance (Department of Economic Affairs)
O.M. No. F9(22)-B/75 dated 15th November, 1975.

Subject:—Delay in the submission of 'Notes' regarding regularisation of excesses disclosed in the Appropriation Accounts for the year 1973-74, to the Public Accounts Committee.

The undersigned is directed to invite a reference to this Ministry's Office Memorandum No. F.8(53)-B/74 dated 16th April, 1975, laying down the procedure for submission of Notes/Memoranda regarding regularisation of excesses over voted Grant/Charged Appropriations as disclosed in the Appropriation Accounts, to the Public Accounts Committee. As emphasised therein, these 'Notes' are required to be furnished to the Public Accounts Committee immediately after the presentation of the Appropriation Accounts before Parliament or by 31st May, whichever is earlier. In spite of the repeated instructions on the subject, the 'Notes' relating to excesses disclosed in the Appropriation Accounts for the year 1973-74 were delayed on one account or the other. The Public Accounts Committee in Para 2.10 of their 180th Report (5th Lok Sabha) as reproduced below, have expressed their displeasure over the inordinate delays in submission of such notes.

"The Committee are once again constrained to record their displeasure over the delays in the submission of the explanatory notes on excesses over Voted Grants and Charged Appropriations that continue to recur despite their earlier exhortations. Out of 27 notes relating to the expenditure incurred in excess of amounts authorised by Parliament during 1973-74, only 6 notes had been received by the stipulated due date, 14 notes in June, and 7 notes in July, 1975. The Committee, in particular, are unable to condone the conscionable delays that had occurred in respect of the explanatory notes relating to 'Grant No. 75' of the Ministry of Shipping and Transport and 'Grant No. 53' Chandigarh administered by the Ministry of Home Affairs, which were received only on 18th July and 30th July, 1975 respectively. The Committee are dissatisfied with this state of affairs and desire fixation of responsibility for appropriate action. The Committee would not countenance such delays in future" [Para 2.10 of the 180th Report of the P.A.C. (5th Lok Sabha)]."

2. Any delay in the submission of these 'Notes' besides inviting criticisms from the P.A.C., thwarts the programme of the Commit-

tee in finalising their Report on excesses and also acts as a set-back to the submission of the excess Demands to Parliament. It is again stressed upon Ministries/Departments to ensure that the 'Notes' are finalized and submitted to the Committee within the stipulated time.

3. Ministries/Departments are requested to take note of the above observations of the Committee and take suitable action to ensure that the 'Notes' on excess Expenditure duly vetted by Audit, reach the Public Accounts Committee by the prescribed date, without fail.

Recommendation

The Committee would also like the Ministry of Works and Housing to examine this particular lapse with a view to seeing whether the supervision exercised over the accounting of expenditure was in fact adequate and for fixing responsibility for necessary action. The Committee would await a further report in this regard.

[Sl. No. 19 (Para 2.55 of Appendix XXV to 180th Report of the P.A.C.) (5th Lok Sabha)].

***Action Taken**

The matter has been investigated. It has been found that the mistake in allocation of expenditure in this case was committed by the Divisional Accountant and perhaps inadvertently. Accountant General, Madhya Pradesh, under whose administrative control, this Divisional Accountant is, has been informed of this lapse with a request to warn the defaulter suitably in the matter. Other Divisional Offices in the Circle have also been advised to be careful with a view to ensuing that such mistakes do not occur in their Accounts.

[Ministry of Works & Housing O.M. No. G-25015/16/75-Bt. dated the 3rd July, 1976].

Recommendation

The Committee note that an excess of Rs. 1.16 crores had occurred under the sub-head 'A. I—Army' of 'Grant No. 23—Defence Services—pensions'. The Committee are not convinced by the plea offered by the Ministry of Defence that on account of a num-

*Not vetted by Audit.

ber of uncertain factors, it is not possible to make a precise estimate of the magnitude of the non-effective charges. Even assuming that some pensioners might or might not draw their pensions during the month of March, the Committee are doubtful whether this by itself could account for the large excess. The Committee, therefore, view with seriousness the excess expenditure on what should be a comparatively easily ascertainable account and desire that the Ministry of Defence, in consultation with the Ministry of Finance, should evolve a system of expeditiously reporting the debits to the concerned authorities so that proper revised estimates could be framed in time and excesses avoided.

[Sl. No. 20 of Appendix XXV (Para 2.60) 180th Report of P.A.C. (1975-76) (Fifth Lok Sabha)]

Action taken

The observations of the Public Accounts Committee have been noted. Action has been taken to ensure that stricter watch is kept by the Accounts authorities concerned on receipt of accounts from the pension disbursing officers and in cases of delay, matter is vigorously pursued to call for the wanting accounts. Necessary instructions have also been issued by the Controller of Defence Accounts (Pension) vide his letter No A/II/3892, dated 9th October, 1975 addressed to Treasury Officers/Post Masters asking them to render the pension payment accounts promptly in future.

D.A. D.S. has seen.

[Ministry of Defence O.M. No. F. 11(15)-75/D (Budget) dated the 11th December, 1975]

Copy of Controller of Defence Accounts (Pensions) letter No. A/II/3892 dated 9-10-1975 addressed to the Treasury Officers/Post Masters.

Subject:—Pension payment accounts—Submission of.

In accordance with the procedure laid down in para 7 of Annexure to the Comptroller and Auditor General of India, New Delhi letter No. 160-AC/136/60 Pt. IV (A) of 9-2-1962 (copy enclosed), the pension accounts relating to the Defence Pension are required to be forwarded direct to this office bi-monthly i.e. (i) on the 11th of the month and (ii) on the 1st of the following month duly supported by Sub Schedules/Top Schedules.

2. It is observed that these pension Accounts are not being received in this office, in time, in spite of our repeated requests and telegraphic

reminders issued from time to time. The non-receipt of accounts has not only upset our budget provisions but also has invited adverse remarks from higher authorities and Ministry of Finance.

3. Further, it may be stated that our pension budget is framed anticipating adjustment of all pensionary charges to be disbursed during the year and non-adjustment of a considerable number of Pension payment vouchers will result in a wide gap between the compiled actuals and the sanctioned budget.

4. To avoid any further adverse remarks from higher authorities for non observance of time schedule, it is earnestly requested that the instructions regarding timely rendition of the account referred to in para 1 above, may please be complied with strictly in future.

5. The under mentioned Pension Accounts are still awaited from your office to date. It is, therefore, requested that special steps may please be taken to furnish the same without any further delay.

6. The receipt of this memo may please be acknowledged.

Recommendation

The Committee are concerned to note that the actual expenditure of Rs. 26.18 crores under the 'Stores-Suspense Account' of 'Grant No. 18-Capital Outlay on Posts and Telegraphs' exceeded the sanctioned grant of Rs. 6.64 Crores by as much as 294 per cent. Out of the excess expenditure of Rs. 19.54 Crores under this head of account, Rs. 5.16 Crores represent the payments made to the Director General of Supplies and Disposals for supply of indigenous material made in 1972-73. The Committee are unable to understand why the undischarged liabilities relating to 1972-73 could not have been foreseen and provided for during 1973-74. That this was not done indicates that adequate attention is not being paid by the indenting authorities, to the planned procurement of and payment for materials. The Committee would, therefore, like the Ministry to examine whether there are any inherent defects in the existing systems and to take suitable remedial measures for ensuring that adequate provision is made in the Budget Estimates itself for meeting past liabilities.

[Sl. No. 21 (Para 2.64 of 180th Report of PAC 5th Lok Sabha).]

***Action taken**

The Budget Estimates for 1973-74 were framed in January, 1973. At that time it was expected that there would be no throw forward bills of 1972-73 towards purchases through DGS&D. However, a

*Not vetted by Audit.

number of claims in respect of supplies received in 1972-73 were received late and could not be accounted for in 1972-73. During the course of 1973-74 it came to notice that DGS&D bills to the extent of Rs. 5.16 crores were raised and payments would have to be made in 1973-74. The Final Grant for DGS&D payments therefore was raised from Rs. 7.65 Crores (provided in the Budget) to Rs. 12.93 Crores against which the actual expenditure stood at Rs. 12.81 Crores, though co-ordination is maintained with the Pay and Accounts Officers and the DGS&D for planning the procurement and payments therefor, supplies which are expected during a year at times spilled over the next year or payments therefor after inspection and verification can be made only during the year following the year of supply and the overall position in this respect emerges only after March. A decision has now been taken to purchase articles required solely for the P&T Department directly and not through the agency of DGS&D. This is expected to improve the Budgetary control.

[Ministry of Communications (P&T Board) N.O. No.27-8/75-B dated the 7th February, 1976]

Recommendation

Subject to their observations contained in the preceding paragraph of this (180th) Report, the Committee recommend that the excess (for the year 1973-74) referred to in paragraph 2.1 of the Report be regularised in the manner prescribed in Article 115 of the Constitution of India.

[S. No. 23 (Para 2.66) of Appendix XXV of 180th Report (5th Lok Sabha)]

Action taken

Demands for Excess Grants for 1973-74 (excluding Railways) are proposed to be laid before Parliament in the next session.

[Ministry of Finance (Deptt. of Economic Affairs O.M.No. F8 (22)-B/75 dated 21-11-1975)]

II. RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT.

Recommendation

The Committee are once again constrained to record their displeasure over the delays in the submission of the Explanatory Notes on excesses over Voted Grants and Charged Appropriations that continue to recur despite their earlier exhortations. Out of 27 Notes relating to the expenditure incurred in excess of amounts authorised by Parliament during 1973-74, only 8 Notes had been received by the stipulated due date, 14 Notes in June and 7 Notes in July, 1975. The Committee, in particular, are unable to condone the unconscionable delays that had occurred in respect of the explanatory notes relating to 'Grant No. 75' of the Ministry of Shipping and Transport and 'Grant No. 53' (Chandigarh) administered by the Ministry of Home Affairs, which were received only on 18th July and 30th July 1975 respectively. The Committee are dissatisfied with this state of affairs and desire fixation of responsibility for appropriate action. The Committee would not countenance such delays in future.

(As regards the suggestion made by the Ministry of Finance regarding the revised procedure to be adopted for the furnishing of the Explanatory Notes to the Committee, this would be considered separately in due course and the Committee's decision communicated.)

[S. No. 4 (Para 2.10) of Appendix XXV of 180th Report—5th Lok Sabha]

Action Taken

- (i) Ministry of Finance }
(Deptt. of Eco. Affairs) }

Necessary instructions have again been issued to the Ministries vide O.M. No F. 8(22)-B/75 dated 15-11-1975 (copy be enclosed) [vide page 200].

[Ministry of Finance (Department of Economic Affairs) O.M. F. 8 (22)-B/75, dated the 21st November, 1975]

Action taken

- (ii) Ministry of Home Affairs.

This Ministry has to get the Appropriation Accounts verified from and explanation for excess expenditure prepared by Union Territories who are like miniature state governments. Their Finance Departments have again to get the appropriation accounts verified by each department of the Union Territory as also ascertain the exact reasons for variations from the spending departments.

Two statements, one showing the chronological order of the action taken by the Ministry of Home Affairs after receipt of the Appropriation Accounts from the Accountant General Central Revenues (Annexure-A) and the other showing the Chronological order of the action taken by the Chandigarh Administration after receipt of the communication in this regard from this Ministry (Annexure-B) are enclosed. It would be observed therefrom that the delay in sending the note was not due to the fault of any officer either in the Ministry of Home Affairs or in the Chandigarh Administration.

It has always been the endeavour of the Ministry of Home Affairs to expedite the submission of Notes to Public Accounts Committee. The Ministry has, however, noted the dissatisfaction of the Committee on the delayed submission of the note in the present case and will try to cut down all delays in future.

The note has been vetted by Audit.

[Ministry of Home Affairs O.M. No. U/15030/9/75-ACII dated
the 28th January, 1976.]

'ANNEXURE A'

Date	Action taken
17-9-74	Appropriation Accounts received from the A.G.C.R.
18-9-74	Dealing hand verified the figures and pointed out some discrepancies.
20-9-74	Discrepancy reconciled with the A.G.C.R., personally corrected copy of the Appropriation Accounts sent to the Chandigarh Administration on 21-9-74 (issued) asking to furnish the reasons for excess.
7-10-74	Correction to Appropriation Accounts intimated by the A.G.C.R. Figures of corrections incorporated in Original Appropriation Accounts on 7-10-74 and copy thereof sent to the Chandigarh Administration on 9-10-74 (date of issue).
15-10-74	Reminder to Chandigarh Administration from DS(A).
15-10-74	Further Correction intimated by the A.G.C.R. Corrections incorporated in original Appropriation Accounts and copy sent to the Chandigarh Administration on 16-10-74 (issue).
5-11-74	Reminder sent to the Chandigarh Administration on 5-11-74 (date of issue) from DS(A).
20-11-74	Reminder sent to Chandigarh Administration on 20-11-74 (date of issue) from Director (Finance).
25-11-74	Interim reply received from Chandigarh Administration.
5-12-74	Further corrections intimated by the A.G.C.R.
6-12-74	Corrections intimated to the Chandigarh Administration and incorporated in the original Accounts
17-12-74	Interim reply received from the Chandigarh Administration.
20-12-74	Corrections intimated by the A.G.C.R.
21-12-74	Corrections incorporated in the original Appropriation Accounts and copy thereof sent to the Chandigarh Administration on 24-12-74 (date of issue).
7-1-75	Reasons for variations sent by the Chandigarh Administration direct to the A.G.C.R. under intimation to us in respect of certain major heads.
6-2-75	Explanations for Excess furnished by the Chandigarh Administration to the A.G.C.R. under intimation to us.

Date	Action taken
7-2-75	. . Explanations for excess not found convincing and the Administration was asked to furnish additional information.
7-3-75	. . Reminder sent to the Chandigarh Administration.
14-3-75	. . Reminder received from the Ministry of Finance regarding Excess Note.
17-3-75	. . The Chandigarh Administration was reminded to sent the necessary information.
20-3-75	. . Interim reply received from the Chandigarh Administration.
21-3-75	. . Interim reply received from the Chandigarh Administration.
26-3-75	. . The Chandigarh Administration was reminded to furnish the necessary information.
2-4-75	. . Another reminder sent to the Chandigarh Administration.
3-4-75	. . Information regarding Excess received from the Chandigarh Administration.
4-4-75	. . Note for regularisation of Excess prepared by the dealing hand, approved by S.O., US(AC) and Director (Finance).
7-4-75	. . Note approved by the JS(UT).
9-4-75	. . Requisite copies of the 'Note' sent to the Ministry of Finance alongwith the file.
25-4-75	. . Ministry of Finance returned the same with some queries.
25-4-75	. . Concerned Ministries (Ministry of Works and Housing and Department of Power) were asked to supply information in the queries.
12-5-75	. . Ministry of Works and Housing and Department of Power reminded.
20-5-75	. . Reminder from the Ministry of Finance.
21-5-75	. . Interim reply sent to the Ministry of Finance.
22-5-75	. . Department of Power furnished the information but information from the Ministry of Works and Housing still awaited.
22-5-75	. . Reminder from the Ministry of Finance.
24-5-75	. . Position explained to the Ministry of Finance.
26-5-75	. . Ministry of Works and Housing furnished the information.
27-5-75	. . Dealing hand puts up the file.

Date	Action taken
8-5-75	File alongwith the 'Note' for regularisation of excess sent to the Ministry of Finance.
10-5-75	Ministry of Finance sent the Note to the A.G.C.R. for vetting.
17-6-75	File received from the Ministry of Finance after some further queries raised by the A.G.C.R. and the Chandigarh Administration asked to furnish information on those queries.
23-6-75	Reminder from the Ministry of Finance. Reply sent to them and reminder issued to the Chandigarh Administration.
28-6-75	Another reminder to the Chandigarh Administration.
30-6-75	Interim reply from the Chandigarh Administration.
1-7-75	Another reminder to the Chandigarh Administration.
2-7-75	Interim reply from the Chandigarh Administration.
3-7-75	Information furnished by the Chandigarh Administration.
3-7-75	Revised note prepared by the dealing hand, approved by S.O., US(AC) and Director (Finance) and file sent to the Ministry of Finance.
5-7-75	Ministry of Finance returned the same for getting it signed by JS (UT). Needful was done on the same day and file returned to the Ministry of Finance.
8-7-75	Ministry of Finance sent file to the A.G.C.R.
19-7-75	File returned by the A.G.C.R. to the Ministry of Finance.
25-7-75	File received from the Ministry of Finance.
26-7-75	Requisite copies of the 'Note' (English) sent to the Ministry of Finance.
28-7-75	File returned by the Ministry of Finance.
1-8-75	Hindi version of the 'Note' sent to the Ministry of Finance.

'ANNEXURE—B'

Action taken by the Chandigarh Administration

Expenditure in excess of Grant for 1973-74 in respect of Grant No. 53-Chandigarh was incurred by the Engineering Department of Chandigarh Administration and explanation for this excess were to be secured from the Chief Engineer, Chandigarh. In this connection following correspondence was done subsequent to Ministry of Home Affairs D.O. No. U/15022/1/74-AC. II dated 7-3-75.

1. D.O. No. 39/2/75-1651-AO(6)/4036 dated the 17th/18th March, 1975 from Deputy Secretary (F) to Chief Engineer Chandigarh with a copy to Under Secretary, Ministry of Home Affairs for getting action expedited.
2. Wireless Signal No. U/15022/1/74-AC. II dated 17-3-75 from Ministry of Home Affairs to Chief Commissioner, Chandigarh asking for reasons of excess over Grant.
3. Endt. No. 39/2/462-AO(6)-75/4095 dated 19-3-75 from Finance Secretary to Chief Engineer forwarding copy of Wireless signal for expediting explanations for excess.
4. Interim reply in letter No. 39/2/74-462-AO(6)-75/4208 dated 20-3-75 from Finance Secretary to Under Secretary Ministry of Home Affairs with a copy to Chief Engineer for expediting explanations for excess.
5. Wireless Signal No. U/15022/1/74-AC. II dated 26-3-75 from Ministry of Home Affairs to Chief Commissioner Chandigarh Administration for sending note for regularisation of excess.
6. Endst. No. 39/2/539-AO(6)-75/4560 dated 29-3-75 from Finance Secretary to Chief Engineer forwarding copy of above wireless signal for immediate necessary action.
7. Memo. No. 667/B dated 29-3-75 from Chief Engineer to Finance Secretary explaining reasons for excess.
8. D.O. No. 39/2/75-AO(6)/4744 dated 1-4-75 from Finance Secretary to Under Secretary Ministry of Home Affairs forwarding a detailed note dealing with excess over grant

9. Wireless message No. U/15022/1/74-AC. II dated 2-4-75 from Ministry of Home Affairs to Chief Commissioner, Chandigarh for getting the note on excess over grant expedited.
10. Wireless signal No. 39/2/74-3662-AO(6)-75/4827 dated 3.4.75 from Finance Secretary to Under Secretary Ministry of Home Affairs informing that the requisite note had already been forwarded on 1.4.75.
11. D.O. No. B/1074-75/Bhg/733 dated 5-4-75 Chief Engineer to Finance Secretary explaining the circumstances of excess over grant.
12. Wireless signal No. U/25022/1/74-AC. II dated 17-6-75 from Ministry of Home Affairs to Finance Secretary asking for information on certain points in the note already furnished.
13. Endt. No. 39/2906-AO(6)-75/8577 dated 18-6-75 from Finance Secretary to Chief Engineer asking information on the points of Ministry of Home Affairs.
14. Memo reminder No. 39/2906-AO(6)-75/8756 dated 23-6-75 from Finance Secretary to Chief Engineer.
15. Wireless signal No. U/15022/1/74-AC. II dated 23-6-75 from Ministry of Home Affairs to Finance Secretary for expediting information.
16. Endt. No. 39/2939-AO(6)-75/8790 dated 25-6-75 from Finance Secretary to Chief Engineer forwarding copy of the above Wireless signal for immediate necessary action.
17. D.O. reminder No. 29/2939-AO(6)-75/9059 dated 26-6-75 from Finance Secretary to Chief Engineer with a copy to Under Secretary Ministry of Home Affairs.
18. Memo. No. B/75/1684 dated 1-7-75 from Chief Engineer to Finance Secretary supplying the requisite information.
19. Wireless signal No. U/15022/1/74-AC. II dated 30-6-75 from Ministry of Home Affairs to Finance Secretary for expediting information.
20. Wireless signal No. 925. I dated 1-7-75 from Finance Secretary to Ministry of Home Affairs by way of interim reply.
21. Wireless signal No. U/15022/1/74-AC. II dated 1-7-75 from Ministry of Home Affairs to Finance Secretary for expediting information.

22. Letter No. 39/2/75-AO(6)/9317, dated 2-7-75 from Finance Secretary to Under Secretary Ministry of Home Affairs furnishing information on each point of Ministry of Home Affairs.

(iii) Ministry of Shipping & Transport

The Appropriation Accounts in respect of Grant No. 75—Ministry of Shipping & Transport for the year 1973-74 were first received from the Accountant General Central Revenues on the 19th September, 1974. Thereafter corrections to the Appropriation Accounts were received from the Accountant General Central Revenues on 3rd October, 1974, 2nd November, 1974 and the 25th March, 1975. Action was initiated in the Ministry for confirming the Appropriation Accounts/ offering comments thereon by the concerned units in the Ministry but due to frequent corrections in the Appropriation Accounts the final picture could not emerge before the beginning of March 1975.

A chronological statement showing the time taken at various stages of processing and finalisation of the "Explanatory Note" for regularisation of excess of Rs. 6,75,008 over the revenue Voted Grant No. 75—Ministry of Shipping and Transport for the year 1973-74 is attached (Annexure A). A copy of the "Explanatory Note" is also attached (Annexure 'B'), from which it will be observed that out of the total excess of Rs. 6,75,008 revealed in the Appropriation Accounts for Grant No. 75 for 1973-74, an excess of Rs. 5,80,338.64 was due to wrong debits. The net excess was only Rs. 94,669.

The exact location of wrong debits due to misclassifications, in consultation with the concerned organisation in the Ministry (viz. Roads Wing and Border Roads Development Board) and the Accountant General, took considerable time. It would be observed from the attached chronological statement (Annexure A) that at each stage the matter had been attended to as expeditiously as possible. The delay in sending the "Explanatory Note" was not due to the fault of any organisation or officer in particular.

It has always been the endeavour of the Ministry of Shipping and Transport to expedite the submission of notes to Public Accounts Committee. The Ministry will make its best efforts to cut down all delays in future.

No. BPC-16/76

Dated 12th August, 1976.

*[Ministry of Shipping & Transport O.M. No. BPC-16/76 dated the 12th August, 1976]

*Not vetted by Audit.

ANNEXURE A

Chronological statement showing the time taken at various stages in processing and finalising the 'Explanatory Note'.

Date	Event
7-3-75	Date of receipt of Ministry of Finance D.O. No. F5(8)-B/75 dated 5-3-75 intimating an excess of Rs. 6,48,532 in Grant No. 75 for the year 1973-74 and requesting us to send 8 copies of the Draft 'Note' by 31-3-75 for getting it vetted by Audit and submission of PAC.
8-4-75	8 copies of Draft Note sent to Ministry of Finance.
9-4-75	Final figure of excess in Grant No. 75 for 1973-74 intimated as Rs. 6,75,008 by Ministry of Finance and Draft Note called for by 14-4-75. The excess expenditure was correctly indicated in the Draft Note sent to Ministry of Finance on 8-4-75.
16-4-75	Some doubts expressed by Ministry of Finance and decided that a representative from the Ministry may explain the position personally for taking up the matter with the A.G.C.R./A.G.C.W. & M. suitably.
19-4-75	Position explained to the Dy. Director (A/cs) by A.O. (IF) and A.O. (BRDB).
28-4-75	A further communication received from Ministry of Finance requesting us to revise the Draft Note after taking into account the observations mentioned therein.
27-5-75	8 copies of the revised Draft 'Note' sent to Ministry of Finance after obtaining necessary information from the concerned Organisations.
30-5-75	Draft Note sent to A.G.C.R. by Ministry of Finance for vetting.
27-6-75	Ministry of Finance desired for revision of Draft 'Note' in the light of observations made by Audit.
4-7-75	Revised Draft 'Note' sent to Ministry of Finance.
5-7-75	Revised Draft 'Note' sent to A.G.C.R. by Ministry of Finance for vetting.
16-7-75	Revised Draft 'Note' duly vetted by Audit received from Ministry of Finance.
17-7-75	100 copies of the excess 'Note' in English duly signed by JS(L) sent to Ministry of Finance.
19-7-75	100 copies of the excess 'Note' in Hindi duly signed by JS(L) sent to Ministry of Finance.

Annexure 'B'

Note for the Public Accounts Committee for regularisation of excess over revenue Voted Grant No. 75—Ministry of Shipping & Transport for the year 1973-74.

Voted	Final Grant	Actual Expenditure	Excess
Original 167,12,000	1,74,84,000	1,81,59,008	6,75,008
Supplementary 7,72,000			

The original provision of Rs. 1,67,12,000 under Voted Section of the Grant was augmented by Rs. 7,72,000 by obtaining a Supplementary Grant in March, 1974 session of Parliament. Against the Final Grant of Rs. 1,74,84,000 the actual expenditure booked, however, amounted to Rs. 1,81,59,008 leaving an uncovered excess of Rs. 6,75,008.

2. The net excess of Rs. 6,75,008 was partly due to the following items of misclassifications.

(i) Rs. 1,19,175.55: This amount was a wrong debit to the group sub-head A.1 (2) (3)—“Roads Wing (Border Roads)” through exchange account. This is being rectified in 1974-75 accounts.

(ii) Rs. 4,60,518.40: This represented the cost of two runway sleepers and their spare parts which was wrongly debited to the head A.1(2)(3)—“Roads Wing (Border Roads)” instead of to sub-head A.1(2)—Construction of Border Roads under Major Head 103—Capital Outlay on Works in Grant No. 76—Roads for the year 1973-74.

(iii) Rs. 481.74 and Rs. 162.95: These amounts pertained to the following exchange vouchers of the Tourist Department which were wrongly debited to the sub-head A.1 (2) (1)—Roads Wing (Main).

Exchange voucher No. nil for 3/74 supplementary Rs. 481.74

Exchange „ „ „ „ Rs. 162.95

3. After excluding the amounts wrongly classified, the net excess requiring regularisation under Article 115 of the Constitution is only Rs. 94,669. This amount is less than 1% of the Final Grant and may kindly be recommended for regularisation.

This has been seen by Audit.

Recommendation

In the Revenue Section (Voted) of Grant No. 53—'Chandigarh', it is rather significant that despite the larger outlay during 1973-74 on works and the alleged steep rise in the cost of materials and labour, the maintenance expenditure during 1973-74 (Rs. 32.14 lakhs after excluding misclassification) should be about 52 per cent of the maintenance expenditure during the preceding year (Rs. 61.68 lakhs). The Committee desire that the Ministry of Home Affairs and the Ministry of Finance should examine in details the reasons for the high incidence of maintenance expenditure during 1972-73 with a view to ascertain that no avoidable or infructuous expenditure on account of corrupt practices and other defaults had taken place. The Committee would await a further report in this regard. [S. No. 7—Appendix XXV para No. 2.23 of PAC's 180th Report] (5th Lok Sabha)]

Action taken

The expenditure on maintenance during 1972-73 was no doubt, high as compared to that during 1973-74, but it was not high keeping in view the maintenance requirements on the basis of actual estimates accepted norms. During 1973-74 less expenditure was incurred on maintenance because the Government was going through acute financial crises and several kinds of ban orders and instructions were in force not only on Capital works but also on minor works, repairs and maintenance etc. In view of the difficult times, the Chandigarh Administration did its best to restrict the expenditure as much as possible notwithstanding the actual estimates accepted norms and the needs of the growing city. Thus, no avoidable or infructuous expenditure on account of corrupt practices or other defaults had taken place during 1972-73.

The Note has been vetted by Audit.

[Ministry of Home Affairs O.M. No. U/15030/11/75 AS II dated the 8th April, 1976]

Recommendation

In regard to excesses under Revenue Section (Voted) of Grant No. 52 'Chandigarh' the Committee would like to know the precise reasons why it had not been possible to estimate the probable expenditure on rental for street light fixtures and energy bills for street lighting and traffic signals and make necessary budgetary provision therefor.

[S. No. 8—Appendix XXV para No. 2.24 of P.A.C.'s 180 Report (5th Lok Sabha)]

Action taken

The matter has been investigated in consultation with the Chandigarh Administration and the Ministry of Works and Housing. The Chandigarh Administration have stated that the amount needed for expenditure on rental for street light fixtures and energy bills in connection with street lighting and traffic signals charged by the Commercial Department were correctly estimated by the Administration on the basis of light points but the demands were reduced by the Ministry of Works and Housing. The Ministry of Works and Housing were asked to explain why adequate funds could not be provided as proposed by the Administration. That the Ministry have stated that since the Government were going through severe financial constraints and other Economy measures were in force, the Administration's proposals had to be restricted to Rs. 31.50 lakhs in the Revised Estimates 1973-74. However, maximum economy was exercised by the administration in the case of street lighting by switching off alternative lights. Further, economy was not possible in the interest of prevention of crime at night, and hence, excess expenditure could not be avoided.

The Note has been vetted by Audit.

[Ministry of Home Affairs O.M. No. U/15030/11/75-ACII dated the 8th April, 1976]

Recommendation

As regards the excess of Rs. 157.58 lakhs under the sub-head 'A7 (2)—Other Suspense Accounts' of Grant No. 87—Public Works, the Committee observe that Rs. 102.02 lakhs represent the expenditure incurred in respect of deposit works of non-Government organisations in excess of deposits. Since the rules provide that the expenditure on deposit works should be limited to the amount of deposit received, the circumstances in which works were executed in excess of the deposits received and additional amounts of deposits could not be received in time from the organisations concerned are not clear to the Committee. The Committee take a serious view of the non-observance of the rules in this regard, particularly when the deposit works have been executed on behalf of non-Government organisations, and desire that responsibility for the lapse should be fixed for appropriate action.

[S. No. 15 (Para 2.45) of Appendix XXV to 180th Report of the Public Accounts Committee (Fifth Lok Sabha)]

Action taken

The bulk of the excess occurred in respect of the deposit works of the Food Corporation of India. This is a Government Company and not a non-Government body in the strict sense of the term. Though it was possible, under the rules, to stop work as soon as the deposit made was exhausted, this extreme step was not taken because the works, in question were priority works relating to a priority sector like 'food' and contractual complications would have arisen had the works been suspended and the overall effect would have been increase in costs, which again would have rebounded on the Govt., and delay in the completion of essential work. The question of making good the shortfall has been taken up with the Food Corporation of India separately.

[Ministry of Works & Housing O.M. No. G-25015/1675-St.
dated the 16th April, 1976]

Recommendation

What causes even greater distress to the Committee is the glaring mistake committed allegedly through oversight of the Department in reappropriating a saving of Rs. 5.38 lakhs available in the 'voted' portion of the Grant No. 27—Department of Social Welfare to meet the additional requirement in the 'Charged' portion. It is strange that such a situation came to pass in spite of the fact that the need for augmenting the Budget provision of Rs. 5 lakhs had been duly considered by the Department in consultation with the Planning Commission and the Ministry of Finance. This indicates the extent to which financial control was lax. The Committee are inclined to take a serious view of the lapse and desire fixation of responsibility, particularly at the supervisory level, for appropriate action.

[S. No. 17 Appendix XXV—Para 2.51 of 180th Report of
PAC (5 L.S.)]

Action taken

The scheme "Rehabilitation of rehabilitable families of displaced persons from East Pakistan" was, till the year 1971-72, included in the Demand of the Ministry of Finance, "Loans and Advances by Central Government". From the year 1972-73, provision in this regard was made in the demand of the Department of Social Welfare. The scheme is to provide loans to the displaced persons for purchase of land, house building and business purposes to enable them to settle in normal life. It was implemented through the State Governments

In this connection, the pitiable condition of the displaced persons who were obliged to flee to West Bengal and Bihar from the former East Pakistan territory on account of various atrocities can scarcely be exaggerated. These people had to be assisted to rehabilitate themselves by purchasing land, houses, etc. In the very nature of things, the demand for such loans was very heavy. However, Government could provide relief only to the extent its resources permitted. During the year 1972-73, it could provide for a sum of Rs. 25 lakhs for this purpose, (Rs. 20 lakhs for West Bengal and Rs. 5 lakhs for Bihar). During the year 1972-73, however, due to financial constraints, only a sum of Rs. 5 lakhs could be provided in the budget.

As the amount of Rs. 5 lakhs provided in the budget for 1973-74 was inadequate the West Bengal Government pressed for a much higher allocation. Although it was not possible to meet the demand in full, the Department proposed, with the approval of Ministry of Finance, to sanction Rs. 10 lakhs (Rs. 5 lakhs more than the budgetted figure) to the Government of West Bengal, by utilising the savings which had become available elsewhere. In making this proposal, the Department took note of the extreme importance of providing utmost possible assistance to relieve the sufferings of the displaced persons.

As the close of the financial year approached, however, an actual saving of Rs. 5.38 lakhs (under voted head) was located and this was utilised to augment the provision of Rs. 5 lakhs under the scheme. The Department accordingly issued a reappropriation order. At that time, the distinction between the 'Charged Head' and the 'Voted Head' was inadvertently not noticed. A *bona fide* technical flaw was unwittingly committed. The mistake was revealed only when the same was discovered and pointed out by the Accountant General, Central Revenues in the last week of July 1974.

The question of fixation on responsibility, particularly at the supervisory level, was therefore examined. At that time, the Officer Concerned—the internal Financial Adviser of the Department—was an officer who was officiating as Under Secretary. He reverted to his substantive post as Section Officer on 31 May 1974. He has not since been promoted to officiate as Under Secretary. On account of his overall performance, he is not also on the panel of Section Officers to be promoted as Under Secretary. It can thus be seen that adequate punishment has already been meted out to him. The persons at

lower levels have been counselled to exercise utmost caution in dealing with budget and re-appropriation matters.

[Ministry of Education & Social Welfare (Department of Social Welfare) O.M. No. G-25015/17/75-Dgt. (IF) dated the 19th June, 1976]

Recommendation

The Committee would also like to know why the payment of Rs. 10.53 crores for imported cables under the CIDA loan, copper weld wire, switch board cables and lamps and for payment of customs duty could not be anticipated and provided for.

[S. No. 22 (Para 2.65) of 180th Report of P.A.C. (5th Lok Sabha)]

***Action taken**

A Budget provision of Rs. 4.45 Crores towards 'Imports' was made in January 1973 while fixing the Budget Estimates for 73-74. This provision was made on the basis of delivery schedules as incorporated in the supply orders. However, for the supplies schedule for 1972-73, adjustments were received only in 1973-74 thereby inflating the payments in that year. Based on the actual performance and the payments made during the course of the year by the stores organisation towards imported cables, switch board cables and lamps the Final Grant was increased from Rs. 4.45 Crores to Rs. 15.63 Crores against which the actuals stood at Rs. 14.98 Crores. The Additional requirements were met out of the provision made for direct imports for Projects and Customs Duty thereof.

[Ministry of Communications (P & T Board) U.O. No. 27-8/75-B dated the 7th February, 1976]

**III. RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH
HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND
WHICH REQUIRE REITERATION**

NIL

IV. RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

The Committee regret that the procedural changes in respect of certain grants suggested by a Task Force constituted in pursuance of the observations of the Committee contained in paragraph 1.3 of their 49th Report (5th Lok Sabha) are still under examination, even though almost three years have elapsed since the Committee made their earlier recommendation. The Committee attach considerable importance to this recommendation of theirs and desire that final action on the suggestions made by the Task Force be initiated without further loss of time and concrete steps taken to ensure sounder budgetary control than what exist at present, particularly in certain Ministries such as Ministry of Works & Housing, Ministry of Shipping and Transport and the Ministry of Home Affairs.

[Serial No. 2(i) (para 1.10) Appendix XXV to 180th Report of the P.A.C. (5th Lok Sabha).]

***Action taken**

The suggestions made by the Task Force are in regard to

- (i) expenditure on National Highways.
- (iii) Net budgeting of works expenditure; and
- (iii) Net budgeting fo works expenditure; and
- (iv) provisions for interest payments.

The latest position of the action taken on the above suggestions is as follows:—

(i) Expenditure on National Highways

The matter is at present under consideration of the Office of the Comptroller and Auditor General of India.

*Not vetted by Audit.

(ii) *Coordination of estimates in respect of Area Demands*

It has been decided that coordination of estimates in respect of Area Demands would be done by Delhi State Division of the Deptt. of Expenditure in respect of 'Delhi' and by Budget Division in the Deptt. of Economic Affairs in respect of other Area Demands.

(iii) *Net budgeting of works expenditure*

The matter is under further examination with reference to the views of the Comptroller & Auditor General.

(iv) *Provision for interest payments*

The recommendation was that in case of provision for interest charges in cases like Provident Fund, Reserve Funds etc., the interest for a financial year may be calculated and credited on the basis of balance during a 12 months period different from the financial years, say July to June. This recommendation has been examined on the basis of actual expenditure under 'Interest' relating to the five years from 1969-70, and the conclusion arrived at is that the trend indicated by the examination would not justify introduction of such radical changes and that it is not worthwhile pursuing this particular recommendation.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12 (48)-E (Coord)/75 dated the 9th February, 1976].

APPENDIX XXX

(Vide paragraph 3.10 of the Report)

Copies of correspondence exchanged between the Chairman, Public Accounts Committee and the Finance Minister.

- I. Copy of D.O. No. 4|1|3|75|PAC dated the 30th April, 1976 from Shri H. N. Mukerjee, Chairman, Public Accounts Committee to Shri C. Subramaniam, Minister of Finance, Government of India, New Delhi.

On the 21st April, 1976, the Public Accounts Committee considered and adopted their 220th Report on 'Delays in furnishing Action Taken Notes.' The Report was presented to the Lok Sabha on the 28th April, 1976, and a copy of the same alongwith a copy of the Press Release relating there to is enclosed for your kind perusal. The Report deals with the question of inordinate delays on the part of Ministries Departments of the Government of India in furnishing Action Taken Notes on the recommendations made by the Committee in their Reports from time to time.

Earlier during the year, the Committee had also submitted on the 8th April, 1976, their Two Hundred and First Report on Action Taken by Government on the recommendations contained in their 134th Report (Fifth Lok Sabha) relating to Excesses over Voted Grants and Charged Appropriations pertaining to the year 1972-73. In the Report also, the Committee had expressed their unhappiness at the unconscionable delay on the part of Government in initiating and reporting action taken on their recommendations/observations. In this Report (para 1.4), the Committee were constrained to observe that in spite of their repeated exhortations and also the plethora of instructions and circulars issued periodically by the Ministry of Finance and other agencies, there seemed to be no perceptible improvement in the situation. A copy of this Report alongwith the connected Press Release is also enclosed herewith for ready reference.

At the sitting of the Action Taken Sub-Committee at which this 201st Report was considered and adopted the Members of the Sub-Committee desired me to bring this matter to your notice so that some positive and early steps are taken in this regard. I have no

doubt that you will share the view, as expressed in the 220th Report, that Parliamentary control over Government's financial activities and all executive processes relative thereto can only be meaningful and effective if the recommendations of the Public Accounts Committee are promptly implemented or adequate reasons for non-compliance are communicated to the Committee without undue delay.

I also enclose herewith a statement giving brief particulars of some specific cases of inordinate delay on the part of Government in furnishing Action Taken replies to the recommendations of the Committee. This list is only illustrative and by no means exhaustive.

May I seek your help and cooperation in setting up some machinery in Government whereby it could be ensured that the agencies of Government would help by processing the Committee's recommendations/observations with greater earnestness and promptitude and also in a more positive and purposeful manner than at present.

With every good wish.

II. Copy of D.O. letter dated the 20th July, 1976 from Shri H. N. Mukerjee, Chairman, Public Accounts Committee to Shri C. Subramaniam, Minister of Finance, Government of India, New Delhi.

I find that I had written to you a letter on the 30th April, 1976 in regard to the delay in the matter of implementing recommendations of the Public Accounts Committee or of communicating to the Committee adequate reasons for non-compliance. This you will agree is a matter of importance, and for ready reference I am enclosing the earlier letter. I would very much like to have your reactions in this matter as soon as possible.

I trust you are keeping well.

With best wishes.

III. Copy of D.O. letter No. 12(24)E/(Coord)/76/281. FM/7/VIP(L) dated the 12th August, 1976 from Shri C. Subramaniam, Minister of Finance, Government of India, New Delhi to Shri H. N. Mukerjee, Chairman, Public Accounts Committee

Kindly refer to your D.O. No. 4/1/3/75/PAC dated 30th April, 1976 and the reminder dated the 20th July, 1976, suggesting the setting up of some machinery in Government for processing the recommendations of the PAC more promptly.

2. In pursuance of the PAC's recommendation in para 1.37 of the 220th Report, the procedure for processing the Action Taken Notes has been reviewed and it has been decided to instal "Focal Points" for the work connected with the PAC's Reports in each Ministry/ Department and a Central "Focal Point" for the Government as a whole in the Ministry of Finance, Deptt. of Expenditure. A copy of the orders issued in the Department of Expenditure O.M. No. F.12(24)-E(Coord)/76 dated the 28th July, 1976 is attached for your information.

3. I also forward herewith copies of the Action Taken Notes already sent to the Lok Sabha Secretariat on the recommendations of the PAC in their 201st and 220th Reports. With the arrangements now introduced, I hope that the time taken in processing recommendations of the Committee will be reduced and Action Taken Notes will be sent in time.

With regards,

Copy of O.M. No. F.12(24)-E(Coord) 76, dated the 28th July, 1976, from the Ministry of Finance (Department of Expenditure) to all Ministries/Depts. [referred to in D.O. letter dated 12-8-76 from the Finance Minister].

OFFICE MEMORANDUM

SUBJECT: *Timely submission of Action Taken Notes on recommendations made by the Public Accounts Committee.*

The Public Accounts Committee has taken a serious view of the delays on the part of the Government in initiating and reporting Action Taken on their recommendations/observations. It has been decided to have the following institutional arrangements to monitor timely submission of Action Taken Notes on the recommendations of the Public Accounts Committee.

- (a) The Integrated Financial Adviser in each Ministry would be responsible for examining the PAC report as a whole and would be the 'focal point' responsible directly to the Secretary. He would also coordinate and watch progress, monitor delays and take necessary action to expedite the Action Taken Notes. It will be the responsibility of the Integrated Financial Adviser to seek extension of time from the Lok Sabha Secretariat in respect of the Action Taken Notes which, for unavoidable reasons, cannot be sent within the prescribed period of 6 months from the date the relevant PAC Report is presented to Lok Sabha. Copies of all the communications addressed to the Lok Sabha Sectt. regarding Action Taken Notes will also

be endorsed to the Ministry of Finance, Department of Expenditure (Monitoring Cell).

NOTE: In respect of the Ministries|Department where the Integrated Financial Scheme has not yet been introduced the above functions will be performed by the Internal Financial Adviser concerned, who will also keep the Associate Financial Adviser informed of the progress from time to time.

- (b) The Ministry of Finance, Department of Expenditure (Monitoring Cell) will be the 'focal point' for the Government as a whole to coordinate and watch progress, monitor delays etc. with the Ministries concerned.

Ministry of Agriculture etc. may kindly note the above institutional arrangements and take necessary action.

APPENDIX XXXI

Conclusions/Recommendations

S. No.	Para No. of Report	Ministry/Department concerned	Conclusions/Recommendations
1	2	3	4
1	1-12	Finance (Economic Affairs)	Only a year ago, the Committee had expressed satisfaction over the substantial reduction in the aggregate amount of excess expenditure over Voted Grants and Charged Appropriations achieved during the year 1973-74 and had hoped that every endeavour would be made by the Ministries/Departments to ensure that the position was not allowed to deteriorate once again as had often happened in the past. The Committee are, however, concerned to note that the position has deteriorated once again so soon to a considerable extent. During the year under review (1974-75), excess expenditure had occurred under 27 Voted Grants and 8 Charged Appropriations and aggregated to Rs. 266.52 crores (excluding an amount of Rs. 1.50 lakhs which does not require regularisation), as against Rs. 126.33 crores and Rs. 10.06 crores respectively during 1972-73 and

1973-74. While the Committee note that the bulk of the excess expenditure (Rs. 207.40 crores) had occurred under one Charged Appropriation ('Repayment of Debt') and is attributable to the premature cancellation of Treasury Bills by the Reserve Bank of India (an issue dealt with elsewhere in this Report), they are, however, of the view that the extent of deterioration under some of the other Grants during 1974-75 cannot be taken lightly and should cause concern to Government.

2 1.13 Finance (Economic Affairs)

An analysis of the reasons for the excess over authorised expenditure during 1974-75, which have been discussed in some detail in the succeeding chapter of this Report, indicates that defective estimation of monetary requirements, lack of proper and timely review of the progress of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto, inadequate liaison and coordination with the suppliers on the one hand and the Accounts Officers on the other, absence of adequate provision for the adjustment of liabilities relating to the previous years, and avoidable misclassifications of expenditure have, as in the past, continued to contribute to excesses. That this should be so despite repeated comments by the Committee and numerous instructions issued by the Ministry of Finance and other authorities would suggest that drastic steps are necessary to improve the existing budgetary procedures and practices. Since Parliamentary con-

trol over governmental expenditure calls for financial discipline, the Committee would urge Government once again to investigate in depth the reasons for the recurring failure in this regard and take soon some concrete steps to ensure that the budget estimates are more precisely prepared on a scientific basis and that the actual expenditure approximates, as closely as possible, to the funds authorised by Parliament. In this connection, the Committee would reiterate an earlier recommendation, contained in paragraph 1.6 of their 96th Report (Fifth Lok Sabha), that there should be an in-built system in the various Ministries/Departments which would serve as a self-regulatory apparatus to analyse the reasons for the excesses as soon as they occur and to take timely remedial measures.

3. 1.14

-Do-

The Committee are perturbed that the suggestions for procedural changes in certain grants made by a Task Force, constituted nearly four years ago, in pursuance of the Committee's recommendation contained in paragraph 1.3 of their 49th Report (Fifth Lok Sabha), to analyse in detail the effectiveness of the various procedures for expenditure control *vis-a-vis* the functioning of the system of internal financial control, still await being implemented. In spite of repeated exhortations by the Committee for an expeditious examination of these suggestions, there has been no decision yet in this regard though the report of the Task Force was available more than two years ago. The Committee stress that finality should be soon reached in this matter of importance and concrete steps should be taken to ensure sounder budgetary control than what exists at present.

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4. 2.2 Finance (All Ministries)

According to the revised time schedule agreed to by the Committee, in April 1974, explanatory notes on excesses over Voted Grants and Charged Appropriations are required to be submitted to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts to Parliament whichever is later. Repeatedly in the past, the Committee have commented upon delays in submission of the notes and stressed the need for strict adherence to the schedule prescribed in this regard so that such excesses are expeditiously brought before Parliament. It is heartening that there is a perceptible improvement in the situation with all the explanatory notes, excepting those relating to 6 Grants|Appropriations administered by the Ministry of Railways and 3 Grants|Appropriations administered by the Ministry of Defence, being made available to the Committee by the stipulated date. While the delay was of the order of 18 days in the case of the Ministry of Railways, the notes relating to the Ministry of Defence were received on 1 June 1976, a day after the expiry of the prescribed period. This is a good augury and the Committee trust that every endeavour would be made by all concerned to ensure scrupulous adherence to the schedule.

5. 2.6 Deptt. of Agriculture

The excess expenditure of Rs. 0.69 lakh incurred under the Group Head 'A.2(1)-Counsellor (Agri.), Embassy of India, Rome' in 'Grant No. 1-Department of Agriculture' attracts interest since it

works out to nearly 29 per cent of the Final Grant of Rs. 2.40 lakhs. The excess has been attributed, *inter alia*, to payments made on account of terminal dues and obligatory expenses for social security and medical charges to a Messenger who went on retirement and to increased payments of rent and P&T charges arising from the oil crisis and the inflation in Italy. The Committee are of the view that expenditure on superannuation and retirement benefits should have been foreseen and provided for. The additional expenditure on rent and P&T charges that could not be anticipated needs also to be satisfactorily explained.

6. 2.12 Finance (Economic Affairs)

The Committee are concerned to note that the expenditure under 'A.3(2)(2)-Materials and Supplies' in the Revenue (Voted) Section and under 'B.4-Purchase of Metal' in the Capital (Voted) Section of Grant No. 34-Currency, Coinage and Mint has exceeded the budget provisions respectively by 38 per cent and 39 per cent. If, as stated by the Department of Economic Affairs, additional purchases of metals and other raw materials had to be made to facilitate the achievement of an increased target of production during the last quarter of the financial year, indents therefor would have presumably been placed sufficiently in advance to meet the additional commitments. It is also not clear why the liability on account of Customs duty on metals imported from abroad had not been anticipated at least in the Revised Estimates. The Committee are, therefore, of the view that with better coordination with the suppliers and Accounts Officers, the excess expenditure could have been minimised considerably, if not altogether avoided. What causes greater

concern is that such excesses occurred in a grant administered by the Department of Economic Affairs, entrusted with the responsibility of ensuring better financial discipline. The Committee would ask Government to see that such excesses do not recur, and to inform the Committee of steps taken in that regard.

7. 2.13 Finance (Economic Affairs)

Even though the excess expenditure of Rs. 18,694 incurred in the Capital Section of the Grant, as a result of misclassification of a 'Voted' item of expenditure as a 'Charged' item, does not require regularisation, in terms of paragraph 7 of the Committee's 16th Report (First Lok Sabha), the Committee are surprised that the payment made to a contractor in satisfaction of an award of an arbitrator appointed under the Arbitration Act, 1940, which is distinctly different from the award of a court or an arbitral tribunal should have been thus misclassified. This is also not the first occasion when an instance of this nature has come to the Committee's notice. Now that instructions have once again been issued on this subject, in November 1975, in pursuance of the Committee's earlier recommendation contained in paragraph 2.56 of their 180th Report (Fifth Lok Sabha), the Committee expect that misclassifications of this nature will not recur in future.

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8. 2.18

-Do-

The Committee have carefully considered the explanation offered by the Department of Economic Affairs for the large excess of Rs. 207.40 crores under the sub-head 'A.3-Treasury Bills' of the Char-

ged Appropriation included in the Appropriation—'Repayment of Debt. If as stated by the Department, precise estimation of the provision necessary to meet the liabilities on account of the Treasury Bills issued to the Reserve Bank is not possible, excess under this sub-head ought to be more or less a regular feature. The Committee, however, find that the actual expenditure on this account was only Rs. 5,838 crores in 1972-73 as against the Budget Provision of Rs. 12,000 crores and Revised Estimates of Rs. 8,000 crores. It would, therefore, *prima facie* appear that the provision on this account was unduly inflated during 1972-73. Apart from the difficulty of conceding that the expenditure incurred in the discharged of liabilities on account of such Treasury Bills is only notional and does not increase the budgetary or economic deficit, the Committee are unable to appreciate why the likelihood of a significant increase in the cash balances leading to the premature cancellation of Treasury Bills by the Reserve Bank of India cannot be anticipated more precisely, particularly in view of the fact that the Department would presumably be reviewing continuously the ways and means and resources position of Government. The Committee would like the Department to review the existing procedures in consultation with the Reserve Bank and to so improve it as to make for a more precise quantification of the liabilities for inclusion in the Budget.

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9. 2.19

Do.

An excess of Rs. 8.99 crores had also occurred under sub-head 'B.2-Loans from USA' of this Appropriation, which has been attributed to the unanticipated adjustments carried out in 1974-75 in respect of repayments made in 1973-74. This excess, in the Commit-

tees opinion, could have been avoided by a proper liaison with the Accounts Officers and timely reconciliation of accounts. Such instances of failure to make adequate provision for the adjustment of past liabilities continue to recur in spite of repeated comments by the Committee in the past. The Committee hope that the Department of Economic Affairs would at least be able to set an example to other Ministries/Departments in this regard.

10. 2.23 Home Affairs

The Committee note that an excess expenditure of Rs. 7.89 crores was incurred under the sub-head 'D.2(1)-Pensions to freedom fighters and their dependents, etc.' of 'Grant No. 50-Other Expenditure of the Ministry of Home Affairs', against the Original Grant of Rs. 15.07 crores, which works out to nearly 50 per cent of the provision. Even after reappropriation, in March 1975, of a sum of Rs. 2.29 crores, the shortfall in monetary requirements was of the order of 30 per cent. An excess has occurred under this sub-head for the second year in succession. While the Committee are willing to concede that it may not be possible to foresee, at the Budget stage, whether the sanctions which may be accorded during the year would involve any arrear payments, they fail to understand why a less imprecise estimation is not possible at the time of framing the Revised Estimates. The increase in the number of pension cases settled during the year over the number anticipated at the time of

formulation of the Budget could also have been quantified by adequate liaison with the sanctioning authorities. While deeply respectful of the role of our freedom fighters, the Committee trust that in the interests of the country, greater care would be exercised by the Ministry in this regard.

11. 2-29

-Dc-

The Committee are once again constrained to record their displeasure over the persistent excesses that continue to occur, year after year, in the grant relating to the Andaman & Nicobar Islands administered by the Ministry of Home Affairs. During the year under review, a net excess expenditure of Rs. 78.51 lakhs had been incurred by the Andaman & Nicobar Administration, as against Rs. 91.58 lakhs and Rs. 43.22 lakhs respectively during each of the preceding two years. The excess had occurred mainly under the sub-heads 'A.12(5)(1)-Stock' (Rs. 31.41 lakhs) and 'A.12(5)(2)-Purchases' (Rs. 78.54 lakhs). That the excess expenditure under these two sub-heads should work out respectively to 16 per cent and 65 per cent of the final provisions indicates the extent to which the estimation of requirements had been defective. As in the previous years, the bulk of the excess expenditure during 1974-75 was on account of failure to make adequate provision for past liabilities. The Committee are unhappy with this state of affairs and would urge the Ministry to take earnest measures to check an apparently persistent tendency on the part of the Andaman & Nicobar Administration not to make adequate provision for past liabilities. The Committee would like to be informed of the concrete measures taken to effect improvement.

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12. 2.32 Deptt. of Power

The Committee observe that the excess expenditure of Rs. 40.26 lakhs incurred under the Group-head 'A.1(1)-Trisuli Hydro Electric Project in Nepal' works out to 78 per cent of the final provision of Rs. 51.42 lakhs and has been attributed to the receipt of larger debits than anticipated towards the cost of cement, steel, stores, etc. Since the decision to complete the work and hand over the Project to the Government of Nepal by May 1975 must have been taken well before the close of the financial year and after a review of the progress of the Project and availability of materials, the Committee are of the view that the additional liability on account of materials could have been provided for with a greater degree of accuracy by adequately examining the receipt of indented stores and debits relating thereto. This case of avoidable excess expenditure underlines once again the need for a closer liaison between the executing agencies, purchase organisation|suppliers and the Accounts Officers.

13. 2.36 Defence

The Committee have carefully considered the explanation offered by the Ministry of Defence for the excess expenditure of Rs. 9.21 crores under 'Grant No. 21-Defence Services-Air Force' and are of the view that much of the expenditure could have been foreseen and adequately provided for by a more effective monitoring of materialisation of supplies and receipt of debits relating thereto. For instance, since the escalation in the prices of P.O.L. products became

effective from 2 March, 1974, in the preceding financial year itself, the Committee are unable to appreciate why the additional liabilities on this account could not have been foreseen and estimated more realistically and provided for at least in the Supplementary Budget. It should have also been possible to provide for the payments relating to supplies made prior to 1974-75 by closer coordination with the suppliers, on the one hand and the Accounts Officers on the other. The increased expenditure on repairs/overhaul of air frames and engines and additional payments for Viper engines should have also been anticipated and adequately provided for. The Committee note that tighter budgetary discipline is now being attempted through closer watch over the flow of expenditure and that suitable instructions have been issued to ensure, in future, better anticipation of liabilities, for making timely additional provision, wherever warranted. The Committee hope that these measures would have the desired effect and that excesses on these accounts would be considerably minimised in future.

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14 2.45 Railway

There were no excesses over Voted Grants and Charged Appropriations in the Appropriation Accounts (Railways) for the year 1973-74. The Committee are, however, concerned to find that the position in this regard had deteriorated once again during 1974-75. when excess expenditure aggregating to Rs. 17.96 crores had been incurred under four Voted Grants and two Charged Appropriations. The Committee need hardly stress that concerted efforts should be made to minimise excesses over authorised expenditure and would

like the Ministry of Railways (Railway Board) to examine the reasons for this sudden deterioration during 1974-75, with a view to adopting appropriate remedial measures.

15 2-46 Railways

The Committee note that during 1974-75, excess expenditure had been incurred mainly under 'Grant No 15-Open Line Works-Capital, Depreciation Reserve Fund and Development Fund' (Rs. 16.79 crores) and that bulk of this excess had occurred on Northern Railway (Rs. 10.95 crores). That Railway Administration had considerably exceeded the Grant during 1972-73 also. The Committee find that their earlier observations in this regard, contained in paragraph 2.86 of their 134th Report (Fifth Lok Sabha), have been brought to the notice of the Northern Railway Administration by the Ministry of Railways (Railway Board) and trust that the Railway Administration would exercise greater care in estimating their requirements and frame their budget proposals more realistically in future.

160

16 2-48 All Ministries

The Public Accounts Committee (1968-69) had observed, in paragraph 2.73 of their 31st Report (Fourth Lok Sabha), that as there was usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should normally be no excess on this account. Subsequently, in response to similar observations of the Public Accounts Committee (1970-71), contained in paragraph 2.53 of their 123rd Report (Fourth Lok Sabha), the

Public Accounts Committee (1971-72) had been informed by the Ministry of Finance that instructions had been issued to all Ministries|Departments to pay special attention to the task of achieving the objectives of various rules and orders on budgeting and control over expenditure, thereby avoiding the occurrence of excesses over sanctioned grants. The Committee are, however, concerned to note that during 1974-75 also, considerable excess expenditure was incurred under various grants on account of increased disbursements of pay and allowances, in pursuance of the Government decision on the recommendations of the Third Pay Commission. While some variation between the estimates and actuals is understandable on this account, the Committee feel that large variations as had occurred in 'Grant No. 80-Mines & Minerals' (24 per cent), 'Grant No. 94-Atomic Energy Research, Development and Industrial Projects' (49 per cent) and 'Grant No. 15-Open Line Works-Capital, Depreciation Reserve Fund and Development Fund' (Railways) were hardly justified. The Committee trust that all Ministries|Departments would take adequate care in future to avoid excesses on this account.

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Subject to their observations contained in the preceding paragraphs of this Report, the Committee recommend that the excess expenditure referred to in paragraph 2.1 of the Report be regularised in the manner prescribed in Article 115 of the Constitution of India.

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18	3-13	<u>Deptt. of Social Welfare</u> <u>Works & Housing</u> <u>Deptt. of Expenditure</u>	<p>The Committee have been emphasising, year after year, the need for ensuring that their recommendations receive prompt attention, and also for scrupulously observing the time-schedule prescribed in their 5th Report (Fourth Lok Sabha) for the furnishing of Action Taken Notes to the Committee. Though there has been no dearth of instructions in this regard, in pursuance of the Committee's earlier recommendations on the subject, the position still continues to be far from satisfactory, and unconscionable delays continue to recur. Despite many adverse comments by the Committee, only 14 Action Taken Notes relevant to the Committee's recommendations observations contained in their 180th Report (Fifth Lok Sabha) were received by the due date, 6 February, 1976. While the delay was of the order of about a month in 5 cases, 8 Notes had been received after a delay of two months. Two Notes relating to the Department of Social Welfare were received only on 19 June, 1976, after a delay of about 4½ months, and two other Notes relating to the Ministry of Works & Housing on 5 July, 1976, after a lapse of five months. The Note in regard to the Action Taken by the Ministry of Shipping & Transport on the Committee's recommendation contained in paragraph 2.10 of the Report was received only as late as 12 August, 1976, after a delay of more than six months. This, in the opinion of the Committee, is an entirely unwarranted proceeding. Given the will and with a little effort, it should be possible for the Ministries Departments to furnish the Action Taken Notes in much</p>

quicker time and in any case, save in exceptional circumstances, within the prescribed period of six months from the presentation of the Report to the House.

- 19 3.14 Finance (Deptt. of Expenditure) The Committee are happy to note that certain institutional arrangements have now been devised, though belatedly, by the Department of Expenditure to monitor the timely submission of Action Taken Notes on the Committee's recommendations and that the Integrated Financial Adviser|Internal Financial Adviser in each Ministry has been made responsible for examining the reports of the Committee and for coordinating and monitoring the expeditious submission of the Action Taken Notes thereon to the Committee. It is also gratifying that a Monitoring Cell has been set up in the Department of Expenditure as the 'focal point' for the Government as a whole to coordinate the progress in this regard and monitor delays with the Ministries concerned. The Committee trust that the Finance Ministry would discharge its 'nodal responsibility' in this regard effectively and also investigate the reasons for the delays in the submission of the Action Taken Notes on the 180th Report (Fifth Lok Sabha). The Committee would, in particular, like the delays that have taken place in the Department of Social Welfare and the Ministry of Works & Housing to be examined in detail, with a view to taking appropriate disciplinary or other action as may be called for.

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- 20 3.20 Home Affairs/Shipping &
 Transport

Expressing their displeasure over the delays in the submission of the explanatory notes on excesses over Voted Grants and Charged

Appropriations that continued to recur despite their earlier exhortations, the Committee, in paragraph 2.10 of their 180th Report (Fifth Lok Sabha) had specifically desired, *inter alia*, fixation of responsibility for appropriate action for the unconscionable delays that had occurred in respect of the explanatory notes relating to Grant No. 53 of the Ministry of Home Affairs and Grant No. 75 administered by the Ministry of Shipping & Transport. While, in the light of the explanations now offered by the concerned Ministries, the Committee do not wish to pursue their earlier recommendation for fixing responsibility for the delays, they cannot help expressing their unhappiness over the unduly long time taken, 'under some misapprehension', by the Ministry of Shipping and Transport in intimating the action taken on this recommendation, despite the fact that the recommendation was far from general, and specific action was also required to be taken by the Ministry. Such delay only serves to reinforce the Committee's oft-repeated observation that adequate attention is not being paid by some of the Ministries|Departments to the processing of the Committee's recommendations. The Committee trust that the measures now taken for the timely submission of the Action Taken Notes on their recommendations will have the desired impact and that such delays will soon be a thing of the past.

21 3.23 Works & Housing

While in the light of the reply now furnished by the Ministry of Works & Housing, the Committee do not wish to pursue their recommendation in regard to fixation of responsibility for the non-observance, in the present case, of the rules governing expenditure on deposit works, they would like to be informed whether the expenditure incurred in excess of the deposits has since been recovered from the Food Corporation of India.

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